

**STATE OF INDIANA  
INDIANA UTILITY REGULATORY COMMISSION**

REQUEST OF THE CITY OF )  
EVANSVILLE, INDIANA TO: (1) )  
ADDRESS ISSUES ASSOCIATED WITH )  
ITS DEBT TRUE-UP REPORT AND THE )  
POTENTIAL IMPACT OF CURRENT )  
MARKET CONDITIONS ON OVERALL )  
CAPITAL PROJECT COSTS; AND (2) FOR ) CAUSE NO. 45545 S1  
AUTHORITY TO INCREASE ITS RATES )  
AND CHARGES FOR WATER SERVICE )  
PURSUANT TO THE TRUE-UP )  
MECHANISM APPROVED IN CAUSE NO. )  
45545 IN THE EVENT FINANCING )  
AUTHORITY IS INCREASED. )

**STIPULATION AND SETTLEMENT AGREEMENT**

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

1. In this proceeding, this Stipulation follows the Settling Parties’ prefiled subdocket testimony and attachments, as well as subdocket rebuttal testimony filed by Petitioner. Since the time of Petitioner’s filing of its rebuttal testimony in this Cause, the parties have engaged in discussions to address items the OUCC has identified in testimony as its primary issues in this Cause. Those interactions framed the discussions between the Settling Parties and formed the basis for the Settling Parties to reach agreement on the terms reflected in this Stipulation. A basic component of each party’s

willingness to enter this agreement is the overall result that is achieved hereby. The Settling Parties have agreed to concessions on individual issues to which the Settling Parties would not be willing to agree but for the overall result produced by this Stipulation and Settlement Agreement. In other words, each party is agreeing to forego or compromise on positions on individual issues in exchange for the overall result produced collectively by all of the concessions. As set forth below, the parties have negotiated terms that resolve all issues in this proceeding. In most cases, the agreed upon terms are founded upon documented positions that are in the record in this proceeding, including in Settlement Testimony that the Settling Parties have agreed each of them will file in support of this Stipulation. While the parties intend to submit testimony in support of the settlement, the parties agree that the respective cases of the parties and facts in evidence substantially support all terms of the settlement.

2. For purposes of Settlement, the Settling Parties stipulate and agree as follows:

a. **Authorized Financing Authority.** Petitioner agrees to publicly bid the Water Treatment Plant Project (the “WTP Project”) using the procedures set forth at Ind. Code § 36-1-12-4 (Public Works Projects). The Settling Parties agree that the total authorized financing authority approved in this proceeding shall be increased to \$271,850,000, which includes: (i) \$258,000,000 in estimated construction costs for the hybrid WTP Project; and (ii) reasonable design, inspection and non-construction costs associated with the WTP Project. The total also includes \$7,300,000 for lead service line replacements, which is to be included in the total authorization to the extent the Commission determines such approval is necessary.

b. **If Bids Exceed Amount Requested by Petitioner for Construction Costs.**

i. If the total awarded bid amount for construction costs related to the WTP Project exceeds ██████████ without change of project scope, and this causes the total financing authority calculated under Paragraph 2.a. to exceed the total financing

authority Petitioner has requested in this proceeding (\$271,850,000), the parties agree Petitioner should be permitted to secure from the Commission the necessary increase to its requested borrowing authority of \$271,850,000 not to exceed [REDACTED]

[REDACTED]

nothing herein prohibits Petitioner from seeking additional borrowing authority or limits the right of the OUCC to oppose that additional borrowing authority request or to otherwise take the position that Petitioner should not proceed with the WTP Project. For purposes of the application of this provision, Petitioner agrees the awarded bid shall not expand the scope of the project or deviate from the project presented in this sub-docket as most recently presented.

ii. **Public bidding parameters for the WTP Project.**

1. Petitioner does not expand the scope of the project.
2. The Project submitted to bid is consistent with the project presented in this sub-docketed case based on the most recent information provided.
3. Evansville will complete 100% design plans and specifications prior to issuing the advertisement for bids; Evansville will obtain an Indiana Department of Environmental Management (“IDEM”) construction permit and U.S. Army Corps of Engineers permit for the levee-related work prior to closing on the proposed bonds.
4. Based on the 100% design, Evansville’s design engineer(s) (Black & Veatch, Arcadis, etc.) will prepare independent Engineer Opinions of Probable Construction Cost (“EOPCC”) for the WTP projects prior to issuing the advertisements for bids. The EOPCC will list all major bid items for use in evaluating the contractor bids.
5. Evansville will follow the open, competitive bidding procedures in accordance with I.C. § 36-1-12 (Public Works Projects) to advertise for competitive bids and award the WTP projects on the basis of the lowest responsive, and responsible bidders within the established project budgets. The bid documents will list the same

major bid items listed in the Engineer Opinions of Probable Construction Cost.

6. To foster receipt of multiple competitive bids, preferably from five or more contractors, Evansville will widely advertise the WTP projects well before the bid dates, including in newspapers, on the City's website, in plan rooms such as the Dodge Construction Network, and other means recommended by the design engineers or used by Evansville. The design engineers will also identify potential contractors and contact them directly to inform them about the upcoming public bidding opportunities.

7. Evansville's design engineer will tabulate all bids received, prepare bid evaluations for the WTP projects, and make award recommendations for the WTP projects.

c. **Overcollection of Revenues.** Petitioner agrees to the following procedures for purposes of addressing the overcollection of revenues due to the delay in issuing the bonds authorized by the Commission in Cause No. 45545:

i. To address ongoing overcollection of debt service, beginning with the implementation of the tariff for Phase 3, Petitioner will place \$178,765.66 per month on an ongoing basis into a separate account until the debt is issued.

ii. To address ongoing overcollection of debt service reserve, beginning with the implementation of the tariff for Phase 3, Petitioner will place \$75,689.67 per month in a separate account on an ongoing basis until the debt is issued.

iii. To address the overcollection of the debt service reserve in Phases 1 and 2, Petitioner will place \$1,135,345 into the same separate account before funds to be authorized pursuant to this settlement agreement are borrowed.

iv. Petitioner agrees that all funds in the account set up for the overcollection of revenues will be used to prepay the debt service reserve when the proposed bonds are closed.

d. **True-Up Process and Procedures.** Petitioner agrees to the following true-up process and procedures related to the proposed bonds:

i. At the time of issuance of the proposed bonds, Petitioner agrees to true-up rates to reflect debt service costs, pursuant to the true-up process as set forth in the main docket in this Cause, Cause No. 45545.

ii. Petitioner further agrees to true-up rates to reflect debt service costs at the time Phase 5 rates are implemented (expected approximately March 2026), pursuant to the true-up process described in Paragraph 2.d.i.

iii. Petitioner also agrees to true-up rates to reflect debt service costs at the time of the final payment for the WTP Project (currently estimated to take place October 2027), pursuant to the true-up process described in Paragraph 2.d.i. Petitioner further agrees any overcollection or undercollection of debt service funds will be set aside and the disposition of such funds will be addressed in Petitioner's next rate case.

3. **Other Settlement Terms.** Petitioner further agrees to develop a long-term Master Plan, which includes a hydraulic profile, for the orderly expansions, upgrades and additions to the Water Treatment Plant that are anticipated to be needed in the future. Petitioner agrees that such plan should identify and size these treatment processes and reserve space for these future improvements. Petitioner agrees the Master Plan should be completed by September 30, 2025. Petitioner further agrees to create a Future Site Plan or Layout identifying all existing and future treatment processes and structures.

Petitioner agrees the Future Site Plan should also identify and locate all buried process piping and utilities serving the Water Treatment Plant.

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

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

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

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

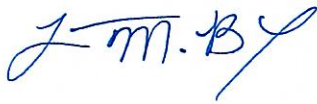
The undersigned represent and agree that they are fully authorized to execute the Stipulation on behalf of the designated party who will be bound thereby.

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

**ACCEPTED and AGREED this 18th day of June, 2024.**

City of Evansville, Indiana

Indiana Office of Utility Consumer Counselor



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