

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION AMERICAN SUBURBAN UTILITIES, INC. FOR AUTHORITY TO:**  
**(1) ISSUE LONG TERM DEBT AND ENCUMBER ITS ASSETS AS SECURITY FOR SUCH DEBT; (2) USE THE PROCEEDS TO REIMBURSE ITS TREASURY, REFINANCE EXISTING INDEBTEDNESS, AND CONSTRUCT CERTAIN IMPROVEMENTS; (3) INCREASE ITS RATES AND CHARGES FOR SEWER UTILITY SERVICE; AND (4) IMPLEMENT A NEW SCHEDULE OF RATES AND CHANGES APPLICABLE THERETO**

**CAUSE NO. 46318**

**PREFILED DIRECT TESTIMONY AND EXHIBITS  
OF JENNIFER Z. WILSON**

Prefiled Direct Testimony of Jennifer Z. Wilson ASU Exhibit 22

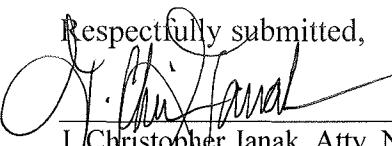
Loan 1 and 2 - 2013 L3 Bonds and  
2017 Taxable Loan Transcript ASU Exhibit 23

Loan 3 - 2017 L3 Bonds Transcript ASU Exhibit 24

Loan 4 - 2017 ASU Bonds Transcript ASU Exhibit 25

Loan 5 - Construction Loan Agreement ASU Exhibit 26

Summary of Interest Expense Adjustments by Loan ASU Exhibit 27

Respectfully submitted,  
  
\_\_\_\_\_  
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**STATE OF INDIANA**  
**INDIANA UTILITY REGULATORY COMMISSION**

**PREFILED DIRECT TESTIMONY**

**OF**

**JENNIFER Z. WILSON**

**ON BEHALF OF**

**AMERICAN SUBURBAN UTILITIES, INC**

## I. **INTRODUCTION**

1. Q PLEASE STATE YOUR NAME AND ON WHOSE BEHALF, YOU ARE  
TESTIFYING.

A My name is Jennifer Z. Wilson, and I am testifying on behalf of the Petitioner, American Suburban Utilities, Inc (“ASU”, “Utility”, or “Petitioner”).

**2. Q BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A I am a Director with Crowe LLP (“Crowe”), a certified public accounting and consulting firm. Crowe’s Municipal Advisory practice and its predecessor, Municipal Consultants, have been providing rate and financial consulting services to governmental units and various types of utility companies for over sixty years. My business address is 3815 River Crossing Parkway, Suite 400, Indianapolis, Indiana 46240.

**3. Q PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL QUALIFICATIONS.**

A I received a bachelor's degree in accounting from Indiana University in 1992. During my employment, I have attended numerous seminars and conferences pertaining to accounting, utility, and rate issues. Universities, utility associations, accounting organizations, state regulatory associations, governmental entities, and other organizations sponsored these seminars. I am a Certified Public Accountant ("CPA") licensed in the State of Indiana and am a member of the Indiana CPA Society and the American Institute of Certified Public Accountants. I am designated by the Municipal

Securities Rulemaking Board ("MSRB") as a Municipal Advisor Representative and a Municipal Advisor Principal.

**4. Q WHAT IS A DESIGNATION OF MUNICIPAL ADVISOR BY THE MSRB?**

A As part of its expanded mandate under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the MSRB implemented the first qualifying examination for municipal advisors. MSRB Rule G-3, effective April 27, 2015, created two classifications of municipal advisor professionals, representative and principal, with firms required to designate at least one principal to oversee the municipal advisory activities of the firm. All municipal advisor representatives and principals are required to take and pass the Series 50 exam to demonstrate the level of knowledge needed to be sufficiently qualified to perform municipal advisory activities. Furthermore, the MSRB restricts any party from providing advice concerning the issuance of debt to only those qualified as a municipal advisor representative or municipal advisor principal. I passed the Series 50 Pilot exam in 2016 and, because of that, am a Series 50-qualified municipal advisor representative. I passed the Series 54 Pilot exam in 2019 to demonstrate the level of knowledge to serve as a municipal advisor principal. My firm has designated me as a municipal advisor principal.

5. Q HOW LONG HAVE YOU BEEN EMPLOYED BY CROWE AND IN WHAT  
CAPACITIES?

A I have been employed by Crowe since 1992 after graduating from Indiana University. During my employment, I have been responsible for supervising and performing numerous projects including utility rate engagements, feasibility studies, cost of service

1 studies, utility financial analysis, rate evaluations, revenue sufficiency reviews, and  
2 other projects related to a variety of utility issues.

3 I have served as a municipal advisor on both competitive and negotiated bond sales  
4 including debt issuance through agencies of the State of Indiana by the Indiana Bond  
5 Bank and by the Indiana Finance Authority through the State Revolving Fund Loan  
6 Program. While at Crowe, the engagements that I have worked on and been responsible  
7 for have included water, sewer, stormwater, and electric utilities that were established  
8 as not-for-profit, for-profit, governmental, or quasi-governmental entities. I have  
9 prefilled and given oral testimony before the Indiana Utility Regulatory Commission  
10 (“Commission”).

11 **6. Q HAVE YOU TESTIFIED BEFORE THE COMMISSION IN THE PAST?**

12 A Yes, I testified on behalf of the City of Fort Wayne, Indiana, in its water rate case and  
13 financing cases, Cause Nos. 42979 and 42724. I have also testified on behalf of the City  
14 of South Bend, Indiana, in Cause No. 42779, the City of New Castle Water Utility in  
15 Cause No. 42984, the City of Lafayette, Indiana, in Cause No. 45006, the Crawfordsville  
16 Electric Light & Power in Cause No. 45420, the City of Bloomington Water Utility in  
17 Cause No. 45533, the Granger Water Utility LLC in Cause No. 45568, the City of  
18 Marion Municipal Water Utility in Cause No. 45838, the Town of Winfield, Indiana, in  
19 Cause No. 45992, ASU in Cause No. 46017, the City of Anderson Water Utility in  
20 Cause No. 46087, the City of Anderson Water Utility in Cause No. 46147, the City of  
21 Anderson Water Utility in Cause No. 46171, the City of Lafayette Water Utility in Cause

1 No. 46310, and most recently for the City of Bloomington Water Utility in Cause No.  
2 46330.

**7. Q WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CAUSE?**

4 A The purpose of my testimony is to describe the outstanding debt of ASU, interest  
5 expense adjustments to the test year financials, and the potential terms for the proposed  
6 debt.

**8. Q WHAT WERE THE SOURCES OF THE DATA USED TO PREPARE YOUR TESTIMONY?**

9 A The data used to prepare my testimony was provided by ASU or from the Indiana  
10 Finance Authority and included the 2013 L3 Bonds transcript, 2017 Taxable Loan  
11 transcript, 2017 L3 Bonds transcript, 2017 ASU Bonds transcript, and the Construction  
12 Loan Agreement. I have also reviewed information from financial institutions regarding  
13 potential terms for ASU's proposed \$22 million financing.

## II.

### DESCRIPTION OF OUTSTANDING DEBT FOR ASU

9. Q PLEASE LIST THE OUTSTANDING DEBT OF ASU.

18 A ASU has five outstanding loans totaling \$14,270,423 outstanding as of June 30, 2025.  
19 They include the \$6,500,000 Indiana Finance Authority Adjustable Rate Demand  
20 Revenue Bonds, Series 2013 (L3 Project) (“Loan 1”), the \$2,820,000 Taxable Variable  
21 Rate Term Loan that was executed with a Credit Agreement dated December 1, 2017,  
22 (“Loan 2”), the \$2,980,000 Indiana Finance Authority Exempt Facility Revenue Bonds,  
23 Series 2017 Bonds (L3 Corp. Project), (“Loan 3”), the \$5,100,000 Indiana Finance

1 Authority Exempt Facility Revenue Bonds, Series 2017 (“Loan 4”), and the  
2 Construction Loan Agreement executed on November 19, 2020 (“Loan 5”).

3 **10. Q DID THE COMMISSION APPROVE ASU REPLACING L3 AS DEBTOR ON**  
4 **LOANS 1, 2, 3, AND 5?**

5 A Yes. On January 23, 2025, in Cause No. 46017, ASU filed with the Commission its  
6 Petitioner’s Notice of Closing that ASU replaced L3 Corporation (L3) as Debtor on  
7 Loans 1,2,3, and 5 as of December 23, 2024. Since the prior history of L3’s debt was  
8 covered in the testimonies, exhibits and Commission findings in Cause No. 46017, my  
9 testimony is this Cause will provide the current status of ASU’s debt, which would  
10 basically cover the history of the debt since ASU became the primarily responsible  
11 party.

12 **11. Q PLEASE DESCRIBE LOAN 1.**

13 A Loan 1 is the Indiana Finance Authority Adjustable Rate Demand Revenue Bonds,  
14 Series 2013 (L3 Project). The interest rate is set at the Tax-Exempt Rate, which is the  
15 sum of one (1) month SOFR (formerly LIBOR, amended July 20, 2022) plus 1.41%,  
16 multiplied by the Tax-Exempt Factor of 66%, plus 0.25%. Horizon Bank will cap the  
17 interest rate at ten percent (10%) per annum in exchange for a one-time fee of five  
18 thousand dollars (\$5,000). As of June 1, 2025, the current interest rate on this debt is  
19 4.0329%. Interest is computed on a basis of a year of three hundred sixty (360) days for  
20 the actual number of days elapsed between payments and is due on the 1<sup>st</sup> day of each

1 month. In addition to required interest payments, future principal payments were set on  
2 the dates as follows:

3 November 1, 2026: \$795,000  
4 November 1, 2027: \$835,000  
5 November 1, 2028: \$875,000

6 Loan 1 is subject to optional redemption prior to maturity, at the option of ASU in  
7 accordance with the Credit Agreement and the 2013 Indenture at a redemption price of  
8 one hundred percent (100%) of the principal amount redeemed plus accrued interest to  
9 the redemption date. The principal amount currently outstanding is approximately  
10 \$2,504,999 with the next principal payment due on November 1, 2026. The transcript  
11 for Loan 1 is included as ASU Exhibit 23.

12 **12. Q PLEASE DESCRIBE LOAN 2.**

13 Loan 2 is the Taxable Variable Rate Term Loan dated December 1, 2017, in the amount  
14 of \$2,820,000. Interest is set at the Term Loan Rate, which is the sum of one (1) month  
15 SOFR (formerly LIBOR, amended July 20, 2022) plus 1.41%. As of June 1, 2025, the  
16 current interest rate on this debt was 5.7316%. Horizon Bank will cap the interest rate  
17 at ten percent (10%) per annum in exchange for a one-time fee of seven thousand five  
18 hundred dollars (\$7,500). Interest is computed on a basis of a year of three hundred sixty  
19 (360) days for the actual number of days elapsed between payments and due the 1<sup>st</sup> day  
20 of each month. In addition to required interest payments, future principal payments were  
21 set on the dates as follows:

November 1, 2029: \$ 920,000  
 November 1, 2030: \$ 1,000,000  
 November 1, 2031: \$ 900,000

Loan 2 can be prepaid at any time, which prepaid amounts shall be applied first to accrued interest as of date of prepayment, then to the amounts due in reverse order of their due dates. No principal has yet been paid, thus, the par amount currently outstanding is \$2,820,000. The transcript for Loan 2 is included as ASU Exhibit 23.

**13. Q PLEASE DESCRIBE LOAN 3.**

Loan 3 is the Indiana Finance Authority Exempt Facility Revenue Bonds, Series 2017 Bonds (L3 Corp. Project). Interest is set at the Variable Bank Purchase Rate, which is the sum of one (1) month SOFR (formerly LIBOR, amended July 20, 2022) plus 1.41%, multiplied by 66%, plus 0.25%. As of June 1, 2025, the interest rate on this debt was 4.0329%. The maximum interest rate can be set to ten percent (10%) if Loan 3 is changed from the Variable Bank Purchase Rate Mode to another interest rate mode as allowed by the Loan 3 Credit Agreement. In addition to required interest payments, future principal payments during the initial bank purchase mode were set on the dates as follows:

November 1, 2031: \$ 150,000  
November 1, 2032: \$ 1,100,000  
November 1, 2033: \$ 1,160,000  
November 1, 2034: \$ 570,000

No principal has yet been paid, thus, the par amount currently outstanding is \$2,980,000. Loan 3 is subject to optional redemption prior to maturity, at the option of ASU at a redemption price of one hundred percent (100%) of the principal amount redeemed plus

1 accrued interest to the redemption date. The transcript for Loan 3 has been attached and  
2 included as ASU Exhibit 24.

3 **14. Q PLEASE DESCRIBE LOAN 4.**

4 Loan 4 is the \$5,100,000 Indiana Finance Authority Exempt Facility Revenue Bonds,  
5 Series 2017 Bond Purchase and Loan Agreement executed December 1, 2017, between  
6 the Indiana Finance Authority as issuer, ASU as borrower, and Horizon Bank as  
7 purchaser.

8 Interest on the bonds is set to the Bank Purchase Mode at a Fixed Bank Purchase Rate  
9 per annum equal to the total of the seven (7) year SOFR (formerly LIBOR, amended  
10 July 20, 2022) Swap Rate plus 4.53% (453 basis points), multiplied by 66%, plus 0.25%.  
11 The first Bank Purchase Mode Term interest rate was set at 4.68% with the first term  
12 ending on December 1, 2024. The reset rate as of December 1, 2024, is 6.223%. Horizon  
13 Bank did not invoice ASU for the interest rate change for the payments due January 1,  
14 2025, through November 1, 2025. Thus, an adjustment for interest expense is needed to  
15 account for this unpaid interest. The maximum interest rate can be set to ten percent  
16 (10%) if Loan 4 is changed from the Variable Bank Purchase Rate Mode to another  
17 interest rate mode as allowed by the Loan 4 Loan Agreement. In addition to required  
18 interest payments, future principal payments were set on the dates as follows:

19  
December 1, 2034: \$ 740,000  
December 1, 2035: \$ 1,375,000  
December 1, 2036: \$ 1,450,000  
December 1, 2037: \$ 1,535,000

1       Loan 4 is subject to optional redemption prior to maturity, at the option of ASU at a  
2       redemption price of one hundred and one percent (101%) of the principal amount  
3       redeemed plus accrued interest to the redemption date or alternatively, ASU may redeem  
4       up to twenty-five percent (25%) of the principal amount of Loan 4 outstanding per year  
5       at a price equal to 100% of the principal amount being redeemed plus accrued interest to  
6       the date of redemptions so long as the source of funds used for such redemption is  
7       internally generated funds of ASU. The Payment Obligations are secured by first priority  
8       liens on all rights, title, and interest of ASU as the borrower, Guaranty Agreements dated  
9       December 1, 2017, between Horizon Bank and L3, Horizon Bank and First Time  
10      Development Corporation, Horizon Bank and Scott L. Lods, a Stock Pledge Agreement,  
11      a Negative Pledge Agreement, a Security Agreement, and an Assignment of Life  
12      Insurance. The transcript for Loan 4 is included as ASU Exhibit 25.

13      **15. Q PLEASE DESCRIB LOAN 5.**

14      A     Loan 5 is a \$1,000,000 Construction Loan Agreement executed on November 19, 2020.  
15      Interest for the Initial Period was fixed at 4.25% per annum, calculated on a basis of a  
16      three hundred sixty (360) day year and calculated for the actual number of days elapsed  
17      during the period in which interest is charged, payable on the first day of each month.  
18      During each subsequent five-year period after the Initial Period, the interest rate shall  
19      equal the sum of (i) the then-current five-year Constant Maturity Treasury rate plus (ii)  
20      3.90% but the Loan Rate shall not be less than 4.00%. The Loan 5 interest rate changed  
21      to 7.61% on November 19, 2025, with the end of the Initial Period. The principal balance  
22      is amortized over nineteen (19) years with the first payment of principal and interest

1 having started January 1, 2022, with final maturity on November 19, 2040. As of June  
2 30, 2025, principal amount outstanding was \$865,786. The financing documents related  
3 to this debt have been attached and included as ASU Exhibit 26.

4 **16. Q PLEASE EXPLAIN THE ADJUSTMENTS TO INTEREST EXPENSE THAT  
5 ARE INCLUDED IN THE FINANCIAL REPORT PREPARED BY REEDY  
6 FINANCIAL GROUP, PC (“RATE REPORT”).**

7 A There are seven adjustments made to test year interest expense in the Rate Report which  
8 is included in the testimony of Mr. Skomp. Those Adjustments are listed as Adjustments  
9 26, 27, 28, 29, 30, 31, and 32 in the Rate Report which is included as ASU Exhibit 30.  
10 Adjustments 26, 28, 29, and 31 increase the Test Year Interest Expense recorded on  
11 Loans 1, 2, 3, and 5, respectively for the months of July, August, and September in the  
12 year 2024 prior to ASU’s acquisition of the loans. Adjustment 27 decreases the Loan 1  
13 interest expense for the interest attributable to the \$750,000 maturity that was paid by  
14 ASU on June 18, 2025. Adjustment 30 increases the interest expense for the increase in  
15 the interest rate on Loan 4 as of December 1, 2024. Adjustment 32 increases the interest  
16 expense for the increase in the interest rate on Loan 5 as of November 19, 2025. A  
17 summary of the details of each adjustment by Loan is included as ASU Exhibit 27 which  
18 is included as part of my testimony.

### III. POTENTIAL TERMS OF PROPOSED DEBT

17. Q HAS ASU MADE INQUIRY TO HORIZON BANK, THE HOLDER OF ASU'S CURRENTLY OUTSTANDING DEBT, FOR POSSIBLE TERMS ON A LOAN FOR THE PROPOSED \$22 MILLION LOAN?

A Yes. ASU has received preliminary terms from Horizon Bank for the proposed \$22 million loan (“Proposed Loan 6”). Those terms include a par amount of \$22 million with a two-year construction line of credit and twenty-year amortization schedule. The interest rate is fixed for a term of five years using the 10 Year Tax Exempt Rate plus a margin of approximately two percent (2%). The proposed terms include a repricing of the loan every five years. Since ASU will not be entering into a loan until it receives Commission approval in this Cause, it has not accepted these terms nor selected Horizon Bank as the purchaser of the proposed loan.

## 18. Q HOW DOES ASU PLAN TO ISSUE TAX EXEMPT DEBT?

A ASU intends to make an application for bond financing to the Indiana Finance Authority (“IFA”) under IC 4-4-11 for Industrial Development Projects. Loans 1, 3, and 4 all were issued through the IFA as tax exempt debt through this program.

19. Q HAS ASU MADE INQUIRY FROM ANY OTHER BANKS TO FINANCE THE PROPOSED \$22 MILLION LOAN?

A Yes. But in order to issue debt with a bank other than Horizon Bank, the current loans with Horizon Bank will need to be refinanced. The loan documents for the outstanding debt do not allow another bank to hold a mortgage on the assets of ASU. ASU has

1 received preliminary terms from State Bank for two loan transactions. The first loan will  
2 take out the currently outstanding debt and amortize the principal over a twenty- year  
3 time period (“State Bank Proposed Loan A”). The proposed \$22 million loan (“State  
4 Bank Proposed Loan B”) terms include a three-year construction line of credit and  
5 twenty-five year amortization schedule. The interest rate for both State Bank Proposed  
6 Loans A and B will be fixed for a term of five years using the 5 Year Constant Maturity  
7 Treasury Index plus a margin of three and one-tenth percent (3.10%). The proposed  
8 terms for both loans include a repricing of the loans every five years. The tax-exempt  
9 rate also assumes that ASU is approved by the IFA for inclusion in a bond financing  
10 under IC 4-4-11 for Industrial Development Projects. Since ASU will not be entering  
11 into a refinancing of the loans or the proposed loan until it receives an Order from the  
12 Commission, it has not accepted these terms nor selected State Bank as the purchaser of  
13 the proposed loans.

14 **20. Q WHAT ARE THE OTHER FINANCING TERMS FOR THE PROPOSED \$22**  
15 **MILLION DEBT THAT ASU IS REQUESTING THE COMMISSION**  
16 **APPROVE?**

17 A Along with a cap of \$22 million on the principal amount of the debt, Petitioner is  
18 requesting a maximum amortization period of twenty-five (25) years after the  
19 completion of an initial construction period of three (3) years. While ASU currently  
20 expects to complete the transaction with a two (2) year construction and a twenty (20)  
21 year amortization period, I believe some flexibility should be granted in the  
22 Commission’s approval so that Petitioner will not be required to incur the cost of

1 returning to the Commission if minor adjustments in terms are needed to complete the  
2 transaction. Also, while I would currently expect Petitioner to complete the proposed  
3 financing with an interest rate in the range of six to eight percent (6% to 8%), Petitioner  
4 is requesting a cap on the interest rate of twelve percent (12%) in case tax-exempt  
5 financing from the IFA is not available when the project is ready to move forward.  
6 Finally, it needs to be understood that Petitioner is requesting Commission approval of  
7 the refinancing of its current debt if a financial institution other than Horizon Bank offers  
8 better terms and conditions for both the currently outstanding and proposed debt of  
9 ASU. The terms and conditions will not be known until Commission approval is granted  
10 and Petitioner has completed a process to solicit appropriate proposals from financial  
11 institutions. Therefore, it will be important for ASU to have a certain amount of  
12 flexibility to complete the financing process as quickly as possible.

13 **21. Q ARE THERE ANY ASSUMPTIONS OR REQUIREMENTS BY HORIZON  
14 BANK OR STATE BANK IN ORDER TO TENDER THE CONTEMPLATED  
15 LOANS TO ASU?**

16 A Yes. Horizon Bank and State Bank (the “Banks”) included terms in their proposals that  
17 will require ASU to make annual financial submissions to them such as filings of the  
18 annual federal tax return, the annual reviewed financial statement and annual covenant  
19 compliance certificate. Other terms listed include maintaining a pre-distribution debt  
20 service coverage ratio that does not fall below 1.10 times. Ongoing financial disclosure  
21 and coverage requirements are customary for issuance of debt supported by utility  
22 revenues.

1   **22. Q DO YOU BELIEVE THE PROPOSED TERMS FOR THE FINANCING ARE**  
2                   **REASONABLE?**

3   A   Yes, I do. Based on my experience in working for other utilities, I believe the terms  
4       and conditions for the proposed debt are fair and reasonable. In seeking to issuing the  
5       debt through the IFA, ASU will obtain the best possible rate available to ASU.

6                   **IV.**  
7                   **CONCLUSION**

8   **23. Q DO YOU BELIEVE THE FINANCING APPROVALS BEING REQUESTED BY**  
9                   **PETITIONER IN THIS CAUSE TO BE REASONABLE AND IN THE PUBLIC**  
10                  **INTEREST?**

11          A   Yes, I do.

12          **24. Q DOES THIS CONCLUDE YOUR TESTIMONY?**

13          A   Yes.

**VERIFICATION**

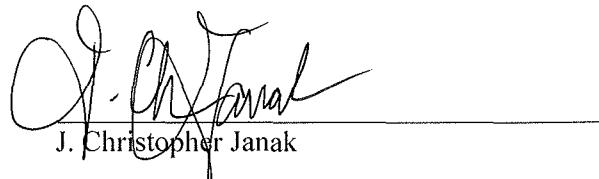
I affirm under the penalties for perjury that the foregoing testimony is true to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Jennifer Z. Wilson

**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing was served upon the following by electronic mail this 5<sup>th</sup> day of December, 2025:

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Daniel Le Vay  
Indiana Office of Utility Consumer Counselor  
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J. Christopher Janak