

STATE OF INDIANA

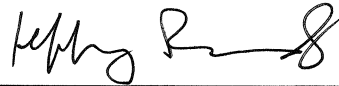
INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE INDIANA )  
UTILITY REGULATORY )  
COMMISSION'S INVESTIGATION INTO )  
THE IMPACTS OF THE TAX CUTS AND ) CAUSE NO. 45032 S-20  
JOBS ACT OF 2017 AND POSSIBLE )  
RATE IMPLICATIONS UNDER PHASE 2 )  
FOR COMMUNITY UTILITIES OF )  
INDIANA, INC. )

SUBMISSION OF STIPULATION AND SETTLEMENT AGREEMENT

Community Utilities of Indiana, Inc. ("CUII"), by counsel and on behalf of CUII and the Indiana Office of Utility Consumer Counselor, hereby submits the attached Stipulation and Settlement Agreement.

Respectfully submitted,



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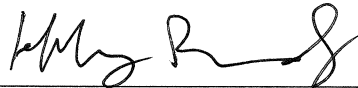
Attorney for Respondent COMMUNITY UTILITIES OF  
INDIANA, INC.

**CERTIFICATE OF SERVICE**

The undersigned attorney hereby certifies that a copy of the foregoing has been served upon the following via electronic mail this 7th day of September, 2018 to:

**OUC:**

Abby R. Gray  
Randall C. Helmen  
Tiffany Murray  
Office of the Utility Consumer Counselor  
115 West Washington Street, Suite 1500S  
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Attorney for Respondent COMMUNITY UTILITIES OF  
INDIANA, INC.

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**IN THE MATTER OF THE INDIANA )  
UTILITY REGULATORY COMMISSION’S )  
INVESTIGATION INTO THE IMPACTS OF ) CAUSE NO. 45032 S-20  
THE TAX CUTS AND JOBS ACT OF 2017 )  
AND POSSIBLE RATE IMPLICATIONS )  
UNDER PHASE 2 FOR COMMUNITY )  
UTILITIES OF INDIANA, INC. )**

**STIPULATION AND SETTLEMENT AGREEMENT**

Community Utilities of Indiana, Inc. (“CUII”) and the Indiana Office of Utility Consumer Counselor (“OUCC”) (collectively the “Settling Parties” and individually “Settling Party”) solely for purposes of compromise and settlement and to reduce controversy and avoid protracted litigation and having been duly advised by their respective staff, experts and counsel, stipulate and agree that the terms and conditions set forth below represent a fair, just and reasonable resolution of all matters pending before the Commission in this Cause, 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 any 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 to in writing by the Settling Parties.

**I. TERMS AND CONDITIONS**

- A. The Settling Parties agree that as of December 31, 2017, CUII’s protected excess deferred tax (“EDT”) balance (after gross up) totals \$723,570 and the unprotected EDT balance (after gross up) totals \$276,312.

- B. As shown in Settlement Agreement Attachment A, the Settling Parties agree that the protected EDT balance should be amortized over a 30-year period and the unprotected EDT balance should be amortized over a 4-year period. This results in an annual revenue reduction of \$24,119 for the protected EDT balance and an annual revenue reduction of \$69,078 for the unprotected EDT balance.
- C. The Settling Parties agree that the tariff sheets shown in Settlement Agreement Attachment B properly implement the revenue reduction identified in Section 1.B above.
- D. The Settling Parties agree that the over-collected revenue for the period January 1, 2018 through January 7, 2018 totals \$4,056.28. The Settling Parties further agree that the over-collected revenue shall be credited through a one-time bill credit of \$0.49 for water customers, \$0.49 for wastewater customers and \$0.98 for water and wastewater customers, to be reflected in the first full billing month following a Final Order approving the Settlement Agreement.
- E. The Settling Parties agree that this Settlement Agreement fully addresses the impact of the Tax Cuts and Jobs Act of 2017 on CUII's rates and charges.

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

1. The Settling Parties shall support this Settlement Agreement before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement. The concurrence of the Settling Parties with the terms of this Settlement Agreement is expressly predicated upon the Commission's approval of the Settlement Agreement in its entirety without any modification or any condition that may be unacceptable by any Settling Party. If the Commission does not approve the Settlement Agreement in its entirety and without change, the Settlement Agreement shall be null and void and deemed withdrawn, upon notice in writing by any Settling Party within fifteen (15) days after the date of the Final Order that any modifications made by the Commission are unacceptable to it.

2. The Settling Parties shall jointly move for leave to file this Settlement Agreement and supporting evidence. The Settling Parties will file testimony specifically supporting the settlement. The Settling Parties will work collaboratively in the preparation of the testimony supporting the settlement agreement. Such evidence together with the evidence previously prefiled by the Settling Parties in this Cause will be offered into evidence without objection and the Parties hereby waive cross-examination of each other's witnesses. The Settling Parties propose to submit this Settlement Agreement and evidence conditionally, and that, if the Commission fails to approve this Settlement Agreement in its entirety without any change or with condition(s) unacceptable to any Settling Party, the Settlement and supporting evidence shall be withdrawn and the Commission will continue to hear Cause No. 45032 S-20 with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.

3. The Settling Parties shall jointly agree on the form, wording and timing of public/media announcement (if any) of this Settlement Agreement and the terms thereof. No

Settling Party will release any information to the public or media prior to the aforementioned announcement. The Settling Parties may respond individually without prior approval of the other Settling Parties to questions from the public or media, provided that such responses are consistent with such announcement and do not disparage any of the Settling Parties. Nothing in this Settlement Agreement shall limit or restrict the Commission's ability to publicly comment regarding this Settlement Agreement or any Order affecting this Settlement Agreement.

### **III. EFFECT AND USE OF SETTLEMENT**

1. It is understood that this Settlement Agreement is reflective of a negotiated settlement and neither the making of this Settlement Agreement nor any of its provisions shall constitute an admission by any Settling Party to this Settlement Agreement in this or any other litigation or proceeding. It is also understood that each and every term of this Settlement Agreement is in consideration and support of each and every other term.

2. This Settlement Agreement shall not constitute and shall not be used as precedent by any person in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce the terms of this Settlement Agreement.

3. This Settlement Agreement is solely the result of compromise in the settlement process and except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any of the Settling Parties may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.

4. The Settling Parties agree that the evidence in support of this Settlement Agreement and the previously prefiled evidence constitute substantial evidence sufficient to support this Settlement Agreement and provide an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Settlement Agreement, as filed. The Settling Parties shall prepare and file an agreed proposed order with the Commission as soon as reasonably possible.

5. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be privileged and confidential, without prejudice to the position of any Settling Party, and are not to be used in any manner in connection with any other proceeding or otherwise.

6. The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients, and their successors and assigns, who will be bound thereby.


7. The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of the Final Order approving this Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement). The Settling Parties shall support or not oppose this Settlement Agreement in the event of any appeal or a request for a stay by a person not a party to this Settlement Agreement or if this Settlement Agreement is the subject matter of any other state or federal proceeding.

8. The provisions of this Settlement Agreement shall be enforceable by any Settling Party before the Commission and thereafter in any state court of competent jurisdiction as necessary.

9. This Settlement Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

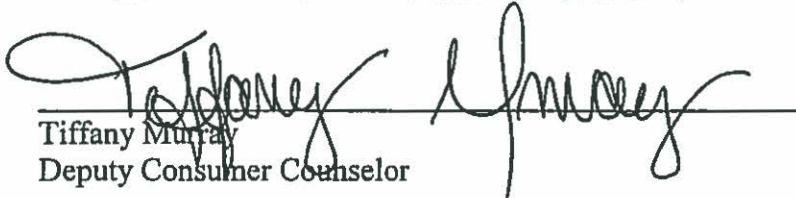
**ACCEPTED and AGREED as of the 7th day of September, 2018.**

COMMUNITY UTILITIES OF INDIANA, INC.



Steven M. Lubertozzi  
President

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



Tiffany Murray  
Deputy Consumer Counselor

Community Utilities of IN, Inc.  
CAUSE NO. 45032  
Establishment of Regulatory Liability & Amortization of Excess Deferred

<u>CUII Description</u>	<u>Amount</u>
Protected Excess ADIT in Reg Liab	\$ (526,908)
Gross-Up Tax on Protected	(196,662)
Unprotected Excess ADIT in Reg Liab	(201,212)
Gross-Up Tax on Unprotected	(75,100)
	<u>\$ (999,882)</u>
<i>Chk</i>	<i>0.00</i>

**Journal Entries**

Entry 1	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
	ADIT - Water	444,805	
	ADIT - Sewer	283,315	
	Regulatory Liability - Water		444,805
	Regulatory Liability - Sewer		283,315

Entry 2	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
	ADIT - Regulatory Liability Gross Up - Water	166,018	
	ADIT - Regulatory Liability Gross Up - Sewer	105,744	
	Regulatory Liability - Gross Up - Water		166,018
	Regulatory Liability - Gross Up - Sewer		105,744

Entry 3	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
	Regulatory Liability - Water	41,459	
	Regulatory Liability - Sewer	26,407	
	Annual Tax Provision - Water		41,459
	Annual Tax Provision - Sewer		26,407

Entry 4	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
	Regulatory Liability - Water	15,474	
	Regulatory Liability - Sewer	9,856	
	ADIT - Water		15,474
	ADIT - Sewer		9,856

- Entry 1 Establishes the Regulatory Liability on Balance Sheet
- Entry 2 To Record the Tax Gross Up of the Regulatory Liability
- Entry 3 Annual Amortization of the Regulatory Liability
- Entry 4 Annual Amortization of the Tax Gross Up

	<u>Protected</u>	<u>Unprotected</u>	<u>Total</u>
Excess ADIT - Reg Liab	\$ (526,908)	\$ (201,212)	\$ (728,120)
Term (yrs)	30.00	4.00	
Annual Revenue Reduction	<u>\$ (17,564)</u>	<u>\$ (50,303)</u>	<u>\$ (67,867)</u>
Tax Gross Up	\$ (196,662)	\$ (75,100)	\$ (271,762)
Term (yrs)	30.00	4.00	
Annual Revenue Reduction	<u>\$ (6,555)</u>	<u>\$ (18,775)</u>	<u>\$ (25,330)</u>
<b>Total Revenue Reduction</b>	<b><u>\$ (24,119)</u></b>	<b><u>\$ (69,078)</u></b>	<b><u>\$ (93,197)</u></b>

Excess ADIT - Reg Liab Revenue Reduction Split

	<u>Protected</u>	<u>Unprotected</u>	<u>Total</u>
Water	\$ (10,730)	\$ (30,730)	\$ (41,459)
Wastewater	(6,834)	(19,573)	(26,407)
Total	<u>\$ (17,564)</u>	<u>\$ (50,303)</u>	<u>\$ (67,867)</u>

Tax Gross Up Revenue Reduction Split

	<u>Protected</u>	<u>Unprotected</u>	<u>Total</u>
Water	\$ (4,005)	\$ (11,470)	\$ (15,474)
Wastewater	(2,551)	(7,305)	(9,856)
Total	<u>\$ (6,555)</u>	<u>\$ (18,775)</u>	<u>\$ (25,330)</u>

<u>Split</u>	<u>Customers</u>	<u>%</u>
Water	5,213.20	61.09%
Wastewater	3,320.50	38.91%
Total	8,533.70	100.00%

COMMUNITY UTILITIES OF INDIANA, INC.  
LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA Replacement Sheet No. 1

SCHEDULE OF RATES AND CHARGES FOR WATER SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc., Water Service Company of  
 Indiana, and Indiana Water Service, Inc.  
(Lake, Porter, Jasper, and Newton, Counties, Indiana)

Applicability

This schedule applies to all water service rendered by Community Utilities of Indiana, Inc.

Monthly Rate for All Customers

The customer shall pay for each service connection a monthly rate which will be the sum of (A) a Base Facility Charge based on the size of the meter through which the customer receives such service, and (B) a Volume Charge based on the amount of water consumed during the monthly period. The Base Facility Charge shall also apply when the service is provided through a master meter and every individual dwelling unit is billed separately. The applicable Base Facility and Volume Charges are as follows:

A. Base Facility Charge

<u>Meter Size</u>	<u>Charge</u>
5/8" & 3/4"	\$11. <del>38</del> 14
1"	25. <del>63</del> 07
1 1/4"	39. <del>92</del> 04
1 1/2"	49. <del>43</del> 48.35
2"	77. <del>91</del> 76.21
3"	144. <del>48</del> 41.33
4"	239. <del>54</del> 34.31
6"	477. <del>21</del> 66.80

B. Volume Charge

Per 1,000 gallons	\$6. <del>40</del> 26*
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Unmetered Water Service

Flat rate for unmetered public drinking fountain	\$21. <del>64</del> 17 per monthly period
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\* -- Subject to the Distribution System Improvement Charge in the attached Appendix A



COMMUNITY UTILITIES OF INDIANA, INC.  
LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA Replacement Sheet No. 1

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A. Base Facility Charge

<u>Meter Size</u>	<u>Charge</u>
5/8" & 3/4"	\$11.14
1"	25.07
1 1/4"	39.04
1 1/2"	48.35
2"	76.21
3"	141.33
4"	234.31
6"	466.80

B. Volume Charge

Per 1,000 gallons	\$6.26*
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Unmetered Water Service

Flat rate for unmetered public drinking fountain	\$21.17 per monthly period
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\* -- Subject to the Distribution System Improvement Charge in the attached Appendix A

COMMUNITY UTILITIES OF INDIANA, INC.  
LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA I.U.R.C. No. S-1  
 Replacement Sheet No. 1

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of  
Indiana  
(Lake, Porter, Jasper and Newton Counties, Indiana)

Applicability

This schedule applies to all sewage disposal service rendered by Community Utilities of Indiana, Inc.

Monthly Rate for All Customers

<u>Meter Size</u>	<u>Charge*</u>
5/8" & 3/4"	<del>\$23.84</del> <u>49</u>
1"	<del>57.05</del> <u>6.22</u>
1 1/4"	<del>90.26</del> <u>88.94</u>
1 1/2"	<del>127.92</del> <u>6.05</u>
2"	<del>223.11</del> <u>19.84</u>
3"	<del>510.95</del> <u>03.45</u>
4"	<del>887.35</del> <u>74.33</u>
6"	<del>2,016.56</del> <u>1,986.96</u>
Unmetered	<del>58.36</del> <u>57.50</u>
Usage Charge (per 1,000 gallons):	\$7. <del>68</del> <u>57</u>
Campground Charge per Month (for each month April-October)	\$17. <del>87</del> <u>61</u>

\* -- Subject to the Infrastructure Improvement Charge in the attached Appendix A.

COMMUNITY UTILITIES OF INDIANA, INC.  
LAKE, PORTER, JASPER AND NEWTON COUNTIES, INDIANA I.U.R.C. No. S-1  
Replacement Sheet No. 1

SCHEDULE OF RATES AND CHARGES FOR SEWAGE SERVICE

Service Territory Formally Known as Twin Lakes Utilities Inc. and Water Service Company of  
Indiana

(Lake, Porter, Jasper and Newton Counties, Indiana)

Applicability

This schedule applies to all sewage disposal service rendered by Community Utilities of Indiana, Inc.

Monthly Rate for All Customers

<u>Meter Size</u>	<u>Charge*</u>
5/8" & 3/4"	\$23.49
1"	56.22
1 1/4"	88.94
1 1/2"	126.05
2"	219.84
3"	503.45
4"	874.33
6"	1,986.96
Unmetered	57.50
Usage Charge (per 1,000 gallons):	\$7.57
Campground Charge per Month (for each month April-October)	\$17.61

\* -- Subject to the Infrastructure Improvement Charge in the attached Appendix A.