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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
SOUTH HAVEN SEWER WORKS, D/B/A)
AQUA INDIANA, INC., TO INCREASE ITS) CAUSE NO. 43974
SEWER RATES AND CHARGES PURSUANT)
TO COMMISSION'S MINIMUM STANDARD)
FILING REQUIREMENTS AND TO ADOPT) APPROVED: OCT 19 2011
A NEW RATE SCHEDULE REFLECTING)
THE APPROVED RATES AND CHARGES)

BY THE COMMISSION

On November 29, 2010, South Haven Sewer Works, Inc., d/b/a Aqua Indiana, Inc., ("South Haven") filed its Verified Petition requesting authority to increase the recurring monthly rates and charges it collects for sewage disposal utility service pursuant to the Commission's Minimum Standard Filing Requirements ("MSFRs") set forth at 170 IAC 1-5 and for other related relief. South Haven subsequently filed the testimony and exhibits constituting its case-in-chief on November 30, 2010. South Haven also submitted to the Commission and Indiana Office of Utility Consumer Counselor ("OUCC") on November 30, 2010 the working papers and other information required by the MSFRs. The OUCC identified no deficiencies in South Haven's submission.

Pursuant to notice given as provided by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, the Commission conducted a field hearing on April 6, 2011 at Paul Saylor Elementary School, 331 Midway Drive, Valparaiso, Indiana, beginning at 6:00 p.m. During this public field hearing, members of the public provided oral and/or written testimony in this Cause. The OUCC made a part of the record of the field hearing certain correspondence received by it. The OUCC also requested and received leave of the Commission to have the record of the field hearing left open in order to allow the OUCC to receive and submit as part of the record additional correspondence.

On May 2, 2011, the OUCC filed the testimony and exhibits constituting its case-in-chief in this Cause. Also, as required by the Commission's March 30, 2011 Prehearing Conference Order, South Haven filed on June 16, 2011 its declaration that the major project identified in its Verified Petition is currently in service and, therefore, used and useful. Updated cost information for the major project was shown on an attachment, which was in the form previously submitted in this Cause with only the cost information modified.

South Haven and the OUCC filed their Joint Stipulation and Settlement Agreement on June 17, 2011 (the "Settlement Agreement"). The filing of the Parties' Joint Stipulation and Settlement Agreement was accompanied by the Supplemental Testimony of William L. G. Etzler on behalf of South Haven, which explained the terms and conditions of and supported the Settlement Agreement.

Pursuant to notice given as provided by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public hearing was conducted on

June 28, 2011, in Room 222, PNC Center, 101 West Washington Street, Indianapolis, Indiana 46204, commencing at 9:30 a.m. South Haven and the OUCC appeared and participated at the hearing, but no member of the general public appeared or participated in the evidentiary hearing. The written testimony and exhibits filed by both South Haven and the OUCC in this Cause, including without limitation the Supplemental Testimony of William L. G. Etzler, were admitted into evidence and made part of the record of this Cause without objection. The Parties waived cross-examination of each other's witnesses.

Based upon applicable law, and the evidence presented herein, and being duly advised in the premises, the Commission now finds:

1. **Notice and Jurisdiction.** Due, legal and timely notice of the evidentiary hearing conducted in this Cause was provided as required by law. South Haven is a "public utility" as defined in Ind. Code § 8-1-2-1. The Commission has jurisdiction over South Haven and the subject matter of this proceeding.

2. **South Haven's Characteristics.** South Haven is an Indiana corporation, with its principal office and place of business at 305 W. 770N, Valparaiso, Indiana 46385, and is an indirect subsidiary of Aqua America, Inc. South Haven provides sewage disposal utility service to customers located in rural Portage, Liberty, Center and Union Townships in Porter County, Indiana and in a portion of Valparaiso, Indiana. South Haven had approximately 3,929 customers as of June 30, 2010. South Haven's sewage disposal utility plant includes one sequential batch reactor wastewater treatment plant with an average daily flow of 1.3 MGD, over fifty miles of collection and force mains of various sizes, seventeen lift stations and other various facilities.

3. **Existing Rates.** The Commission approved South Haven's current monthly recurring rates and charges in its March 2008 Order in Cause No. 43310.

4. **Test Year.** As approved by the Commission's March 30, 2011 Prehearing Conference Order, the period used for determining the revenues and expenses incurred by South Haven to provide sewage disposal services to the public was the twelve months ended June 30, 2010. With revenue and expense adjustments for changes that were fixed, known and measurable for ratemaking purposes and occurring before June 30, 2011, this test year is sufficiently representative of South Haven's normal operations to provide reliable information for ratemaking purposes.

5. **Evidence and Positions on Relief Requested.**

A. **South Haven's Proposed Rate Increase.** South Haven proposed to increase its monthly recurring rates and charges for sewage disposal service by approximately 19.45%, and thereby increase its annual operating revenue by 18.58%. In addition to investments in capital improvements to its system exceeding \$5,000,000 since its existing rates and charges were established, South Haven's proposed rates and charges reflect a gross acquisition adjustment of \$1,313,477 arising from the purchase on August 1, 2008 of all of South Haven's outstanding stock by Aqua Indiana – South Haven, Inc., which is a subsidiary of Aqua America.

B. **OUCC's Position.** The OUCC disagreed with South Haven's proposed increase in its monthly recurring rates and charges of 19.45%. Instead, the OUCC recommended

that the Commission should only authorize South Haven to implement a rate increase of 12.93%. The difference reflects the OUCC's disagreement with several pro forma adjustments proposed in South Haven's case-in-chief. The difference is also attributable to the OUCC's disagreement with the amount of the gross acquisition adjustment that should be recognized for purposes of setting South Haven's rates. The OUCC recommended that the Commission only approve an increase in South Haven's monthly recurring rates and charges that recognizes a gross acquisition adjustment of \$389,560.

6. Settlement Agreement. The Settlement Agreement filed by South Haven and the OUCC recites that it sets forth their agreements on all of the issues before the Commission in this Cause. Among the agreements reached by the Parties, details of which are set forth in the accounting schedules making up Joint Settlement Exhibit 1, are the following:

A. Rate Base. South Haven's total original cost rate base for purposes of setting new monthly recurring rates and charges in this Cause is \$10,817,373, which amount also is South Haven's fair value rate base for purposes of establishing new monthly recurring rates and charges in this Cause. The Parties' proposed rate base amount reflects their agreement on a gross acquisition adjustment of \$985,000 and a net acquisition adjustment of \$925,490.

B. Allowed Return. A rate of return of 7.620% reflects a fair return for purposes of establishing new monthly recurring rates and charges in this Cause and will adequately and fairly compensate South Haven for its investments, while maintaining South Haven's financial viability.

C. Revenues at Present Rates. South Haven's pro forma total operating revenues and pro forma net operating income under its present rates and charges are \$3,499,177 and \$538,523, respectively. That amount of net operating income is insufficient to provide a fair return on the fair value of its properties used and useful in providing sewer service for the convenience of the public, and is therefore unjust and unreasonable and should be increased.

D. Allowed Increase. South Haven's current monthly recurring rates and charges should be increased so as to produce additional operating revenues of \$496,006 and, together with other revenues, produce total pro forma operating revenues of \$3,995,183. The amount of the additional operating revenues (i.e., \$496,006) represents a 14.90% increase over that produced under South Haven's present monthly recurring rates and charges and reflects the effect of the increased revenue on federal and state income taxes, Indiana gross receipts tax and the Commission's fee. Giving appropriate weight to the need for South Haven to discharge its public duties and to earn a return commensurate with that earned by enterprises of corresponding risk, monthly recurring rates and charges estimated to produce, together with other revenues, operating revenues of \$3,995,183 are just and fair and should allow South Haven the opportunity to earn a reasonable return on its property dedicated to providing sewer service to the public.

E. New Schedule of Rates and Charges. The monthly recurring rates and charges, non-recurring charges and fees and other terms provided for in the proposed schedule attached as Joint Settlement Exhibit 2 are sufficient to produce the results described above and are each otherwise fair, just, reasonable and non-discriminatory.

F. **Treatment of Acquisition Adjustment Amortization.** South Haven waives and agrees to forego any right it has to seek in the future approval to and to reflect in its rates and charges as an “above-the-line” expense the amount of the gross acquisition adjustment amortization recognized in this Cause, i.e., \$985,000. South Haven shall treat such acquisition adjustment amortization amount as a “below-the-line” expense only.

G. **Unrecovered Rate Case Expense.** To avoid adversely affecting South Haven’s financial position through a write-off of any unrecovered rate case expense or otherwise, any portion of the agreed upon rate case expense in this Cause, i.e., \$139,000, that is not expected to be recovered by the time the Commission issues a final order in South Haven’s next general rate case, shall be added to and treated for all purposes as part of the rate case expense allowed in that next general rate case. To that end, prior to the filing of South Haven’s case-in-chief in its next general rate case or application in the case of a small utility rate case, the Parties to the Settlement Agreement shall determine by agreement the estimated time in which the Commission is expected to issue a final order. In the absence of any such agreement, for purposes of determining what portion of unamortized rate case expense will carry forward, the Parties to the Settlement Agreement will assume continued recovery for ten (10) months from the date South Haven filed its case-in-chief or its complete application, as the case may be.

H. **Future Rate Adjustment.** In the event that the agreed upon four (4) year amortization period expires prior to South Haven filing its next general rate case and South Haven has recovered all of the agreed-upon rate case expense, i.e., \$139,000, South Haven shall reduce the monthly recurring rates and charges shown on Joint Settlement Exhibit 2 in order to reflect its full recovery of the rate case expense allowed in this Cause. In order to implement such a reduction, South Haven shall file a new schedule of rates and charges in the form attached as Joint Settlement Exhibit 3 for approval by the Commission no later than thirty (30) days prior to the date South Haven expects to fully recover the agreed-upon rate case expense, or expiration of the four (4) year amortization period, whichever is earlier. The effective date for that new schedule of rates and charges shall be as close as practicable to the date upon which South Haven would recover all of the agreed-upon rate case expenses.

I. **Rate Study.** South Haven shall conduct a study of the type the OUCC’s witness Harold L. Rees described in his Direct Testimony. Such a study shall determine the costs and consider the benefits of adopting a volumetric rate approach to the design of the monthly recurring rates and charges applicable to South Haven’s residential customers. South Haven shall submit such a study as part of the case-in-chief filed in its next general rate case. At the hearing, in response to questions from the Presiding Officers, Mr. Etzler also indicated that this study could include an evaluation of a combination fixed/volumetric rate approach.

7. **Commission Discussion and Findings.** Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement “loses its status as a strictly private contract and takes on a public interest gloss.” *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission “may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement.” *Citizens Action Coalition*, 664 N. E.2d at 406. Furthermore, any Commission decision, ruling, or order – including the approval of a settlement – must be supported by specific

findings of fact and sufficient evidence, *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission's own procedural rules also require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d).

The testimony submitted in support of the Settlement Agreement reflects matters that are discussed in the cases-in-chief of both Parties, or in portions of the OUCC's case-in-chief that South Haven has agreed to for purposes of settlement. The Parties have agreed that rental revenue should be treated as other operating revenue, and not an offset to South Haven's test year testing expense, as set forth on Schedule 6, p. 3 of 4, to the Public's Exhibit 1 and its proper use shown on Joint Settlement Exhibit 1, Schedule 4 and Schedule 6, p. 3 of 4. Similarly, the derivation of the rate case expense amount to be reflected in South Haven's monthly recurring rates and charges under the Settlement Agreement is described on Petitioner's Exhibit WLGE-8.

With respect to the acquisition adjustment agreed to by the Parties, the gross acquisition adjustment that will be reflected in the agreed upon original cost rate base is supported by the supplemental testimony of South Haven's witness William Etzler. The provisions of the Settlement Agreement prohibit South Haven from seeking to include in rates any part of the acquisition adjustment amortization, providing some protection for South Haven's customers. Further, the Settlement Agreement requires South Haven to remove its rate case expense from rates at the end of the rate case expense amortization period.

Accordingly, the increase in South Haven's monthly recurring rates and charges reflected in the Settlement Agreement, while the result of compromise, is consistent with and supported by evidence presented in this Cause. Mr. Etzler also testified at the final hearing that Aqua Indiana representatives followed up with South Haven customers who voiced complaints during the April 6, 2011 field hearing.

We find, therefore, that the Settlement Agreement, as a whole, is reasonable, in the public interest, and represents a desirable and lawful resolution at this time of the matters addressed therein. The Settlement Agreement shall be approved in its entirety. Based on the Settlement Agreement and the evidence presented, South Haven shall be allowed to increase its monthly recurring rates and charges by 14.90%, calculated as follows:

Total Original Cost Rate Base	\$10,817,373
Times: Weighted Cost of Capital	<u>7.62%</u>
Required Net Operating Income (NOI)	\$824,284
Less: Adjusted NOI at Current Rates	<u>\$538,523</u>
Net Revenue Requirements	285,761
Times: Revenue Conversion Factor	<u>173.5735%</u>
Net Revenue Increase	496,006
Required Percentage Increase	14.90%

Although we approve the Settlement Agreement in its entirety, without modification, nothing in our approval of the overall settlement binds the Commission with respect to any specific element of the settlement, such as the acquisition adjustment, for purposes of future rate proceedings. Further, with regard to future use, citation, or precedent of the Settlement Agreement, we find that our approval of the terms of the Settlement Agreement should be construed in a manner

consistent with our finding in *Richmond Power & Light*, Cause No. 40434 (IURC, March 19, 1997).

IT IS, THEREFORE, ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Settlement Agreement, as attached to this Order, is hereby approved as set forth herein.
2. South Haven is hereby authorized to increase its monthly recurring rates and charges by 14.90% in order to have the opportunity to earn additional operating revenue of \$496,006 from the monthly recurring rates and charges collected for service provided by its sewage disposal utility.
3. South Haven shall file with the Water/Wastewater Division of the Commission a new schedule of rates and charges in the form presented in this Cause as Joint Settlement Exhibit 2, which schedule of rates and charges shall be effective on and after the date of approval and in accordance with its terms.
4. South Haven shall comply fully with the requirements of Finding Nos. 6(F), 6(G), 6(H) and 6(I) above.
5. This Order shall be effective on and after the date of its approval.

ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: OCT 19 2011

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


Brenda A. Howe
Secretary to the Commission

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STATE OF INDIANA

FILED

INDIANA UTILITY REGULATORY COMMISSION

JUN 17 2011

IN THE MATTER OF THE PETITION OF)
SOUTH HAVEN SEWER WORKS, d/b/a)
AQUA INDIANA, INC., TO INCREASE ITS)
SEWER RATES AND CHARGES PURSUANT)
TO COMMISSION'S MINIMUM STANDARD)
FILING REQUIREMENTS AND TO ADOPT)
A NEW RATE SCHEDULE REFLECTING)
THE APPROVED RATES AND CHARGES)

INDIANA UTILITY
REGULATORY COMMISSION

CAUSE NO. 43974

JOINT STIPULATION AND SETTLEMENT AGREEMENT

On November 29, 2010, South Haven Sewer Works, Inc., d/b/a Aqua Indiana, Inc. ("South Haven") filed its Verified Petition for a change in rates and charges pursuant to the provisions of Indiana Code § 8-1-2-61. As reflected in its case-in-chief, South Haven requested authority to implement an across-the-board increase in its monthly recurring rates and charges for sewer service of approximately 19.45%.

South Haven filed the testimony and exhibits constituting its case-in-chief in support of the requested rate increase on November 30, 2010 and, pursuant to the Prehearing Conference Order entered in this Cause, filed testimony and an exhibit supplementing its case-in-chief on January 31, 2011.

On May 2, 2011, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony and exhibits constituting its case-in-chief in this Cause. The OUCC recommended that the Commission only approve a 12.93% increase in South Haven's recurring monthly rates and charges.

Following the filing of the OUCC's testimony, the Parties entered into negotiations and reached an agreement addressing all matters at issue in this Cause. The agreement reached by the Parties for purposes of this Cause is as follows:

1. Rate Base. South Haven's total original cost rate base for purposes of establishing new monthly recurring rates and charges in this Cause is \$10,817,373, which amount also is South Haven's fair value rate base for purposes of establishing new monthly recurring rates and charges in this Cause. The derivation of that rate base amount is shown on Joint Settlement Exhibit 1, Schedule 8.

2. Allowed Return. A rate of return of 7.620% reflects a fair return for purposes of establishing new monthly recurring rates and charges in this Cause and will adequately and fairly compensate South Haven for its investments, while maintaining South Haven's financial viability. The derivation of that rate of return amount is shown on Joint Settlement Exhibit 1, Schedule 9.

3. Revenues at Present Rates. As shown on Joint Settlement Exhibit 1, Schedule 4, South Haven's pro forma total operating revenues and pro forma net operating income under its present rates and charges are \$3,499,177 and \$538,523, respectively. That amount of net operating income is insufficient to provide a fair return on the fair value of its properties used and useful in providing sewer service for the convenience of the public, and therefore should be increased.

4. Allowed Increase. South Haven's current monthly recurring rates and charges should be increased so as to produce, as shown on Joint Settlement Exhibit 1, Schedule 4, additional operating revenues of \$496,006 and, together with other revenues, produce total pro forma operating revenues of \$3,995,183. As shown on Joint Settlement Exhibit 1, Schedule 1, p. 1 of 3, the amount of the additional operating revenues (i.e., \$496,006) represents a 14.90% increase over that produced under South Haven's present monthly recurring rates and charges and reflects the effect of the

increased revenue on federal and state income taxes, Indiana gross receipts tax and the Commission's fee. Giving appropriate weight to the need for South Haven to discharge its public duties and to earn a return commensurate with that earned by enterprises of corresponding risk, monthly recurring rates and charges estimated to produce, together with other revenues, operating revenues of \$3,995,183 are just and fair as a matter of law and should allow South Haven the opportunity to earn a reasonable return on its property dedicated to providing sewer service to the public.

5. New Schedule of Rates and Charges. A proposed schedule of rates and charges is set forth in Joint Settlement Exhibit 2. The monthly recurring rates and charges, non-recurring charges and fees and other terms provided for in the proposed schedule attached as Joint Settlement Exhibit 2 are sufficient to produce the results described in Paragraph 4 above and are each otherwise fair, just, reasonable and non-discriminatory.

6. Other Covenants of the Parties.

A. Treatment of Acquisition Adjustment Amortization. In this Cause, South Haven sought to include a return *on* an acquisition adjustment reflecting the difference between the net book value of its assets and the price paid for South Haven's assets. However, South Haven did not seek to earn a return of such acquisition adjustment. In exchange for the return on the acquisition adjustment in the amount secured by this agreement (*i.e.* net of \$985,000) and so long as the amortized acquisition adjustment is based on that gross amount, South Haven waives and agrees to forego any right it has to seek in the future approval to and to reflect in its rates and charges as an "above-the-line" expense any amount of the gross acquisition adjustment amortization recognized in this

ause, i.e., a return *of* the acquisition adjustment. South Haven shall treat such acquisition adjustment amortization amount as a “below-the-line” expense only.

B. Unrecovered Rate Case Expense. It may be necessary for South Haven to file its next general rate case (whether filed under Ind. Code § 8-1-2-61 or Ind. Code § 8-1-2-61.5) before it has recovered all of the agreed-upon rate case expense shown on Joint Settlement Exhibit 1, Schedule 6, p. 3 of 4, i.e., \$139,000, which the Parties have agreed should be amortized and recovered over four (4) years. Consequently, to avoid adversely affecting South Haven’s financial position through a write-off of any unrecovered rate case expense or otherwise, any portion of the rate case expense allowed in this Cause that is not expected to be recovered by the time the Commission issues a final order in South Haven’s next general rate case, shall be added to and treated for all purposes as part of the rate case expense allowed in that next general rate case. To that end, prior to the filing of South Haven’s case-in-chief in its next general rate case or application in the case of a small utility rate case, the parties hereto shall determine by agreement the estimated time in which the Commission is expected to issue a final order. In the absence of any such agreement, for purposes of determining what portion of unamortized rate case expense will carry forward, the parties will assume continued recovery for ten (10) months from the date Petitioner filed its case-in-chief or its complete application, as the case may be.

C. Future Rate Adjustment. It is possible that the four (4) year amortization period established for rate case expense in this Cause will expire prior to South Haven filing its next general rate case and South Haven will have recovered all of the agreed-upon rate case expense, i.e., \$139,000. In the event it does, South Haven shall reduce the

monthly recurring rates and charges shown on Joint Settlement Exhibit 2 in order to reflect its full recovery of the rate case expense allowed in this Cause. In order to implement such a reduction, South Haven shall file a new schedule of rates and charges in the form attached as Joint Settlement Exhibit 3 for approval by the Commission no later than thirty (30) days prior to the date South Haven expects to fully recover the agreed-upon rate case expense shown on Joint Settlement Exhibit 1, Schedule 6, p. 3 of 4, or expiration of the four (4) year amortization period established for rate case expenses in this Cause, whichever is earlier. The effective date for that new schedule of rates and charges attached as Joint Settlement Exhibit 3 shall be as close as practicable to the date upon which South Haven would recover all of the agreed-upon rate case expenses shown on Joint Settlement Exhibit 1, Schedule 6, p. 3 of 4.

D. Rate Study. South Haven shall conduct a study of the type the OUCC's witness Harold L. Rees described in his testimony. Such a study shall determine the costs and consider the benefits of adopting a volumetric rate approach to the design of the monthly recurring rates and charges applicable to South Haven's residential customers. South Haven shall submit such a study as part of the case-in-chief filed in its next general rate case.

E. Waiver of Hearing and Admission of Evidence. The OUCC stipulates to the admission into evidence of the verified written testimony filed by South Haven, and waives any cross-examination of South Haven's witnesses. Similarly, South Haven stipulates to the admission into evidence of the OUCC's testimony and waives any cross-examination of the OUCC's witnesses at any evidentiary hearing in this Cause. The Parties shall jointly sponsor this Settlement Agreement and Joint Settlement Exhibits 1

through 4 at any evidentiary hearing in this Cause.

7. Mutual Conditions on Settlement Agreement. The terms and conditions set forth in this Settlement Agreement are supported by the evidence and based on the Parties' independent review of the evidence, represent a fair, reasonable and just resolution of all the issues in this Cause, subject to incorporation in a Final Order in the form attached as Joint Settlement Exhibit 4 without modification or further condition, which may be unacceptable to either Party. If the Commission does not approve this Settlement Agreement in its entirety and incorporate it into a Final Order as provided above, it shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Parties. The Parties represent that there are no other agreements in existence between them relating to the matters covered by this Settlement Agreement.

8. Non-Precedential. As a condition precedent to the Settlement Agreement, the Parties condition this agreement on the Commission providing assurance in the Final Order issued herein that it is not the Commission's intent to allow this Settlement Agreement or the Final Order approving it to be used as an admission or as a precedent against the signatories hereto except to the extent necessary to enforce the terms of the Settlement Agreement. Neither this Settlement Agreement nor any parts hereof shall be cited as precedent by either party against the other or be deemed an admission by any Party in any other proceeding except as necessary to enforce its terms before the Commission, or before any court of competent jurisdiction on these particular issues. 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 either of the Parties may take with respect to any or all of the items

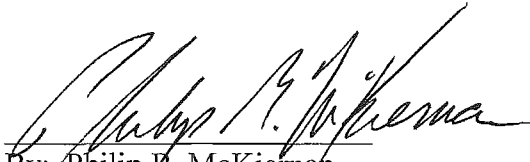
resolved herein in any future regulatory or other proceedings and, failing approval by the Commission, shall not be admissible in any subsequent proceedings.

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

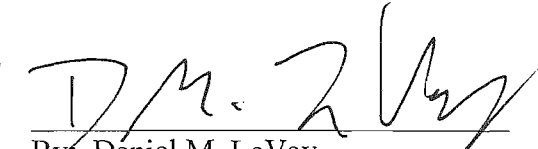
Respectfully submitted,

SOUTH HAVEN SEWER WORKS, INC.,
d/b/a AQUA INDIANA, INC.

INDIANA OFFICE OF UTILITY
CONSUMER COUNSELOR



By: Philip B. McKiernan
Attorney for South Haven Sewer
Works, Inc., d/b/a Aqua Indiana, Inc.



By: Daniel M. LeVay,
Its Attorney