

**ORIGINAL**

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

Commissioner	Yes	No	Not Participating
Huston			√
Bennett	√		
Freeman	√		
Veleta	√		
Ziegner	√		

**PETITION OF JACKSON COUNTY WATER ) CAUSE NO. 46156**  
**AUTHORITY FOR AUTHORITY TO ISSUE LONG- )**  
**TERM DEBT AND ADJUST ITS RATES AND CHARGES ) APPROVED: MAY 07 2025**

**ORDER OF THE COMMISSION**

**Presiding Officers:**

**David E. Veleta, Commissioner**

**Ann S. Pagonis, Administrative Law Judge**

On November 1, 2024, the Jackson County Water Authority (“Petitioner” or “Jackson County Water”) filed a Verified Petition (“Petition”) with the Indiana Utility Regulatory Commission (“Commission”) requesting authority to issue long-term debt and adjust its rates and charges. Included with its Petition, Jackson County Water prefiled the Direct Testimony and Exhibits of Larry McIntosh, General Manager, Lori A. Young, Professional Engineer, and Earl Ridlen, Certified Public Accountant.

On February 6, 2025, Jackson County Water and the Indiana Office of Utility Consumer Counselor (“OUCC”) filed a Notice of Settlement in Principle and Joint Motion as to Revised Procedural Schedule.

On February 26, 2025, Brown County Water Utility, Inc (“Brown County Water”) filed its Petition to Intervene and its Unopposed Motion for Leave to Request Simultaneous Water Tracker pursuant to Ind. Code. § 8-1-2-61.6. On March 7, 2025, the Presiding Officers granted Brown County Water’s Petition to Intervene and Motion for Leave to Request Simultaneous Water Tracker.

On March 7, 2025, Jackson County Water and the OUCC filed their Joint Stipulation and Settlement Agreement (“Settlement Agreement”). In support of the Settlement Agreement, Jackson County Water prefiled the Settlement Testimony of Mr. McIntosh and the OUCC prefiled the Settlement Testimony of Ms. Carla F. Sullivan, a Utility Analyst in the Water/Wastewater Division of the OUCC.

On March 19, 2025, the Commission issued a docket entry to which the OUCC responded on March 21, 2025.

The Commission conducted a settlement hearing in this Cause on March 26, 2025, at 1:30 p.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, Jackson County Water and the OUCC offered their respective testimony and exhibits, which were admitted into the record without objection.

Based upon the applicable law and the evidence herein, the Commission now finds:

1. **Notice and Jurisdiction.** Notice of the time and place of the hearings conducted by the Commission in this Cause was given as required by law. Jackson County Water is a “water authority” as authorized by Ind. Code § 13-18-16-16 and is subject to the Commission’s jurisdiction under Ind. Code § 8-1.5-3-8 for purposes of setting the utility’s rates and charges. Under Ind. Code § 8-1-2-78 through 8-1-2-80, the Commission has jurisdiction over Jackson County Water’s issuance of bonds, notes, or other evidences of indebtedness. Accordingly, the Commission has jurisdiction over the Petitioner and this matter.

2. **Petitioner’s Characteristics.** Jackson County Water is a water authority organized and existing under the laws of the State of Indiana. Jackson County Water began providing water service in the 1970’s and now serves approximately 5,600 residential, commercial, and agricultural customers in Jackson, Jennings, Bartholomew, Brown, and Lawrence Counties, Indiana.

3. **Existing Rates, Test Year, and Relief Requested.** Jackson County Water’s existing rates and charges were approved in a Final Order issued by the Commission on April 5, 2023, in Cause No. 45640. In this Cause, Jackson County Water seeks approval to adjust its rates and charges based on a test year consisting of the 12 months ending December 31, 2023, and adjusted for items that are fixed, known, measurable, and occurring within 12 months of the test year. Jackson County Water proposed in the Petition and its prefiled direct testimony and exhibits to increase its rates and charges by 23.71% on an across-the-board basis, resulting in an estimated \$1,018,993 increase to its revenue requirement. Jackson County Water also proposes to incur long-term debt in an amount not to exceed \$7 million through the Drinking Water State Revolving Fund Loan Program (“DWSRF”). Jackson County Water says the proceeds from the debt would be used to pay for new water production facilities and other improvements to its waterworks system.

4. **Jackson County Water’s Prefiled Direct Testimony and Exhibits.** In support of its Petition and requested relief, Jackson County Water prefiled the direct testimony and exhibits of Larry W. McIntosh, Lori A. Young, P.E., and Earl L. Ridlen, III, CPA, including supporting attachments, schedules, and workpapers.

A. **Direct Testimony of Larry McIntosh, General Manager.** Jackson County Water’s General Manager, Mr. McIntosh, generally testified regarding the presence of perfluoroalkyl or polyfluoroalkyl substances (“PFAS”) in Jackson County Water’s water supply and Jackson County Water’s plans to construct the improvements necessary to address this issue.

Mr. McIntosh testified that Jackson County Water initially investigated completing a new granular activated carbon (“GAC”) filter water treatment plant that could treat and remove PFAS from its current water supply. He stated that the initial cost estimate of this project was \$30 million. Due to the significant rate increase associated with borrowing money and completing such a large project, the Jackson County Water Board of Directors (“Board”) decided to search for and consider a less expensive alternative.

Mr. McIntosh testified that Jackson County Water now proposes to install new wells that will hopefully have sufficient capacity and quantity to meet the needs of its customers with a safe, potable water supply that is without PFAS. He testified that the estimated cost of the new wells and facilities would be approximately \$6.5 million. Mr. McIntosh explained that Jackson County

Water has obtained an option for the necessary land on which the wells would be located and anticipates installing test wells to confirm that the water supply is sufficient. He explained that Jackson County Water plans on closing on a loan with the Drinking Water State Revolving Fund Loan Program (“DWSRF”) by August or September 2025.

Mr. McIntosh described how the Jackson County Water Board (“Board”) adopted a resolution that converted Jackson County Water from a nonprofit water corporation to a water authority. According to witness McIntosh, the resolution was filed and approved with the Indiana Secretary of State on August 16, 2024. Mr. McIntosh also testified as to the role of the Board, which is still responsible for the management of Jackson County Water’s affairs after the conversion. Mr. McIntosh testified that the Board considered the available options to address the PFAS issue and decided to seek approval to borrow the funds necessary to construct new wells and facilities, a similar approach that the Board has used in the past when considering and evaluating capital improvement alternatives and the resulting revenue requirements. He explained that the current Board consists of nine individuals elected by the members of Jackson County Water, elected for three year staggered terms. He testified that each Board member is a customer of Jackson County Water that pays the water rates that have been established and will be established in this Cause.

To conclude his testimony, Mr. McIntosh said that the proposed improvements are necessary to meet the mandates from the Environmental Protection Agency and Indiana Department of Environmental Management (“IDEM”) and address a potential public health concern. Additionally, he testified that Jackson County Water’s request to incur long term debt from the DWSRF and adjust its rates and charges is reasonable.

**B. Direct Testimony of Lori A. Young.** Jackson County Water’s professional engineer, Ms. Lori A. Young, testified regarding Jackson County Water’s current facilities.

Ms. Young discussed the status of Jackson County Water’s current treatment plant in Brownstown, a catalytic reactor-type water treatment plant rated at 2,000 gallons per minute. She testified that the plant’s water originates from six shallow wells which can produce an aggregate flow of 2,800 gallons per minute (“gpm”). She explained that Jackson County Water’s facilities also include above-ground storage, booster pumps, and office and storage buildings, all of which are the result of various improvements over the years.

Ms. Young testified that as part of the financing process with the DWSRF, she prepared a preliminary engineering report which was attached to her prefiled testimony. She stated that the DWSRF rated the Jackson County Water project as its number three priority. Ms. Young testified that the DWSRF has offered Jackson County water an interim funding package, the proceeds from which will fund Jackson County Water’s preliminary engineering, land acquisition, and soft costs. Ms. Young testified that the proposed improvements contain the construction of six new wells with a planned designed pumping capacity of 500 gpm each. She explained that these improvements look to provide a supplemental supply with the objective of better quality with low to no PFAS contamination. She testified that the project includes all non-construction costs required for the construction of new wells including engineering, land purchase for additional wells, hydrogeology, modeling, and test wells.

Ms. Young testified that she was present during Board discussions concerning various alternatives to address Jackson County Water's PFAS issue. She stated that the Board's primary concerns in constructing a new GAC filter-based treatment plant were the expensive installation cost and the uncertainty in the regulation of emerging treatment technologies surrounding GAC replacement. Like Mr. McIntosh, Ms. Young explained that the Board was particularly concerned with the significant rate increase which would be necessary to construct, operate, and maintain a GAC filter treatment plant. Considering these concerns, the Board has decided to pursue the installation of new wells.

Ms. Young next discussed the Petitioner's anticipated periodic maintenance expense items (as set forth in Mr. Ridlen's accounting report ("Accounting Report")), which she had reviewed) and opined that the estimates were consistent with the expenses that Jackson County Water would likely incur on a prospective basis. She described how she worked with Mr. McIntosh to develop a list of the utility's periodic maintenance needs and compared these needs to the needs of other similarly situated utilities for which she has worked. Ms. Young testified that she gave this list to Mr. McIntosh, who compared it with recent invoices and prepared a final list. This final list was, in turn, provided to Mr. Ridlen to include in the Accounting Report.

To conclude her testimony, Ms. Young testified that Jackson County Water, by converting to a water authority, can include in its revenue requirement an amount for extensions and replacements or depreciation, whichever is greater. She testified that Jackson County Water decided to include an amount in its rates for depreciation, the proceeds from which will be used to pay for unexpected and unforeseen repairs and replacements and to complete capital improvements to its system.

**C. Direct Testimony of Earl L. Ridlen, III.** Mr. Earl L. Ridlen presented testimony and exhibits supporting Jackson County Water's proposal to incur debt and adjust its rates. Mr. Ridlen memorialized his conclusions in the Accounting Report.

He explained that the Accounting Report revealed that Jackson County Water needs to increase its rates to provide sufficient revenue to meet its expected operating and maintenance expenses, including its combined debt service. Mr. Ridlen testified that his report contains historical and test-year data which was based on a test year ending December 31, 2023.

In the Accounting Report, Mr. Ridlen summarized the pro forma operating cash adjustments for the test year. He testified that Jackson County Water's operating revenues have been increased by \$17,704 to account for the increase in customers for the test year, representing an increase of 401 bills. Mr. Ridlen further explained eight adjustments to test year operating expenses for the following: the additional plant placed into service, IDEM fee to account for the increase in customers, payroll increases, employee benefits, payroll taxes, IURC fee to account for increase in operating revenues, property insurance, and the estimated annual periodic maintenance expenses. Mr. Ridlen also testified regarding the pro forma annual revenue requirements and annual operating revenues for Jackson County Water. Mr. Ridlen explained that Jackson County Water's total annual revenue requirement is \$5,316,045 which is comprised of annual operation and maintenance expenses and debt service payments. After calculating the net annual revenue

requirement, Mr. Ridlen testified that the additional revenues required by Jackson County Water total \$1,018,993, which results in an across-the-board rate increase of 23.71%.

Mr. Ridlen next discussed the two components of DWSRF's interim loan package to Jackson County Water. He stated that the first loan is a three-year, \$750,000 forgivable loan to be forgiven at the end of the term if Jackson County Water meets certain conditions. The second component or loan is a zero percent \$250,000 short term loan that would be used to pay for expenses associated with obtaining certain regulatory approval. Mr. Ridlen explained that this interim loan would be rolled into Jackson County Water's permanent financing package. Mr. Ridlen also testified that Jackson County Water has proceeded with the understanding that it does not need Commission approval to issue debt to the DWSRF with a term of more than one year if the loan does not require a rate increase. Mr. Ridlen testified that Jackson County Water has applied for permanent financing for the remaining portions of the project, which the DWSRF will evaluate as part of its next fiscal year. He testified that Jackson County Water anticipates closing on its permanent financing in the Fall of 2025.

To conclude his testimony, Mr. Ridlen stated that Jackson County Water will true-up or true-down its rates depending on the financing package offered by the DWSRF and the final construction costs as set forth in the bid from the lowest responsive and responsible bidder.

**5. Settlement Agreement.** Jackson County Water and the OUCC entered into a Settlement Agreement that resolved all the issues between the parties. A summary of the Settlement Agreement is explained below.

**A. Revenue and Rates.** Jackson County Water should be authorized to increase its rates and charges for service to reflect ongoing net revenue requirements in the amount of \$5,074,759 (inclusive of gross-up), resulting in an annual increase of \$775,040 or 18.35% over Jackson County Water's current revenues at existing rates. The parties agreed to implement the increase in two phases. The initial increase ("Phase 1") will occur upon issuance of an Order and the filing of an appropriate tariff. Phase 1 is a \$681,664 (inclusive of gross-up) increase over current revenues at existing rates or a 16.14% increase. The second increase in rates ("Phase 2") is a \$93,371 (inclusive of gross-up) increase over Phase 1 revenues and is triggered upon completion of Jackson County Water's IDEM-approved project ("Project") consisting of six new wells, each with a planned design pumping capacity of 500 gpm. The parties agreed that Jackson County Water would submit a compliance filing upon completion of the Project that certifies: (1) the Project is in service, used, and useful; (2) the retirement of any existing facilities and the original cost of the retired facilities; (3) the actual cost incurred to complete the Project and the reduction to utility plant in service from retirements in the same format as reflected in the Settlement Schedules. The OUCC will then have 30 days from the day of the compliance filing to review and respond. The Phase 2 increase will take effect upon approval of the compliance filing by the Commission's Water and Wastewater Division.

**B. Operation and Maintenance Expense Adjustments.** For purposes of settlement, Jackson County Water has agreed to the OUCC's proposed operation and maintenance adjustments for: (1) salaries and wages; (2) pension expense; (3) payroll tax expense; (4) system

delivery expense; (5) purchased water expense; (6) disallowed expenses; (7) general liability expense; (8) property tax expense; (9) IURC fees; and (10) periodic maintenance.

**C. Depreciation Expense.** The parties further agreed to a Phase 1 depreciation expense revenue requirement of \$853,828, representing a \$252,840 reduction from Jackson County Water's proposed expense. The Settlement Agreement requires Jackson County Water to adjust the calculation of its Phase 2 depreciation expense based on the retirement of any facilities after completion of the Project. Jackson County Water agreed to provide notice to the OUCC within 30 days after completion of the Project and submit a compliance report certifying its constructed wells are in service and used and useful, and setting forth the retirement of certain of its existing wells along with the original cost of each of the retired wells. Specifically, Jackson County Water shall provide actual costs incurred and added to utility plant in service and the reductions to utility plant in service from retirements in the same format as reflected in Settlement Schedule 6, Adjustment 10 - Phase 2 and which sets forth Jackson County Water's Phase 2 rates based on an updated calculation of depreciation.

**D. Financing Terms.** The parties agreed that Jackson County Water may issue debt not exceeding \$8,000,000 to complete the Project, subject to the following terms and conditions: (1) the proposed interest rate on the debt does not exceed five percent; (2) Jackson County Water's revenue requirement will include principal and interest payments of \$1,481,587 per year and \$79,813 per year to fund the debt service reserve; (3) if the proposed closing with DWSRF occurs more than 90 days after the issuance of the Order in this Cause, Jackson County Water shall place that portion of its rates and charges that include principal and interest on the proposed long term debt in a dedicated account that will be used to reduce the amount of the final debt; and (4) Jackson County Water shall file a true-up report within 30 days after closing with the DWSRF that describes the final terms of the debt, the amount of debt service reserve, and the amortization schedule for the debt, and the OUCC shall have 21 days to respond to the true-up report.

The Settlement Agreement further provides that if there is no objection and the annual debt service and debt service reserve revenue requirements look materially different from the originally estimated amount of \$1,481,587 and \$79,813, respectively, then Jackson County Water shall file with the Commission a revised tariff adjusting rates and charges to include the final amount of the annual principal and interest obligation and an appropriate amount for the debt service reserve. If the financing is such that the debt payment is less than \$1,481,587 per year, Jackson County Water need not file a revised tariff if Jackson County Water and the OUCC agree in writing that the difference is immaterial. In lieu of a revised tariff, Jackson County Water shall file a notice of that consensus with a written statement from the OUCC. If either of the parties deem the difference to be material, Jackson County Water shall file a revised tariff consistent with the true-up. If the cost is more than \$1,481,587, Jackson County Water may, in its sole discretion, elect not to file a revised tariff reflecting a higher principal and interest payment for the debt.

**E. Filing of Tariff.** The parties agreed that Jackson County Water will file a new tariff after issuance of a Commission Order in this Cause approving an adjustment to Jackson County Water's rates.

**6. Settlement Testimony of the Parties.** The OUCC and Jackson County Water filed testimony for the purpose of supporting the Joint Stipulation and Settlement Agreement.

**A. Jackson County Water's Settlement Testimony.** Mr. McIntosh testified that several adjustments resulted in a reduction to Jackson County Water's proposed rate increase from the requested 23.71% to 18.35% in the Settlement Agreement. He explained that for purposes of settlement, Jackson County Water and the OUCC agreed to adjustments for certain operating expenses, depreciation, debt service reserve costs, rental income from land, other revenues at current rates, and the IURC fee. Mr. McIntosh also noted the parties' agreement of a two-phase implementation of the overall rate increase. Specifically, he mentioned the Phase 1 increase of \$681,684 (inclusive of gross-up) taking effect upon the issuance of this Order and the Phase 2 increase of \$93,371 taking effect upon the construction of and certification that the Project was complete and in service. Mr. McIntosh also testified that the parties agreed that Jackson County Water should be authorized to issue long-term debt in an amount not exceeding \$8,000,000. Mr. McIntosh explained Jackson County Water's revenue requirement includes \$1,481,587 per year for principal interest and \$79,813 per year to fund the debt service reserve. Further, Mr. McIntosh testified that if it takes more than ninety days after issuance of the Order to close with the DWSRF, Jackson County Water will place the principal and interest on the proposed long-term debt in a dedicated account that will be used to pay for the Project and reduce the amount of final debt.

Mr. McIntosh concluded his settlement testimony by explaining that he believes the Settlement Agreement is in the best interest of Jackson County Water and its customers. He testified that the Settlement Agreement allows for an immediate settlement of this case without further time and expense incurred by the settling parties and the Commission. He testified that the immediate resolution enables Jackson County Water to move forward with its project. Further, Mr. McIntosh believes that the agreed-upon increase is a reasonable compromise under the circumstances. He testified that the two-phase increase should allow Jackson County Water to maintain its system and provide safe service to its customers while reducing the overall rate impact to all customers.

**B. OUCC's Settlement Testimony.** Ms. Sullivan described Jackson County Water's requested revenue requirement and stated that the settling parties agreed to a net annual revenue requirement of \$5,074,759, inclusive of gross-up fees, which the parties anticipate will ensure that Jackson County Water will have the financial means to provide safe, reliable service. Ms. Sullivan included seven settlement accounting schedules outlining the various adjustments the parties have agreed to regarding Jackson County Water's requested revenue requirements.

Ms. Sullivan explained that the settling parties have agreed to an across-the-board rate increase of 18.35% over Jackson County Water's current rates, resulting in an ongoing annual revenue requirement of \$5,074,759 – inclusive of gross-up fees – to be implemented in two phases. She explained that the Phase 1 increase of 16.14% will take effect upon issuance of this Order and that the Phase 2 increase of 1.90% is to take effect upon completion of the Project. Ms. Sullivan further analyzed the revenue requirements included in the 18.35% rate increase and explained the various pro forma operating revenue adjustments from Jackson County's proposed revenue requirements. After analyzing the various adjustments to Jackson County Water's pro forma revenue requirements, Ms. Sullivan testified that the net operating income agreed to in the

Settlement Agreement is in the ratepayers' best interest, and the agreed operating and maintenance expense adjustments are required to meet Jackson County Water's ongoing annual expense. She further explained that the operating revenue adjustments provide a fair representation of Jackson County Water's current annual income, and that the operating revenue and operating expense adjustments provide Jackson County Water with the financial means to provide safe and reliable service.

Ms. Sullivan testified to the inclusion of borrowing authority in the Settlement Agreement limiting the debt issuance not to exceed \$8,000,000. Specifically, she testified that the parties agreed on a debt service revenue requirement of \$1,481,587 and debt service reserve revenue requirement of \$79,813. Ms. Sullivan testified that the Settling Parties agreed to three stipulations concerning debt including: (1) Jackson County's placement of rates and charges including principal on long-term debt in a dedicated account used to reduce the amount of final debt if not closed within 90 days; (2) Jackson County's filing of a true-up report within 30 days after closing on the debt; and (3) allow the OUCC 21 days for review. Ms. Sullivan also testified that Jackson County will file a revised tariff consistent with a true-up if either of the Settling Parties deem the final debt issuance to be materially different than what has been included for base rates.

Finally, Ms. Sullivan testified that the Settlement Agreement represents a reasonable compromise, supported by the OUCC as beneficial to both Jackson County Water and its customers. She testified that the Settlement Agreement is in the public interest and provides Jackson County Water with sufficient funds to pay necessary operating expenses and capital improvements. Further, Ms. Sullivan testified that the Settlement Agreement benefits ratepayers with a lower rate than initially proposed by Jackson County Water.

**7. Commission Discussion and Findings.** Settlements presented to the Commission are not ordinary contracts between private parties. *U.S. Gypsum, Inc. v. Ind. Gas Corp.*, 735 N.E.2d 790, 803 (Ind. 2009). 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.

The Commission is not required to accept a settlement simply because the parties have agreed to it, and agreements filed by some or all of the parties must still be supported by probative evidence. *Id.* Further, any Commission decision, ruling, or order including the approval of a settlement must be supported by specific findings of fact and sufficient evidence. *U.S. Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Serv. Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission's procedural rules further require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement Agreement, we must determine whether the evidence in this Cause sufficiently supports the conclusion that the Settlement Agreement is reasonable, just, and consistent with the purpose of Ind. Code ch. 8-1-2, and that such agreement serves the public interest.

Upon review of the evidence of record, we find the terms of the Settlement Agreement are supported by the evidence and represent a reasonable resolution of the issues presented to the Commission. The evidence of record reflects that the proposed capital improvements to Jackson County Water's system are necessary to maintain Jackson County Water's system in good working order and are in the public interest. In addition, the rates and charges agreed upon in the Settlement Agreement will provide sufficient funds for effective utility operation, including the completion of capital improvements intended to address and remediate the PFAS in the Petitioner's current source of supply.

We find the Settlement Agreement represents a just and reasonable resolution of the disputed issues in this case that balances Jackson County Water's need to collect sufficient revenues with the interests of its customers for mitigation of the rate impact. Further, the evidence of record demonstrates approval of the Settlement Agreement to be in the public interest. Therefore, the Commission finds the Settlement Agreement should be approved in its entirety. Consistent with the evidence of record and the terms of the Settlement Agreement approved herein, the Commission specifically finds:

**A. Debt Issuance.** Based on the evidence presented, we authorize Petitioner to issue an amount not to exceed \$8,000,000 in debt at an interest rate not to exceed five percent. Petitioner is authorized to issue such debt to the DWSRF, subject to the terms and conditions set forth in the Settlement Agreement and this Order.

**B. Jackson County Water's Authorized Rates.** Based upon the evidence, the Commission finds that Jackson County Water's current rates and charges are insufficient to satisfy Jackson County Water's annual pro forma net revenue requirement. The Commission further finds that Jackson County Water shall be authorized to increase its rates and charges for service, across-the-board, to produce annual revenues of \$5,074,759 inclusive of gross-up, resulting in an increase of \$775,040 in annual revenues and representing an 18.35% increase in current rates. Consistent with the Settlement Agreement, the agreed upon increase shall be implemented in two phases with Phase 1 providing annual adjusted revenues of \$4,980,361, and for Phase 2, \$5,074,618. Therefore, we find that Petitioner should be authorized to increase its rates and charges by \$681,664 in Phase I, which is a 16.14% increase, and increase its rates and charges by \$93,374 in Phase 2, which is a 1.90% increase over the Phase 1 rates (subject to the depreciation adjustments and debt true-up as provided in the Settlement Agreement). Petitioner's net revenue requirement for Phase 1 and 2 are itemized below:

<b>Revenue Requirements</b>	<b>Phase 1</b>	<b>Phase 2</b>
	Per Settlement	Per Settlement
Operating Expenses	\$ 2,780,726	2,781,748
Depreciation	853,828	947,063
Debt Service	1,481,587	1,481,587
Debt Service Reserve	79,813	79,813
Total Revenue Requirements	5,195,954	5,290,211
Less: Interest Income	(201,103)	(201,103)
Less: Other Income	(14,490)	(14,490)
Net Revenue Requirements	4,980,361	5,074,618
Less: Revenues at current rates subject to increase	(4,223,046)	(4,904,711)
Less: Other revenues at current	(76,673)	(76,673)
Net Revenue Increase Required	680,642	93,234
Add: Additional IURC Fees	1,022	140
Recommended Increase	\$ 681,664	93,374
Recommended Percentage	16.14%	1.90%

Under these increases, a residential customer's current bill using 4,000 gallons of water per month would increase from \$50.40 to \$58.54 for Phase 1 and \$59.65 after Phase 2.

**C. True-Up Reporting.** The Commission's approval herein is conditioned on Jackson County Water filing in this Cause within 30 days after closing with the DWSRF the following: a true-up report describing the final terms of the debt, the amount of debt service reserve, and the amortization schedule for the debt. The true-up report shall further note the OUCC will have 21 days from the date of service to object to the true-up report.

If there is no objection to the true-up report and the annual debt service and debt service reserve are different from the originally estimated amount of \$1,481,587, and \$79,813, respectively, then Jackson County Water shall file with the Commission a revised tariff adjusting its rates and charges to include the final amount of the annual principal and interest on the debt and the annual debt service reserve. If, however, the actual terms of the financing are such that debt payment is less than \$1,481,587 per year, Jackson County Water need not file a revised tariff if the Petitioner and OUCC agree in writing the difference is immaterial for purposes of determining whether the Jackson County Water tariff should be revised. In lieu of a revised tariff, Jackson County Water shall file a notice of that consensus which shall include a written statement by the OUCC to that effect. If the cost of the debt is more than \$1,481,587 per year, Jackson County Water may, in its sole discretion, elect not to file a revised tariff reflecting a higher principal and interest payment for the debt.

**D. Use of Settlement Agreement.** The parties agree that the Settlement Agreement should not be used as precedent in any other proceedings or for any other purpose, except to the extent necessary to implement or enforce its terms. Consequently, regarding future citation of the Settlement Agreement, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, 1997 WL 34880849 at 7-8 (IURC March 19, 1997).

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

1. The Joint Stipulation and Settlement Agreement, a copy of which is attached to this Order, is approved and the terms and conditions are incorporated as part of this Order. The parties shall comply with the provisions of the Joint Stipulation and Settlement Agreement.

2. The Petitioner is authorized to issue long term debt in an amount not to exceed \$8,000,000 at an interest rate not to exceed five percent. Such debt shall be issued through the Drinking Water State Revolving Fund Loan Program, subject to the terms and conditions set forth in the Settlement Agreement in this Order.

3. Prior to implementing the rates and charges authorized in this Order, Jackson County Water shall file a new schedule of rates and charges for approval by the Commission's Water/Wastewater Division. Such rates and charges shall be effective on and after the date of this Order, subject to the review and approval of the schedules by the Commission's Water/Wastewater Division. The overall increase shall be implemented in two phases with the first phase including an increase of \$681,664 over current revenues or a 16.14% increase and a second phase in an amount of \$93,371 over the phase one revenues or a 1.90% increase, which shall be subject to the depreciation adjustments and the debt true-up consistent with our findings and set forth in the Settlement Agreement.

4. This Order shall be effective on and after the date of its approval.

**BENNETT, FREEMAN, VELETA, AND ZIEGNER CONCUR; HUSTON ABSENT:**

**APPROVED: MAY 07 2025**

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

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**Dana Kosco  
Secretary of the Commission**

BEFORE THE

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF JACKSON COUNTY WATER  
AUTHORITY FOR AUTHORITY TO ISSUE  
LONG-TERM DEBT AND ADJUST ITS  
RATES AND CHARGES

CAUSE NO. 46156

JOINT STIPULATION AND SETTLEMENT AGREEMENT

This Joint Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into this 7th day of March, 2025, by and between the Jackson County Water Authority (“JCWA”) and the Indiana Office of Utility Consumer Counselor (“OUCC”), who stipulate and agree for purposes of settling all matters in this Cause that the terms and conditions set forth below represent a fair and reasonable resolution of all issues in this Cause, subject to their incorporation in a final order (“Order”) from the Indiana Utility Regulatory Commission (“Commission”) without modification or the addition of further conditions that may be unacceptable to either party. If the Commission does not approve the Settlement Agreement in its entirety and incorporate the conclusions herein in its Order, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties (as defined below).

Terms and Conditions of Settlement Agreement

1. Requested Relief. On November 1, 2024, JCWA initiated this Cause by filing its Verified Petition (“Petition”) with the Commission requesting authority to issue long term debt and adjust its rates and charges.

2. Prefiled Evidence of Parties. In support of its Petition, JCWA filed the Prefiled Testimony and Exhibits of Lori A. Young, P.E., Earl Ridlen, C.P.A., and Larry McIntosh on November 1, 2024. On February 6, 2025, the OUCC filed the Settling Parties’ Notice of Settlement in Principle and Joint Motion as to Revised Procedural Schedule. On March 7, 2025,

JCWA filed this Settlement Agreement along with the Testimony of Mr. McIntosh and the OUCC pre-filed the Settlement Testimony and Exhibits of Carla F. Sullivan.

3. **Settlement.** Through analysis, discussion, and negotiation, as aided by their respective technical staff and experts, JCWA and the OUCC (“Settling Parties”) agree on the terms and conditions as described herein that resolve all issues between them in this Cause. Attached to the Settlement Agreement as Exhibit A are the accounting schedules (“Schedules”) that reflect the agreed upon revenue requirement and resulting final rates and charges.

4. **Revenue Requirement and Rates.** The Settling Parties agree that JCWA should be authorized an overall increase to its rates and charges for water service to reflect ongoing net revenue requirements in the amount of \$5,074,759 inclusive of gross-up, resulting in an annual increase of \$775,040 inclusive of gross-up or 18.35% over JCWA’s current revenues at existing rates. The agreed overall increase shall be implemented in two phases. The Settling Parties agree the initial increase in rates (“Phase I”) will take effect on a services rendered basis upon the issuance of an order by the Commission approving the settlement and approving new base rates and the filing of approved tariffs. Phase 1 is a \$681,664 (inclusive of gross-up) increase over current revenues at existing rates, or a 16.14% increase. Phase 2 is a \$93,371 (inclusive of gross-up) increase over Phase 1 revenues, or a 1.90% increase.

Once JCWA has completed its projects to construct new water wells, as it has proposed, JCWA shall submit a compliance filing certifying its constructed wells are in service and used and useful, and setting forth the retirement of certain of its existing wells along with the original cost of each of the retired wells. Specifically, JCWA shall provide actual costs incurred and added to utility plant in service and the reductions to utility plant in service from retirements in the same format as reflected in Settlement Schedule 6, Adjustment 10 - Phase 2. The OUCC will have thirty

(30) days from the date of filing and service of the compliance filing to review and respond to the compliance filing. The Phase 2 increase will take effect after the compliance filing has been approved by the Commission's Water and Wastewater Division.

5. **Operating and Maintenance Expense Adjustments.** The Settling Parties agree, for purposes of settlement only, to remove from JCWA's proposed revenue requirement \$36,580 of various expenses identified and agreed upon by the Settling Parties. The specific adjustment to operating and maintenance expenses is summarized on Schedule 6 in Exhibit A.

6. **Depreciation Expense.** The Settling Parties agree for the purposes of settlement only to a Phase 1 depreciation expense revenue requirement of \$853,828 which represents a \$252,840 reduction from the depreciation expense proposed by JCWA in its case-in-chief. The calculation of the depreciation expense revenue requirement is summarized on Schedule 6 in Exhibit A. The Parties further agree that once the JCWA's project is finally approved by the Indiana Department of Environmental Management ("IDEM") and is constructed in final form, JCWA will remove certain well facilities from service and will adjust its calculation of the Phase 2 depreciation expense revenue requirement will in accordance with the formula on Schedule 6 of Exhibit A. Within thirty (30) days of such event, JCWA shall provide notice to the OUCC and submit its compliance filing as set forth in Section 4 of the Settlement Agreement. Such filing shall set forth JCWA's Phase II rates based on an updated calculation of depreciation using the final, actual cost of JCWA's project and the cost of the wells being removed from service.

7. **Financing Terms.** The Settling Parties agree that JCWA shall have the authority to issue debt in an amount not to exceed \$8,000,000 as proposed by JCWA, subject to the following terms and conditions:

- a. The interest rate on the proposed debt shall not exceed five percent (5%).

- b. The Settling Parties agree that JCWA's revenue requirement shall include an amount of \$1,481,587 per year for principal and interest payments and \$79,813 per year to fund the debt service reserve. For purposes of settlement, the: (i) amount for the debt service reserve represents a \$31,773 reduction from the amount proposed by JCWA in its prefiled testimony; and (ii) average annual debt service requirement shall be calculated based upon the average annual debt service requirement on the long-term debt proposed to be issued to the SRF Program.
- c. Upon receiving the Order, JCWA shall move expeditiously towards closing with the Indiana State Revolving Loan Fund Program ("SRF Program"). If the closing occurs more than ninety (90) days after the issuance of the Order, JCWA shall place that portion of its rates and charges that include principal and interest on the proposed long-term debt in a dedicated account that will be used to reduce the amount of the final debt.
- d. Within thirty (30) days' after closing on the issuance of long-term debt to the SRF program, JCWA shall file in this Cause, and serve on the OUCC, a true-up report describing the final terms of the debt, the amount of debt service reserve, and the amortization schedule for the debt. The true-up report shall note that the OUCC will have twenty one (21) days from the date of service to object to the true-up report. If there is no objection to the true-up report and the annual debt service and debt service reserve look materially different from the originally estimated amount of \$1,481,587 and \$79,813, respectively, then JCWA shall file with the Commission a revised tariff adjusting its rates and charges to include the final amount of the annual principal and interest on the debt and the annual debt service

reserve. However, if the actual terms of the financing are such that the debt payment is less than \$1,481,587 per year, JCWA need not file a revised tariff if the Settling Parties agree in writing the difference is immaterial for purposes of determining whether JCWA tariffs should be revised. In lieu of a revised tariff, JCWA shall file a notice of that consensus which shall include a written statement by the OUCC to that effect. If either of the Settling Parties deem the difference to be material, JCWA shall file with the Commission a revised tariff consistent with the true-up. If the cost of the debt is more than \$1,481,587 per year, JCWA may, in its sole discretion, elect not to file a revised tariff reflecting a higher principal and interest payment for the debt.

8. **Settlement. Through analysis and arms' length discussions and negotiation, as** aided by the respective staff and experts, the Settling Parties have agreed on the terms and conditions described in this Settlement Agreement that resolve all issues between them in this Cause.

9. **Filing of Tariff.** The Settling Parties agree that JCWA may expeditiously file a new tariff after issuance of the Order approving an adjustment to JCWA's rates that is consistent with the Settlement Agreement and Exhibit A.

10. **Admissibility and Sufficiency of Evidence.** The Settling Parties hereby stipulate that the prefiled testimony and exhibits of JCWA and OUCC should be admitted into the record without objection or cross examination by any party. The Settling Parties agree that such evidence constitutes substantial evidence sufficient to support the Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed.

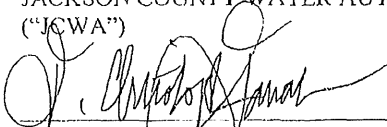
11. **Non-Precedential Effect of Settlement.** The Settling Parties agree that the facts in this Cause are unique and all issues presented are fact specific. Therefore, the Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any party may take with respect to any issue in any future regulatory or non-regulatory proceeding.

12. **Authority to Execute.** The undersigned have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of the designated parties, who will hereafter be bound thereby.

13. **Approval of Settlement Agreement in its Entirety.** As a condition of this settlement, the Settling Parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety and incorporate it into the Final Order as provided above, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties. The Settling Parties further agree that if the Commission does not issue a Final Order in the form that reflects the Agreement described herein, JCWA shall have a reasonable period of time to prepare and file rebuttal testimony and exhibits and this matter should proceed to be heard by the Commission as if no settlement had been reached unless otherwise agreed to by the Settling Parties in a writing that is filed with the Commission.

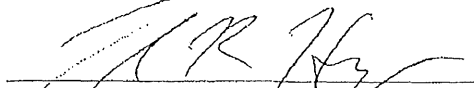
14. **Proposed Order.** The Settling Parties agree to work together in preparing a mutually acceptable proposed order that the Settling Parties agree to file with the Commission on or before March 27, 2025.

JACKSON COUNTY WATER AUTHORITY  
("JCWA")



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