

FILED
December 12, 2024
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**APPLICATION OF PLEASANTVIEW)
UTILITIES, INC. FOR A NEW SCHEDULE)
OF RATES AND CHARGES FOR WATER) CAUSE NO. 46123-U
SERVICE)**

PUBLIC'S EXHIBIT NO. 2

TESTIMONY OF SHAWN DELLIINGER

ON BEHALF OF

THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

December 12, 2024

TESTIMONY OF OUCC WITNESS SHAWN DELLINGER
CAUSE NO. 45123-U
PLEASANTVIEW UTILITIES, INC. (WATER)

I. INTRODUCTION

1 **Q: Please state your name and business address.**

2 A: My name is Shawn Dellinger, and my business address is 115 West Washington Street,
3 Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor ("OUCC") as a Senior
6 Utility Analyst in the Water/Wastewater division. My focus is on financing and other
7 financial matters. My educational background and relevant experience are described in
8 Appendix A.

9 **Q: What is the purpose of your testimony?**

10 A: My testimony discusses Pleasantview Utilities, Inc.'s (Water) ("Pleasantview,"
11 "Pleasantview-Water," or "Applicant") existing debt, and the appropriate return on equity.
12 My testimony discusses Pleasantview-Water's capital structure and the inputs for its
13 weighted average cost of capital ("WACC"). I recommend the Commission approve an ROE
14 of 9.65%. I identify problems with Pleasantview's Application. I discuss Pleasantview's
15 existing debt and its inappropriate acquisition of long-term debt without securing approvals
16 from the Commission for that debt.

17 **Q: What did you do to form the opinions in your testimony?**

18 A: I reviewed the Application and related workpapers, and I prepared discovery questions and
19 reviewed the responses. All discovery that involves issues addressed in my testimony is
20 included as OUCC Attachment SD-1. Further, I reviewed documents and prepared

1 testimony in Pleasantview Utilities Inc.'s application for rate increase for its wastewater
2 operations, Cause No. 45122-U, for which there is a significant amount of overlap of
3 pertinent information.

4 **Q: If you do not discuss a specific topic or adjustment, does that mean you agree with**
5 **Applicant?**

6 A: No. My silence regarding any proposals, adjustments, or requested relief should not be
7 construed as assent or agreement to any proposal, adjustment, or request. Rather, the scope
8 of my testimony is limited to the specific items addressed herein.

II. NOTES ON THIS CAUSE

9 **Q: Is there any information that should be noted regarding this Cause initially?**

10 A: Yes. There are two cases filed contemporaneously for Pleasantview, a Cause for the Water
11 Utility (Cause No. 45123-U) and one for the Wastewater Utility (Cause No. 45122-U).
12 Significant pertinent information is common to both utilities, which is addressed by OUCC
13 witness Jason Compton. For administrative efficiency and to avoid unnecessarily
14 burdening the utility with duplicate sets of questions, the OUCC would seek information
15 in one Cause and rely on the information received in its analysis of the other Cause, where
16 it was appropriate and logical to do so. Discovery responses are attached to this testimony
17 as OUCC Attachment SD-1, which includes discovery issued under either cause for that
18 reason. The fact that one set of discovery responses was applicable to both utilities was
19 confirmed verbally at the audit by members of the OUCC staff, and some responses and
20 explanations were verbal at this time.

III. RETURN ON EQUITY

21 **Q: What Return on Equity ("ROE") is Pleasantview requesting in this cause?**

22 A: Pleasantview requests a ROE of 9.90%.

1 **Q: Do you agree that Pleasantview-Water's ROE should be determined to be 9.90%?**

2 A: No. Pleasantview has performed no cost of equity analysis in this case and merely asked
3 to apply its existing 9.90% ROE from the wastewater utility established more than ten years
4 ago.¹ Since Applicant's last rate increase, water and wastewater utilities are receiving
5 ROEs lower than 9.90%. I am unaware of any water or wastewater utilities in the state that
6 have received an ROE as high as 9.90% since that time. The most recent ROE approved
7 by this Commission in a fully contested case was for Indiana American Water Company,
8 Inc. in Cause No. 45870. In that cause, the Commission determined 9.65% to be a suitable
9 return on equity. I believe that ROE should be applied to Pleasantview in this Cause.

10 **Q: Why did you not perform an ROE analysis in this Cause?**

11 A: Utilities applying for rates through the small utility rate process typically do not perform
12 cost of equity analyses. The cost of performing such studies is not cost effective in light of
13 the small number of customers that would pay for the cost of such studies in rates.
14 Likewise, the OUCC typically does not perform such studies in small utility cases and
15 instead looks to reasonable returns on equity as established in more recent Commission
16 orders. Importantly, the value of Pleasantview's rate base is small enough that a range of
17 reasonably potential ROE determinations would not have any significant effect on
18 Pleasantview's rates.²

¹ In Cause No. 44351 (Pleasantview-Wastewater's last rate case) the Commission reduced Pleasantview's ROE by 60 basis points (from 10.5% to 9.9%) due to repeated IDEM violations. My proposed ROE in this case does not advocate for a similar reduction. Because of Pleasantview's small rate base value, decreasing the ROE would not be effective to motivate Pleasantview to correct violations. This also allows the two utilities (water and wastewater) to have the same ROE.

² In Cause No. 44351 (Pleasantview-Wastewater's last rate case) the Commission reduced Pleasantview's ROE by 60 basis points due to repeated IDEM violations. My proposed ROE in this case does not advocate for a similar reduction. Because of Pleasantview's small rate base value, decreasing the ROE would not be effective to motivate Pleasantview to correct violations. This also allows the two utilities (water and wastewater) to have the same ROE.

1 **Q: What is your recommendation for Pleasantview-Water's ROE?**

2 A: I recommend the Commission find 9.65% is an appropriate return on equity for
3 Pleasantview-Water.

IV. APPLICANT'S EXISTING DEBT

4 **Q: How many loans are at issue in this case?**

5 A: I will identify four financings and discuss whether each should be reflected in
6 Pleasantview's capital structure – (1) a loan for a 2016 F350 Truck, (2) a loan for 2021
7 F350 Truck, (3) a line of credit, and (4) a loan to the utility from its shareholder.

1. Loan for 2016 F350 Truck

8 **Q: Please describe the loan for the 2016 F350 Truck.**

9 A: Pleasantview indicates on its Small Utility Application \$11,801 of long-term debt in the
10 capital structure at a 4.17% interest rate. Applicant further indicates that this was a Truck
11 Loan that matures on June 30, 2025. However, this is not an accurate reflection of the debt
12 for which Applicant is responsible.

13 **Q: Did the Applicant request or receive debt authorization for this borrowing?**

14 A: No.

15 **Q: Was Pleasantview Utilities the holder of this debt?**

16 A: No. The promissory note shows the borrower was not the Utility but Matthew Sherck.³

17 **Q: Should this loan be reflected in the capital structure?**

18 A: No. This is not debt of the water utility. Moreover, according to Applicant's response to
19 OUCC DR-2-1, this truck loan no longer exists. This loan had a \$11,801 total balance as
20 of December 31, 2023, but this amount was apparently duplicated across both utilities. If

³ See OUCC Attachment SD-2.

1 this was a debt only of the utilities, the balance should have been allocated 50/50 with the
2 wastewater utility (i.e., \$5,901 for each utility). The interest rate incorporated into the
3 application is also incorrect. Applicant's response to OUCC DR-2-1 (OUCC Attachment
4 SD-1 for the data request response, OUCC Attachment SD-2 for the actual loan document)
5 indicates the actual interest rate on this loan was 3.49%, not 4.17% as indicated in
6 Pleasantview's small utility rate case application.⁴ Also, the response indicated the loan
7 had already been paid off "as of today" (i.e., as of October 29, 2024, the date of the data
8 request response):

Q-2-1: Please provide details (loan documents, interest rates, amortization tables, monthly payments) for the \$11,801 debt as shown on tab "Sch 8 – Capital Structure" of the water small utility application. If an amortization table is not available, please state the balance for the debt as of January 1, 2024 and as of the most recent date available. Please provide this information for the entirety of this debt, not just the portion that is assigned to the Water Utility. Please also explain the purpose of this loan (i.e. what it financed). This question has been asked as well under Cause 46122-U for the Wastewater Utility; if this question is answered in full under that Cause, please so state.

- a. The \$11,801 was the outstanding portion of a loan to pay for the purchase of a 2016 Ford F350 Super Duty**
- b. As of today, the loan has been paid in full, and the asset was used a part of the trade in for the purchase of a 2021 Ford F350**
- c. I attached the original loan documents for the debt.**

9 Based on this response, any determination as to the actual amount that should be reflected
10 in each utilities books, or the appropriate interest rate to include in the cost of capital, is
11 moot. The debt no longer exists. It was never the debt of the utility but was instead a
12 personal loan to the owner. The asset being financed by this loan is not appropriate for
13 inclusion in rate base, as discussed by OUCC witness Jason Compton. For the foregoing
14 reasons, the debt should not be considered in the capital structure in this Cause.

⁴ This attachment is edited to the extent that a label is placed on it by the OUCC indicated it is the attachment for question 2-1, that is the only edit made.

2. Loan for 2021 F350 Truck

1 **Q: Has Pleasantview entered into any additional loans for a truck?**

2 A: Pleasantview's Application included information referring to a 2024 truck loan for a 2021
3 Ford F350 pick-up truck. (OUCC Attachment SD-3). However, Applicant had not included
4 this truck loan in the capital structure and Applicant has not asked for a return on this truck
5 in this case. It is unclear whether Applicant or its owner Matt Sherck entered into this truck
6 loan. This loan had an initial balance of \$46,650.90 on May 25, 2024. The interest rate on
7 this loan is 6.59%, and it matures on September 9, 2029. According to a discovery
8 response, the debt service cost is split 50/50 with the wastewater utility.⁵

9 **Q: Pursuant to Ind. Code § 8-1-2-78, a public utility must seek and receive Commission**
10 **approval to "issue stock, certificates of stock, bonds, notes, or other evidence of**
11 **indebtedness payable at periods of more than twelve (12) months." Did Pleasantview**
12 **request or receive debt authorization from the Commission?**

13 A: Pleasantview did not secure the authority it would need to enter into long term debt to buy
14 a truck.

15 **Q: Is this debt reasonable to include in the capital structure?**

16 A: No. First, there was no debt authorization granted for borrowing these funds. Second, the
17 debt was incurred after the test year ended. Third, if this truck loan was acceptable to
18 include in the capital structure, the appropriate balance of the loan would be \$38,409.09⁶
19 as of the time of the order, and it would be inappropriate to assign all of the cost to the
20 water utility. Most importantly, ownership of this truck does not adequately benefit the
21 Utility's operations for it to be included in rate base. It is neither reasonable nor prudent
22 to purchase a F350 super duty pick-up truck with over 6 tons of towing capacity and over

⁵ OUCC Attachment SD-1, response to question Q-2-4.

⁶ The amortization tables were not provided, but the math behind this statement is found in OUCC Attachment SD-4.

1 400 horsepower to do the minimal driving required to operate this utility serving a small
2 subdivision.

3 **3. Line of Credit**

3 **Q: Please explain the line of credit.**

4 A: Pleasantview's books list as a current liability a Notes Payable with a balance of \$15,000
5 as of December 31, 2023.⁷ On December 31, 2022, the balance was \$20,341.

6 **Q: Did Pleasantview request or receive debt authorization from the Commission for the**
7 **Notes Payable?**

8 A: No.

9 **Q: What is the purpose of this Note Payable?**

10 A: Although asked, Pleasantview's response to discovery did not clarify the purpose of the
11 loan. Pleasantview's response to the OUCC's discovery is set forth in red:⁸

Q-2-2: Please reference tab "Sch. 2 Bal. Sh. – E+L"⁷ of the water small utility application. Please provide details, with available documentation, regarding the \$15,000 of Notes Payable. Please confirm, if not immediately obvious from the provided documentation if this is the same Note Payable that was in existence the prior year with a \$20,341 balance. Please also explain the purpose of this loan (i.e. what it financed). Please confirm if this Note Payable is for only the Water Utility or if it is for the benefit of both the Water and Wastewater utilities. This question has been asked as well under Cause 46122-U for the Wastewater Utility; if this question is answered in full under that Cause, please so state.

- a. Attached is the detail for the current LOC of \$15,000**
- b. This LOC was issued on 6/2/2023 to replace and refinance a previous LOC that was issued on 6/30/2020.**
- c. For the previous year, the \$20,341 represents the following outstanding obligations: (i) \$2,000 is the outstanding balance on the LOC and (ii) \$18,341 is the outstanding balance on the 2016 Truck Loan.**

12 "LOC" generically refers to a line of credit, so this loan could be called a notes

⁷ This may be found on Sch. 2 Bal. Sh. – E+L tab of the application, line 232.

⁸ The response was initially provided without attachments. When this issue was brought up, and attachments were forwarded, some answers were different. All discovery responses referenced in testimony are from these revised responses, and not the original responses.

1 payable (which it is called in the application), a line of credit or LOC (as referred to in the
2 discovery response) or a promissory note (as referred to in the attached documentation of
3 the loan). These terms are interchangeable in this case.

4 It is unclear what purpose the note payable serves, or if this loan is applicable to
5 both the water and wastewater utilities, or just one of them. The same balance of \$15,000
6 in the test year and \$20,341 in the year ending 2022 appears in both of Pleasantview's
7 small utility rate applications, so it is clear the full loan balance is being duplicated in each
8 utility, and is hence twice as large as it should be. The primary purpose of this loan appears
9 to be to pay off the existing line of credit from 2020. However, Pleasantview did not explain
10 in the discovery response why the original debt was obtained or what assets were purchased
11 with the borrowed funds. The promissory note indicates the purpose of the loan was to
12 provide working capital. It appears the balance of this line of credit increased by
13 approximately \$13,000 between December 31, 2022 and June 2, 2023 when the balance
14 was \$15,008.74.⁹

15 **Q: What is the interest rate on this loan?**

16 A: It is the Bank Prime Rate plus 0.50%. As of December 5, 2024, the Bank Prime Rate is
17 7.75%, so the interest rate on this loan is currently 8.25%. This is supported by OUCC
18 Attachment SD-5.

19 **Q: Should this Note Payable be considered debt in the capital structure for purposes of**
20 **establishing a weighted cost of capital?**

21 A: Yes. This is a long-term loan of 3 years, which is refinancing a pre-existing loan that was

⁹ According to the June 2, 2023 promissory note, the balance of the line of credit that date was \$15,008.64. (Found in OUCC Attachment SD-6). Applicant's response to OUCC DR Q-2-2, stated that the previous year's balance includes \$2,000 in the outstanding balance of the line of credit and \$17,341 for the outstanding balance on the 2016 Truck Loan. (See OUCC Attachment SD-1.)

1 from 3 years prior. The purpose of the loan is for working capital, and this is a component
2 of rate base, hence this loan is being used to support rate base additions. For these reasons,
3 my recommendation is that \$7,500 (half the value of the loan) should be included in the
4 capital structure of the water utility. The other half of the loan should be incorporated into
5 the capital structure of the wastewater utility. The interest rate on this loan should be set
6 for purposes of the weighted average cost of capital calculation at 8.25%.

4. Loan from Shareholder

7 **Q: Please describe Pleasantview Utilities-Water debt to its shareholder?**

8 A: Pleasantview-Water has a Notes Payable to Associated Companies in the amount of
9 \$29,849.¹⁰ Pleasantview Utilities-Water did not receive or request debt authorization from
10 the Commission for this Notes Payable. Nor am I aware of any affiliated agreements filed
11 with the Commission addressing this loan.

12 **Q: What is the purpose of this Note Payable?**

13 A: Based on Pleasantview's (revised) response to OUCC Data Request DR-2-5, the Note
14 Payable appears to be a loan from a shareholder to cover operating expenditures due to
15 cash being unavailable at the utility:

Q-2-5: Please provide loan documents (including maturity date, issuance date, interest rate if any, and amortization table/monthly payments) for the shareholder loan, shown as \$29,849 on line 234 on tab "Sch. 2 Bal. Sh. – E+L" of the water small utility application. Please also explain the purpose of this loan.

- a. **The notes payable to associated companies is a payable due to a shareholder who paid operating expenditures due to the cash being unavailable at the utility.**

¹⁰ This may be found on Tab Sch. 2 Bal. Sh. – E+L, line 234. The balance in the previous year was \$14,749.

1 The OUCC was told verbally at the audit that this was a zero-interest loan, which is broadly
2 consistent with the lack of incurred interest on the income statement that could be attributed
3 to this loan.¹¹

4 **Q: Should this Shareholder Loan be considered debt in the capital structure for purposes**
5 **of establishing a weighted cost of capital?**

6 A: Yes. A Shareholder Loan is a loan, similar to a loan from a bank or other creditor, and any
7 interest rate up to a market rate is reasonable. In this case, the interest rate is zero, and
8 there does not appear to be a structured repayment involved, but it seems clear that this
9 loan will not be repaid in under one year, and is therefore long-term in nature.¹² Therefore,
10 including \$29,849 as debt in the capital structure as a zero-cost loan is a reasonable
11 approach. The balance of this loan from a water utility perspective should be half the
12 outstanding amount, or \$14,925, since the other half should be reasonably assigned to the
13 wastewater utility.¹³

¹¹ With the information provided, the amounts of interest on the income statement cannot be reconciled with the interest charged on the loans of which we are aware. For instance, in 2023 the total interest is \$572 for the water utility (account 427 on Schedule 3 Income Statement (2)). The 2016 truck loan had an average balance of approximately \$15,000 (\$11,801 y/e balance in 2023 and \$18,341 in 2022 (per discovery response 2-2)). At the given 3.49% interest rate, this is \$525 in interest (rounded). We also know about the line of credit, which had a balance of \$15,008,64 as of June 2, 2023, and was charging interest at the time of 8.75%, which would be approximately \$1,300 of interest per year. While we do not know the monthly balances, it is clear that the Shareholder loan which started the year at a balance of \$14,749 and ended 2023 with a balance of \$29,849 could not have accrued interest. For purposes of the water utility only, these balances should be reduced by half (it is unclear, again, if the interest expense should be reduced by half or if this number is also doubled to reflect the debt on each of the utilities books), but even with this adjustment, it is clear there is no interest charge on the shareholder loan.

¹² This statement is buttressed by the fact that there was a \$14,749 balance of the loan in the previous year, which indicates the amount borrowed approximately doubled over the past year.

¹³ This loan does not appear on the wastewater application, but this same amount for both 2023 and 2022 does appear in the paid-in-capital line item. While that may have been a reasonable approach, it appears from the discussion at the field audit where this was described as a zero interest loan and the discovery response, in addition to the treatment on the water utilities books, that the conception of this cash injection is meant to be a loan.

V. WEIGHTED AVERAGE COST OF CAPITAL

1 **Q: What is the weighted average cost of capital for Pleasantview Utilities-Water?**

2 A: OUCC witness Jason Compton consolidated the following inputs into the OUCC's
3 recommended capital structure to determine the weighted average cost of capital (WACC):

- 4 • The \$11,801 (requested in the application, although the amount allocated to
5 the utility should have been lower) of debt indicated in the application for
6 financing a 2016 F350 pick-up truck should not be included in the capital
7 structure for purposes of determining the WACC.
- 8 • The debt for the 2021 F350 pick-up truck should not be included in the
9 capital structure for purposes of determining the WACC.
- 10 • The Note Payable of \$7,500 (\$15,000 total value for both utilities) should
11 be included in the capital structure for purposes of determining at WACC,
12 at an interest rate of 8.25%.
- 13 • The shareholder loan in the amount of \$14,925 (\$29,849 total value for both
14 utilities) should be included in the capital structure for purposes of
15 determining at WACC, at an interest rate of 0.00%.
- 16 • The Return on Equity should be 9.65%.

VI. OUCC RECOMMENDATIONS

17 **Q: Please summarize your recommendations to the Commission in this cause.**

18 A: I recommend the following:

- 19 1. The Commission approve an ROE of 9.65%.
- 20 2. The Commission remove the requested \$11,801 of debt from the capital structure for purposes
21 of calculating the WACC.

1 3. The Commission include the line of credit in the amount of \$7,500 and an interest rate of 8.25%
2 in the capital structure for purposes of calculating the WACC.

3 4. The Commission include the shareholder loan in the amount of \$14,925 and an interest rate of
4 0.00% in the capital structure for purposes of calculating the WACC.

5 **Q: Does this conclude your testimony?**

6 A: Yes.

Appendix A

1 **Q: Please describe your educational background.**

2 A: I graduated from Indiana University with a degree in Biology, a minor in Economics and
3 a certificate from the Liberal Arts and Management Program (LAMP) which is an honors
4 certificate program through the Kelley School of Business and the College of Arts and
5 Sciences. I received my MBA from Indiana University with a concentration in finance. I
6 am a member of Phi Beta Kappa honor society for my undergraduate work and Beta
7 Gamma Sigma honor society for my master's program.

8 **Q: Please describe your work experience.**

9 A: My first jobs after graduating with my undergraduate degree were in New York in finance
10 at Grant's Interest Rate Observer, a financial newsletter and Lebenthal and Co., a municipal
11 bond brokerage house. I worked at and ultimately owned RCI Sales in Indianapolis, which
12 was a manufacturer representative/distributor in commercial and institutional plumbing,
13 for a number of years, leaving when I sold the company and it was merged it into a
14 competitor. After receiving my MBA, I worked at Amazon as a financial analyst in its
15 fulfillment division.

16 **Q: How long have you been at the OUCC?**

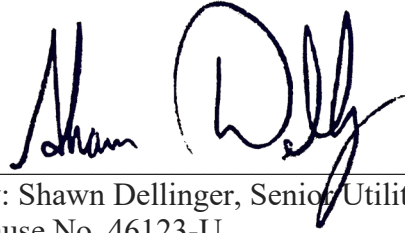
17 A: I started at the OUCC in the Water/Wastewater Division in December of 2019 as a Utility
18 Analyst II, I was promoted to a Senior Utility Analyst in May of 2022.

19 **Q: Have you previously testified before the Indiana Utility Regulatory Commission**
20 **("Commission")?**

21 A: Yes, I have provided testimony in many Commission proceedings regarding various
22 financial matters including cost of equity, rates of return, authorization of long-term debt,
23 debt service revenue requirements, and other aspects of finance.

AFFIRMATION

I affirm the representations I made in the foregoing testimony are true to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Shawn Dellinger", written over a horizontal line.

By: Shawn Dellinger, Senior Utility Analyst
Cause No. 46123-U

Office of Utility Consumer Counselor (OUCC)

Date: December 12, 2024



The State Agency Representing
Hoosier Utility Ratepayers

October 16, 2024

VIA ELECTRONIC MAIL

Matthew Sherck, President
PLEASANTVIEW UTILITIES INC.
3812 West Galaxy Drive
Connersville, Indiana 47331
Email: msherck@co.fayette.in.us

Re: IURC Cause No. 46123-U
Pleasantview Utilities Inc. (Water)
OUCC Data Request Set No. 2

Dear Mr. Sherck:

In accordance with 170 IAC 1-1.1-16, please provide a response to the requests attached by email by October 28, 2024 to vipeters@oucc.in.gov, dlevay@oucc.in.gov, and infomgt@oucc.in.gov.

If you have any questions, please contact me. Thank you.

Sincerely,

Victor Peters
Deputy Consumer Counselor

VP/tab
Enclosure

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
DATA REQUEST
CAUSE NO. 46123-U

OUCG Data Request Set No. 2

Date: October 16, 2024

In connection with our work in the above-referenced Cause, we are submitting the following request(s) for information or documentation. Please identify the person(s) providing each segment of information or each document. Also, please indicate the witness or witnesses to be called in your Case-in-Chief and Rebuttal who can answer questions regarding the substance of or origination of information supplied by the utility in each instance of the responses to this request. Thank you for your prompt assistance in this matter.

I. Definitions and Instructions.

A. For each data request, please identify all persons who provided responsive information or materials. Also, please indicate the witness or witnesses to be called in your case-in-chief and rebuttal who can answer questions regarding the substance of or origination of information supplied by Applicant in each of the responses to this request.

B. With respect to any document or thing being withheld from production on the basis of privilege, please state the author, addressee and all recipients of copies of the documents, all other persons to whom the document was shown or discussed, the subject matter of the document and the basis of the claim of privilege.

II. Data Request

Q-2-1: Please provide details (loan documents, interest rates, amortization tables, monthly payments) for the \$11,801 debt as shown on tab “Sch 8 – Capital Structure” of the water small utility application. If an amortization table is not available, please state the balance for the debt as of January 1, 2024 and as of the most recent date available. Please provide this information for the entirety of this debt, not just the portion that is assigned to the Water Utility. Please also explain the purpose of this

loan (i.e. what it financed). This question has been asked as well under Cause 46122-U for the Wastewater Utility; if this question is answered in full under that Cause, please so state.

- a. The \$11,801 was the outstanding portion of a loan to pay for the purchase of a 2016 Ford F350 Super Duty**
- b. As of today, the loan has been paid in full, and the asset was used a part of the trade in for the purchase of a 2021 Ford F350**
- c. I attached the original loan documents for the debt.**

Q-2-2: Please reference tab “Sch. 2 Bal. Sh. – E+L” of the water small utility application. Please provide details, with available documentation, regarding the \$15,000 of Notes Payable. Please confirm, if not immediately obvious from the provided documentation if this is the same Note Payable that was in existence the prior year with a \$20,341 balance. Please also explain the purpose of this loan (i.e. what it financed). Please confirm if this Note Payable is for only the Water Utility or if it is for the benefit of both the Water and Wastewater utilities. This question has been asked as well under Cause 46122-U for the Wastewater Utility; if this question is answered in full under that Cause, please so state.

- a. Attached is the detail for the current LOC of \$15,000**
- b. This LOC was issued on 6/2/2023 to replace and refinance a previous LOC that was issued on 6/30/2020.**
- c. For the previous year, the \$20,341 represents the following outstanding obligations: (i) \$2,000 is the outstanding balance on the LOC and (ii) \$18,341 is the outstanding balance on the 2016 Truck Loan.**

Q-2-3: Regarding the \$11,801 of debt, please explain why no long-term debt is on the balance sheet for the previous year per tab “Sch. 2 Bal. Sh. – E+L” of the water small utility application.

- a. As stated in Q-2-1 the outstanding debt of \$11,801 is the outstanding amount on a financed 2016 Ford F350 Super Duty**
- b. In the previous year (12/31/2023) the outstanding balance on this financing was \$18,341**
- c. This \$18,341 was included as part of the note payable total of \$20,341 for the previous year.**

Q-2-4: Please reference the loan document provided with this case that refers to a loan of \$46,165.03 (Current Balance), with an interest rate of 6.59%, a loan opening date of 5/24/24 and a loan maturity of 9/9/29.

- a. Please specify what this loan is financing. This financing is for the purchase of a 2021 Ford F350**
- b. Is the asset this loan is financing in rate base? Yes**

- c. Was Commission approval granted for entering into this loan? **No**
- d. Are the costs of this loan being split with this Water Utility or any other entity? **This is split 50/50 with the wastewater utility.**

Q-2-5: Please provide loan documents (including maturity date, issuance date, interest rate if any, and amortization table/monthly payments) for the shareholder loan, shown as \$29,849 on line 234 on tab “Sch. 2 Bal. Sh. – E+L” of the water small utility application. Please also explain the purpose of this loan.

- a. **The notes payable to associated companies is a payable due to a shareholder who paid operating expenditures due to the cash being unavailable at the utility.**

LOAN NUMBER 1160008044	LOAN NAME MATTHEW SHERCK	ACCT. NUMBER	NOTE DATE 06/30/20	INITIALS ED/29
NOTE AMOUNT \$35,150.00	INDEX (w/Margin) Not Applicable	RATE 3.490%	MATURITY DATE 06/30/25	LOAN PURPOSE Consumer
Creditor Use Only				

PROMISSORY NOTE, SECURITY AGREEMENT AND TRUTH-IN-LENDING DISCLOSURES

(Consumer - Closed End)

DATE AND PARTIES. The date of this Promissory Note, Security Agreement and Truth-In-Lending Disclosures (Loan Agreement) is June 30, 2020. The parties and their addresses are:

LENDER:

UNION SAVINGS AND LOAN ASSOCIATION
131 S Main Street P O Box 305
Rushville, IN 46173
Telephone: (765) 932-6131

BORROWER:

MATTHEW SHERCK
961 S COUNTY ROAD 350 E
CONNERSVILLE, IN 47331

The pronouns "I," "me," and "my" refer to each Borrower signing this Loan Agreement, individually and together with their heirs, successors and assigns, and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this Loan Agreement. "You" and "Your" refer to the Lender, any participants or syndicators, successors and assigns, or any person or company that acquires an interest in the Loan. Loan Documents refer to all the documents executed as a part of or in connection with the Loan. Property means any property, real, personal or intangible, that secures my performance of the obligations of this Loan Agreement. Rates and rate change limitations are expressed as annualized percentages. All dollar amounts will be payable in lawful money of the United States of America.

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of my credit as a yearly rate.	The dollar amount the credit will cost me.	The amount of credit provided to me or on my behalf.	The amount I will have paid when I have made all scheduled payments.
3.634%	\$3,331.20	\$35,025.00	\$38,356.20

Payment Schedule. My payment schedule will be:

Number of Payments	Amount of Payments	When Payments Are Due
60	\$639.27	Monthly beginning July 30, 2020

Security. I am giving a security interest in:

Motor Vehicle (Non-Residence), 2016 FORD F250 VIN#1FT8W3BT9GEB48414

Late Charge. If a payment is more than 10 days late, I will be charged \$25.00.

Prepayment. If I pay off early, I will not have to pay a minimum finance charge.

Assumption. Someone buying the Property securing the obligation cannot assume the remainder of the obligation on the original terms.

Contract Documents. I will see my contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

1. PROMISE TO PAY. For value received, I promise to pay you or your order the principal sum of \$35,150.00 (Principal) plus interest at the rate of 3.490 percent (Interest Rate) from June 30, 2020 on the unpaid Principal balance until this Loan Agreement matures or this obligation is accelerated.

After maturity or acceleration, interest will accrue on the unpaid Principal balance of this Loan Agreement at the Interest Rate in effect from time to time, until paid in full. Any amount assessed or collected as interest under the terms of this Loan Agreement will be limited to the maximum lawful amount of interest allowed by applicable law. Amounts collected in excess of the maximum lawful amount will be applied first to the unpaid Principal balance. Any remainder will be refunded to me. Interest accrues using an Actual/Actual days counting method.

2. ADDITIONAL CHARGES. As additional consideration, I agree to pay, or have paid, these additional fees and charges.

A. Nonrefundable Fees and Charges. The following fees are earned when collected and will not be refunded if I prepay this Loan Agreement before the scheduled maturity date.

Document Preparation. A(n) Document Preparation fee of \$125.00 payable from the loan proceeds.

3. REMEDIAL CHARGES. In addition to interest or other finance charges, I agree that I will pay these additional fees based on my method and pattern of payment. Additional remedial charges may be described elsewhere in this Loan Agreement.

A. Late Charge. If a payment is more than 10 days late, I will be charged \$25.00. I will pay this late charge promptly but only once for each late payment.

MATTHEW SHERCK

Indiana Promissory Note, Security Agreement and Truth-In-Lending Disclosures

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Initials _____

Page 1

B. Returned Payment Charge. I agree to pay a fee not to exceed \$20.00 for each check, electronic payment, negotiable order of withdrawal or draft I issue in connection with the Loan that is returned because it has been dishonored.

4. PAYMENT. I agree to pay this Loan Agreement in 60 payments. A payment of \$639.27 will be due July 30, 2020, and on the 30th day of each month thereafter. A final payment of the entire unpaid balance of Principal and interest will be due June 30, 2025.

Payments will be rounded to the nearest \$.01. With the final payment I also agree to pay any additional fees or charges owing and the amount of any advances you have made to others on my behalf. Payments scheduled to be paid on the 29th, 30th or 31st day of a month that contains no such day will, instead, be made on the last day of such month.

Each payment I make on this Loan Agreement will be applied first to interest that is due, then to principal that is due, and finally to any charges that I owe other than principal and interest. No late charge will be assessed on any payment when the only delinquency is due to late fees assessed on earlier payments and the payment is otherwise a full payment. You may change how payments are applied in your sole discretion without notice to me. The actual amount of my final payment will depend on my payment record.

5. PREPAYMENT. I may prepay this Loan Agreement in full or in part at any time. Any partial prepayment will not excuse any later scheduled payments until I pay in full.

6. LOAN PURPOSE. The purpose of this Loan is Purchase auto.

7. SECURITY. The Loan is secured by Property described in the SECURITY AGREEMENT section of this Loan Agreement.

8. SECURITY AGREEMENT.

A. Secured Debts. This Security Agreement will secure the following debts (Secured Debts), together with all extensions, renewals, refinancings, modifications and replacements of these debts:

(1) Sums Advanced under the terms of this Loan Agreement. All sums advanced and expenses incurred by you under the terms of this Loan Agreement.

B. Limitations on Cross-collateralization. The cross-collateralization clause on any existing or future loan, but not including this Loan, is void and ineffective as to this Loan, including any extension or refinancing.

The Loan is not secured by a previously executed security instrument if a non-possessory, non-purchase money security interest is created in "household goods" in connection with a "consumer loan," as those terms are defined by federal law governing unfair and deceptive credit practices. The Loan is not secured by a previously executed security instrument if you fail to fulfill any necessary requirements or fail to conform to any limitations of the Real Estate Settlement Procedures Act, (Regulation X), that are required for loans secured by the Property or if, as a result, the other debt would become subject to Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007.

The Loan is not secured by a previously executed security instrument if you fail to fulfill any necessary requirements or fail to conform to any limitations of the Truth in Lending Act, (Regulation Z), that are required for loans secured by the Property.

C. Security Interest. To secure the payment and performance of the Secured Debts, I grant you a security interest in all of the Property described in this Security Agreement that I own or have sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products from the Property (including, but not limited to, all parts, accessories, repairs, replacements, improvements, and accessions to the Property). Property is all the collateral given as security for the Secured Debts and described in this Security Agreement, and includes all obligations that support the payment or performance of the Property. "Proceeds" includes cash proceeds, non-cash proceeds and anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property.

Property also includes any original evidence of title or ownership whether evidenced by a certificate of title or ownership, a manufacturer's statement of origin or other document when the Property is titled under any federal or state law. I will deliver the title documents and properly execute all title documents as necessary to reflect your security interest.

This Security Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and you are no longer obligated to advance funds to me under any loan or credit agreement.

D. Property Description. The Property subject to this Security Agreement is described as follows:

(1) Motor Vehicle, Mobile Home, Sport Craft, or Trailer. A Motor Vehicle of Make: Ford , Year: 2016, Model: F250 , VIN: 1FT8W3BT9GEB48414.

E. Duties Toward Property.

(1) Protection of Secured Party's Interest. I will defend the Property against any other claim. I agree to do whatever you require to protect your security interest and to keep your claim in the Property ahead of the claims of other creditors. I will not do anything to harm your position.

(2) Use, Location, and Protection of the Property. I will use the Property only for personal, family, or household purposes. I will not use the Property in violation of any law.

I will keep the Property in my possession at my address. I will notify you in writing and obtain your prior written consent to any change in location of any of the Property. I will immediately inform you of any loss or damage to the Property. I will not cause or permit waste to the Property.

Until this Security Agreement is terminated, I will not grant a security interest in, or otherwise encumber, any of the Property without your prior written consent. I will pay all taxes and assessments levied or assessed against me or the Property and provide timely proof of payment of these taxes and assessments upon request.

(3) Additional Duties Specific to Motor Vehicles, Sport Craft, or Trailers. So long as I am not in default under this Security Agreement, the Motor Vehicle, Sport Craft, or Trailer portion of the Property will not be restricted to a specific location and may be moved as necessary during ordinary use. However, they may not be taken out of state permanently nor removed from the United States or Canada without your prior written consent.

F. Authority To Perform. I authorize you to do anything you deem reasonably necessary to protect the Property and your security interest in the Property. If I fail to perform any of my duties under this Loan Agreement, you are authorized, without notice to me, to perform the duties or cause them to be performed.

You are authorized, but are not limited, to: pay and discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Property; pay any rents or other charges under any lease affecting the Property; order and pay for the repair, maintenance and preservation of the Property; file any financing statements on my behalf and pay for filing and recording fees pertaining to the Property; place a note on any chattel paper indicating your interest in the Property; take any action you feel necessary to realize on the Property, including performing any part of a contract or endorsing it in my name; handle any suits or other proceedings involving the Property in my name. If you perform for me, you will use reasonable care.

G. Name and Location. My name indicated in the DATE AND PARTIES section is my exact legal name. I am located at the address indicated in the DATE AND PARTIES section. I will provide verification of registration and location upon your request. I will provide you with at least 30 days notice prior to any change in my name, address, or state of organization or registration.

H. Perfection of Security Interest. I authorize you to file a financing statement and/or security agreement, as appropriate, covering the Property. I will comply with, facilitate, and otherwise assist you in connection with obtaining perfection or control over the Property for purposes of perfecting your security interest under the Uniform Commercial Code. I agree to pay all actual costs of terminating your security interest.

9. DEFAULT. I will be in default if any of the following events (known separately and collectively as an Event of Default) occur:

A. Payments and Performance. I fail to make a payment when due or perform any condition or keep any promise or covenant of this or any agreement I have made with you.

B. Insolvency or Bankruptcy. I become insolvent or declare bankruptcy.

C. Death or Incompetency. I die or am declared legally incompetent.

10. DUE ON SALE OR ENCUMBRANCE. You may, at your option, declare the entire balance of this Loan Agreement to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer or sale of all or any part of the Property. This right is subject to the restrictions imposed by federal law, as applicable.

11. WAIVERS AND CONSENT. To the extent not prohibited by law, I waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor. In addition, I, to the extent permitted by law, consent to certain actions you may take, and generally waive defenses that may be available based on these actions or based on the status of a party to this Loan Agreement. You may renew or extend payments on this Loan Agreement, regardless of the number of such renewals or extensions. You may release any Borrower, endorser, guarantor, surety, accommodation maker or any other co-signer. You may release, substitute or impair any Property securing this Loan Agreement. You, or any institution participating in this Loan Agreement, may invoke your right of set-off. You may enter into any sales, repurchases or participations of this Loan Agreement to any person in any amounts and I waive notice of such sales, repurchases or participations. I agree that any of us signing this Loan Agreement as a Borrower is authorized to modify the terms of this Loan Agreement or any instrument securing, guarantying or relating to this Loan Agreement. I give up any rights I may have under any valuation and appraisal laws which apply to me. Except to the extent prohibited by law, I waive all claims for loss or damage caused by your acts or omissions where you acted reasonably and in good faith.

12. REMEDIES. After I default, and after you give any legally required notice and opportunity to cure the default, you may at your option do any one or more of the following.

A. Acceleration. You may make all or any part of the amount owing by the terms of this Loan Agreement immediately due.

B. Sources. You may use any and all remedies you have under state or federal law or in any Loan Document.

C. Insurance Benefits. You may make a claim for any and all insurance benefits or refunds that may be available on my default.

D. Payments Made On My Behalf. Amounts advanced on my behalf will be immediately due and may be added to the balance owing under the terms of this Loan Agreement, and accrue interest at the highest post-maturity interest rate.

E. Attachment. You may attach or garnish my wages or earnings.

F. Set-Off. You may set off any amount due and payable under the terms of this Loan Agreement against my right to receive money from you, unless prohibited by applicable law.

G. Repossession. You may require me to gather and make the Property available to you. You may repossess the Property so long as the repossession does not involve a breach of the peace. You may sell, lease or otherwise dispose of the Property as provided by law. You may apply what you receive from the disposition of the Property to your expenses, your attorneys' fees and legal expenses (where not prohibited by law), and any debt I owe you. If what you receive from the disposition of the Property does not satisfy the debt, I will be liable for the deficiency (where permitted by law). In some cases, you may keep the Property to satisfy the debt.

Where a notice is required, I agree that ten days prior written notice sent by first class mail to my address listed in this Loan Agreement will be reasonable notice to me under the Indiana Uniform Commercial Code.

H. Use and Operation. You may enter upon my premises and take possession of all or any part of my property for the purpose of preserving the Property or its value, so long as you do not breach the peace. You may use and operate my property for the length of time you feel is necessary to protect your interest, all without payment or compensation to me.

I. Waiver. Except as otherwise required by law, by choosing any one or more of these remedies you do not give up your right to use any other remedy. You do not waive a default if you choose not to use a remedy. By electing not to use any remedy, you do not waive your right to later consider the event a default and to use any remedies if the default continues or occurs again.

13. COLLECTION EXPENSES AND ATTORNEYS' FEES. On or after the occurrence of an Event of Default, to the extent permitted by law, I agree to pay all expenses of collection, enforcement or protection of your rights and remedies under this Loan Agreement or any other Loan Document. Expenses include, but are not limited to, attorneys' fees, court costs and other legal expenses. These expenses are due and payable immediately. If not paid immediately, these expenses will bear interest from the date of payment until paid in full at the highest interest rate in effect as provided for in the terms of this Loan Agreement. All fees and expenses will be secured by the Property I have granted to you, if any. In addition, to the extent permitted by the United States Bankruptcy Code, I agree to pay the reasonable attorneys' fees incurred by you to protect your rights and interests in connection with any bankruptcy proceedings initiated by or against me.

14. COMMISSIONS. I understand and agree that you (or your affiliate) will earn commissions or fees on any insurance products, and may earn such fees on other services that I buy through you or your affiliate.

15. WARRANTIES AND REPRESENTATIONS. I have the right and authority to enter into this Loan Agreement. The execution and delivery of this Loan Agreement will not violate any agreement governing me or to which I am a party.

16. INSURANCE. I agree to obtain the insurance described in this Loan Agreement.

A. Single Interest Insurance. I will purchase Single Interest insurance for the amounts you require as described in one of the other documents I sign for the Loan.

I may obtain Single Interest insurance from anyone I want that is acceptable to you. If I get the insurance from or through you, I will pay \$25.00 for 60 month(s) of coverage.

B. Property Insurance. I agree to keep the Property insured against the risks reasonably associated with the Property. I will maintain this insurance in the amounts you require. This insurance will last until the Property is released from this Loan Agreement. I may choose the insurance company, subject to your approval, which will not be unreasonably withheld.

I will have the insurance company name you as loss payee on any insurance policy. I will give you and the insurance company immediate notice of any loss. You may apply the insurance proceeds toward what is owed on the Secured Debts. You may require added security as a condition of permitting any insurance proceeds to be used to repair or replace the Property.

If you acquire the Property in damaged condition, my right to any insurance policies and proceeds will pass to you to the extent of the Secured Debts.

MATTHEW SHERCK

Indiana Promissory Note, Security Agreement and Truth-in-Lending Disclosures

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Page 3

I will immediately notify you of cancellation or termination of insurance. If I fail to keep the Property insured, you may obtain insurance to protect your interest in the Property and I will pay for the insurance on your demand. You may demand that I pay for the insurance all at once, or you may add the insurance premiums to the balance of the Secured Debts and charge interest on it at the rate that applies to the Secured Debts. This insurance may include lesser or greater coverages than originally required of me, may be written by a company other than one I would choose, and may be written at a higher rate than I could obtain if I purchased the insurance. This insurance coverage does not satisfy any liability or property insurance that may be mandated by applicable state or federal law. I acknowledge and agree that you or one of your affiliates may receive commissions on the purchase of this insurance.

17. GENERAL PROVISIONS. If two or more Borrowers sign this Loan Agreement, we are liable to repay jointly and severally. This Loan Agreement is the complete and final expression of the agreement and may not be amended or modified by oral agreement. If any provision of this Loan Agreement is unenforceable, then the unenforceable provision will be severed and the remaining provisions will be enforceable. No present or future agreement securing any other debt I owe you will secure the payment of this Loan if, with respect to this loan, you fail to fulfill any necessary requirements or fail to conform to any limitations of the Truth in Lending Act (Regulation Z) or the Real Estate Settlement Procedures Act (Regulation X) that are required for loans secured by the Property or if, as a result, this Loan would become subject to Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007. This Loan Agreement is governed by the laws of Indiana, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent such state laws are preempted by federal law.

Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail. Notice to one Borrower will be deemed to be notice to all Borrowers. I will inform you in writing of any change in my name, address or other application information. I will provide you any correct and complete financial statements or other information you request. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Loan and to confirm your lien status on any Property. Time is of the essence.

I agree to supply you with whatever information you reasonably request. You will make requests for this information without undue frequency, and will give me reasonable time in which to supply the information.

18. ERRORS AND OMISSIONS. I agree, if requested by you, to fully cooperate in the correction, if necessary, in the reasonable discretion of you of any and all loan closing documents so that all documents accurately describe the loan between you and me. I agree to assume all costs including by way of illustration and not limitation, actual expenses, legal fees and marketing losses for failing to reasonably comply with your requests within thirty (30) days.

ITEMIZATION OF AMOUNT FINANCED

NOTE AMOUNT		\$35,150.00
Amount given to me directly	\$0.00	
Amount paid on my account	\$0.00	
Amount paid to Lender for:		
Prepaid finance charge paid to Lender		
Document Preparation		\$125.00
Total prepaid finance charge amount paid to Lender		\$125.00
Amount paid to others on my behalf*:		
Insurance Company	\$25.00	
Fredrick Landstrom	\$35,000.00	
LESS: PREPAID FINANCE CHARGE		\$125.00
AMOUNT FINANCED		\$35,025.00

*Lender may retain or receive portions of these amounts.

19. SIGNATURES. By signing under seal, I agree to the terms contained in this Loan Agreement. I also acknowledge receipt of a copy of this Loan Agreement.

BORROWER:


 _____ Date 6/30/20 (Seal)
 MATTHEW SHERCK

AGREEMENT TO PROVIDE INSURANCE

DATE AND PARTIES. The date of this Agreement to Provide Insurance (Agreement) is June 30, 2020. The parties and their addresses are:

OWNER:

MATTHEW SHERCK
961 S COUNTY ROAD 350 E
CONNERSVILLE, IN 47331

SECURED PARTY:

UNION SAVINGS AND LOAN ASSOCIATION
131 S Main Street P O Box 305
Rushville, IN 46173

The pronouns "you" and "your" refer to the Secured Party. The pronouns "I," "me" and "my" refer to each person or entity signing this Agreement as Owner.

1. LOAN DESCRIPTION (Loan).

- A. Date. June 30, 2020
- B. Loan Number. 1160008044
- C. Loan Amount. \$35,150.00

2. AGREEMENT TO PROVIDE INSURANCE. As part of my Loan, I agree to do all of the following.

- A. I will insure the Property as listed and with the coverages shown in the DESCRIPTION OF PROPERTY section.
- B. I will have you named on the policy, with the status listed under the STATUS section.
- C. I will arrange for the insurance company to notify you that the policy is in effect and your status has been noted.
- D. I will pay for this insurance, including any fee for this endorsement.
- E. I will keep the insurance in effect until the Property is no longer subject to your security interest. (I understand that the Property may secure debts in addition to any listed in the LOAN DESCRIPTION section.)

3. DESCRIPTION OF PROPERTY. The Property subject to this Agreement is described as follows.

A Motor Vehicle of Make: Ford , Year: 2016, Model: F250 , VIN: 1FT8W3BT9GEB48414.

I agree to insure this Property according to the following described risks, amount of coverage, and maximum deductible allowed. I will provide automobile coverage on the Property. The insurance coverage risks are: ALL COVERAGES MUST BE FULL REPLACEMENT VALUE The insurable value of this Property is \$.00. The term of coverage will be _____. The amount of premium will be _____.

Effective Date: _____

INSURANCE COMPANY. The insurance policy covering the Property and the insurance company issuing the policy are as follows:

Policy Number. _____

Insurance Company Name, Address, and Phone Number. *Farm Bureau*

INSURANCE AGENCY AND AGENT. The insurance agency through which I have purchased, or intend to purchase, the required insurance is as follows:

Agent Name. _____

Agency Name, Address, and Phone Number. *Rensselaer IN*

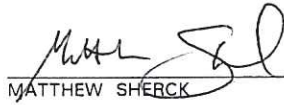
4. STATUS. Your status shall be listed on the insurance policy as Lienholder. The current lien position of the Secured Party is First Lien.

5. MAILING ADDRESS. Evidence of insurance and all correspondence or documentation shall be delivered to the following address:

Union Savings and Loan Association
730 Central Ave. P O Box 366
Connerville, IN 47331

SIGNATURES FOR OWNERS AND AUTHORIZATION TO INSURANCE AGENT AND COMPANY. By signing below under seal, I agree to the terms contained in this Agreement and acknowledge receipt of a copy of this Agreement. I request the listed insurance company and agency to provide the indicated coverage, and list you on the policy with the indicated status. I also request the insurance company or its authorized agent to immediately confirm that the policy is in effect by signing this form and forwarding a copy of the policy to you.

OWNER:




MATTHEW SHERCK Date 6/30/20 (Seal)

SIGNATURE OF SECURED PARTY AND REQUEST FOR CONFIRMATION. Upon receipt of this Agreement, the insurance company or agency named above is requested to confirm the policy coverages shown above.

SECURED PARTY:

Union Savings and Loan Association

By  Date 6-30-20 (Seal)
Ellen Dubois, Loan Officer

SIGNATURE FOR INSURANCE COMPANY AND CONFIRMATION. By signing below, Insurance Company confirms the existence of the insurance coverages agreed to be provided by our insured and that you will be notified not less than 10 days before cancellation.

INSURANCE COMPANY:

Insurance Company

By _____ (Seal)
Signer Name _____
Signer Title _____
Telephone Number _____

Loan Details



Account Nickname

2021 F350...9119

[Edit](#)

Account Number

20074279119

Current Balance

\$46,165.03

Last Payment Received

07/08/2024

Original Loan Amount

\$46,650.90

Interest Rate

6.59%

Loan Maturity Date

09/09/2029

Loan Opening Date

05/25/2024

Term of Loan

63

Payments Made

1

YTD Interest Paid

\$369.58

Last Year Interest Paid

\$0.00

Collateral

VEHICLE

Daily Interest

\$8.31

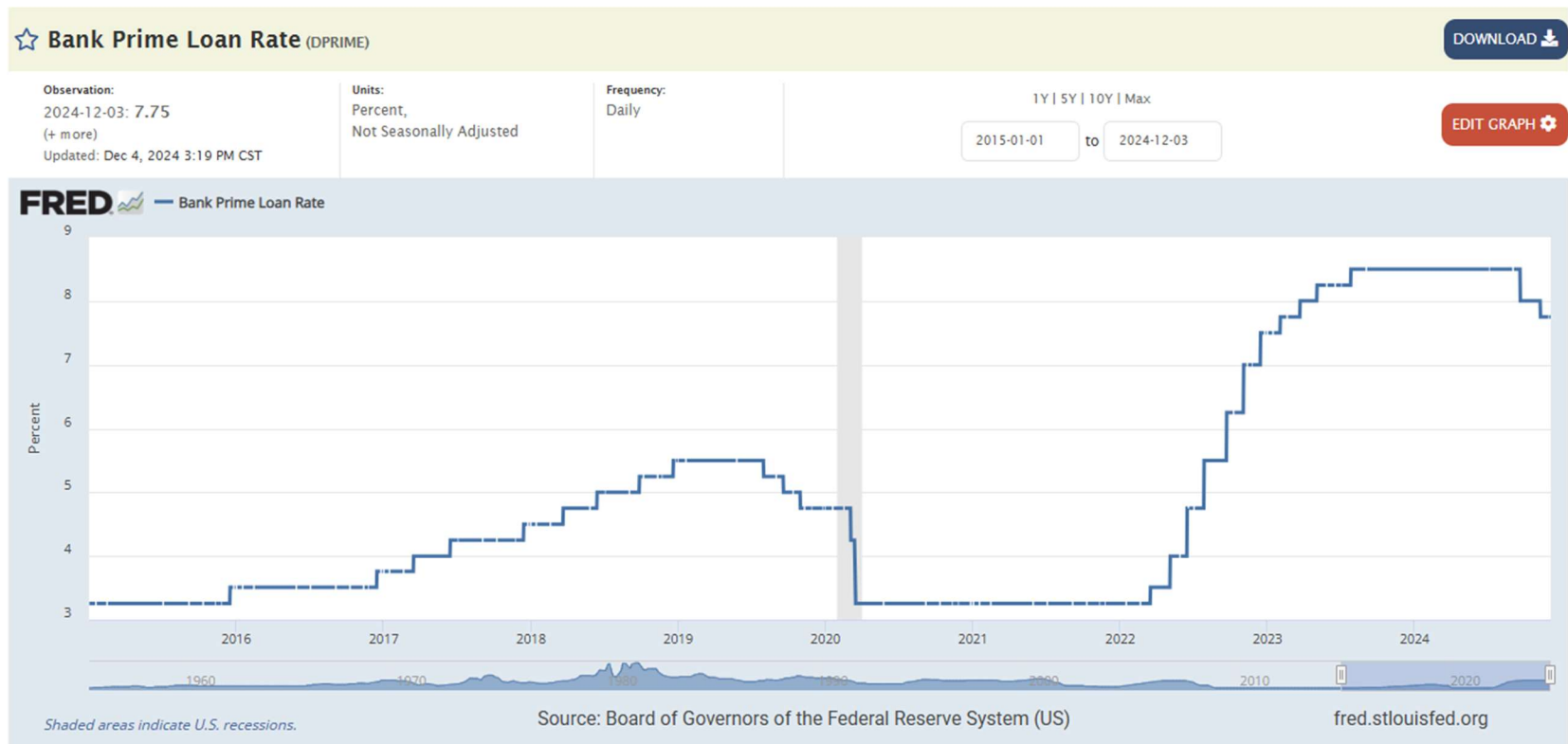
Amortization Table for 2024 Truck Loan

Balance after 7/9/24 payment \$ 46,165.03
Interest Rate-Annual 6.59%
Interest Rate-Monthly 0.55%
Number of Payments Remaining 62
Monthly Payment \$ 880.56

PMT #	Date	Payment	Interest	Principal	Ending Balance	50%	25%
1	8/9/2024	\$ 880.56	\$ 253.52	\$ 627.04	\$ 45,537.99		
2	9/9/2024	\$ 880.56	250.0795	\$ 630.48	\$ 44,907.51		
3	9/9/2024	\$ 880.56	246.6171	\$ 633.94	\$ 44,273.57		
4	10/9/2024	\$ 880.56	243.1357	\$ 637.43	\$ 43,636.14		
5	11/9/2024	\$ 880.56	239.6351	\$ 640.93	\$ 42,995.21		
6	12/9/2024	\$ 880.56	236.1154	\$ 644.45	\$ 42,350.77		
7	1/9/2025	\$ 880.56	232.5763	\$ 647.99	\$ 41,702.78		
8	2/9/2025	\$ 880.56	229.0178	\$ 651.54	\$ 41,051.24		
9	3/9/2025	\$ 880.56	225.4397	\$ 655.12	\$ 40,396.12		
10	4/9/2025	\$ 880.56	221.842	\$ 658.72	\$ 39,737.40		
11	5/9/2025	\$ 880.56	218.2245	\$ 662.34	\$ 39,075.06		
12	6/9/2025	\$ 880.56	214.5872	\$ 665.97	\$ 38,409.09	\$ 19,204.54	\$ 9,602.27
13	7/9/2025	\$ 880.56	210.9299	\$ 669.63	\$ 37,739.46		
14	8/9/2025	\$ 880.56	207.2525	\$ 673.31	\$ 37,066.15		
15	9/9/2025	\$ 880.56	203.5549	\$ 677.01	\$ 36,389.14		
16	10/9/2025	\$ 880.56	199.837	\$ 680.72	\$ 35,708.42		
17	11/9/2025	\$ 880.56	196.0987	\$ 684.46	\$ 35,023.95		
18	12/9/2025	\$ 880.56	192.3399	\$ 688.22	\$ 34,335.73		

Bank Prime Loan Rate Support

7.75% as of December 5, 2024



LOAN NUMBER	LOAN NAME	ACCT. NUMBER	NOTE DATE	INITIALS
0414012724	PLEASANTVIEW UTILITIES INC		06/02/23	CG
NOTE AMOUNT	INDEX (w/Margin)	RATE	MATURITY DATE	LOAN PURPOSE
\$15,000.00	BANK PRIME LOAN RATE plus 0.500%	8.750%	06/02/26	Commercial
Creditor Use Only				

PROMISSORY NOTE
(Commercial - Revolving Draw)

DATE AND PARTIES. The date of this Promissory Note (Note) is June 2, 2023. The parties and their addresses are:

LENDER:

UNION SAVINGS AND LOAN ASSOCIATION
131 S Main Street P O Box 305
Rushville, IN 46173
Telephone: (765) 932-6131

BORROWER:

PLEASANTVIEW UTILITIES INC
an Indiana Corporation
3812 W GALAXY DR
CONNERSVILLE, IN 47331

1. DEFINITIONS. As used in this Note, the terms have the following meanings:

- A. Pronouns.** The pronouns "I," "me," and "my" refer to each Borrower signing this Note and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this Note. "You" and "Your" refer to the Lender, any participants or syndicators, successors and assigns, or any person or company that acquires an interest in the Loan.
- B. Note.** Note refers to this document, and any extensions, renewals, modifications and substitutions of this Note.
- C. Loan.** Loan refers to this transaction generally, including obligations and duties arising from the terms of all documents prepared or submitted for this transaction such as applications, security agreements, disclosures or notes, and this Note.
- D. Loan Documents.** Loan Documents refer to all the documents executed as a part of or in connection with the Loan.
- E. Property.** Property is any property, real, personal or intangible, that secures my performance of the obligations of this Loan.
- F. Percent.** Rates and rate change limitations are expressed as annualized percentages.
- G. Dollar Amounts.** All dollar amounts will be payable in lawful money of the United States of America.

2. REFINANCING. This Note will pay off the following described note(s):

Note Date	Note Number	Note Amount
June 30, 2020	# 1140000837	\$15,000.00

The remaining balance of the note listed in the table above is \$15,008.64.

3. PROMISE TO PAY. For value received, I promise to pay you or your order, at your address, or at such other location as you may designate, amounts advanced from time to time under the terms of this Note up to the maximum outstanding principal balance of \$15,000.00 (Principal), plus interest from the date of disbursement, on the unpaid outstanding Principal balance until this Note is paid in full and you have no further obligations to make advances to me under the Loan.

I may borrow up to the Principal amount more than one time.

All advances made will be made subject to all other terms and conditions of the Loan.

4. INTEREST. Interest will accrue on the unpaid Principal balance of this Note at the rate of 8.750 percent (Interest Rate) until July 2, 2023, after which time it may change as described in the Variable Rate subsection.

- A. Post-Maturity Interest.** After maturity or acceleration, interest will accrue on the unpaid Principal balance of this Note at the Interest Rate in effect from time to time, until paid in full.
- B. Maximum Interest Amount.** Any amount assessed or collected as interest under the terms of this Note will be limited to the maximum lawful amount of interest allowed by applicable law. Amounts collected in excess of the maximum lawful amount will be applied first to the unpaid Principal balance. Any remainder will be refunded to me.
- C. Accrual.** Interest accrues using an Actual/365 days counting method.
- D. Variable Rate.** The Interest Rate may change during the term of this transaction.

(1) Index. Beginning with the first Change Date, the Interest Rate will be based on the following index: THE BANK PRIME LOAN RATE POSTED BY A MAJORITY OF TOP 25 (BY ASSETS IN DOMESTIC OFFICES) INSURED U.S. CHARTERED COMMERCIAL BANKS AS PUBLISHED BY FEDERAL STATISTICAL RELEASE H.15. (the "Benchmark").

The Benchmark is the most recent index value available on each Change Date. You do not guaranty by selecting this Benchmark, or the Margin, that the Interest Rate on this Note will be the same rate you charge on any other loans or class of loans you make to me or other borrowers. If this Index is no longer available, I agree and consent to you selecting a substitute Benchmark and an alternative Margin - all at your sole discretion. You will give me advance notice of your selection. As used in this subsection, "no longer available" includes, but is not limited to, when a Benchmark is terminated, becomes deregulated, or becomes unacceptable for use by a regulator.

If the Benchmark is deemed to be no longer available it will be replaced if any of the following events (each, a "Replacement Event") occur: (i) the administrator, including any successor administrator of the Benchmark, has stopped providing the Benchmark to the general public; (ii) the administrator or its regulator issues a public statement indicating that the Benchmark is no longer reliable or representative; or (iii) the effective date of an applicable federal or state law, or applicable federal or state regulation that prohibits use of the Benchmark. If a Replacement Event occurs, you will select a new benchmark (the "Replacement Benchmark") and may also select a new margin (the "Replacement Margin"), as follows:

(a) If a replacement benchmark and margin has been selected or recommended by the Federal Reserve Board, the Federal Reserve Bank of New York, or a committee endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York at the time of a Replacement Event, you shall select that benchmark and margin as the Replacement Benchmark and Replacement Margin.

(b) If (a) is not available at the time of a Replacement Event, you will make a reasonable, good faith effort to select a Replacement Benchmark and a Replacement Margin that, when added together, you reasonably expects will minimize any change in the cost of the loan, taking into account the historical performance of the Benchmark and the Replacement Benchmark.

The Replacement Benchmark and Replacement Margin, if any, will be operative immediately upon a Replacement Event and will be used to determine the interest rate and payments on Change Dates that are more than 0 days after a Replacement Event. The Benchmark and Margin could be replaced more than once during the term of the Note. After a Replacement Event, all references to the "Benchmark" and "Margin" shall be deemed to be references to the "Replacement Benchmark" and "Replacement Margin." You will also give me notice of the Replacement Benchmark and Replacement Margin, if any, and such other information required by applicable law and regulation.

(2) Change Date. Each date on which the Interest Rate may change is called a Change Date. The Interest Rate may change July 2, 2023 and monthly thereafter.

(3) Calculation Of Change. On each Change Date you will calculate the Interest Rate, which will be the Benchmark plus 0.500 percent (the "Margin"). The result of this calculation will be rounded to the nearest .001 percent. Subject to any limitations, this will be the Interest Rate until the next Change Date. The new Interest Rate will become effective on each Change Date. The Interest Rate and other charges on this Note will never exceed the highest rate or charge allowed by law for this Note.

(4) Limitations. The Interest Rate changes are subject to the following limitations:

(a) Lifetime. The Interest Rate will never be greater than 18.000 percent or less than 8.250 percent.

(5) Effect Of Variable Rate. A change in the Interest Rate will have the following effect on the payments: The amount of scheduled payments will change.

5. **ADDITIONAL CHARGES.** As additional consideration, I agree to pay, or have paid, these additional fees and charges.

A. Nonrefundable Fees and Charges. The following fees are earned when collected and will not be refunded if I prepay this Note before the scheduled maturity date.

UCC Recording. A(n) UCC Recording fee of \$14.00 payable from the loan proceeds.

Document Preparation. A(n) Document Preparation fee of \$125.00 payable from the loan proceeds.

6. **REMEDIAL CHARGES.** In addition to interest or other finance charges, I agree that I will pay these additional fees based on my method and pattern of payment. Additional remedial charges may be described elsewhere in this Note.

A. Late Charge. If a payment is more than 10 days late, I will be charged \$50.00. I will pay this late charge promptly but only once for each late payment.

B. Returned Payment Charge. I agree to pay a fee not to exceed \$20.00 for each check, electronic payment, negotiable order of withdrawal or draft I issue in connection with the Loan that is returned because it has been dishonored.

C. Annual Fee. A(n) Annual Fee equal to \$100.00.

7. **GOVERNING AGREEMENT.** This Note is further governed by the Commercial Loan Agreement executed between you and me as a part of this Loan, as modified, amended or supplemented. The Commercial Loan Agreement states the terms and conditions of this Note, including the terms and conditions under which the maturity of this Note may be accelerated. When I sign this Note, I represent to you that I have reviewed and am in compliance with the terms contained in the Commercial Loan Agreement.

8. **PAYMENT.** I agree to pay all accrued interest on the balance outstanding from time to time in regular payments beginning July 2, 2023, then on the same day of each month thereafter. A final payment of the entire unpaid outstanding balance of Principal and interest will be due June 2, 2026.

Payments will be rounded to the nearest \$.01. With the final payment I also agree to pay any additional fees or charges owing and the amount of any advances you have made to others on my behalf. Payments scheduled to be paid on the 29th, 30th or 31st day of a month that contains no such day will, instead, be made on the last day of such month.

Interest payments will be applied first to any charges I owe other than late charges, then to accrued, but unpaid interest, then to late charges. Principal payments will be applied first to the outstanding Principal balance, then to any late charges. If you and I agree to a different application of payments, we will describe our agreement on this Note. The actual amount of my final payment will depend on my payment record.

9. **PREPAYMENT.** I may prepay this Loan in full or in part at any time. Any partial prepayment will not excuse any later scheduled payments until I pay in full.

10. **LOAN PURPOSE.** The purpose of this Loan is Working Capital.

11. **SECURITY.** The Loan is secured by separate security instruments prepared together with this Note as follows:

Document Name	Parties to Document
Security Agreement - PLEASANTVIEW UTILITIES INC	PLEASANTVIEW UTILITIES INC

12. **GUARANTY.** A Guaranty, dated June 2, 2023, from MATTHEW P SHERCK (Guarantor) to you, guaranties the payment and performance of my debts as described in the Guaranty.

13. LIMITATIONS ON CROSS-COLLATERALIZATION. The cross-collateralization clause on any existing or future loan, but not including this Line of Credit, is void and ineffective as to this Line of Credit, including any extension or refinancing.

The Line of Credit is not secured by a previously executed security instrument if a non-possessory, non-purchase money security interest is created in "household goods" in connection with a "consumer loan," as those terms are defined by federal law governing unfair and deceptive credit practices. The Line of Credit is not secured by a previously executed security instrument if you fail to fulfill any necessary requirements or fail to conform to any limitations of the Real Estate Settlement Procedures Act, (Regulation X), that are required for loans secured by the Property or if, as a result, the other debt would become subject to Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007.

The Line of Credit is not secured by a previously executed security instrument if you fail to fulfill any necessary requirements or fail to conform to any limitations of the Truth in Lending Act, (Regulation Z), that are required for loans secured by the Property.

14. DUE ON SALE OR ENCUMBRANCE. You may, at your option, declare the entire balance of this Note to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer or sale of all or any part of the Property. This right is subject to the restrictions imposed by federal law, as applicable.

15. WAIVERS AND CONSENT. To the extent not prohibited by law, I waive protest, presentment for payment, demand, notice of acceleration, notice of intent to accelerate and notice of dishonor.

A. Additional Waivers By Borrower. In addition, I, and any party to this Note and Loan, to the extent permitted by law, consent to certain actions you may take, and generally waive defenses that may be available based on these actions or based on the status of a party to this Note.

- (1) You may renew or extend payments on this Note, regardless of the number of such renewals or extensions.
- (2) You may release any Borrower, endorser, guarantor, surety, accommodation maker or any other co-signer.
- (3) You may release, substitute or impair any Property securing this Note.
- (4) You, or any institution participating in this Note, may invoke your right of set-off.
- (5) You may enter into any sales, repurchases or participations of this Note to any person in any amounts and I waive notice of such sales, repurchases or participations.
- (6) I agree that any of us signing this Note as a Borrower is authorized to modify the terms of this Note or any instrument securing, guarantying or relating to this Note.
- (7) I give up any rights I may have under any valuation and appraisal laws which apply to me.
- (8) I agree that you may inform any party who guarantees this Loan of any Loan accommodations, renewals, extensions, modifications, substitutions or future advances.

B. No Waiver By Lender. Your course of dealing, or your forbearance from, or delay in, the exercise of any of your rights, remedies, privileges or right to insist upon my strict performance of any provisions contained in this Note, or any other Loan Document, shall not be construed as a waiver by you, unless any such waiver is in writing and is signed by you.

16. COMMISSIONS. I understand and agree that you (or your affiliate) will earn commissions or fees on any insurance products, and may earn such fees on other services that I buy through you or your affiliate.

17. APPLICABLE LAW. This Note is governed by the laws of Indiana, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent such state laws are preempted by federal law. In the event of a dispute, the exclusive forum, venue and place of jurisdiction will be in Indiana, unless otherwise required by law.

18. JOINT AND SEVERAL LIABILITY AND SUCCESSORS. My obligation to pay the Loan is independent of the obligation of any other person who has also agreed to pay it. You may sue me alone, or anyone else who is obligated on the Loan, or any number of us together, to collect the Loan. Extending the Loan or new obligations under the Loan, will not affect my duty under the Loan and I will still be obligated to pay the Loan. This Note shall inure to the benefit of and be enforceable by you and your successors and assigns and shall be binding upon and enforceable against me and my successors and assigns.

19. AMENDMENT, INTEGRATION AND SEVERABILITY. This Note may not be amended or modified by oral agreement. No amendment or modification of this Note is effective unless made in writing. This Note and the other Loan Documents are the complete and final expression of the agreement. If any provision of this Note is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable. No present or future agreement securing any other debt I owe you will secure the payment of this Loan if, with respect to this loan, you fail to fulfill any necessary requirements or fail to conform to any limitations of the Truth in Lending Act (Regulation Z) or the Real Estate Settlement Procedures Act (Regulation X) that are required for loans secured by the Property or if, as a result, this Loan would become subject to Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007.

20. INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Note.

21. NOTICE, FINANCIAL REPORTS AND ADDITIONAL DOCUMENTS. Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one Borrower will be deemed to be notice to all Borrowers. I will inform you in writing of any change in my name, address or other application information. I agree to sign, deliver, and file any additional documents or certifications that you may consider necessary to perfect, continue, and preserve my obligations under this Loan and to confirm your lien status on any Property. Time is of the essence.

22. CREDIT INFORMATION. I agree to supply you with whatever information you reasonably feel you need to decide whether to continue this Loan. You will make requests for this information without undue frequency, and will give me reasonable time in which to supply the information.

23. ERRORS AND OMISSIONS. I agree, if requested by you, to fully cooperate in the correction, if necessary, in the reasonable discretion of you of any and all loan closing documents so that all documents accurately describe the loan between you and me. I agree to assume all costs including by way of illustration and not limitation, actual expenses, legal fees and marketing losses for failing to reasonably comply with your requests within thirty (30) days.

24. AGREEMENT TO ARBITRATE. You or I may submit to binding arbitration any dispute, claim or other matter in question between or among you and me that arises out of or relates to this Transaction (Dispute), except as otherwise indicated in this section or as you and I agree to in writing. For purposes of this section, this Transaction includes this Note and the other Loan Documents, and proposed loans or extensions of credit that relate to this Note. You or I will not arbitrate any Dispute within any "core proceedings" under the United States bankruptcy laws.

You and I must consent to arbitrate any Dispute concerning a debt secured by real estate at the time of the proposed arbitration. You may foreclose or exercise any powers of sale against real property securing a debt underlying any Dispute before, during or after any arbitration. You may also enforce a debt secured by this real property and underlying the Dispute before, during or after any arbitration.

You or I may, whether or not any arbitration has begun, pursue any self-help or similar remedies, including taking property or exercising other rights under the law; seek attachment, garnishment, receivership or other provisional remedies from a court having jurisdiction to preserve the rights of or to prevent irreparable injury to you or me; or foreclose against any property by any method or take legal action to recover any property. Foreclosing or exercising a power of sale, beginning and continuing a judicial action or pursuing self-help remedies will not constitute a waiver of the right to compel arbitration.

The arbitrator will determine whether a Dispute is arbitrable. A single arbitrator will resolve any Dispute, whether individual or joint in nature, or whether based on contract, tort, or any other matter at law or in equity. The arbitrator may consolidate any Dispute with any related disputes, claims or other matters in question not arising out of this Transaction. Any court having jurisdiction may enter a judgment or decree on the arbitrator's award. The judgment or decree will be enforced as any other judgment or decree.

You and I acknowledge that the agreements, transactions or the relationships which result from the agreements or transactions between and among you and me involve interstate commerce. The United States Arbitration Act will govern the interpretation and enforcement of this section.

The American Arbitration Association's Commercial Arbitration Rules, in effect on the date of this Note, will govern the selection of the arbitrator and the arbitration process, unless otherwise agreed to in this Note or another writing.

25. WAIVER OF TRIAL FOR ARBITRATION. You and I understand that the parties have the right or opportunity to litigate any Dispute through a trial by judge or jury, but that the parties prefer to resolve Disputes through arbitration instead of litigation. If any Dispute is arbitrated, you and I voluntarily and knowingly waive the right to have a trial by jury or judge during the arbitration.

26. SIGNATURES. By signing, I agree to the terms contained in this Note. I also acknowledge receipt of a copy of this Note.

BORROWER:

PLEASANTVIEW UTILITIES INC

By  Date 6/2/23
MATTHEW SHERK, President