Annual Report to the Regulatory Flexibility Committee of the Indiana General Assembly

2013

Celebrating a century of service to the Hoosier state.

Indiana Utility Regulatory Commission

IURC

Table of Contents

Operations

Acronyms

Glossary

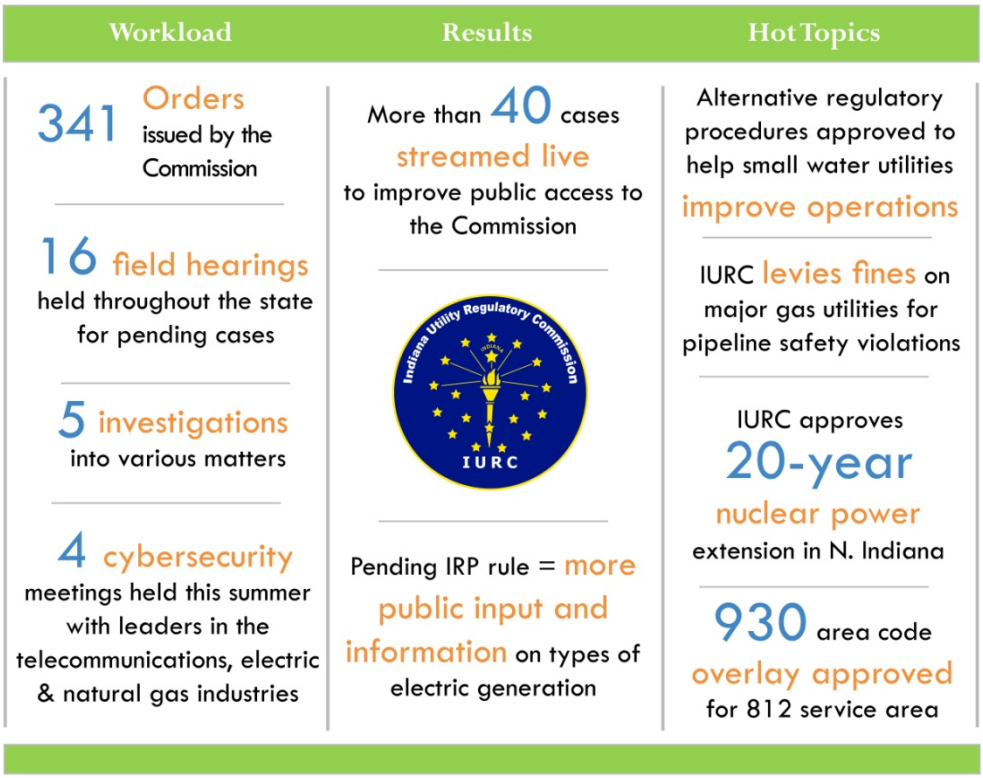
Introduction

Mission

The Indiana Utility Regulatory Commission (Commission or IURC) is an administrative court that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the IURC is required by state statute to make decisions that weigh the interests of all parties to ensure the utilities provide adequate and reliable service at reasonable prices.

Agency Accomplishments

Over the course of the last year, the IURC handled a number of high-profile cases, made the regulatory process more transparent, and issued decisions with immediate and direct benefits to utility customers. The graphic below details a sampling of these accomplishments.



Dedication to Public Service

In terms of collective years of experience for utility commissioners, the IURC ranks 4th out of 60 federal and state public utility regulatory agencies in the United States, according to the Institute of Public Utilities at Michigan State University.[1] Indiana's high ranking is bolstered by the experience of Commissioner David Ziegner, who, with nearly 23 years of service, is the 2nd longest serving utility regulatory commissioner in the nation.

A number of IURC staff members have more than 25 years' experience. Many others have advanced degrees and/or are members of state and federal committees.

There are five commissioners and four members on the executive team who oversee the following divisions: Administrative Law Judges, External Affairs, General Counsel, and Technical Operations. Within these divisions, the IURC has a dedicated, professional staff of 73 people, many of whom are attorneys, accountants, analysts, or engineers, who advise the Commission about utility regulatory matters affecting the state. A number of these staff members have more than 25 years' experience. Many others have advanced degrees and/or are members of state and federal committees.

Leadership

The Commissioners

Chairman
Jim Atterholt

Commissioner
Kari Bennett

Commissioner
Larry Landis

Commissioner
Carolene Mays

Commissioner
David Ziegner

[1] www.ipu.msu.edu/research/pdfs/IPU%20Commissioner%20Demographics%20(2013).pdf

Jim Atterholt

Chairman

Atterholt was appointed by Governor Mitch Daniels on June 22, 2009, and on October 5, 2010, he was named chairman. On March 26, 2013, Atterholt was reappointed for a second term by Governor Mike Pence. Prior to joining the Commission, he was the State Insurance Commissioner for more than four years, where he also served as a member of the Governor's Cabinet. Atterholt has dedicated much of his life to public service. He was elected and served two terms as a member of the Indiana General Assembly from 1998 to 2002. As a State Representative, he served on the House Commerce, Economic Development and Technology Committee, which had jurisdiction over all utility-related legislation. Atterholt was a ranking member of the Environmental Affairs Committee, as well as a member of the Labor Committee. Before returning to public service as the State Insurance Commissioner, Atterholt worked as Director of Government Affairs for AT&T-Indiana from 2003 to 2004. A native of Fort Wayne, Indiana, Atterholt received his bachelor's degree from the University of Wisconsin in 1986. He has also worked as Chief of Staff in Washington D.C. and later as District Director in Indiana for a member of the United States Congress where his responsibilities included energy issues. Atterholt is a member of the National Association of Regulatory Utility Commissioners where he serves on the Committee on Gas. Atterholt has served as a member of the board of directors for the Organization of MISO States and currently serves on the board of directors for the Organization of PJM States. He also serves on the board of directors of the Saint Florian Center for at-risk children. Married for 26 years to his wife, Brenda, they are blessed with three children and currently reside in Indianapolis.

Kari Bennett

Commissioner

Bennett was appointed by Governor Mitch Daniels on January 13, 2011. She currently serves as President of the Organization of MISO States and is a member of the National Association of Regulatory Utility Commissioners' Committee (NARUC) on Energy Resources and the Environment, as well as the Task Force on Environmental Regulation and Generation. Prior to joining the Commission, she was the Chief Legal Counsel of the Indiana Department of Natural Resources, where she was involved in all aspects of the agency's mission, including protection and enforcement of natural resources, land acquisition, and agency management and administration. From 2005 to 2007, Bennett was Policy Director for Environment and Natural Resources for Indiana Governor Mitch Daniels. She developed and advocated policy on

significant national, regional, and state issues, including air quality standards and attainment designations, mercury emission reduction requirements for electric utilities, and Great Lakes issues. Bennett also practiced law at Barnes & Thornburg LLP, focusing on environmental law and government services, and served in various positions at the Indiana Department of Environmental Management before and after law school. She graduated from Miami University of Ohio with a degree in environmental science, and received her J.D. from the University of Minnesota.

Larry Landis

Commissioner

After 30 years in the private sector, Landis was appointed over 10 years ago by the late Governor Frank O'Bannon and to subsequent full terms by former Governors Joe Kernan and Mitch Daniels. At the national level, he has advocated for Indiana's light regulatory touch, for even-handed regulation, for technological neutrality, and for pro-competitive policies in communications. He served two, three-year terms on the Federal-State Joint Board on Universal Service and has also served on the Federal-State Joint Conference on Advanced Telecommunications Services since 2005, of which he is currently state chair. Landis is also a member of the Federal-State Joint Board on Jurisdictional Separations. He was recently reappointed to a second term as an at-large member of the NARUC Board of Directors, as well as Co-Chair of the Washington Action Committee. Landis also focuses on financial issues. He co-chairs the IURC's Financial Taskforce, created in the wake of the market collapse in 2008-2009, and is a past vice chair (2009-2010) and chair (2010-2011) and member of the Advisory Board of the Financial Research Institute at the University of Missouri's Trulaske School of Business. He is also a member of the Society of Utility and Regulatory Financial Analysts and the IEEE Computer Society. He and his wife Carol recently celebrated their 39th anniversary. Their son and daughter-in-law, Chris and Heather, are the parents of three daughters, Lauren, Anna, and Emily.

Carolene Mays

Commissioner

Mays was appointed by Governor Mitch Daniels in February 2010. Prior to joining the Commission, she was Publisher and President of the *Indianapolis Recorder Newspaper* and the *Indiana Minority Business Magazine*. She served in the Indiana House of Representatives from 2002 to 2008 and sat on the committees for Ways and Means, Small Business and

Economic Development, and Public Health. During her terms, Mays received several Legislator of the Year awards, was listed as a "Rising Star in Indiana Politics," and was named one of "Indiana's Most Influential Women." At the national level, she has been appointed to the NARUC Water and Washington Action committees and was most recently appointed as chairperson of the Critical Infrastructure Committee. She is currently President of the Mid-America Regulatory Conference, an association of regional organizations of utility and energy regulatory agencies. In addition, she also serves on the Indianapolis Capital Improvement Board, the Indiana Sports Corporation Board Executive Committee, and Peyton Manning's PeyBack Foundation, among others. She was chairperson for the NCAA Women's Final Four in 2006 and 2011, and the 2012 Indianapolis Super Bowl Division Chairperson of Administration. An Indiana State University Distinguished Alumna, Mays holds a B.S. in business management and marketing. She is a member of both Eastern Star and Heartland churches, Alpha Kappa Alpha Sorority, and the Indianapolis Chapter of the Links and Northeasterners. Mays is married to Fred Medley and has one daughter, Jada, and three step-sons, Frederick II, Niles, and Chase.

David Ziegner

Commissioner

Ziegner was appointed to the Commission in 1990 by Governor Evan Bayh and reappointed to full, four-year terms in 1991 and 1995. He was reappointed by the late Governor Frank O'Bannon in 1999 and 2003 and by Governor Mitch Daniels in 2007 and 2011. Commissioner Ziegner is the treasurer of the NARUC and co-vice chair of its Committee on Electricity, as well as the former chairman of its Clean Coal and Carbon Sequestration Subcommittee. He is also a member of the Mid-America Regulatory Conference and the Consortium for Electric Reliability Technology Solutions Industry Advisory Board. Additionally, Ziegner is the former chairman of the Advisory Council of the Center for Public Utilities at New Mexico State University and a member of the Advisory Council of the Electric Power Research Institute. He earned his B.A. in history and journalism from Indiana University in 1976 and his J.D. from the Indiana University School of Law in Indianapolis in 1979, during which time he was also admitted to the Indiana Bar and U.S. District Court. Prior to joining the Commission, Ziegner served as a staff attorney for the Legislative Services Agency, where he developed his background in both utility and regulatory issues. Ziegner, his wife, Barbara, and their daughter, Jennifer, reside in Greenwood and are members of the Northminster Presbyterian Church.

Executive Team

Executive Director of External Affairs Danielle McGrath

Chief Administrative Law Judge Loraine Seyfried

Executive Director of Technical Operations Bob Veneck

General Counsel Doug Webber

Danielle McGrath

Executive Director of External Affairs

Executive Director Danielle McGrath leads the external affairs team and serves as the chief liaison for legislative issues. She is also the senior supervisory authority over the Consumer Affairs Division and oversees internal operations, including oversight of various ancillary functions such as information technology and public information, as well as the Commission's financial affairs and budget.

Loraine Seyfried

Chief Administrative Law Judge

Chief Administrative Law Judge Loraine Seyfried leads the Commission's staff of administrative law judges who, along with the Commissioners, preside over docketed proceedings before the Commission. She assists in the management of the Commission's hearing docket by making initial recommendations on case assignments and procedure, overseeing the hearing process, and providing advice in the preparation and review of Commission decisions.

Bob Veneck

Executive Director of Technical Operations

Executive Director Bob Veneck leads the technical operations group and is the senior supervisory authority over the Commission's electricity, natural gas, water, sewer, communications, pipeline safety, and energy policy divisions. In addition, Veneck is the liaison

to the State Utility Forecasting Group at Purdue University for matters requested by the Commission.

Doug Webber
General Counsel

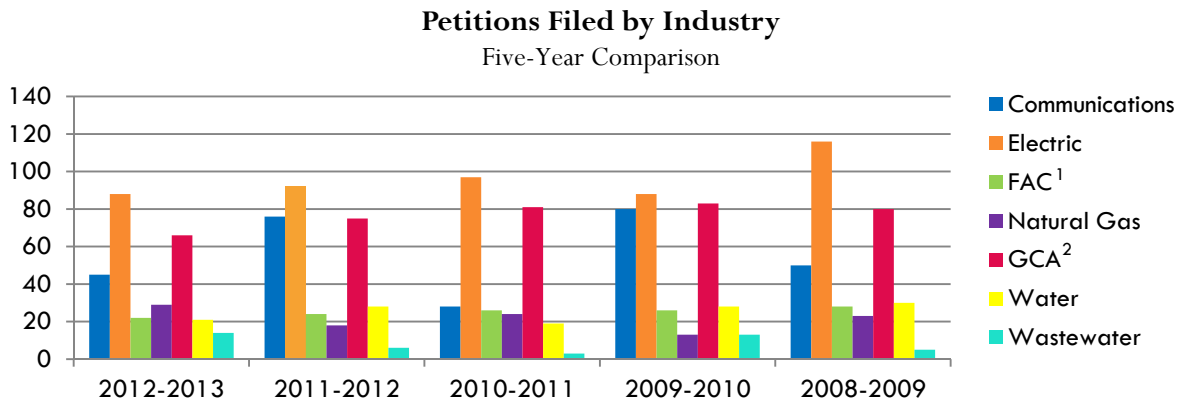
General Counsel Doug Webber serves as the chief legal advisor to the Commission, including acting as the Commission's Ethics Officer. Attorneys under General Counsel Webber provide complete legal support for all aspects of the Commission's operation. Additionally, they conduct legal research on a wide range of issues, participate in matters before the Federal Energy Regulatory Commission, the Federal Communications Commission, and preside over Commission rulemakings.

Legal Division

Docketed Cases

During fiscal year 2012-2013, 285 petitions were filed with the Commission, which are detailed in Chart 1. Petitions are given a docket number upon receipt and assigned an Administrative Law Judge and a Commissioner, who serve as the presiding officers. To access information pertaining to a docketed case, please visit our Electronic Document System at: https://myweb.in.gov/IURC/eds/. Here, you can search for a case by entering the docket number, industry, petition date, petition type, party or order date, and clicking "search." To watch hearings that are live streamed, please visit: www.in.gov/iurc/2624.htm.

Chart 1



[1]FAC = Fuel Adjustment Clause
[2]GCA = Gas Cost Adjustment

General Administrative Orders

With the passage of Senate Enrolled Act 560, the General Assembly granted utilities the ability to place interim rates in effect if an IURC decision is not rendered within 300 days of the filing date. In order for the Commission to meet this deadline, the agency needed to modify how procedural schedules are set in the future. Immediately after the bill was signed into law, the IURC began working with stakeholders (e.g., utilities, consumer groups, intervenors, and the Office of Utility Consumer Counselor) to establish expectations and a timeline for future cases. After several weeks of soliciting and incorporating feedback into draft proposals, the IURC formalized the process by issuing a General Administrative Order (GAO 2013-5). Additionally, the IURC issued recommended best practices for filing a rate case. By doing so, the agency's goal was to streamline and make the process more transparent.

300-Day Rate Case Timeline

Day (Week)	Filing/Event
The IURC requires entities to file a notice of intent with the Commission 30 days prior to filing a rate case. This helps give notice to all parties involved and prevents any ex parte contacts between those parties.	
0 (Week 1)	Petition filed/Petitioner Case-in-Chief/Proposed Schedule
28 (Week 4)	Prehearing Conference
49 (Week 7)	Technical Conference(s)
77 (Week 11)	Field Hearing (if applicable)
98 (Week 14)	OUCC and Intervenor Case-in-Chief filed
126 (Week 18)	Petitioner Rebuttal; OUCC and Intervenor Cross-Answering Testimony
133 (Week 19)	Settlement Agreement (if applicable)
147-161 (Weeks 21& 22)	Evidentiary Hearing
182 (Week 26)	Petitioner Final Filings/Proposed Order
203 (Week 29)	OUCC and Intervenor Final Filings/Proposed Order
210 (Week 30)	Petitioner Reply Brief; OUCC and Intervenor Cross-Answering Replies
↓	90 Days Reserved for Drafting the Order / Holding an Exec Session
300 (Week 43)	Order Issued

Rulemakings

Before the IURC may add or make changes to its existing rules, it must follow the formal rulemaking process. By doing so, this ensures the opportunity for public comment and allows the issues at hand to be fully vetted. In addition to the formal process dictated by state procedures, it is the practice of the IURC to hold informal workshops and discussions with stakeholders prior to initiating a formal rulemaking. Although the rule development process can extend the time the rule is discussed, it helps achieve common ground among stakeholders before the formal process begins.

In order to make it easier for interested parties to follow the rulemaking process, the IURC redesigned its rulemaking webpage. Readers can now browse emergency, pending, and effective rules, such as the significant ones listed below, in a more streamlined manner. For more information or to access documents and public comments related to these rulemakings, please visit: www.in.gov/iurc/2658.htm.

Emergency Rules	IURC RM #	LSA Doc #	Effective Date
Annual Reports Filed Under 49 C.F.R. § 191.17	**13-02**	**13-210 (E)**	**5/29/13**
Scope of Rule: Both the IURC and the federal government require gas operators to file annual reports per 49 C.F.R. § 191.17. The federal government extended the due date for 2013 from March 1 to June 15. This rulemaking (RM# 13-02, LSA# 13-210) amends the Indiana Administrative Code to match the federal due date.			

Pending Rules	IURC RM #	LSA Doc #	Status
30-Day Administrative Filings re: Intrastate Access Tariffs	**12-07**	**12-462**	**Final Rule**
Scope of Rule: The subject matter of this rulemaking is intrastate access tariff filings. This rulemaking amends the Indiana Administrative Code to allow intrastate access tariffs to be filed under the Commission's 30-day filing rule and also provides an alternative means for utilities filing intrastate access tariff changes to provide the required notice.			
Revisions to Integrated Resource Planning	**11-07**	**TBD**	**Rule Development**
Scope of Rule: Integrated resource planning is a process used by electric utilities to evaluate all supply and demand-side alternatives available to meet future electricity requirements. This rulemaking stems from the IURC's Order in Cause No. 43643 to update the integrated resource planning rules based on the current utility industry standards since the rule was first published. The rule defines requirements electric utilities must meet when filing IRPs with the Commission.			

External Affairs

As a governmental agency whose operations affect the public, the Indiana Utility Regulatory Commission welcomes requests from legislators on matters affecting the utility industry. Below is the general contact information for the agency; however, if you or your constituents have specific questions or concerns, please contact Danielle McGrath, Executive Director of External Affairs, at 317-232-2297.

Phone: (317) 232-2701 | **Consumer Affairs Division:** 1-800-851-4268 | **Web:** www.in.gov/iurc

Consumer Affairs Division

In Indiana, two separate state agencies deal with utility-related issues – the IURC and the Indiana Office of Utility Consumer Counselor (OUCC). The IURC regulates rates, charges, and service quality for most Indiana utilities, whereas the OUCC represents consumer interests in all cases before the IURC. Starting in September 2011, our agencies streamlined the dispute resolution process, directing all customer complaints about regulated utilities (e.g., disconnections, billing disputes, and metering concerns) to the IURC's Consumer Affairs Division.

Contact Us

Front desk:
317-232-2701

Legislative inquiries:
317-232-2297

Consumer Affairs Division:
1-800-851-4268

Commissioners:
317-232-2705

This means that the IURC is the appropriate agency to contact for constituents with a complaint against a regulated utility. For comments on pending cases or problems concerning a non-jurisdictional utility, please contact the OUCC. As the state's utility consumer advocate, it is best positioned to assist with these issues. The OUCC's Consumer Services Division can be reached at 1-888-441-2494.

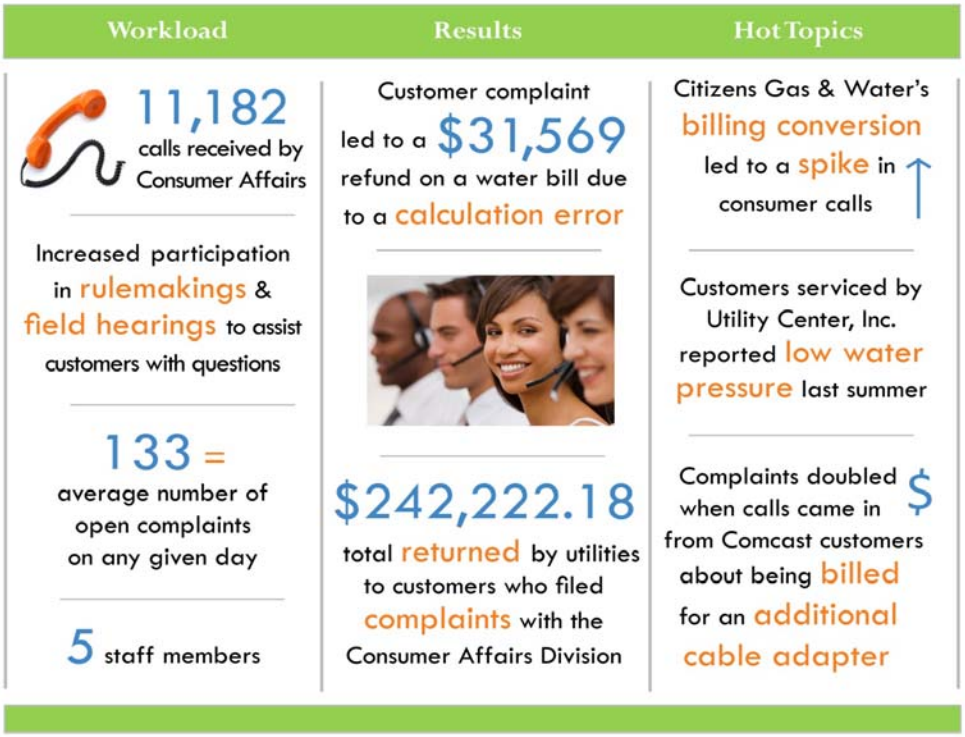
This past year the IURC's Consumer Affairs Division saw a slight decrease in the number of complaints it received. Chart 2 on the following page shows the breakdown of complaints for the past two fiscal years. These numbers show customer complaints have remained fairly stable and that no one industry experienced an unusual increase in the number of complaints in 2012.

Chart 2

Consumer Complaints by Industry
Fiscal year 2011-2012 and 2012-2013

	Electric	Gas	Information Services	Pipeline	Telecom	Video	Water/Sewer
2011-12	1114	588	0	1	1306	644	608
2012-13	1047	458	4	0	1001	893	724

The most frequently received calls by the Consumer Affairs Division involve questions about communications services and billing. In fact, telecommunications and video complaints combined make up approximately 50% of all complaints in any given month. When an analyst from the Consumer Affairs Division receives a consumer complaint, he or she investigates the matter to make sure the customer is being billed correctly and that the utility is in compliance with the IURC's rules and regulations. If a problem is identified, the analyst works with the consumer to make sure the situation is remedied. In some cases, this may result in a bill adjustment or refund for the customer. The graphic below highlights the operations of the Consumer Affairs Division and the results it has achieved this past fiscal year.



Technical Divisions

Electricity

Electricity Division Director Dr. Brad Borum and his division monitor and evaluate regulatory and policy initiatives affecting the state's electric industry. Dr. Borum has been with the Commission for 27 years and has a doctorate in economics. The division reviews and advises the Commission on regulatory proceedings initiated by Indiana electric utilities involving increases in rates, environmental compliance plans, permission to build or purchase power generation plants, energy efficiency programs, and other matters. It also monitors electric utility performance for reliability and service quality. The Electricity Division's staff examines information from Commission-initiated investigations and assists the Commission in developing potential rulemakings. The division is responsible for monitoring actions by regional transmission organizations (RTO) and the Federal Energy Regulatory Commission (FERC) that may affect Indiana's electric utilities and ratepayers. Staff also maintains the collection of annual reports for all jurisdictional electric utilities, including the periodic earnings review of each provider with more than 5,000 customers.

Due to the growing impact of regional and federal energy policies on Indiana, the IURC organized an intra-agency RTO/FERC team that has been charged with monitoring, evaluating and recommending policy and positions to the IURC executive team and commissioners. The team actively monitors the activity of the two RTOs that operate in Indiana: the Midcontinent Independent Transmission System Operator, Inc. (MISO) and the PJM Interconnection, LLC (PJM). The team also represents the IURC at committee meetings and participates in FERC regulatory proceedings that affect Indiana utilities and consumers. In addition to the responsibilities listed above, the RTO/FERC team provides counsel on docketed activities dealing with regional and federal energy issues that come before the Commission, and works on integrated resource planning to coordinate on matters affecting electric utilities' long-term resource plans.

Natural Gas and Pipeline Safety

Natural Gas Division Director Jane Steinhauer manages her staff in monitoring and evaluating regulatory and policy initiatives affecting the natural gas utility industry. Steinhauer has been

with the Commission for 28 years and has a master's degree in business administration. The division is responsible for examining and evaluating proceedings involving gas cost adjustments, rates, service territories, Commission-initiated investigations and industry-related rulemakings, which includes analyzing various forms of alternative regulatory proposals.

Additionally, the division's responsibilities include advising the Commission on policy-related matters (e.g., gas procurement practices) and financial matters that are directly related to utility proposals requesting authority to adjust current rates and charges. The division verifies the accuracy of filings from utilities and other parties as a result of cases or regulatory compliance mandates. Staff also maintains the collection of annual reports for all jurisdictional natural gas utilities, including the periodic earnings review of each provider with more than 5,000 customers. The division also coordinates with IURC Pipeline Safety Division Director Steve Allen, who has been with the agency for three years and has a bachelor's in accounting and an MBA. His division administers federal and state pipeline safety standards that apply to all intrastate natural gas and hazardous liquid pipeline operators, regardless of whether they have withdrawn from the Commission's jurisdiction.

Pipeline Safety engineers enforce the safety standards established by the U.S. Department of Transportation as they apply to the design, installation, inspection, testing, construction, extension, operation, replacement and maintenance of the pipeline facilities. The division also enforces the U.S. Department of Transportation's anti-drug program for gas operators within Indiana, as well as integrity management, operator qualification, and damage prevention regulations. In addition, the division is responsible for investigating possible violations of the "811 Call Before You Dig" law.

Communications

Communications Division Director Pamela Taber and her staff manage Indiana-specific issues related to video and telecommunications services. Taber has been with the Commission for 30 years and has a bachelor's degree in accounting and is also a Certified Public Accountant. The division executes IURC oversight and serves as both the sole video franchise authority and direct marketing authority for video service providers in Indiana and provides policy advice on telecommunications issues, such as numbering and area code issues; slamming and cramming; telecommunications providers of last resort; and disputes between carriers. The division also oversees the certification of communications service providers and monitors

competition in the communications industry by gathering, tracking and storing information about all types of communications providers and the areas where they offer their services.

Communications issues under consideration at the federal level are also an important concern of the division. Because it is essential to identify and when appropriate, act upon the many federal policy matters that have the potential to affect Indiana's economy, the division monitors, reviews, and provides analysis and recommendations to the commissioners about possible Commission participation in federal rulemakings and cases. This ensures that the concerns and needs of Indiana are heard by agencies such as the Federal Communications Commission, the National Telecommunications and Information Administration, the Rural Utilities Service, among others.

Water and Wastewater

Water and Wastewater Division Director Curt Gassert and his team develop, monitor, and evaluate regulatory and policy issues affecting the water and wastewater industries. Gassert has been with the Commission for seven years and has a bachelor's degree in accounting. He is also a Certified Public Accountant. Prior to this position, he was with the OUCC for 11 years.

The majority of the division's time is spent advising the Commission on technical matters, as well as reviewing pending rate cases. The Water and Wastewater Division staff also provides assistance with utility investigations, Commission rulemakings, and complaints submitted to the Consumer Affairs Division. Billing disputes and the disconnection of service are the most common type of consumer complaint. The Commission's investigations, both formal and informal, frequently involve the resolution of problems created by at-risk water or wastewater utilities. Typical rulemakings include developing policies for water meter testing standards and criteria for processing differing types of utility requests for rate increases.

The division also processes requests by water and wastewater utilities to change rates and charges through the 30-day filing process. The 30-day filing process is designed to allow certain types of requests, such as changes to reconnect fees and adjustable rate mechanisms (trackers), to be reviewed and approved by the Commission in a more expeditious and less costly manner than a formal docketed case. Additionally, staff maintains the collection of annual reports for all jurisdictional water and wastewater utilities, including the periodic earnings review of each provider with more than 5,000 customers.

Electricity Report

Executive Summary

The Electricity section of the Regulatory Flexibility Report discusses key issues facing the industry. These topics include competitive pricing, proposed environmental regulations, a new rate case timeline, infrastructure incentives approved by the legislature, and cybersecurity concerns. It also highlights actions taken by the Commission to address specific challenges associated with these topics.

Competitive Pricing

Indiana's annual ranking for average total customer retail rates from 2000 to 2012 ranged from 9th lowest in 2000 to 4th lowest in 2002 to 12th lowest in 2012. The variability in ranking is the result of many factors, including the timing of rate cases both in and out of state and fluctuations in the cost of fuel. Investment costs to address environmental mandates as well as the general trend of increased coal prices observed since 2003 and decreased natural gas prices since 2011 have reduced Indiana's relative price advantage. Neighboring states' total customer retail rates for 2012 rank as follows: Kentucky 5th, Illinois 18th, Ohio 26th, and Michigan 37th. Should new environmental regulations go into effect, Indiana's relative price advantage could be reduced even further.

Proposed Environmental Regulations

Based on preliminary analysis, recent environmental decisions being made at the federal level have the potential to negatively impact the state of Indiana. In response, investment costs are expected to be significant due to the number of new requirements, the tight timeframes to comply with the regulations, and Indiana's reliance on coal. According to the State Utility Forecasting Group (SUFG), new federal clean air regulations are projected to increase Indiana electricity rates about 14% by 2020, which is in addition to the 20% increase projected over the next five years by analysts. The impact is greater here in Indiana than in

other states. This is because coal-fired power plants targeted by the U.S. Environmental Protection Agency (U.S. EPA) for environmental modifications generate 77.6% (based on 2012 projections) of the electricity used in Indiana (down from 85% in the 2010 projection); nationally this figure is 42% based on 2011 U.S. Energy Information Administration (EIA) data.

Rate Case Timelines & Infrastructure Incentives

In addition to establishing a 300-day timeline for rate cases (as discussed in the introduction), Senate Enrolled Act 560 (SEA 560) also provided new incentives for utility companies and businesses. In order to encourage investment in transmission and distribution systems, the legislature created a new tracker called the transmission, distribution and storage system improvement charge (TDSIC), which covers projects related to safety, reliability, system modernization, and economic development. Traditionally, these costs would have been included in rates for recovery in a base rate case. However, utilities can now petition for recovery on a more frequent basis. With regard to economic development incentives, the legislature also provided a temporary discount to the demand component of a company's rates and charges for businesses meeting certain criteria.

Protecting Critical Infrastructure

Threats to utilities' critical infrastructure – both cyber and physical – have never been greater than they are today. These threats have the potential to halt emergency services, bring down communications systems, taint water supply, and create widespread power outages. In other words, they pose a serious risk to our everyday lives. In order to stay on top of this issue, the IURC held meetings this summer with the state's utilities to discuss their efforts toward preparedness, mitigation, and resiliency in the event of a cyber-attack. State agencies also attended, including the Indiana Department of Homeland Security and the Indiana Office of Technology.

Overview

Industry Structure

When it comes to regulating the electric industry, there are both federal and state regulators. For example, the Federal Energy Regulatory Commission (FERC) regulates the transmission and wholesale sales of electricity in interstate commerce; reviews certain mergers and acquisitions and corporate transactions by electricity companies; and protects the reliability of the high voltage interstate transmission system through mandatory reliability standards. Other federal agencies involved in the energy industry include the:

- Nuclear Regulatory Commission
- Environmental Protection Agency
- Department of Energy
- Securities and Exchange Commission
- Federal Trade Commission

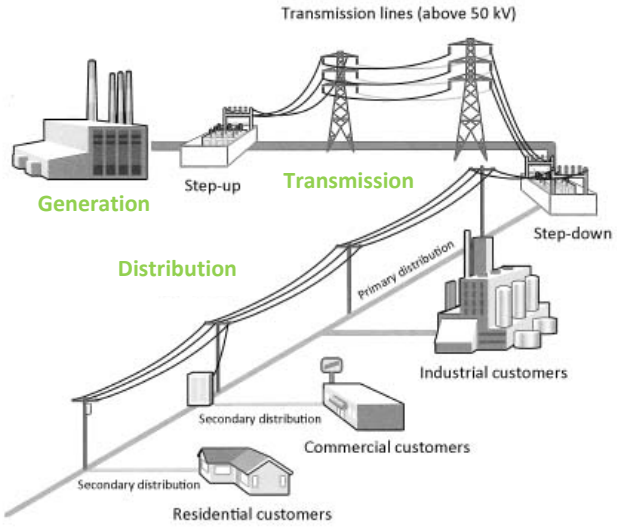
Whereas, federal regulators oversee interstate matters and the competitive wholesale markets, state regulators like the Indiana Utility Regulatory Commission (IURC or Commission) have jurisdiction over retail electric service within each state. In Indiana, electric utilities function as monopolies due to the high costs associated with the duplication of infrastructure. In return for government regulators granting exclusive service territories and setting rates in a manner that provides an opportunity (but not a guarantee) for a reasonable return on investment, investor-owned utilities (IOUs) are obligated to provide reliable service to customers, which is often described as the "regulatory compact." Other types of electric utilities, rural electric membership cooperatives (REMCs), and municipal electric utilities, also have exclusive service territories, but may withdraw from the Commission's jurisdiction. In 2012, more than $8.4 billion in revenue was generated and more than 2.6 million electric customers were served by the 16 electric utilities under Commission rate jurisdiction.

Monopoly status = regulatory compact

How It Works

Indiana's electric utilities operate under a traditional vertically-integrated structure, whereby they own and operate generation, transmission, and/or distribution facilities that provide electric retail service to customers.

Figure 1



There are two types of electric utility customers: retail and wholesale. Retail customers include residential, commercial, and industrial customers who are billed for service based on studies analyzing the costs associated with providing service for each class. For IOUs, a reasonable rate of return on investment for the company is added to the cost of service. Wholesale customers, on the other hand, include other electric utilities, cooperatives, and municipalities.

Investor-Owned Utilities

Five major IOUs operate in Indiana in exclusive service territories with other portions of the state similarly assigned to municipal utilities and REMCs.[1] IOUs are for-profit enterprises funded by debt (bonds) and equity (stock). Map 4 on page 35 shows the IOUs' service territories.

Duke Energy Indiana, Inc. (Duke), a subsidiary of Duke Energy Corporation, is headquartered in Charlotte, NC and are locally based in Plainfield, IN. The utility serves 783,000 customers in 69 of the 92 counties throughout central and southern Indiana, excluding the cities of Indianapolis and Evansville.

[1] IC § 8-1-2.3-3

Indiana Michigan Power Company (I&M), a subsidiary of American Electric Power Company, Inc. (AEP), is headquartered in Columbus, OH and based in Ft. Wayne, IN. The utility serves 458,000 customers in two, noncontiguous parts of northeast and north central Indiana.

Indianapolis Power and Light Company (IPL), a subsidiary of the AES Corporation, is headquartered in Arlington, VA and based in Indianapolis, IN. The utility serves 468,000 customers in the greater Indianapolis area.

Northern Indiana Public Service Company (NIPSCO), a subsidiary of NiSource Inc., is headquartered and based in Merrillville, IN. The utility serves 457,000 electric customers in the northwest part of Indiana.

Jurisdiction

In addition to setting rates for retail customer classes, the Commission reviews and approves long-term financing for IOUs, the Indiana Municipal Power Agency (IMPA), and Wabash Valley Power Association (WVPA). Additionally, all Indiana electric utilities wanting to build, buy, or lease new generation facilities must first have their proposals reviewed and approved by the Commission.

Southern Indiana Gas & Electric Company (SIGECO), a subsidiary of Vectren Corporation, is headquartered and based in Evansville, IN. The utility serves 146,000 customers in a small part of southwestern Indiana.

Municipally-Owned Utilities

In 1980, a group of municipalities created the Indiana Municipal Power Agency (IMPA) to jointly finance and operate generation and transmission facilities, as well as purchase wholesale power and meet members' needs through a combination of member-owned generating facilities, member-dedicated generation, and purchased power.

When a utility opts out of the IURC's jurisdiction, the agency no longer oversees its rates and charges or rules and regulations.

Map 1 on the following page shows the locations of these member utilities. State law allows municipal utilities to remove themselves or "opt out" of the Commission's jurisdiction.[2] Under certain circumstances, the Commission may

[2] IC § 8-1.5-3-9

review financing arrangements for individual municipal electric utilities, but this typically occurs through rate cases. As of the printing of this report, nine of the 72 municipally-owned utilities operating in Indiana remained under the Commission's jurisdiction for rate regulation. For a complete list of the regulated municipal utilities and those that have opted out, please see Appendix B. Of these 72 municipally-owned electric utilities, 54 are members of the IMPA, including 8 of the 9 utilities regulated by the Commission.

Map 1

Statewide Map of Indiana Municipal Power Agency Members

Jurisdictional IMPA Members

Anderson
Frankfort
Crawfordsville
Knightstown
Kingsford Heights
Richmond
Lebanon
Tipton

Source: Indiana Municipal Power Agency

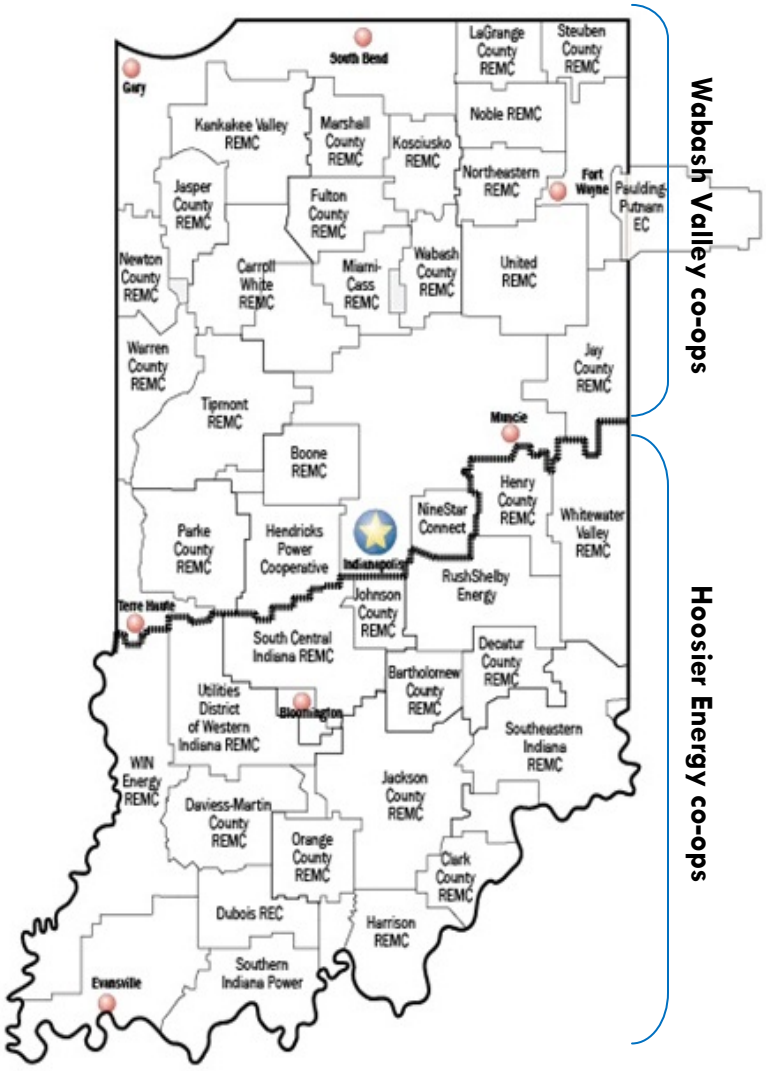
Rural Electric Membership Cooperatives

REMCs are customer-owned utilities, all of which are members of either Hoosier Energy, located in the southern part of the state, or Wabash Valley Power Association (WVPA), located in the northern part of the state. Map 2 shows the location of these member utilities. Hoosier Energy and WVPA are power generating and transmission cooperatives formed to supply power to the REMCs.

The Commission's regulation of Hoosier Energy and WVPA is primarily limited to decisions to purchase, build, or lease generation facilities. In addition, the Commission retains jurisdiction over WVPA's long-term financing. REMCs, like municipalities, have the ability to remove themselves or "opt out" of the Commission's jurisdiction.[3] As of the printing of this report, no REMCs remain under IURC jurisdiction for rate regulation.

Map 2

Statewide Map of the Association of Rural Electric Cooperatives



Source: Indiana Statewide Association of Rural Electric Cooperatives

Legal and Policy Foundations

Transmission

Participation in Regional Transmission Organizations (RTOs) by Indiana electric utilities provides a number of benefits for Indiana's electric consumers. In addition to greater reliability, RTOs provide lower costs through more efficient regional transmission planning than is possible when individual utilities act alone. The vast regional scope of

[3] IC § 8-1-13-18.5

the RTOs allows Indiana's customers to experience the financial and operational benefits of a diverse resource mix and variations in customer demand. For example, Indiana might experience peak demand due to hot weather while at the same time Montana has more moderate weather, which allows Indiana's demand to be satisfied with relatively lower-cost Montana resources.

Two regional transmission organizations operate in Indiana: MISO and PJM. These entities dispatch all of the generating facilities in their regions to ensure that the lowest-cost combination of resources is used at any given moment.

From a pricing standpoint, RTOs help consumers get the best deal by facilitating wholesale transactions across a large multi-state area, instead of just one state. Two RTOs operate in Indiana: the Midcontinent Independent System Operator (MISO) and Pennsylvania-New Jersey-Maryland Interconnection, LLC (PJM). These organizations are regulated by the FERC. In addition to operating the regional transmission facilities in a reliable and non-discriminatory manner, MISO and PJM direct the operation (in real time) of all generating facilities in their respective regions to ensure that the lowest-cost combination of generation resources is being used at any given moment. Additionally, RTOs engage in long-term transmission planning in conjunction with their transmission-owner utilities, some of which are under the IURC's jurisdiction. Further detail is provided in Table 1.

Map 3

Regional Transmission Organizations

MISO (left) **and PJM** (right)

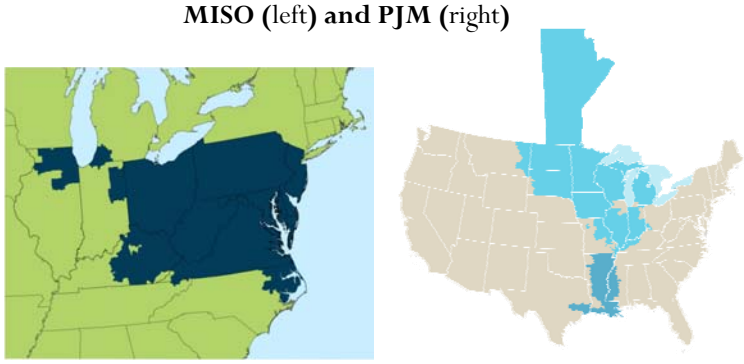


Table 1

Characteristics of the Regional Transmission Organizations

MISO and PJM Interconnection, LLC

RTO Characteristics	MISO	PJM
Participating Indiana Utilities	Duke, NIPSCO, IPL, SIGECO, Hoosier Energy, IMPA, and WVPA	AEP (including its Indiana subsidiary I&M), IMPA, and WVPA
Transmission Lines	49,670 miles	59,750 miles
Generation Capacity	132,296 MW	185,600 MW
Headquarters	Carmel, Indiana	Valley Forge, Pennsylvania

Because the reliability risk is diversified over the entirety of the RTOs' footprints – from the Rocky Mountains to the Atlantic Ocean – reserve margin needs are reduced. A reserve margin is the amount of extra generation capacity available to serve customer loads in the event of a system contingency, such as the planned or unplanned outage of a generation plant or a high-capacity transmission line. The electric industry has historically maintained planning reserve margins in the 15% to 20% range.[4] However, with the development of RTOs, the necessary level of reserve margins have fallen, reflecting the benefits of more efficient regional coordination. For example, Indiana utilities participating in the MISO have a 14-16% reserve requirement for 2012-13. At the end of 2013, the Midcontinent Independent System Operator (MISO) is expected to add new members in four southern states, which will add approximately 30% more generation assets to the region, along with an additional 18,000 miles of transmission lines.

RTO Benefits

In 2012, the MISO region realized net benefits of $1.9 to $2.4 billion, while the PJM region realized net benefits of $2.2 billion. During the next 10 years, MISO anticipates that the region will realize between $6.1 billion and $8.1 billion in benefits on a net present value basis.

Project Approval and Integrated Resource Planning

Indiana's electric utilities are required to supply power at the lowest reasonable cost, while providing safe, adequate, and reliable service. In order to do so, utilities must strategically plan on both a short-term and long-term basis. This is known as integrated resource planning. Each utility is required to file an integrated resource plan (IRP) with the IURC every two years.

IRPs evaluate available alternatives to meet a utility's future electricity requirements

Because many changes have occurred since the IRP rule was finalized in 1995, the IURC initiated a rulemaking in 2010 to update it. The rulemaking process included a two-day technical

[4] Planning reserve is the amount of forecasted dependable resource (i.e., generation, demand-response) capacity required to meet the forecasted demand for electricity and reasonable contingencies (e.g., loss of a major generating unit). Operating reserve is the generating capability (spinning and non-spinning reserve) above firm system demand needed to provide for regulation, load forecasting errors, scheduled and unplanned equipment outages and local area protection.

conference in September 2011 to solicit input from stakeholders, including consumer groups, the Indiana Office of Utility Consumer Counselor (OUCC), and the utilities. The IURC circulated a Strawman Draft Proposed Rule to stakeholders for comment in January 2012. Then in August 2012, the IURC circulated a Draft Proposed Rule for comment. The resulting Final Rule was submitted for State Review; however, it is currently on hold due to Executive Order 13-03 which placed a moratorium on most rulemaking. Highlights of the draft rule include:

- Stressing that risk and uncertainty as well as cost should be considered; and
- Requiring opportunities for public participation and enhanced transparency.

Although the rule is not in effect, stakeholders have agreed to move forward with the process as identified throughout the rulemaking. Therefore, Duke Energy Indiana, Indiana Michigan Power Company, Indiana Municipal Power Agency, and Wabash Valley Power Association will submit their IRPs on November 1, 2013. Hoosier Energy Rural Electric Cooperative, Indianapolis Power and Light Company, Northern Indiana Public Service Company, and Southern Indiana Gas and Electric Company will then submit theirs on November 1, 2014.

Certificate of Need Process

In order to bring new generation online, state law requires all utilities to receive approval from the Commission through the certificate of need process. This process provides the IURC and interested parties with an opportunity to evaluate the merits of a project before it is undertaken. If the Commission approves the project, the utility is granted a Certificate of Public Convenience and Necessity (CPCN); only utilities that intend to own or lease a generation facility must seek a CPCN. In cases where the utility just wishes to enter into a purchase power agreement (i.e., a long-term contract between two parties), a separate review process is conducted by the IURC.[5] Like the CPCN process, a utility must file a petition with the Commission seeking approval in order to determine prudency for the purposes of future cost recovery.

[5] Purchase power agreements are generally filed under IC § 8-1-2-42(a) or IC ch. 8-1-8.8.

Allowance for Funds Used During Construction

Allowance for Funds Used During Construction (AFUDC) is an accounting procedure that tracks the estimated composite interest incurred from using borrowed and internal funds during a construction project. AFUDC is accrued until the plant is placed in service or otherwise allowed recovery through an approved Construction Work In Progress (CWIP) tracker. Depending on the construction project, the amount of AFUDC can be considerable. When construction has finished, AFUDC ceases to accrue.

Construction Work in Progress

CWIP deals with the timing and cost recovery of capital projects during the construction phase. It provides the funds to pay the financing costs for capital expenditures during construction and is funded by the ratepayers through a tracker. Often referred to as "pay as you go" financing, CWIP provides a utility with a positive cash flow source during construction. Advocates assert that if CWIP were employed more frequently, consumers would benefit over the project's lifetime because the financing costs of construction are paid as they occur rather than accruing as an additional capital cost of the project to be paid later. By recovering financing costs more timely utilities avoid the need to finance and recover these incremental capitalized financing costs and the projects life cycle revenue requirement is reduced. Additionally, the use of CWIP spreads the rate impact of a large construction project over several years so that ratepayers are not exposed to the rate shock of a single large rate increase.

On the other hand, one of the concerns is that ratepayers pay the financing costs of construction on a plant that is not yet "used and useful." In other words, ratepayers are paying for a plant before the plant is in-service. Another concern rests with the utilities' enhanced ability to avoid full rate cases where all expenses are reviewed, including those associated with the plant. By recovering costs related to the construction of the new plant or capital project outside a full rate case, the need for utilities to have periodic full review of their rates can be significantly reduced. Many costs incurred by utilities increase and decrease over time, so without periodic full rate cases customers can be subjected to increases through the use of trackers for large capital expenditures, without the balance created from cost reductions.

Operations & Prices

Infrastructure

Aging infrastructure is a concern across all utility sectors. For the electric industry, an aging generation fleet is particularly troubling due to the potential risk to system reliability and the rising costs associated with the construction of new power plants or life extension investments for existing power plants. Over the next 15 years, the state's electricity demand is forecasted to steadily increase, with many aging coal-fired units facing retirement or premature shutdown due to tightening environmental regulations. Consequently, this era is expected to have far greater build-out of new generation than either of the past two decades. At the same time, estimating the lifetime costs of new generation units is expected to be increasingly difficult, due in large part to federal regulatory uncertainty and upward pressure on the prices of inputs like materials, construction, and fuel. Therefore, the Indiana power sector is entering into a period of unprecedented planning difficultly at a time when resource planning is increasingly necessary.

Based on the current direction of the U.S. EPA, by around 2015 Indiana will need to retrofit or retire an unprecedented wave of coal-fired generation units and replace them with a combination of new resources, due to likely environmental regulations and a large number of older coal units lacking sufficient controls.

Age Profile

Based on the current direction of the U.S. EPA, by around 2015 Indiana will need to retrofit or retire an unprecedented[6] wave of coal-fired generation units and replace them with a combination of new resources, due to likely environmental regulations and a large number of older coal units lacking sufficient controls or simply reaching the end of useful life. This will require the utilities to make substantial capital investments in order to meet U.S. EPA mandates, which will likely result in significant electric rate increases for Hoosier customers. The primary replacement fuel, based on current information, is expected to be natural gas.

[6] For example, units projected to retire represent 2,070 MW of generation capacity, or just short of 15% of the total summer-rated coal generation, which totals 15,300 MW

Nuclear, integrated gasification combined cycle technology, and other alternative resources, such as wind and demand side management, could also play a role in meeting Indiana's resource requirements.

Although generation plants are designed to last decades, it is important for the utilities to monitor their condition. Indiana's utilities may purchase incremental electricity from other sources rather than building their own power plants to maintain required power reserves. Because it takes approximately three years to construct new gas-fired peaking generation, five to 10 years to construct new conventional coal-fired generation, and still longer to bring new nuclear generation online, long-term planning is critical. In response, the IURC is in the process of updating its IRP rules, as previously discussed.

Aging Coal-Fired Units

This past year the number of coal-based units over 40 years old increased by two. In 2012, there were 41 units, and today, there are 43 units out of 65 units total.

Table 2

Age Profile of Generating Units Owned by Indiana Utilities

Separated by Coal-Based Units and Gas Generation Units

Years Old	Number Of Coal-Based Units	Mw Of Generation (Summer Rating)	Percent Of Total Coal-Based Generation
50+	26	1,703.7	11.2%
40-50	17	3,906.0	25.6%
30-40	11	5,772.0	37.8%
20 -30	8	3,595.7	23.5%
10-20	0	0.0	0.0%
0-10	3	296.0	1.9%
Total	65	15,273.4	100%

Years Old	Gas Units (Peaking)	Mw Of Generation (Summer Rating)	Percent Of Total Gas Generation (Peaking)
50+	0	0.0	0.0%
40-50	7	145.2	4.6%
30-40	3	220.0	7.0%
20 -30	5	214.0	6.8%
10-20	34	2,323.7	73.6%
0-10	3	252.9	8.0%
Total	52	3,155.8	100%

Coal units commonly become candidates for retirement past the age of 40, with most being retired by age 60. As demonstrated in Table 2, more than 36% of the total coal-fired generation is greater than 40 years old, and about 75% of the total coal-fired generation is greater than 30 years old. Natural gas-fired generation is much newer; only 19% of that fleet is greater than 20 years old. However, because gas-fired combustion turbines generally have higher marginal operating costs than coal-fired units, they typically operate only during periods of peak demand. With regard to nuclear generation, Cook Units 1 and 2 became operational in the 1970s and were re-licensed for commercial operation by the U.S. Nuclear Regulatory Commission until 2034 for Unit 1 and 2037 for Unit 2.

Indiana Electricity Outlook

The State Utility Forecasting Group (SUFG), an independent research entity based at Purdue University, has been tasked with identifying and forecasting Indiana's resource needs every two years. According to the SUFG's 2011 forecast,[7] the state will need approximately 2,600 megawatts (MW) of additional resources (all types of generating capacity, demand response, efficiency, and transmission to import power) by 2020 to meet expected load growth and maintain a 15.8% reserve margin.[8] The forecast also projects that electricity usage will grow at an annual rate of 1.30% over the 20-year forecast and that peak demand will grow at an annual rate of 1.28%.[9] This means that utilities must start considering how to meet demand in the short term.

2013 SUFG Forecast

As of the printing of this report, the State Utility Forecasting Group's 2013 report on electricity resource needs was unavailable.

Although the recession may have temporarily curtailed demand and slowed the growth of energy, the expectation is that the projected growth rates will resume over the forecast horizon. These projections provide a reasonable basis for estimating future electricity prices for planning purposes, but they do not ensure least cost resource plans. These projections also do not yet address the effects of potential U.S. EPA environmental regulations, which are

[7] www.purdue.edu/discoverypark/energy/pdfs/SUFG/2009SUFGforecast.pdf
[8] The SUFG used individual utility reserve margins that reflect the planning reserve requirements of the utility's RTO to determine the reserve requirements in the forecast
[9] Peak demand is the maximum level of electric demand in a specified period

expected to require additional environmental controls or the retirement of certain plants where retrofitting is not feasible or economical. More information about the EPA's regulations can be found beginning on page 50 of this report.

Generation Types

Natural Gas Generation

Given the relatively low cost of natural gas, utilities across the country are switching or converting from coal to natural gas. Indiana utilities are no exception. In fact, IPL filed a petition in April 2013 seeking a certificate of public convenience and necessity (CPCN) to construct a 550 to 725 MW combined cycle gas turbine generation facility at the Eagle Valley Generating Station in Morgan County.[10] The utility is also requesting a CPCN to convert two 100 MW coal generating units to natural gas at its Harding Street Generating Station in Marion County.

Fuel Type Comparison
2010 vs. 2011 vs. 2012

	2010		2011		2012
Coal:	85.0%	↓	81.9%	↓	77.6%
Nuclear:	8.4%	↑	8.7%	↑	9.1%
Natural Gas:	4.4%	↑	6.3%	↑	9.1%
Wind:	1.1%	↑	2.1%	↑	2.4%
Oil:	0.1%	↔	0.1%	↑	1.0%
Hydro:	0.4%	↓	0.3%	↔	0.3%
Other:	0.3%	↔	0.3%	↔	0.3%
Biomass:	0.2%	↔	0.2%	↔	0.2%

Coal-Based Generation

In 2007, the Commission granted Duke Energy Indiana (Duke) a CPCN and approved the construction of the Edwardsport Integrated Gasification Combined Cycle (IGCC) generating facility, which has a capacity of 618 MW. The Edwardsport IGCC facility is the first commercial-scale clean coal plant of its kind built in the United States. The facility is located on approximately 220 acres in Knox County and began commerical operation in June 2013.[11] The Indiana Municipal Power Agency (IMPA) also recently added two new coal-fired units to its portfolio to serve Indiana customers. One unit is a 96 MW share of Trimble County Unit 2, located in Trimble County, KY. It was

[10] Cause No. 44339

[11] On December 27, 2012, the IURC modified and approved a settlement agreement reached in the Duke Edwardsport IGCC case, Cause No. 43114 IGCC 4 S1. The settlement agreement set a hard cost cap for the project at $2.595 billion (as of June 30, 2012), which prohibits Duke from recovering project construction costs above this amount from retail electric customers, excluding costs related to force majeure events defined in the agreement. As of the printing of this report, this case has been appealed and is pending before the Indiana Supreme Court.

completed in 2011. The other unit is a 200 MW share of Prairie State Facility in Southwestern Illinois that went into commercial operation in 2012.

Nuclear Generation

Indiana Michigan Power Company (I&M) owns and operates the Cook Nuclear Generation Station, located in Bridgman, Michigan, to serve customers in Indiana and Michigan. Approximately 65% of the Cook plant costs and power generated are allocated to Indiana retail customers. This facility has two pressurized water reactors: Unit 1, which has a nameplate capacity of 1,048 MW and Unit 2, which has a nameplate capacity of 1,107 MW.

To safely extend the life of these units for an additional 20 years, I&M will need to implement a systematic replacement plan involving many of the plant's parts, some of which are no longer commercially available. To begin this process, I&M filed a petition with the Commission on April 13, 2012 requesting approval for its Life Cycle Management Project.[12] The cost estimate for the project totaled $1.17 billion, with an estimated completion date in 2018. The Commission issued its Order in July 2013 approving $741 million in Indiana jurisdictional costs (65% of the total project cost based on use), but disallowed inclusion of a projected $23 million in incremental upsizing costs given those components did not meet requirements set forth in statute. In 2011, the Indiana General Assembly passed SEA 251 allowing for the costs of the life cycle management project to be monitored and recovered through a tracker.[13]

Wind Generation

Indiana has become one of the fastest growing states for the development of wind farms, many of which are currently located in Benton, Newton, Madison, Tipton and White counties. The most recently announced wind farms are the Wildcat Wind Farm II in Grant and Howard counties and the Bluff Point Wind Farm in Jay and Randolph counties, as well as the Headwaters Wind Farm in Randolph County.

Unlike conventional power resources, wind power is weather-driven and intermittent, meaning it cannot be turned on to match increases in demand; however, it can be taken offline very

[12] Cause No. 44182
[13] IC ch. 8-1-8.4

quickly.[14] This function is valuable during times of grid congestion and during minimum demand. Both of the state's RTOs have established wind capacity credit values for summer 2013 peak load hours. Using the capacity credit, a 100 MW wind farm would typically have an expected output of 13.3 MW (13.3% of its nameplate capacity[15]) in the MISO area and 13.0 MW in the PJM area. As shown in Table 3, Indiana wind is projected to provide 200.5 MW of generation during these peak periods.

Table 3

Specifications of Indiana Wind Farms

Wind Farms	County	Nameplate Capacity (MW)	Peak Hour Estimated Generation (MW)	Completion Date
Benton County	Benton	130.5	17.4	2008
Fowler Ridge I	Benton	301.3	39.2	2009
Fowler Ridge II	Benton	199.5	25.9	2009
Fowler Ridge IV	Benton	150.0	0	See note 2
Fowler Ridge III	Benton	99.0	12.9	2009
Hoosier	Benton	106.0	14.1	2009
Meadow Lake I	White	199.7	26.0	2009
Meadow Lake II	White	99.0	12.9	2010
Meadow Lake III	White	103.5	13.5	2010
Meadow Lake IV	White	98.7	12.8	2010
Meadow Lake V	White	100.8	0	See note 3
Spartan	Newton	197.8	0	See note 4
Wildcat I	Madison/Tipton	100.0	26.0	2012
Bluff Point	Jay/Randolph	119.0	0	See note 2
Wildcat II	Grant/Howard	200.0	0	See note 5
Headwaters	Randolph	200.0	0	See note 6
Total		2,504.8	200.5	

Note 1: Assumes 13.3% of nameplate capacity (Midwest ISO wind capacity credit) or 13.0% of capacity (PJM wind capacity credit) will be available during summer peak hours.
Note 2: Construction has not begun.
Note 3: Approximately one mile of access roads have been completed. Construction is currently suspended.
Note 4: The nameplate capacity of the Spartan wind farm has increased from 101 MW to 199.8 MW. Construction has not begun.
Note 5: WIldcat II was authorized by the Commission in Cause No. 44335. Construction has not begun.
Note 6: Headwaters Wind Farm is before the Commission in Cause No. 44358.

[14] Dispatchability is the ability of a power plant to alter its output quickly to a desired level
[15] Nameplate capacity is the intended full–load sustained output of a facility

Solar Generation

Two large solar photovoltaic projects are currently planned for Indiana. The larger of the two projects – IND Solar Farm – will be located at the Indianapolis International Airport. Upon its completion, the project will cover 75 acres and consist of more than 41,000 solar panels set to generate 15 MW of energy. The other major solar project will be located at the Indianapolis Motor Speedway (IMS) on 25-acres of IMS property northeast of the track. The IMS installation will be the largest solar-power system hosted at any sporting facility in the world, with 39,312 solar panels projected to generate 9.6 MW of energy.

Biomass Generation

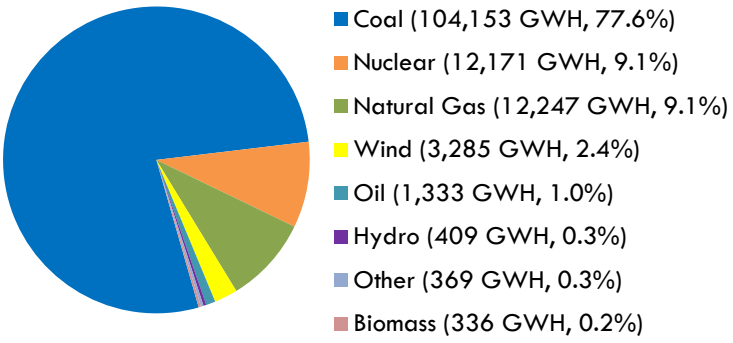
Biomass generally consists of: 1) woody residues from forest management activities and the pulp and paper industry; 2) municipal solid waste such as waste paper, cardboard, wood waste and yard cuttings; and 3) agriculture crop residues and animal waste. The decomposition of biomass is what produces fuel, such as landfill gas and coal bed methane. Landfill gas is the primary biomass fuel used to generate electricity in Indiana. According to IURC data, the current total operating generation capacity from Indiana's landfills for use by Indiana consumers is 47 MW.

Existing Generation Portfolio

Coal-fired generation accounts for 77.6% of the projected 2012 energy production for Indiana customers, as shown in Chart 1. Tying for second are natural gas and nuclear generation at 9.1%. Although Indiana does not have a nuclear plant within the state, customers in the northeastern portion of Indiana are served by I&M's Cook Nuclear Generation Station located in Bridgman, Michigan.

Chart 1

Projected Generation of Electricity by Fuel Type for Indiana Consumers for 2012



It is normal for power plants to produce less than what they could produce if run at full capacity. This ratio of actual energy output to potential output is referred to as a capacity

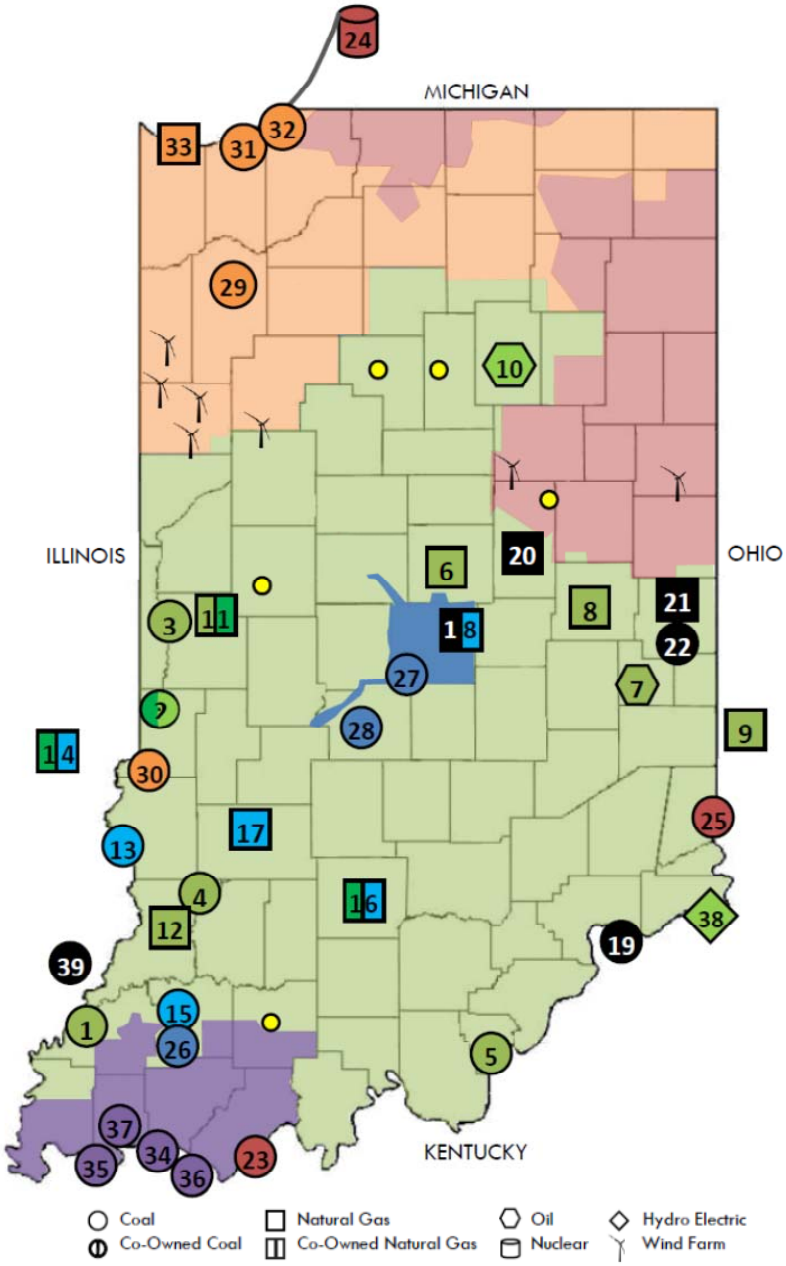
factor. The capacity factors of power plants vary depending on technology, resource, and purpose. Nationally, capacity factors are typically more than 90% of the potential output for nuclear, 70-90% for large coal units, 20-40% for wind, and 10-15% for solar photovoltaics. When considering the makeup of a generation portfolio, a utility takes capacity factors into account in order to maximize efficiency and the total output of its investments. Map 4 below shows the location, size, and fuel type of the largest sources producing electricity for Indiana's customers.

Map 4

Statewide Map of Electric Generation Serving Indiana

Summer MW Ratings

Duke Energy Indiana		
1	Gibson	3,132
2	Wabash River	668
3	Cayuga	1094
4	Edwardsport	618
5	Gallagher	280
6	Noblesville	285
7	Connersville	86
8	Henry County	129
9	Madison (OH)	576
10	Miami Wabash	80
11	Vermillion 1-5	355
12	Wheatland	460
38	Markland	52
Hoosier Energy		
13	Merom	998
14	Holland (IL)	314
15	Ratts	241
16	Lawrence	176
17	Worthington	172
Indiana Municipal Power Agency		
18	Georgetown 2&3	158
19	Trimble County (KY)	66
20	Anderson	167
21	Richmond	181
22	Whitewater Valley	99
39	Prairie State	100
	Other Cities	
Indiana Michigan Power		
23	Rockport	2,600
24	Cook (MI)	2,223
25	Tanners Creek	980
Indianapolis Power & Light		
26	Petersburg	1,747
27	Harding Street	1,091
28	Eagle Valley	338
18	Georgetown 1&4	158
Northern Indiana Public Service Co.		
29	Schahfer	1,780
30	Sugar Creek	535
31	Bailly	511
32	Michigan City	469
33	Mitchell	17
Southern Indiana Gas & Electric Co.		
34	Warrick	150
35	Brown	640
36	Culley	360
37	Broadway/Northeast	135
Wabash Valley Power		
2	Wabash River 1 IGCC	210
11	Vermilion 6-8	213
14	Holland (IL)	314
16	Lawrence	86



Pricing and Economics

How Indiana Compares

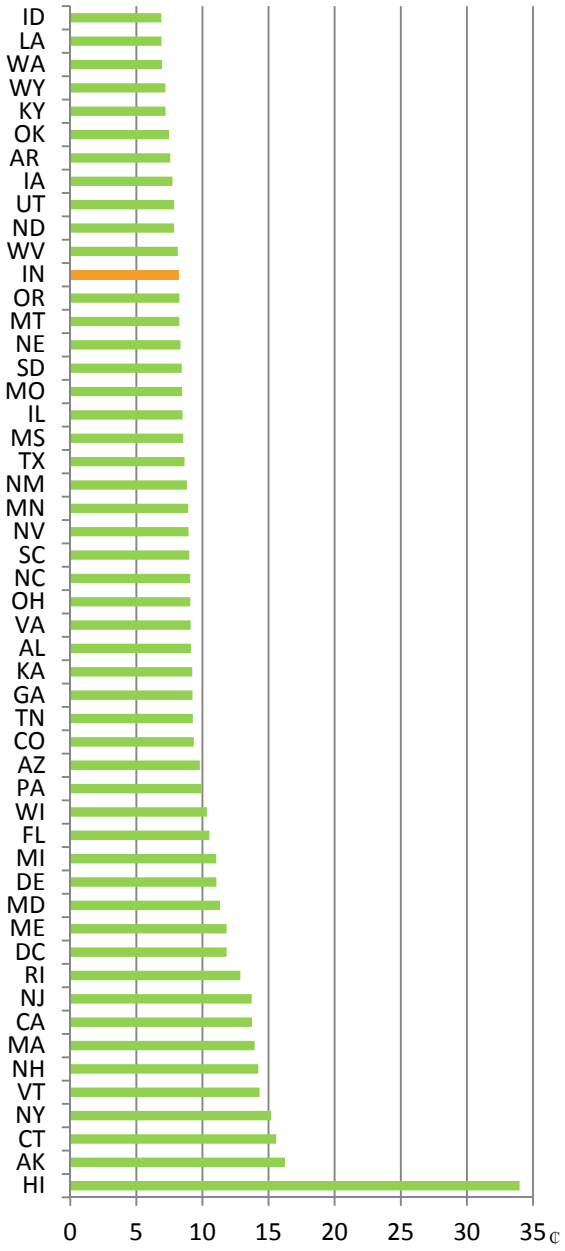
Indiana's average retail prices for electricity have been and continue to be competitive both nationally and regionally. Retail prices are the average price for all rate classes, including residential, commercial, and industrial customers.

Indiana's annual ranking for average total customer retail rates from 2000 to 2012 ranged from 9th lowest in 2000 to 4th lowest in 2002 to 12th lowest in 2012. The variability in ranking is the result of many factors, including the timing of rate cases, both in and out of state, and fluctuations in the cost of fuel. Also, because the prices of the 20 lowest states are so close together, minor differences in price can cause changes in ranking.

Chart 2 shows how Indiana compares to other states for 2012 average electricity prices. Neighboring states' total customer retail rates for 2012 rank as follows: Kentucky 5th, Illinois 18th, Ohio 26th, and Michigan 37th.

Chart 2

2012 State Average Electricity Prices
(cents/kWh)



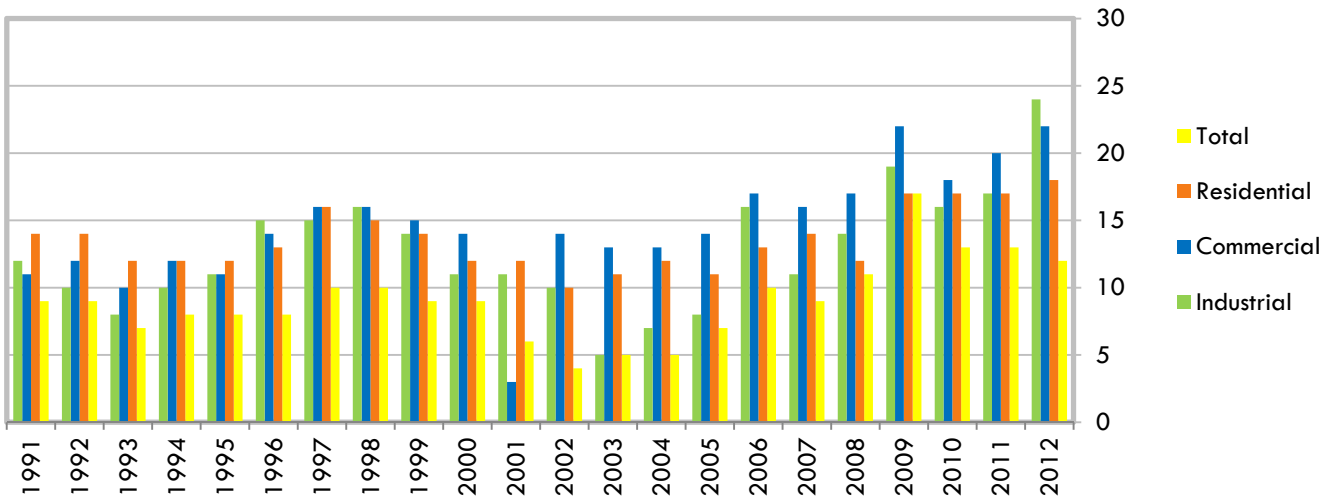
Source: Energy Information Administration

Chart 3 shows Indiana's national rankings over the past 20+ years and how they have fluctuated. Based on this chart, differences can be seen between the various customer classes

– residential, commercial and industrial. Due to a number of factors, each class has been affected differently from a ranking standpoint. As shown on the following chart, industrial customers have slipped in ranking more than other customer classes, from 17th in 2011 to 24th in 2012.

Chart 3

Indiana's Retail Customer Rate National Ranking



Source: Energy Information Administration

Indiana's use of coal as a fuel source for electricity generation has contributed to the state's relatively low-cost electricity, historically an important economic development advantage. However, investment costs to address environmental mandates, the general trend of increased coal prices observed since 2003, and decreased natural gas prices since 2011 have reduced Indiana's relative price advantage. Some of the factors driving the coal cost increases and natural gas decreases are as follows:

- Coal trends
    - Increasingly difficult permitting requirements
    - International competition for domestic coal production
- Natural gas trends
    - Newer technology and lower extraction costs
    - Emergence of shale gas

When focusing solely on rankings, Indiana is still competitive; however, its ranking has gone up in recent years due to changes in the commodity markets and compliance with new federal environmental regulations. If Indiana is to remain competitive moving forward, long-term planning is critical.

Adjustable Rate Mechanisms (Trackers)

Indiana's regulatory statutes include adjustable rate mechanisms (trackers) for certain expenses and capital investments. Tracking mechanisms provide more timely ongoing recovery of specifically-defined costs, compared to recovery as the result of a rate case.

Expense Trackers

The fuel adjustment clause (FAC) has existed in Indiana for more than three decades and tracks a utility's largest variable operating expense, which is fuel. Other expenses tracked have expanded in recent years to include demand-side management programs; emission allowances; purchased power capacity; clean coal technology operation and maintenance; and MISO/PJM management expenses.

Indiana's regulatory statutes include adjustable rate mechanisms (trackers) as an integral part of regulation. Expenses that are characterized as largely outside the utility's control, volatile, and materially significant are the intended goals of such trackers.

An expense tracker allows retail rates to be adjusted outside the context of a base rate case to reflect changes in operating expenses, excluding a return on such expenses. The pass-through of unpredictable revenues and expenses to ratepayers also reduces volatility in the utility's earnings and may enhance the utility's credit rating. Recovery of expenses that are characterized as largely outside the utility's control, volatile, and materially significant is the intended goal of such trackers.

Capital Investment Trackers

By comparison, a capital investment tracker allows a utility to reflect certain clean coal and energy generation capital costs in its rate base, the associated return on such investment in retail rates outside a base rate case.[16] A capital investment tracker reduces the lag time

[16] SEA 560, signed into law this past legislative session, expanded this to transmission and distribution as well

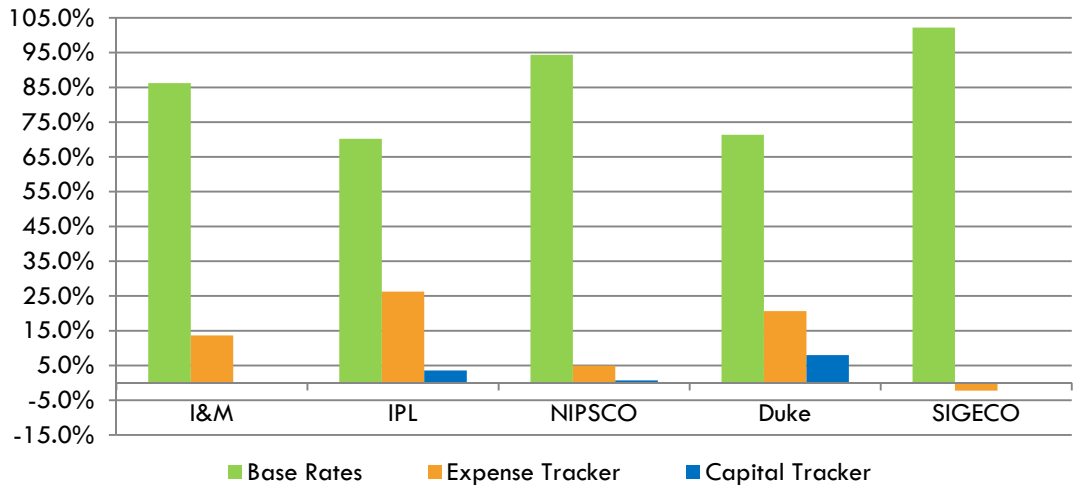
between when capital expenditures are made and cost recovery for the utility begins. Credit rating agencies typically view such trackers favorably. Benefits to ratepayers include the mitigation of rate shock in addition to reduced costs of financing (i.e., lower interest rates) over the life of the investment. Capital trackers have most commonly been utilized by utilities to support major investments in upgrading coal generation plants to comply with increasingly stringent environmental regulations.

Composition of Customer Bills

Chart 4 shows a breakdown of how base rates, expense adjustments, and capital adjustments contribute to a residential customer's bill for each of Indiana's electric IOUs. The relative weighting of these elements varies in part due to the magnitude of a company's construction program and how much time has elapsed since its last base rate case.

Chart 4

Residential Bill Components for the Investor-Owned Utilities



Expense Tracker - allows retail rates to be adjusted outside the context of a base rate case to reflect changes in operating expenses excluding a return on such expenses.

Capital Tracker - allows a utility to reflect certain clean coal and energy generation capital costs in its rate base and to reflect the associated return on such investment in retail rates outside a base rate case.

All requests for cost recovery must come before the IURC for approval. As a part of the review process, the OUCC and other stakeholders examine the underlying support for the requested rate adjustment and may provide evidence supporting or contesting the request in proceedings. The Commission also reviews the tracked costs before rendering a decision.

Modernization and Efficiency

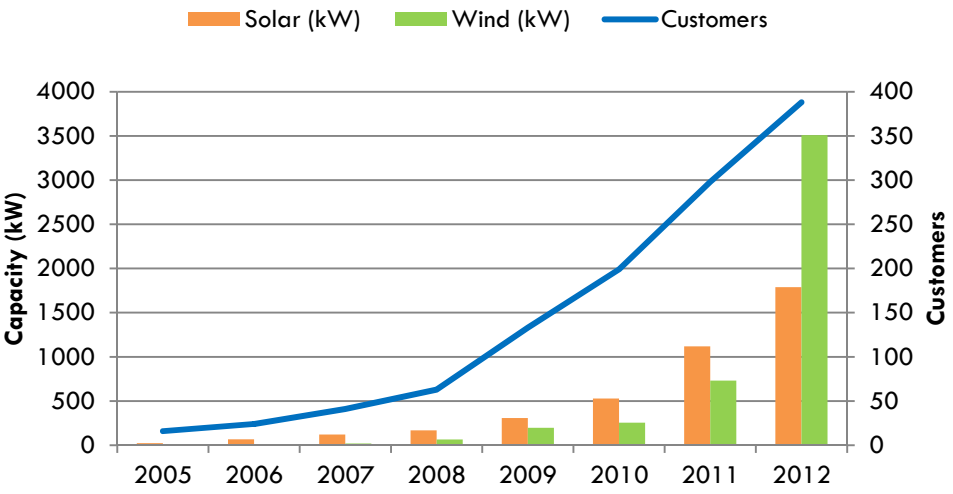
While the majority of Indiana's electric needs are met through coal-fired generation owned by the utilities, the value of Indiana's energy services is enhanced by renewable initiatives, energy efficiency, and demand response programs.[17]

Net Metering

Net metering allows customers to supplement their electric usage and cut costs by installing renewable energy facilities such as wind turbines or solar panels, while relying on the electric utility as a back-up provider. If the amount of electricity the customer receives from the utility is greater than the amount delivered to the utility, the difference is charged to the customer. If the amount the customer receives from the utility is less than the amount delivered to the utility, the customer receives a credit on the next bill for the difference.

Chart 5

Net Metering Capacity (kW) and Participation in Indiana



Three years ago, the IURC started the formal rulemaking process to update the net metering rule, which became effective in July 2011. As a result, net metering is now available to all customer classes and energy production facilities

[17] Energy efficiency refers to measures or technologies that reduce the consumption of energy while demand response resources refer to measures, technologies, or incentives and pricing programs that reduce or curtail load during peak periods

have a maximum capacity of 1 MW. Since the rule went into effect, participation has increased year-over-year. At the end of 2012, there was a 95% increase in participation in net metering, from 199 net metering customers in 2010 to 388 customers last year. Total capacity increased as well by 576% in that same period. This growth is illustrated in Chart 5.

Feed-in Tariffs

Small scale renewable energy technologies that use solar, wind, and/or biomass to produce energy often initially require subsidies to compete with traditional generation resources that burn coal or gas. Therefore, many utilities, with the support of their regulators, are encouraging the development of renewable technologies by offering to buy energy generated by customer-owned facilities at prices that make the projects economically viable.

Feed-in tariffs encourage renewable energy development

Unlike a traditional utility tariff, which specifies the price at which a ratepayer may purchase energy, a feed-in tariff specifies the price at which a utility will purchase energy generated from qualified, customer-owned facilities. Feed-in rates align costs and attributes between technologies and unit size so as to not encourage one renewable technology to the detriment of another. The cost of the energy purchased under a feed-in tariff is recovered from the utility's ratepayers in a manner similar to that by which fuel expenses are recovered. By setting an appropriate purchase price for feed-in technologies, a balance can be struck between the need for renewables and cost increases to customers.

The IURC granted IPL[18] and NIPSCO[19] the ability to offer feed-in tariffs at rates up to 30¢ per kWh for solar power and up to 17¢ per kWh for wind power. Both programs specify a minimum individual project size (capacity), a maximum aggregate capacity available under the tariffs, and a maximum contract term of 15 years. IPL's feed-in tariff offer for new projects expired on March 30, 2013, and the company did not seek an extension. NIPSCO's offer expires on December 31, 2013, and a petition to continue it beyond this date has not been filed yet. A summary of the approved renewable power contracts by type and utility company is shown in Table 4.

[18] Cause No. 44018
[19] Cause No. 43922

Table 4

Capacities (in kW) of Feed-In Renewable Power Production Contracts
Approved through April 30, 2013

	Small Wind (<100 kW)	Large Wind (>1 MW)	Small Solar PV (<100 kW)	Large Solar PV (>100 kW)	Biomass/ Biogas	Total
IPL	50.0	0	998.7	79,521.0	0	80,569.7
NIPSCO	10.2	150.0	500.0	14,500.0	14,350.0	29,510.2
Total kW	60.2	150.0	1,498.7	94,021.0	14,350.0	110,079.9

Note: There have been no contracts for intermediate wind projects (capacity of 100 kW to 1 MW).

Plug-in Electric Vehicle Development

Indiana consumers and businesses are gaining access to a growing variety of technologies and fuels that reduce reliance on petroleum and cut emissions. Nationally, more than 30,000 all-electric vehicles are on the roads today. An all electric vehicle (EV) uses batteries to store electrical energy, which then powers the vehicle's motor. EV drivers are now benefiting from a growing network of charging stations. There are now 5,983 publically accessible charging stations in the US. Of those, 59 are in the state of Indiana.[20] To help customers become EV-ready, NIPSCO and IPL are promoting the adoption of EVs through their ongoing pilot programs. These programs not only accommodate EV use on Indiana's roadways, but also help each utility gain insight into the potential impact of EV charging on their distribution systems in order to better understand customer expectations.

As of December 31, 2012, IPL had installed 146 chargers in 111 locations, consisting of 89 residential, 11 fleet, and 8 public, including locations at Tom Wood Ford, the Indianapolis Zoo, and Eli Lilly & Company. IPL is working with technology vendors to install software that would allow customers to see where charging stations are installed and to activate the use of key fobs for payment processing at public locations. NIPSCO is also continuing to install public charging ports at their Valparaiso, Hammond, and La Porte facilities. On the residential home front, NIPSCO has received 82 customer enrollment requests for its IN-Charge At Home Program. Of these, 66 home charger and second meter installations have been completed for 50 customers.

[20] Office of Energy Efficiency and Renewable Energy Website (alternative fueling station locator), U.S. Department of Energy

Indianapolis Electric Car Share Program

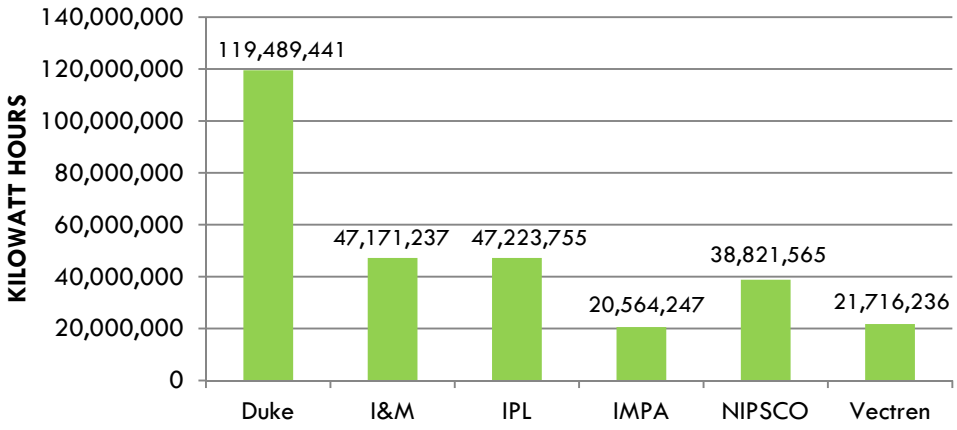
In June 2013, Mayor Greg Ballard announced plans to make Indianapolis the largest car sharing city in the United States. Partnering with Bollore, a French company, more than 500 electric cars will be brought to the city for communal use. To power the fleet, 1,200 charging stations at 200 locations will be installed. The mayor also recently signed an Executive Order requiring the city to replace its nearly 500 non-police sedans with electric or plug-in hybrid vehicles. As a partner in the Mayor's initiative to transform the city's vehicle fleet to post-oil alternatives by 2025, IPL will purchase and install electric vehicle charging stations at three city vehicle fleet locations.

Energy Efficiency Programs

Indiana is among the 25 states that have energy efficiency resource standards in place or have enacted long-term energy savings targets.[21] The statewide commercial operation of Energizing Indiana (Core Programs) combined with utility-specific programs (Core Plus programs) are operating at a steady pace across the state. In 2012, the Core Programs achieved 294,986,472 kilowatt hours in electric savings across the state,[22] which is equivalent to CO_2 emission reductions from 31,157 homes for one year.[23] Chart 6 shows each utility's contribution to this achievement of reducing electricity consumption in Indiana. Given Duke Energy has more customers to serve, its contribution to the statewide savings goals is correspondingly larger.

Chart 6

Verified Electric Energy Savings Achieved for 2012



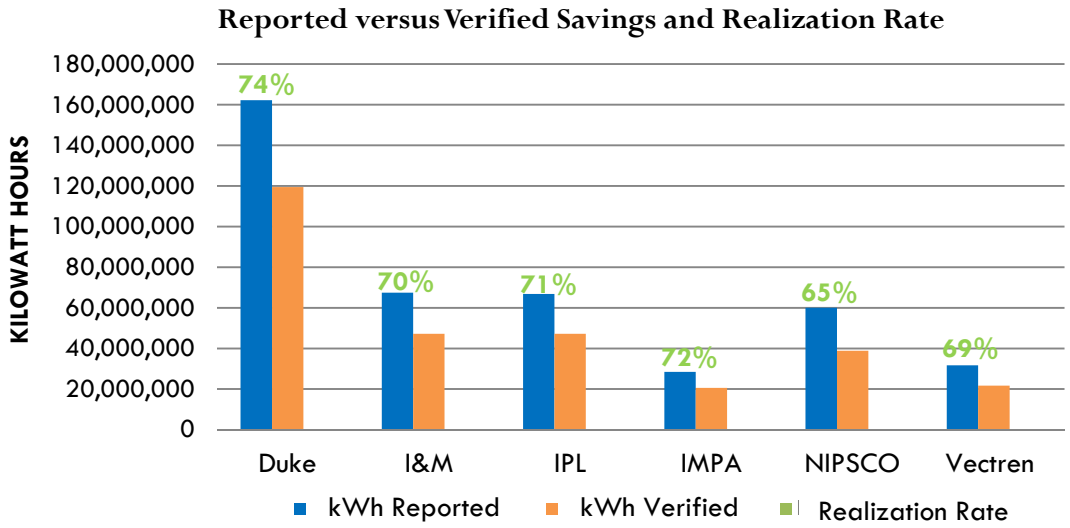
In August 2012, the Commission approved a one-year contract extension for the statewide third party administrators (TPA) - GoodCents and Tec Market Works. The extension adds time

[21] Energy Efficiency Resource Standards Policy Brief, July 2013, ACEEE
[22] 2012 Energizing Indiana Programs EM&V Final Report, filed under Cause No. 42693 S1 on June 26, 2013.
[23] www.epa.gov/cleanenergy/energy-resources/calculator.html#results

and experience to the Demand Side Management Coordination Committee's (DSMCC) efforts in developing the next multi-year phase of the statewide Core Programs.[24] The DSMCC also conducted a critical review of the existing Core Programs to assess their continued viability in the Indiana marketplace, and in June 2013 it filed an initial EM&V Report that documents performance in 2012 of the Core Programs. Consistent EM&V is a logical and necessary part of a statewide energy efficiency program as it allows stakeholders and the Commission to monitor program performance, ensure that ratepayer funds are being judiciously spent, and ensure that programs are operating cost effectively. For Indiana, the evaluation provides 30 individual program impact assessments (five Core Programs multiplied by six utilities).[25]

At a high level, verified savings for 2012 are much lower than the gross savings reported by GoodCents. The Core Programs reported achieving 416,666,806 kilowatt hours in savings for 2012. Of this, the evaluation team verified accomplishments of 294,986,472 kilowatt hours in savings, as shown in Chart 7, for an overall verified program realization rate of 71% for kWh's in 2012.[26]

Chart 7



[24] The DSMCC oversees the five Core programs and includes representatives from the investor-owned utilities, IMPA, the Office of Utility Consumer Counselor, the Industrial Group, and the Citizens Action Coalition

[25] The five IOU's and IMPA.

[26] The realization rate is the ratio of savings verified by EM&V to the savings reported by the Program Administrator.

The evaluator noted several reasons why savings were much lower than reported:

1. There are far more gas heated and gas water heated homes served by the programs than assumed in planning.
2. The number of measures installed by the program were installed at lower volumes than the levels assumed in the planning phase.
3. Several of the programs did not achieve the participation rates assumed during the planning phase.

Additionally, the evaluator acknowledged that the Core Program energy savings targets were very aggressive and required high levels of participation immediately upon program launch. However, the evaluator reported that professionalism by the auditors conducting the energy assessments inside the home was the primary factor of customer satisfaction for both the home energy audit and the qualified income weatherization programs. For the schools program, 91% of teachers reported they would be highly likely to recommend the program to other teachers and 92% of school facility staff was highly satisfied with the building assessment program.

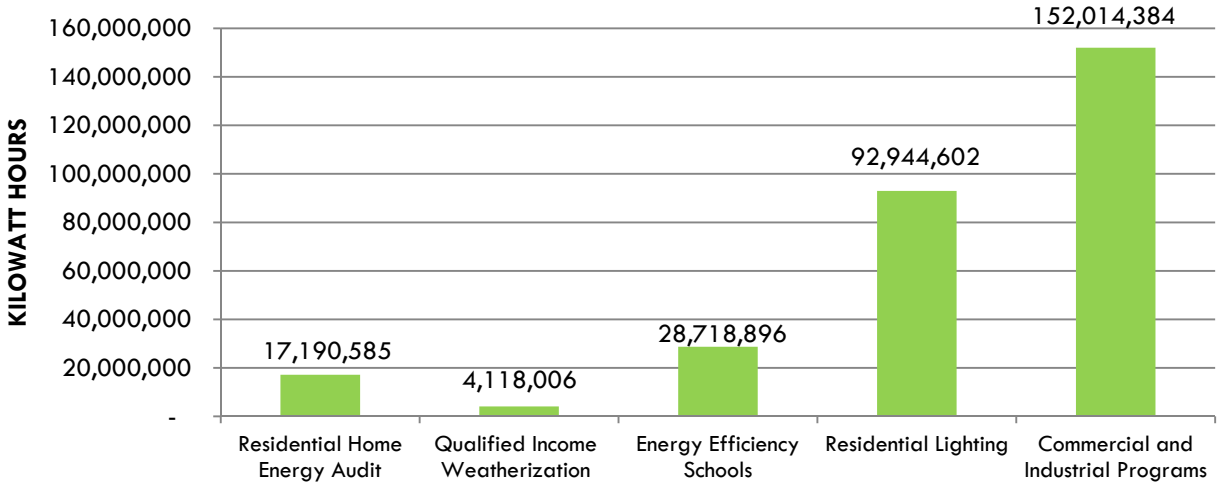
Chart 8 on the following page shows verified individual program performance in 2012. Indiana's energy intensive industrial customers are the largest source of electricity savings as the industrial program contributed 152,014,384 kilowatt hours or 52% of the total savings achieved in 2012 across the five programs.

In recognition of the evolution in the nature of requests from the state's largest electricity users, the Commission commenced an investigation in February of this year to examine the possible adoption of a structured self-directed energy efficiency program. Indiana's industrial sector is home to seven energy-intensive industries such as bulk chemicals and primary metal products.[27] The investigation will explore program characteristics that may better optimize energy savings opportunities for these customers than could be accomplished through existing Core and Core Plus programs.

[27] State Utility Forecasting Group, Energy Center of Purdue University, Electricity Demand Forecasting Presentation, March 5, 2013

Chart 8

Savings from Energizing Indiana Programs



Another key component in the evaluation process is the assurance that the programs are cost effective. Cost effectiveness is a form of economic analysis that compares the relative costs and benefits of energy efficiency and demand response programs. The evaluator reported that in general, the energy efficiency Core Program portfolios for each of the utilities as well as the Core program in total were found to be cost effective for 2012, the first year of the program.

Supplementing the Core Programs are territory-specific Core Plus Programs that are utility-led but monitored by oversight boards similar to the DSMCC. In 2012, the Core Plus Programs yielded 180,220,000 kilowatt hours.[28] This is equivalent to CO_2 emissions from the electricity use of 19,034 homes for one year.[29]

Demand Response Programs

Demand response programs have a long history in the electric industry, and the types of programs available have expanded in recent years. The U.S. Department of Energy defines demand response, in part, as "changes in electric usage by end-use customers from their normal consumption patterns in response to changes in the price of electricity over time."

[28] July 1, 2013 Compliance filings from Duke Energy Indiana, Northern Indiana Public Service Company, Indiana Michigan Power, Indianapolis Power and Light, and Vectren South Electric
[29] http://www.epa.gov/cleanenergy/energy-resources/calculator.html#results

Traditionally, Indiana utilities have relied upon interruptible load contracts with large industrial customers to reduce the need for utility-owned generation capacity. In other words, if the customer agrees to reduce its demand during peak use times, it will get a better overall rate. This arrangement is often called demand response. In response to utility requests, increased use has also been made of appliance demand response programs, with emphasis on the control of air conditioners during times of peak load. Indiana utilities have 1,258 MW of load reduction via demand response available for the summer 2013, with a large majority of this coming from interruptible load contracts with large industrial customers. Demand response programs emphasize the relationship between customer consumption patterns during peak periods in response to high wholesale market prices or when system reliability is at risk. Indiana is among many states working to increase cost-effective customer participation in demand response programs.

Demand response programs emphasize the relationship between customer consumption patterns during peak periods in response to high wholesale market prices or when system reliability is at risk. Indiana is among many states working to increase cost-effective customer participation in demand response programs.

On July 28, 2010, the Commission issued a decision in Cause No. 43566, an investigation into the benefits of customer participation in demand response programs offered by PJM and the MISO. In the decision, the Commission expressed support for efforts to increase demand response at the wholesale level and stated that RTO demand response programs must work in tandem with and not at cross purposes to Indiana's utility regulatory framework. Consequently, all five IOUs put programs in place to enable customer participation in the demand response programs offered by the RTOs. In order to track the effectiveness of these programs, each utility must file a report with Commission describing its experience, the costs and expenses associated with the tariffs, and the administrative charges being collected.

According to the 2012 Demand Response Annual Report filed by I&M, 15 medium sized commercial and industrial entities participated in the company's Demand Response Service – Emergency (Rider DRS-1) with a total interruptible capacity of 26.5 MW. The other four IOUs – Duke, NIPSCO, SIGECO, and IPL – are members of MISO whose DR programs are fairly new compared to those offered by PJM. Thus far, customer participation has been low.

Regulatory Initiatives

State Initiatives

Senate Enrolled Act 560

In addition to establishing a 300-day timeline for rate cases, Senate Enrolled Act 560 (SEA 560) also provided new incentives for utility companies and businesses. In order to encourage investment in transmission and distribution systems, the legislature created a new tracker called the transmission, distribution and storage system improvement charge (TDSIC), which covers projects related to safety, reliability, system modernization, economic development, and the extension of natural gas service to rural areas. Recovery through the TDSIC tracker is limited to an average aggregate increase of less than 2% a year in the utility's total retail revenues.

300-Day Rate Case Timeline

The IURC worked with stakeholders to establish a 300-day timeline for rate cases to expedite the ratemaking process and avoid temporary rates from going into effect. The new schedule is detailed in the introduction section of the report.

Traditionally these costs would have been included in rates for recovery in a base rate case. However, utilities can now petition for recovery on a more regular basis. But before project or improvement costs can be passed through to consumers, the utility must submit a seven-year plan to the IURC for review and approval. There is then opportunity for hearing and public comment. Upon receiving approval from the IURC, the utility may then petition for recovery of actual expenditures through a biannual tracker filing. Only 80% of capital expenditures may be recovered through the tracker, whereas 20% must be deferred until the utility's next rate case. To ensure that faster recovery does not lead to less general rate oversight, the legislature required any utility using TDSIC to come in for a base rate case within that seven-year timeframe.

Economic development is also encouraged through an opportunity for a temporary discount to the demand component of a company's rates and charges. To qualify, a business' facility must

have a demand of at least 10 MW. It must also employ more than 50 full-time people; show that the discount would attract, create, or retain jobs; and demonstrate that demand for electricity would increase by at least 1 MW as a result of the jobs created or retained. Discounts range from up to 10% to 20% and are dependent on the type of project at hand. The development incentives expire after three years.

Senate Enrolled Act 94

As previously mentioned within the overview section of the Electric Report, transmission is handled at the federal and regional levels by the FERC and the two RTOs operating within Indiana. Whereas the FERC oversees transmission rates and broader transmission policies, the RTOs have functional control over the transmission system within their geographical area. Consequently, when the FERC issued Order No. 1000, the RTOs and Indiana utilities were affected.

The FERC Order required RTOs to remove any federal right of first refusal (ROFR) from their tariffs for cost-shared transmission projects; however, it stated it would honor any state legislation instituting a ROFR. A ROFR simply means that an incumbent utility would have the right to construct a project without it going out to bid. In the past, the FERC allowed for a federal ROFR to ensure transmission projects were completed safely and in a timely fashion. Rather than making a ROFR applicable to all projects, SEA 94 only designated baseline reliability projects (within the MISO footprint) or those between 100 and 300 kV (within the PJM footprint) as eligible for ROFR treatment. This means larger projects are still competitively bid.

By giving the incumbent utility the ROFR for lower voltage reliability projects, the law ensures the entity most familiar with the system will control it for reliability purposes. It also provides consistency from one RTO to another and provides clarity for new transmission owners wishing to operate in Indiana by clearly defining the certification process at the IURC.

Protecting Critical Infrastructure

Threats to utilities' critical infrastructure – both cyber and physical – have never been greater than they are today. The highly publicized Stuxnet and Shamoon incidents are examples of cyber attacks that have damaged or destroyed critical infrastructure. These threats have the

potential to halt emergency services, bring down communications systems, taint water supply, and create widespread power outages. In other words, they pose a serious risk to our everyday lives.

Reacting to these threats, President Obama on February 12, 2013 signed an Executive Order to improve critical infrastructure cybersecurity. The Executive Order established a process to develop a partnership with the intent "to increase the volume, timeliness, and quality of cyber threat information shared with U.S. private sector entities so that these entities may better protect and defend themselves against cyber threats."[30]

Additional action is being taken at the national level through organizations like NARUC. Out of more than 200 utility commissioners across the country, Indiana Commissioner Carolene Mays was selected to chair NARUC's Critical Infrastructure Committee. In this leadership role, Commissioner Mays provides a vital public service by providing a forum to analyze solutions to infrastructure security and delivery concerns through collaboration with state and federal officials.

In order to further protect Indiana, the IURC, under Commissioner Mays' leadership, began investigating cybersecurity issues and engaging the utilities about their preparedness. Topics discussed included actions taken toward mitigation and resiliency in the event of a cyber attack. Other state agencies also participated, including the Indiana Department of Homeland Security and the Indiana Office of Technology. Thus far, the IURC has met with utility representatives from the electric, natural gas, and communications industries and plans to hold additional meetings with the communications industry on September 9th and 10th and with the water industry on October 30th and 31st.

Federal Initiatives

U.S. EPA Regulations

Based on preliminary analysis, recent environmental decisions being made at the federal level have the potential to negatively impact the state of Indiana. Given the number of new

[30] www.whitehouse.gov/the-press-office/2013/02/12/executive-order-improving-critical-infrastructure-cybersecurity

requirements, the tight timeframes to comply with the regulations, and Indiana's reliance on coal, costs are expected to be significant.

Numerous studies have been conducted on the potential impacts. For example, the SUFG released a study entitled "The Impacts of Federal Environmental Regulations on Indiana Electric Prices" in January 2012. The study analyzed how the Cross State Air Pollution Rule (CSAPR), Mercury and Air Toxics Standards Rule (MATS), greenhouse gas, cooling water, and coal ash regulations would affect Indiana. The SUFG projected that prices would be about 14% higher than a scenario absent U.S. EPA regulations.[31] Another projection is from the MISO, which announced in July 2013 that capital investment of $33 billion will be required to retrofit and/or replace units. It also stated that average energy prices could increase by $5/MWh or approximately 13%.[32]

U.S. EPA regulations = a potential 14% ↑ in rates

Because the Commission is concerned about the impact on rates, it strongly opposed the U.S. EPA's proposed three-year compliance timeline in the MATS rule. In an August 2011 letter to U.S. EPA Administrator Lisa Jackson, the IURC stated:

> "It would be extremely difficult, if not impossible, for any single utility to complete these requirements within even a four-year timeline. Additionally, the compressed timeline will force utilities to compete against each other for scarce resources further driving up costs that will ultimately be borne by consumers. Our Indiana utilities project that the compressed timeline proposed will inflate costs to twice that of a more reasonable 6-8 year implementation."

Stricter ambient air quality standards for ozone and particulate matter, which are implemented at the state level, could also result in tighter limits under CSAPR and through compliance enforcement. The U.S. EPA has stated it will need until at least August 2013 to

[31] Due to the timing and stringency of the regulations, as well as the complexity of modeling the various factors affecting the production, delivery, and consumption of electricity, the SUFG stresses there is considerable uncertainty regarding the exact impact of the regulations

[32] "Impact of EPA Regulations on Coal-Fired Capacity," Ryan Westphal, Midwest ISO, July 24, 2012

finalize new standards for particulate matter, and that it will complete its ongoing five-year review by the end of this year.

Further detail is provided below about the rules pending at or finalized by the U.S. EPA:

Cross State Air Pollution Rule | Stayed (Pending Judicial Review)

- Impact: CSAPR requires power plants in 28 states (including Indiana) to reduce emissions of SO_2 and NOx, to assist states in attaining fine particle National Ambient Air Quality Standards. CSAPR was set to replace the Clean Air Interstate Rule (CAIR) on January 1, 2012. CSAPR emission limits and emission allowance trading are more stringent than those in CAIR. CSAPR is stayed pending review by the U.S. Supreme Court. Therefore, as of now, CAIR remains in effect.

Mercury and Air Toxics Standards Rule | Effective Rule

- Impact: MATS limits mercury, acid gases, and other toxic pollution emissions from electric generating units with a nameplate capacity greater than 25 MW that burn coal or oil. The rule requires installation of maximum achievable control technology and does not include any emission allowance trading mechanism. Compliance with MATS begins in April 2015. A one-year extension can be granted by state authorities for units working to install emission controls, and a two-year extension can be granted to units determined to be reliability-critical.

Carbon Pollution Standard for New Power Plants Rule | Proposed on March 27, 2012

- Impact: This rule does not apply to plants currently operating or newly permitted plants set to begin construction within 12 months of March 27, 2012. The U.S. EPA has stated the CO_2 emission standard can be met with new natural gas combined cycle plants or carbon reducing technologies on new coal plants.

Cooling Water Intake Rule | Proposed on April 20, 2011

- Impact: Pursuant to standards under 316(b) of the Clean Water Act, this rule is designed to protect aquatic life harmed by cooling water intakes at existing power plants. The U.S. EPA was initially required to finalize this rule by June 27, 2013, but this date is now November 3, 2013.

Coal Combustion Residual (CCR) Rule | Proposed on June 21, 2010

- Impact: This rule would regulate the handling of coal ash. The primary difference between the CCR rules proposed is whether to regulate coal ash as a hazardous or non-hazardous waste under the Resource Conservation and Recovery Act. A final rule is expected in 2013.

Effluent Discharges Rule | Proposed on April 19, 2013

- Impact: This rule would establish new or additional requirements for wastewater streams from processes associated with steam electric power generation. Depending on the requirements, the U.S. EPA expects reductions of pollutant discharges by 470 million to 2.62 billion pounds and of water use by 50 billion to 103 billion gallons per year. A final rule is expected by June 2014.

Indiana Utility Compliance

The new rules (especially MATS) are causing several IOUs to seek approval for additional pollution control technology in order to comply with the extremely tight timeframes associated with the implementation.

Before any of the rules were finalized, Indiana's electric IOUs already had environmental compliance plans in place and clean coal technology installed on their power plants to comply with existing U.S. EPA regulations. However, the new rules (especially MATS) are causing several IOUs to seek approval for additional pollution control technology in order to comply with the extremely tight timeframes associated with the implementation. Table 5 on the following page summarizes the impact of the new rules thus far on the IOUs and the actions they plan to take.

Table 5

U.S. EPA Compliance Actions, Announcements, and Scheduled Retirements of Indiana's Investor-Owned Utilities' Generating Units (2010- 2020)

Utility	Pollution Control Property	Retirements
DUKE	Cause No. 43873 – In September 2010, a CPCN was granted for dry sorbent injection technology at Gallagher Units 2 and 4, estimated to cost approximately $16 million. Cause No. 44217 – In April 2013, a CPCN was granted for selective catalytic reduction (SCR) systems at Cayuga Units 1 and 2 and mercury control systems at all five Gibson units and Gallagher Units 1 and 2, estimated to cost approximately $395 million.	2012 - Gallagher Units 1 and 3 (280 MW) 2015 – Wabash River Units 2-6 (668 MW)
I&M	Cause No. 44331 (pending) – CPCN request for dry sorbent injection (DSI) system technology on Rockport Units 1 and 2 estimated to cost approximately $285 million.	2014/15-Tanners Creek Units 1-3 (495 MW)
IPL	Cause No. 44242 (pending) – In August 2013, the IURC approved a CPCN request for electrostatic precipitator enhancements/upgrades, flue gas desulfurization upgrades, and monitoring devices, at Petersburg Units 1-4 and Harding St. Unit 7 estimated to cost approximately $511 million. Cause No. 44339 (pending) – CPCN request to construct a 550-725 MW Combined Cycle Gas Turbine (CCGT) generation facility and to convert Harding Units 5 and 6 to natural gas at an estimated cost of $667 million.	2014/2015 – Eagle Valley Units 1-6 (338 MW) and Harding St. Units 3-4 (70 MW)
NIPSCO	Cause No. 44012 – In September 2012, the IURC granted the final phase of a CPCN request for environmental controls at Schahfer Units 14, 15, 17, and 18, Michigan City Unit 12, and Bailly Units 7 and 8 was approved. The estimated cost to comply which was approved in all three phases of the case was approximately $789 million. Cause No. 44311 (pending) – CPCN request for environmental controls at Bailly Units 7 and 8, Michigan City Unit 12, and Schahfer Units 14, 15, 17 and 18 to comply with MATS, estimated to cost approximately $59 million.	2013 – Mitchell 9A (17 MW)
Vectren South	Vectren is in compliance with the U.S. EPA rules. No additional environmental controls are currently planned.	None currently planned

Source: Utility filings

At present, Indiana's IOUs have developed U.S. EPA compliance plans to install pollution control property with an estimated total cost of approximately $2.7 billion.

Compliance actions include the following planned retirements:

- Duke Energy's Gallagher Units 1 & 3 in 2012 and Wabash River Units 2-6 in 2015, representing a total of 948 MW;
- I&M's Tanners Creek Units 1-3 in 2014 for a total of 495 MW of generation;
- IPL's Eagle Valley Units 1-6 and Harding Street Units 3-4 by 2015, which total 408 MW; and
- NIPSCO's Mitchell 9A unit this year, representing 17 MW.

Together, these units represent a total of 1,868 MW or greater than three times the projected capacity of the Duke Edwardsport IGCC plan when it becomes fully operational. Put another way, it represents approximately 12% of the total summer-rated coal generation, which totals 15,300 MW.

Appendices

Appendix A – Revenues for Jurisdictional Electric Utilities

Revenues for Year Ending December 31, 2012

Rank	Utility Name	Operating Revenues	% of Total Revenue
1	Duke Energy Indiana, Inc.	$2,741,688,632	32.27%
2	Indiana Michigan Power Co.	2,102,317,790	24.74%
3	Northern Indiana Public Service Co.	1,508,424,424	17.75%
4	Indianapolis Power & Light Co.	1,229,776,205	14.47%
5	So. Indiana Gas & Electric Co. d/b/a Vectren	595,034,416	7.00%
6	Anderson Municipal	76,109,115	0.90%
7	Richmond Municipal	74,785,687	0.88%
8	Mishawaka Municipal	51,977,152	0.61%
9	Crawfordsville Municipal	33,677,786	0.40%
10	Auburn Municipal	32,272,359	0.38%
11	Frankfort Municipal	27,630,008	0.33%
12	Tipton Municipal	10,274,684	0.12%
13	Columbia City Municipal	10,139,071	0.12%
14	Knightstown Municipal	2,230,197	0.03%
15	Kingsford Heights Municipal	639,517	0.01%
16	Greenfield Mills, Inc. Power & Light	19,541	0.00%
	Total Revenue	$8,496,996,584	100.00%

Appendix B – Jurisdiction over Municipal Electric Utilities

Municipal Utilities under the IURC's Jurisdiction		
Anderson	Frankfort	Lebanon
Auburn	Kingsford-Heights	Richmond
Crawfordsville	Knightstown	Tipton

Municipal Utilities Withdrawn from the IURC's Jurisdiction (IC § 8-1.5-3-9)		
Advance	Ferdinand	Paoli
Argos	Flora	Pendleton
Avilla	Frankton	Peru
Bainbridge	Garrett	Pittsboro
Bargersville	Gas City	Rensselaer
Bluffton	Greendale	Rising Sun
Boonville	Greenfield	Rockville
Bremen	Hagerstown	Scottsburg
Brooklyn	Huntingburg	South Whitley
Brookston	Jamestown	Spiceland
Cannelton	Jasper	Straughn
Centerville	Ladoga	Tell City
Chalmers	Lawrenceburg	Thorntown
Coatesville	Lewisville	Troy
Columbia City	Linton	Veedersburg
Covington	Logansport	Walkerton
Darlington	Middletown	Warren
Dublin	Mishawaka	Washington
Dunreith	Montezuma	Waynetown
Edinburgh	New Carlisle	Williamsport
Etna Green	New Ross	Winamac

Appendix C – Jurisdiction over Rural Electric Membership Cooperatives

REMCs Withdrawn from the IURC's Jurisdiction (IC § 8-1-13-18.5)*		
Bartholomew County REMC	Jasper County REMC	Rush Shelby County REMC
Boone County REMC	Jay County REMC	South Central Indiana REMC
Carroll County REMC	Johnson County REMC	Southeastern Indiana REMC
Ninestar Connect	Kankakee Valley REMC	Southern Indiana REC
Clark County REMC	Kosciusko County REMC	Steuben County REMC
Daviess-Martin County REMC	Lagrange County REMC	Tipmont REMC
Decatur County REMC	Marshall County REMC	United REMC
Dubois REC	Miami-Cass REMC	Utilities District of W. Indiana
Fulton County REMC	Newton County REMC	Wabash County REMC
Harrison County REMC	Noble County REMC	Warren County REMC
Hendricks County REMC	Northeastern REMC	White County REMC
Henry County REMC	Orange Co. REMC	Whitewater Valley REMC
Jackson County REMC	Parke County REMC	WIN Energy REMC

*No REMCs remain under the IURC's jurisdiction.

Appendix D – Residential Electric Bill Survey (July 1, 2013)

	← kWh Consumption →			
Municipal Utilities	**500**	**1000**	**1500**	**2000**
Anderson Municipal	$56.80	$103.76	$150.72	$195.47
Auburn Municipal	$37.29	$69.58	$101.87	$134.16
Crawfordsville Municipal	$57.59	$100.18	$142.77	$185.36
Frankfort Municipal	$50.19	$90.11	$130.02	$165.64
Kingsford Heights Municipal	$53.61	$103.72	$153.82	$203.93
Knightstown Municipal	$52.85	$101.09	$145.03	$188.97
Lebanon Municipal	$56.71	$103.66	$146.80	$189.95
Richmond Municipal	$57.33	$99.12	$140.90	$180.96
Tipton Municipal	$51.40	$96.80	$139.91	$183.02

Investor-Owned Utilities	**500**	**1000**	**1500**	**2000**
Duke Energy Indiana	$67.11	$113.18	$154.38	$195.62
Indiana Michigan Power d/b/a AEP	$53.29	$99.29	$145.28	$191.28
Indianapolis Power & Light Co.	$58.35	$94.19	$130.04	$165.89
Northern Indiana Public Service Co.	$65.00	$119.00	$172.99	$226.99
So. Indiana Gas & Electric Co. d/b/a Vectren	$82.88	$154.77	$226.65	$298.53
Average for 2013 Survey	$57.17	$103.46	$148.66	$193.27
Average for 2012 Survey	$54.61	$98.59	$141.48	$183.78
% Change	4.69%	4.94%	5.07%	5.16%

Appendix E – Residential Electric Bill Survey

Year-to-Year Comparison for 1,000 kWh

Municipal Utilities	2013	2012	% Change
Anderson Municipal	$103.76	$98.10	5.77%
Auburn Municipal	$69.58	$69.58	0.00%
Crawfordsville Municipal	$100.18	$96.51	3.80%
Frankfort Municipal	$90.11	$86.64	4.00%
Kingsford Heights Municipal	$103.72	$96.10	7.93%
Knightstown Municipal	$101.09	$98.06	3.09%
Lebanon Municipal	$103.66	$89.54	15.77%
Richmond Municipal	$99.12	$104.88	-5.50%
Tipton Municipal	$96.80	$90.92	6.47%
Municipal Averages	$96.45	$92.26	4.45%

Investor-Owned Utilities	2013	2012	% Change
Duke Energy Indiana	$113.18	$105.38	7.40%
Indiana Michigan Power d/b/a AEP	$99.29	$85.41	16.25%
Indianapolis Power & Light Co.	$94.19	$94.73	-0.57%
Northern Indiana Public Service Co.	$119.00	$115.17	3.32%
So. Indiana Gas & Electric Co. d/b/a Vectren	$154.77	$149.28	3.67%
Investor-Owned Averages	$116.08	$109.99	5.54%

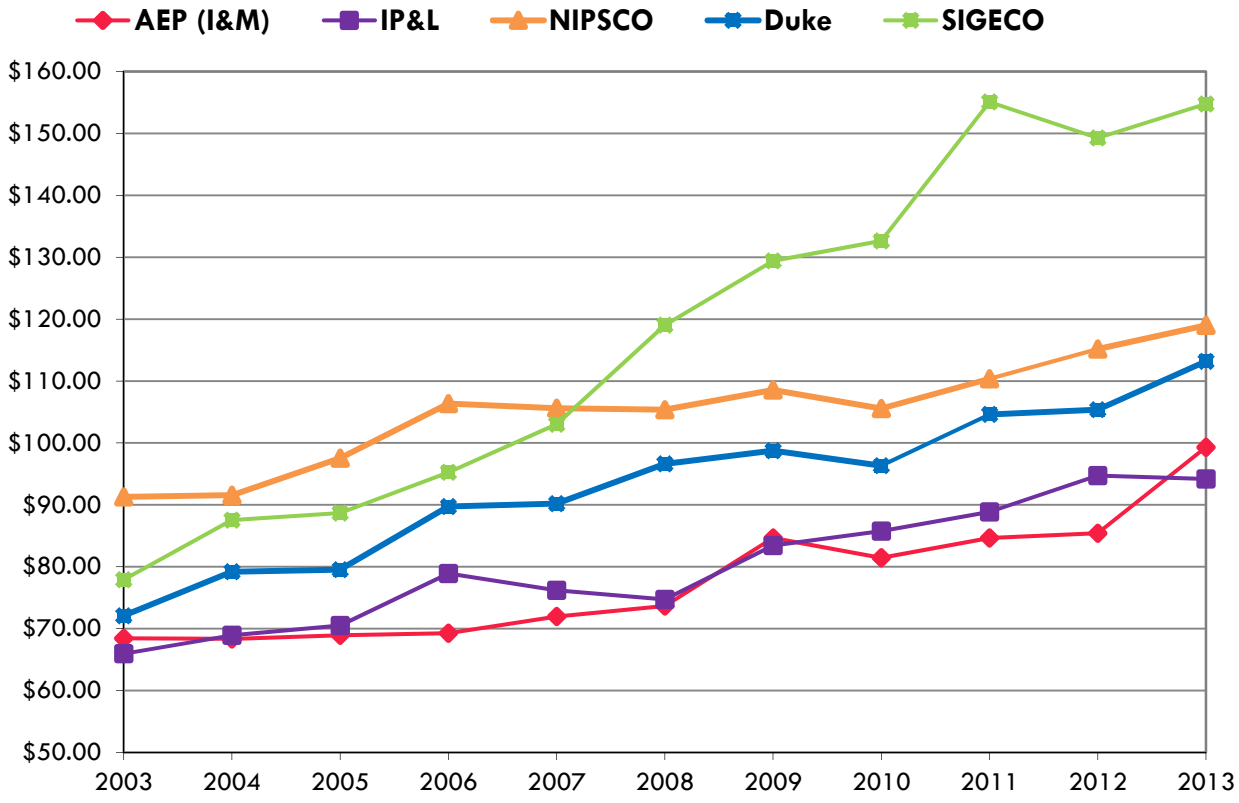
Appendix F – Residential Electric Bill Comparison

5-Year and 10-Year Comparisons for 1,000 kWh

Utility	5-Year Change		10-Year Change	
American Electric Power Co. (I&M)	$25.63	34.8%	$30.86	45.1%
Indianapolis Power & Light (IP&L)	$19.47	26.1%	$28.24	42.8%
Northern Indiana Public Service Co. (NIPSCO)	$13.63	12.9%	$27.72	30.4%
Duke Energy Indiana (Duke)	$16.56	17.1%	$41.10	57.0%
Southern Indiana Gas & Electric Co. (SIGECO)	$35.73	30.0%	$76.86	98.6%

Note: Individual company increases for rates and charges vary widely due to different levels of capital investments for environmental compliance, in addition to the timing of rate cases.

10-Year Comparison for 1,000 kWh



Natural Gas Report

Executive Summary

The Natural Gas section of the Regulatory Flexibility Report discusses key issues facing the industry. These topics include market volatility, pipeline safety programs, a new rate case timeline, infrastructure incentives approved by the legislature, and cybersecurity concerns. It also highlights actions taken by the Commission to address specific challenges associated with these topics.

Market Volatility

The commodity cost of natural gas continues to fluctuate, although prices have decreased dramatically since their peak in 2009. Due to lower commodity costs, natural gas residential customers, on average, have experienced a decrease in their bills. In 2012, a residential customer using 200 therms would have received a bill for $177.23. In 2013, this bill would have decreased to $168.20. Both the 2012 and 2013 bills are lower than the five-year industry average of $196.92, and significantly lower than the 2009 average bill of $261.33. Pricing is dependent on weather, advancements in technology, sourcing (e.g. hydraulic fracturing), and other factors that are difficult to quantify or predict, such as government actions and regulations. Reduced consumption (due to a slower economy and cooler temperatures) contributed to the existing excess in supply, which further drove down prices. However, the market could adjust if low prices lead to an increase in demand. For example, electric utilities are now able to take advantage of the low cost of natural gas as an alternative to coal. Depending on the extent to which plants are converted, as well as new industrial demand, exports, and fracking regulations, the existing high supply levels could decrease and create upward price pressures.

Pipeline Safety Programs

Given the heightened level of attention on pipeline safety in recent years since the San Bruno, California incident, federal and state regulators have taken precautions and become extra

vigilant. In Indiana, the IURC's Pipeline Safety Division has jurisdiction over intrastate pipelines. It is the division's charge to ensure pipeline operators' compliance with the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration's rules and regulations. If a violation is identified, the Pipeline Safety Division investigates the matter and may access penalties based on the infraction. Over the course of the past year, the IURC has taken action against several operators that committed violations, resulting in fines and other compliance actions.

Rate Case Timelines & Infrastructure Incentives

In addition to establishing a 300-day timeline for rate cases (as discussed in the introduction), Senate Enrolled Act 560 also provided new incentives for utility companies and businesses. In order to encourage investment in transmission and distribution systems, the legislature created a new tracker called the transmission, distribution and storage system improvement charge (TDSIC), which covers projects related to safety, reliability, system modernization, economic development, and the extension of natural gas service to rural areas. Traditionally these costs would have been included in rates for recovery in a base rate case. However, utilities can now petition for recovery on a more regular basis. To encourage the expansion of natural gas service to unserved areas of the state, a natural gas utility may now petition the IURC for approval of a targeted economic development project in an expedited manner. Whereas there may have been costly fees or payments imposed upon a developer in order to bring natural gas service to a rural area, there is now a 20-year payback period. The Act also allows persons investing in utility infrastructure to receive a tax exemption on the property, as long as it is in an "infrastructure development zone" as designated by a county executive.

Protecting Critical Infrastructure

Threats to utilities' critical infrastructure – both cyber and physical – have never been greater than they are today. These threats have the potential to halt emergency services, bring down communications systems, taint water supply, attack pipelines, and create widespread power outages, posing risks to our everyday lives. In order to stay on top of this issue, the IURC held meetings this summer with the state's utilities to discuss their efforts toward preparedness, mitigation, and resiliency in the event of a cyber attack. State agencies also attended, including the Indiana Department of Homeland Security and the Indiana Office of Technology.

Overview

Industry Structure

The natural gas industry consists of three systems: producers (the gathering system), interstate and intrastate pipelines (the transmission system), and local distribution companies or LDCs (the distribution system), all of which are illustrated in Figure 1 on the next page.

Interstate pipelines, regulated by the Federal Energy Regulatory Commission (FERC), carry natural gas across state boundaries; intrastate pipelines, regulated by state commissions, carry natural gas within state boundaries. States, including Indiana, that have certified pipeline safety programs are delegated federal authority by the U.S. Department of Transportation to conduct inspections, investigate incidents, and enforce state and federal safety regulations. Other federal industries involved in the natural gas industry include the following:

Feds = Interstate

- Department of Energy
- Environmental Protection Agency
- Securities and Exchange Commission
- Federal Trade Commission

In Indiana, the Indiana Utility Regulatory Commission (Commission or IURC) regulates the rates, charges, and terms of service for intrastate pipelines and LDCs. Through its Pipeline Safety Division, the Commission enforces state and federal safety regulations for all intrastate natural gas facilities. Additionally, the Commission reviews gas cost adjustments (GCAs), financial arrangements, service territory requests, and conducts investigatory proceedings. It also analyzes various forms of alternative regulatory proposals, such as rate decoupling, rate adjustment mechanisms, and customer choice initiatives.

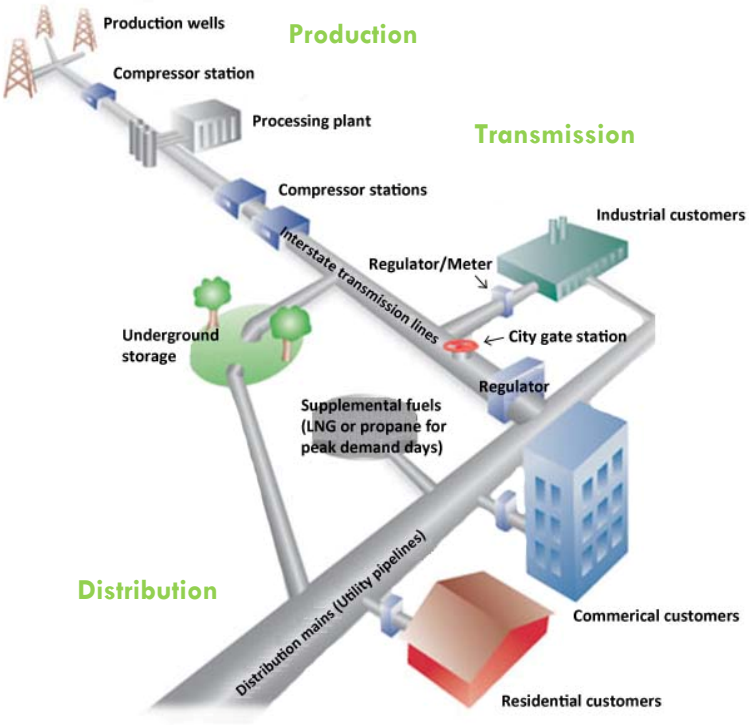
States = Intrastate

How It Works

Production System

As shown in Figure 1, the production of natural gas begins with raw natural gas extracted at the wellhead, where initial purification occurs before entering the low-pressure, small diameter pipelines of the gathering system. The natural gas is then re-purified at a processing plant. Purified natural gas consists of approximately 90% methane, compared to raw natural gas that is generally 70% methane combined with a variety of other compounds. Quality and safety reasons require natural gas to meet certain standards before it is released into the pipeline system.

Figure 1



Transmission System

The transmission system includes interstate and intrastate pipelines that carry gas from producing regions throughout the U.S. to LDCs, industrial consumers, and power generation customers. The vast majority of natural gas consumed in Indiana is from out-of-state production, primarily the Gulf of Mexico. In 2012, approximately 660.3 million dekatherms (Dth) of natural gas was delivered to consumers within the state. Only a small portion (1.5%) of that is produced in Indiana. This illustrates Indiana's dependence on the transmission system to carry natural gas from the gas producing regions of the country into the state.[1]

In Indiana, Heartland Pipeline (Heartland) and the Ohio Valley Hub (OVH) Pipeline are the two intrastate pipelines under the Commission's jurisdiction. The Commission governs these pipelines' operations, services, and rates. Heartland is a 25-mile pipeline running west to east connecting the Midwestern Gas Transmission (MGT) interstate pipeline in Sullivan, Indiana to

[1] www.eia.gov/dnav/ng/ng_sum_lsum_dcu_SIN_a.htm

Citizens Gas' underground storage facility in Greene County. OVH is a 9.2-mile pipeline located in Knox County. It provides connections for two interstate pipelines (Texas Gas Transmission and MGT) to the Monroe City Gas Storage Field owned by Vectren.

Distribution System

Gas moves through the transmission system and enters the distribution system, where LDCs deliver gas to their customers on either a bundled basis (i.e., commodity and transportation) or unbundled basis (i.e., the customer buys gas from a producer or marketer and pays the LDC to transport the gas from the city gate[2] to the customer's facilities). Customers include the residential, commercial, and industrial classes.

The residential customer class consists of single-family homes and small multi-family dwellings. Customers generally use the LDCs for bundled services.

The commercial customer class typically consists of office, retail, and wholesale facilities in addition to larger residential complexes. Customers may receive bundled service from an LDC or they may purchase gas supplies from independent suppliers and pay the LDCs for transportation service.

The industrial customer class consists of large manufacturers and processors who typically use the highest volumes of gas both individually and collectively. Customers may receive bundled service from an LDC or they may purchase gas supplies from independent suppliers and pay the LDCs for transportation service.

Regulated Utilities

The Commission has regulatory authority over 19 natural gas distribution utilities in Indiana with operating revenues totaling $1.5 billion (Appendix A).[3] These utilities maintain plant in service of approximately $4.7 billion and serve roughly 1.6 million customers. Of the regulated utilities, one is a not-for-profit, two are municipalities, and 16 are investor-owned utilities (IOUs). Citizens Gas and the three IOUs detailed below represent the four largest natural gas utilities in the state and collectively serve 95% of the gas customers by count. Map

[2] The city gate is the delivery point where the natural gas is transferred from a transmission pipeline to the LDC
[3] 2012 Annual Reports filed with the Commission

1 shows the service territories of these utilities, as well as other jurisdictional natural gas utilities in Indiana.

Investor-Owned Utilities

Three major IOUs operate in Indiana in exclusive service territories with other portions of the state similarly assigned to municipal utilities and other smaller IOUs. IOUs are for-profit enterprises funded by debt (bonds) and equity (stock).

Northern Indiana Public Service Company (NIPSCO), a subsidiary of NiSource Inc., is headquartered and based in Merrillville, IN. The natural gas utility serves 697,000 customers in northern Indiana.

Vectren Corporation (Vectren) is headquartered and based in Evansville, IN. The natural gas utility serves 574,000 customers in central and southern Indiana through Vectren North and an additional 111,000 customers in southwestern Indiana through Vectren South.

Municipal Utilities

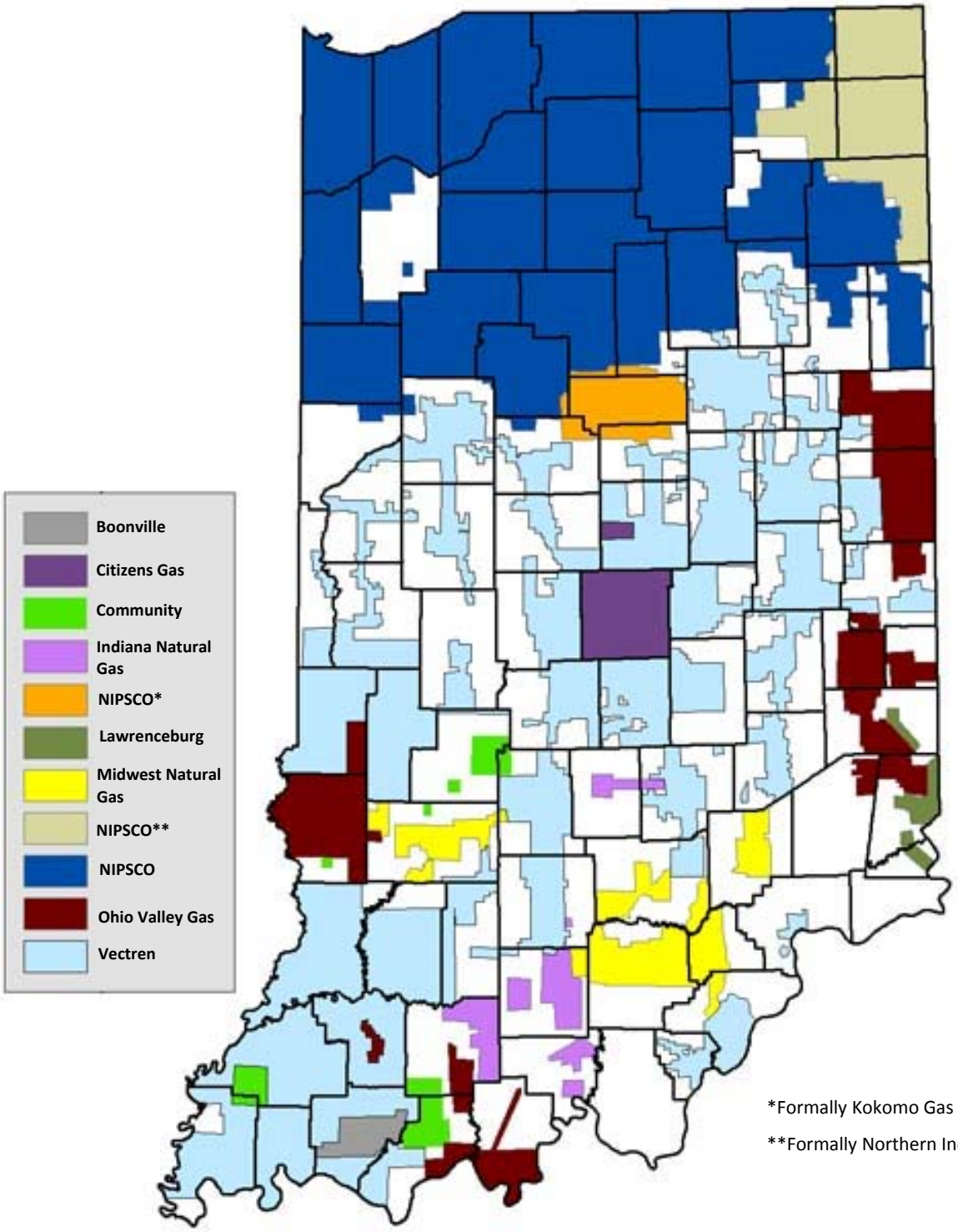
Citizens Gas is a public charitable trust (treated as a municipal utility for regulatory purposes), serving 262,000 customers primarily in the Indianapolis metropolitan area.

Pursuant to statute, municipal utilities, excluding Citizens Gas, may "opt out" of the Commission's jurisdiction for rates and charges in favor of local control in determining rates. However, utilities that choose to opt out still remain under the jurisdiction of the Commission's Pipeline Safety Division.[4] Of the state's 18 municipal gas utilities, 17 have elected to withdraw from the Commission's oversight. To view a list of the withdrawn utilities, please see Appendix B.

[4] IC § 8-1.5-3-9

Map 1

Natural Gas Service Territories



*Formally Kokomo Gas

**Formally Northern Indiana Light and Fuel

Legal and Policy Foundations

Pipeline Safety Act of 1968

The Pipeline Safety Act of 1968 established the federal pipeline safety program. This federal program establishes a framework and organizational structure for a federal/state partnership regarding pipeline safety.[5] This framework promotes pipeline safety through exclusive federal authority for the regulation of interstate pipeline facilities and federal delegation to the states for all or part of the responsibility for intrastate pipeline facilities.

The federal/state partnership is the cornerstone for ensuring uniform implementation of the pipeline safety program nationwide. It also authorizes federal grants to help defray a state agency's personnel, equipment, and activity costs. Grants are determined primarily on the annual evaluation of the state's program. Indiana's program, as established by statute, has historically received high marks from the annual federal evaluations.[6]

Indiana's Pipeline Safety Program

Jurisdiction

The IURC regulates all intrastate natural gas and hazardous liquid pipeline operators. In total, there are 90 intrastate pipeline operators in Indiana including:

- 18 privately owned
- 18 municipal LDCs
- 42 master meter operators
- 12 transmission operators

The Pipeline Safety Division is responsible for enforcing state and federal safety regulations for Indiana's intrastate gas pipeline facilities as established under IC ch. 8-1-22.5. The division operates in partnership with the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) under a certification agreement.

The Pipeline Safety Division's mission is to ensure the safe and reliable operation of Indiana's intrastate pipeline transportation system. It is accomplished largely through inspections, as well as training, outreach programs, enforcement through injunctions and monetary sanctions, and investigations of pipeline accidents. In 2012, the division conducted 817 inspections of 71 operators and 159 associated inspection units, safely resolving 90 probable violations. The Pipeline

[5] 49 U.S.C. Chapter 601
[6] IC ch. 8-1-22.5

Safety Division is also responsible for tracking and investigating all alleged violations of the state's "One-Call" or "Call Before You Dig" law and is active in a variety of damage prevention efforts.

Even though the IURC has historically received high marks from PHMSA for its pipeline safety program, in 2012 the IURC proactively completed an internal assessment of this program to determine whether any deficiencies and/or opportunities for improvements existed. While no material deficiencies were identified, the findings from the assessment have resulted in multiple enhancements to the program designed to improve overall efficiency and effectiveness.

IURC Seeks Penalties for Pipeline Safety Violations

This summer the IURC's Pipeline Safety Division notified three major natural gas utilities – Citizens, NIPSCO, and Vectren – of multiple pipeline safety violations and a total of $180,000 in proposed penalties.

The Commission recognized the San Bruno explosion in 2010 as a wake-up call, not only for the industry, but for regulators. Based on the lessons learned from this tragic event, the Commission will continue to do everything in its power to be vigilant in enforcing current pipeline safety standards.

The violations were failures by each operator to follow procedures and keep accurate maps and records of their underground facilities. Further, the failures resulted in either mislocating or not locating pipelines in accordance with Indiana's "Call Before You Dig" laws. Properly responding to and locating pipelines is absolutely critical to avoiding property damage and personal injury, potentially resulting from natural gas explosions.

In addition to a monetary fine, each operator is also subject to additional compliance actions. The penalties and recommended actions vary by operator due to the number of instances and the severity of the probable violations. Before the said penalties go into effect, the operators will have an opportunity to contest the violations and proposed penalties in a hearing before the IURC. In lieu of a hearing, the operator may accept the proposed penalty and take necessary action in order to be compliant with both federal and state rules.

Operations & Prices

Infrastructure

To transport the natural gas to end-use customers, utilities maintain thousands of miles of pipelines and distribution mains. Over time, the natural gas industry has studied and developed best practices for the maintenance and replacement of aging infrastructure. Although age is one factor in considering whether a pipeline may need to be replaced, the type of material used (bare steel, cast iron, plastic), its location, and the relative risk to public safety are also considered. In accordance with pipeline safety standards, utilities perform inspections of their pipeline facilities on a regular basis to help identify areas at risk. Based on the results of these inspections, corrective actions are initiated. In some cases, this may include implementing replacement programs for existing bare steel, cast iron, or wrought iron systems. Many of these pipes need to be replaced because older pipelines of this nature were not coated or cathodically protected[7] when they were installed years ago. Consequently, corrosion and leaks have developed over time. To enhance reliability and safety, many utilities now use plastic pipe for their distribution systems.

More than 60% of the state's distribution mains are at least 30 years old. More than 60% of the state's transmission mains are at least 40 years old.

Age Profile

Indiana's natural gas infrastructure consists of more than 85,000 miles of intrastate pipelines, placed in service over the past 80-plus years. Included in this total are more than 40,000 miles of distribution mains, which transport gas within a given service area to points of connection with pipes serving individual customers. More than 60% of the state's distribution mains are at least 30 years old. Also included in the state's infrastructure are approximately

[7] Cathodic protection systems help prevent corrosion from occurring on the exterior of pipes, by substituting a new source of electrons, commonly referred to as either a "sacrificial anode" or "impressed current anode". Both systems operate by imparting a direct current onto the buried pipeline, using devices called rectifiers. As long as the current is sufficient, corrosion is prevented, or at least mitigated and held in check. See, http://primis.phmsa.dot.gov/comm/FactSheets/FSCathodicProtection.htm

2,000 miles of transmission mains, which transport gas from a source or sources of supply to one or more distribution centers, large volume customers, or other pipelines that interconnect sources of supply. Typically, transmission lines differ from gas mains in that they operate at higher pressures, are longer, and have a greater distance between the connections. More than 60% of the state's transmission mains are at least 40 years old, as shown in Table 1.

Table 1

Age Profile of Jurisdictional Transmission and Distribution Mains

Age	Transmission Mains		Distribution Mains	
Years Old	Miles of Mains	% of Total	Miles of Mains	% of Total
80+	-	-	393	0.98%
70-80	3	0.15%	265	0.66%
60-70	301	15.03%	2,601	6.48%
50-60	713	35.59%	9,410	23.43%
40-50	252	12.58%	4,990	12.42%
30-40	173	8.64%	7,019	17.47%
20-30	258	12.90%	8,273	20.60%
10-20	179	8.93%	5,687	14.16%
0-10	5	.24%	820	2.04%
Unknown	119	5.94%	708	1.76%
Total	2003	100.00%	40,166	100.00%

Federal guidelines for integrity management require that operators (including local distribution companies, LDCs, and pipeline companies) make every effort to assess threats to their pipelines.[8] The replacement of aging infrastructure continues to be an ongoing focus as demand for service connections continues to increase.

Investments

Depending on a utility's maintenance plan and the layout of its service territory, some utilities have fared better than others when it comes to replacing outdated steel and iron systems. For example, NIPSCO's distribution system consists of 99.6% plastic or cathodically protected steel; whereas, the industry average is 87%. Cast iron/bare steel comprises only 0.4% of

[8] Integrity management is a risk-based approach to pipeline safety resulting from the federal Pipeline Safety Acts of 2002 and 2006.

NIPSCO's system, compared to the national average of 13%.[9] Due to more stringent pipeline safety standards, utilities are implementing replacement programs, if they have not already done so. For example, Vectren North, Vectren South, and Citizens Gas have all implemented replacement programs to rid their systems of at-risk pipe.

In the last rate cases of Vectren North[10] and Vectren South,[11] the utilities requested permission to replace all remaining bare steel and cast iron infrastructure in order to enhance service reliability and safety. The accelerated program replaces the utilities' poorest performing infrastructure over a 20-year period. As of June 2012, 45 gas utilities in other states have utilized similar programs.[12] Over the 20-year period, Vectren North projects a program cost of about $345 million or an annual capital requirement of $17.25 million. Vectren South, on the other hand, projects a program cost of about $90 million or an annual capital requirement of $4.5 million.

Citizens Gas has requested recovery for annual extensions and replacements (E&R) to its system in its last three rate cases. The utility has a policy requiring planned replacement of cast iron, wrought iron, and bare steel, as well as poor condition service pipe. In Cause No. 43975, Citizens was approved for a revenue requirement for E&R of $25.2 million, based on a three-year average of such expenditures.

Replacement of Roachdale's Gas System

On December 7, 2011, the Commission issued an Order to the Town of Roachdale, requiring it to "undertake all necessary steps to complete the replacement of its gas system, including all testing, and place the new system into service no later than October 1, 2012." The Commission's Order was issued in response to evidence presented by the Pipeline Safety Division concerning significant deterioration of Roachdale's gas system and numerous violations of pipeline safety standards and requirements.

On November 20, 2012, the Roachdale gas replacement project was completed, and the old system was retired. Roachdale's requested and received approval for the completion and in-service date of its new gas system to be December 1, 2012. This extension was granted in the Commission's July 31, 2012 Order in Cause No. 44014.

[9] 2011 Winter Natural Gas Forum
[10] Cause No. 43298 – The Commission issued its Order in this Cause on February 13, 2008
[11] Cause No. 43112 – The Commission issued its Order in this Cause on August 1, 2007
[12] www.snl.com/InteractiveX/doc.aspx?ID=15213758

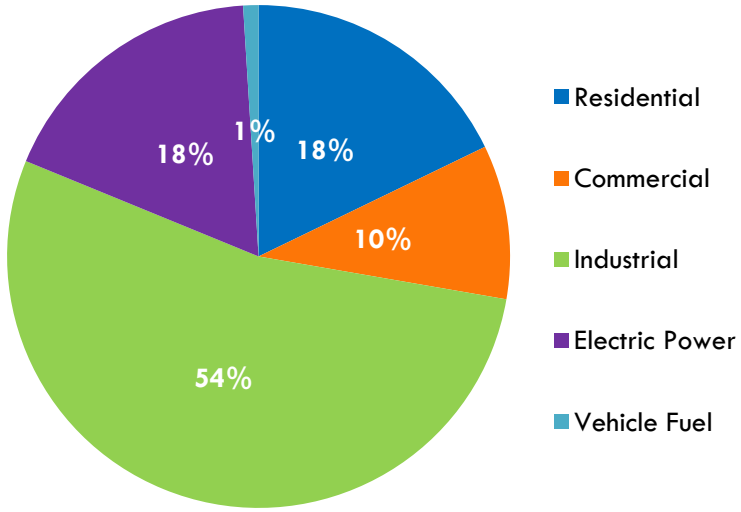
Demand and Supply

As previously mentioned, Indiana's LDCs serve three different types of customers: residential, commercial, and industrial. In 2012, Indiana's residential customers consumed approximately 120 million Dth of natural gas, which accounts for 18% of the state's total volumes delivered to consumers, as shown in Chart 1.[13] Also in 2012, Indiana's commercial customers consumed about 10% of the state's total volumes delivered to consumers or 69 million Dth of natural gas.[14]

Industrial customers accounted for 54%, or 356 million Dth, of the state's total volumes delivered, making Indiana the 4th highest state for industrial natural gas consumption in the U.S.[15] Chart 2 on the following page shows the other states within the top 10.

Chart 1

Consumption by Sector in Indiana for 2012



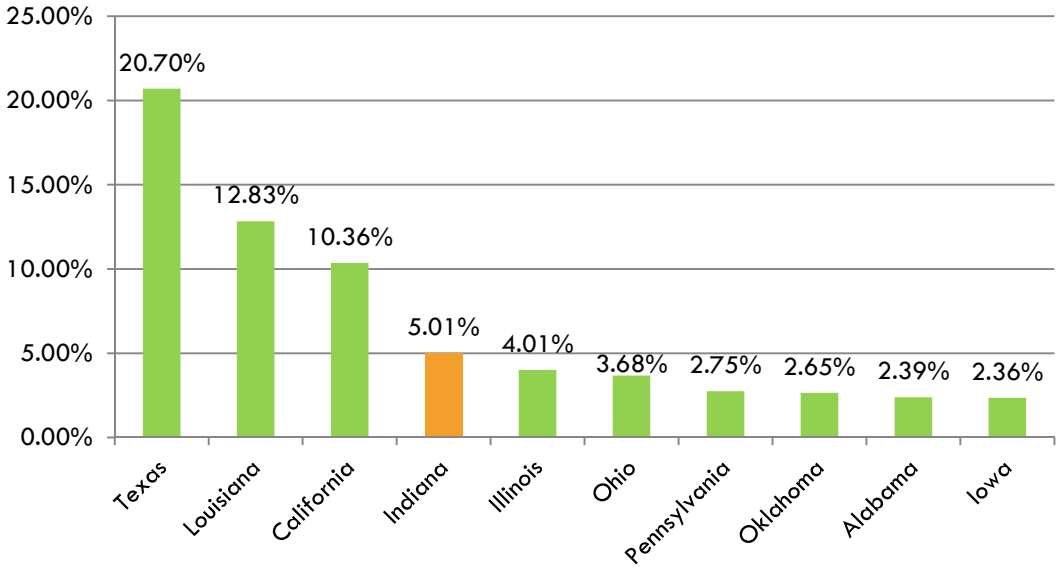
Source: Energy Information Administration

Electric power consumers accounted for approximately 116 million Dth or 18% of Indiana's total consumption, a 4% increase in gas consumption by this sector over 2011.[16] In 2012, both residential and commercial sector consumption decreased while industrial and electric power sector consumption increased as an overall percentage of total consumption compared to 2011 values. Nationwide, total natural gas consumption increased by 4.6% or 1,117,695 Mcf from 2011 to 2012.[17]

[13] http://tonto.eia.doe.gov/dnav/ng/ng_cons_sum_dcu_SIN_a.htm 4/25/2013
[14] Id. 4/25/2013
[15] http://tonto.eia.doe.gov/dnav/ng/ng_cons_sum_a_EPG0_vin_mmcf_a.htm 4/25/2013
[16] http://tonto.eia.doe.gov/dnav/ng/ng_cons_sum_dcu_SIN_a.htm 4/25/2013
[17] www.eia.gov/dnav/ng/ng_cons_sum_a_EPG0_VC0_mmcf_a.htm 4/25/2013

Chart 2

Top 10 States for Industrial Consumption
Percentage of Total National Industrial Consumption



Source: Energy Information Administration

Drivers of Demand

Environmental factors, economic growth, and weather are the primary factors driving demand for natural gas. Because natural gas is a cleaner burning fuel than coal, it is often used as an alternative fuel source for electric generation, especially in light of the low gas prices and proposed U.S. Environmental Protection Agency (U.S. EPA) regulations. Although the magnitude of the increase has yet to be determined, demand is expected to continue to grow. In 2012, total average daily U.S. natural gas demand grew by 4% to 70 Bcfd, the highest level on record. This was primarily due to a 21% increase in natural gas used for power generation.[18]

Environmental factors, economic growth, and weather = primary factors driving demand for natural gas

[18] *State of the Markets Report-2012* U.S. Dept. of Energy-Federal Energy Regulatory Commission-Office of Enforcement 2013

As for weather, when it is colder than normal during the heating season, demand for natural gas increases. However, the 2011-2012 heating season was the warmest in 60 years,[19] which decreased demand for natural gas in an already over-supplied market. This contributed to a decline in natural gas prices to a ten-year low of $1.82/MMBtu in April 2012 before gradually rising to $3.77/MMBtu in late November 2012.[20]

Demand also increases, albeit to a lesser extent, when weather is hotter-than-normal during the summer cooling season, as natural gas is often used to generate electricity at times of peak demand. Since gas consumption is lower in the summer, gas utilities historically have replenished their stored natural gas supplies at this time, in preparation for the upcoming winter heating season. More often than not, utilities are able to purchase these supplies at lower, more favorable prices outside the winter heating season. However, as gas becomes more popular as a fuel source for electric generation, the price differential may diminish.

Supply Side Factors

New technology and lower extraction costs have led to increased drilling for non-conventional gas supplies (e.g., coal bed methane, shale gas, and tight sands). Tapping formerly unrecoverable sources of gas has contributed significantly to the supply, which continues to overwhelm swings in demand. The main factors influencing supply include:

1. Variations in natural gas production;
2. Net imports; and
3. Storage levels.[21]

Domestically, the winter heating season (2012-2013) ended with working gas in underground storage slightly below the five-year average. As of April 2013, the lower 48 states had 1,734 Bcf in storage compared to the five-year average of 1,828 Bcf.[22] Other developments affecting supply in the long-term include the April 2012 FERC approvals of the first natural gas liquefaction and export terminal in Sabine Pass, LA; the May 2013 approval of the

[19] *State of the Markets Report-2011* U.S. Dept. of Energy-Federal Energy Regulatory Commission-Office of Enforcement 2012
[20] www.eia.gov/dnav/ng/hist/rngwhhdd.htm
[21] www.eia.gov/energyexplained/index.cfm?page=natural_gas_factors_affecting_prices
[22] ir.eia.gov/ngs/ngs.html 4/25/2013

Freeport, TX export terminal; and another 12 export terminals proposed for FERC approval as of June 2013.[23]

Additionally, natural gas producers have shifted their drilling efforts to more liquid-rich plays due to depressed prices in the natural gas market and higher prices in the liquids market (i.e., petroleum). To date, natural gas production volume has remained consistent, so it is unlikely a rapid contraction in supply will be experienced in the short term; however, expanded use of natural gas for electric generation could significantly alter supply projections over the longer term. Increased production efficiencies and the associated gas often found in the liquid-rich plays help to maintain current drilling and supply levels. Associated gas is raw natural gas found in crude oil wells, either dissolved in the oil or as a "cap" or pocket of free gas above the oil.[24] Recent NYMEX futures pricing has suggested that the market anticipates prices at Henry Hub will remain under $5/MMBtu through 2017.

Variations in production, net imports, and storage levels = primary factors driving natural gas supply

Pricing and Economics

How Indiana Compares

Table 2

Comparison between Indiana and the U.S. Average Price for Delivered Gas

2008 (peak year) vs. 2011

Customer Class	Indiana Price ($/Mcf)*		U.S. Average Price ($/Mcf)	
	2008	2011	2008	2011
Residential	12.65	9.46	13.89	11.03
Commercial	11.14	8.04	12.23	8.92
Industrial	10.48	6.53	9.65	5.11

*Dollars per thousand cubic feet

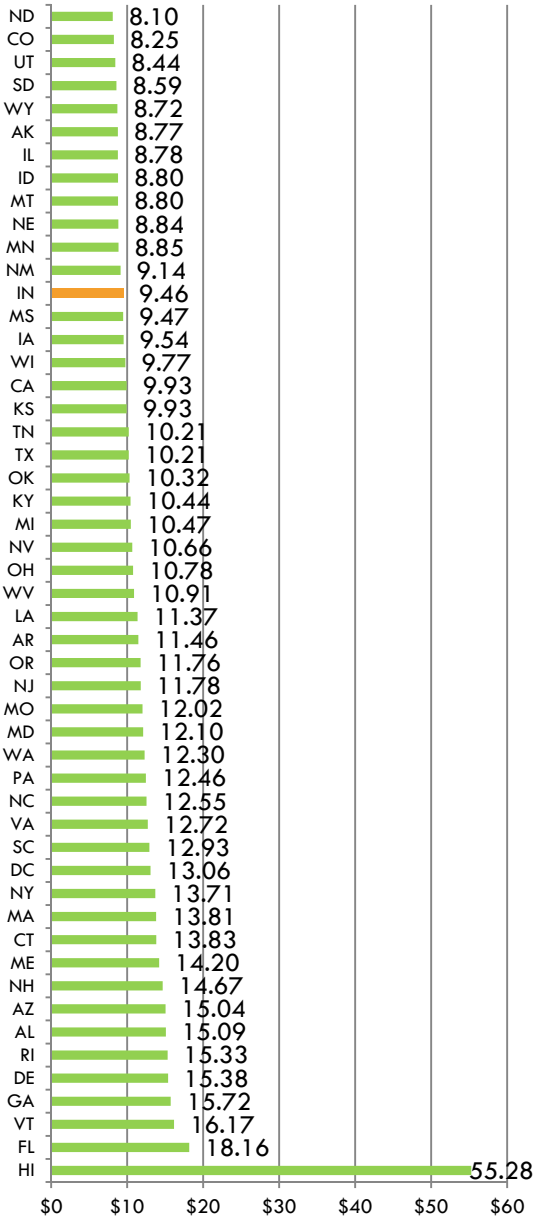
Over the last 10 years, Indiana has consistently compared well with other states for residential and commercial delivered (bundled) gas prices. Gas moves through the transmission system and enters the distribution system, where LDCs deliver gas to customers on either a bundled basis (i.e., commodity and transportation) or unbundled basis (i.e., the customer buys gas from a producer or marketer and pays the LDC to transport the gas from

[23] www.ferc.gov/industries/gas/indus-act/lng.asp 6/4/2013
[24] www.oilandgasiq.com/glossary/associated-gas/

the city gate to the customer's facilities). Table 2 shows the state's average prices compared to the national averages for each customer class.

As shown in Chart 3, Indiana ranked 13th lowest nationally and 6th lowest in the Midwest region (i.e., Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin) for 2011 average residential gas prices. The state average residential gas price increased to $9.46 per thousand cubic feet in 2011 from $8.63 per thousand cubic feet in 2010. These numbers are higher than the commonly referenced commodity cost of approximately $4.03/Mcf[25], because they are bundled prices. Neighboring states' average residential retail rates per thousand cubic feet for 2011 are as follows: Illinois $8.78, Kentucky $10.44, Ohio $10.78, and Michigan $10.47.[26]

Chart 3
2011 State Residential Gas Prices
($/thousand cubic ft)



Source: U.S. Energy Information Administration

Indiana ranked 13th lowest nationally and 7th lowest in the Midwest for 2011 average commercial gas prices. Indiana's 2011 average commercial price was $8.04 per thousand cubic feet, which is higher than the 2010 average price of $7.55 per thousand cubic feet. Neighboring states' average commercial retail rates for 2011 were as follows: Illinois $8.27, Kentucky $8.78, Ohio $8.55, and Michigan $9.14 per thousand cubic feet.[27] Although Indiana industrial customers paid more than the

[25] www.eia.gov/dnav/ng/ng_pri_fut_s1_a.htm
[26] www.eia.doe.gov/dnav/ng/ng_pri_sum_a_EPG0_PRS_DMcf_a.htm
[27] www.eia.doe.gov/dnav/ng/ng_pri_sum_a_EPG0_PCS_DMcf_a.htm

national average of $5.11 per thousand cubic feet, of the four neighboring states, only Kentucky had a lower average industrial gas price of $5.16 per thousand cubic feet. The other three states' average industrial retail rates for 2011 are as follows: Illinois $6.84, Ohio $6.77, and Michigan $8.27 per thousand cubic feet.

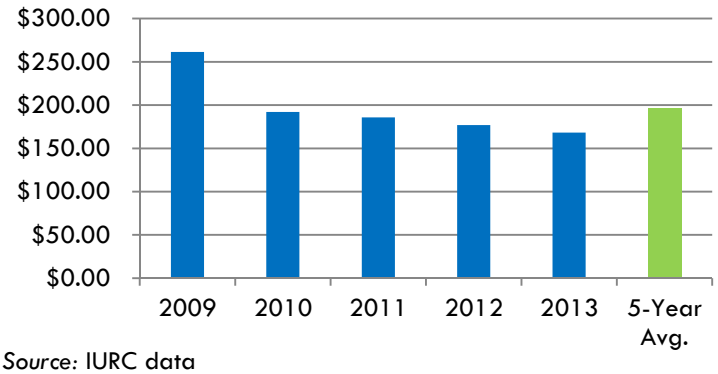
In 2011, Indiana average industrial gas prices increased to $6.53 per thousand cubic feet price from $5.65 per thousand cubic feet. While this increase appears significant, the 2011 average industrial gas price is still significantly lower than the $10.48 per thousand cubic feet in 2008. This price increase is attributed to Indiana's increased industrial consumption. Until recently, the supply has overwhelmed any upticks in demand. However, demand is catching up with supply. Further, there have been several natural gas rate case Orders approved by the Commission in the last few years.[28] In 2011, Indiana average industrial natural gas consumption totaled 326,573 million cubic feet. The last time Indiana's average industrial consumption exceeded 300,000 million cubic feet was in 1999 when the state consumed 311,704 million cubic feet.[29]

Bill Composition

Due to lower commodity costs, natural gas residential customers, on average, experienced a decrease in their bills in 2013. In 2012, a residential customer using 200 therms would have received a bill for $177.23. In 2013, this bill would have decreased to $168.20. As shown in Table 3, both the 2012 and 2013 bills are lower than the five-year industry average of $196.92, which demonstrates how the cost of natural gas has decreased from its peak in 2009.[30]

Table 3

Residential Gas Bill Comparison
2009 to 2013



Source: IURC data

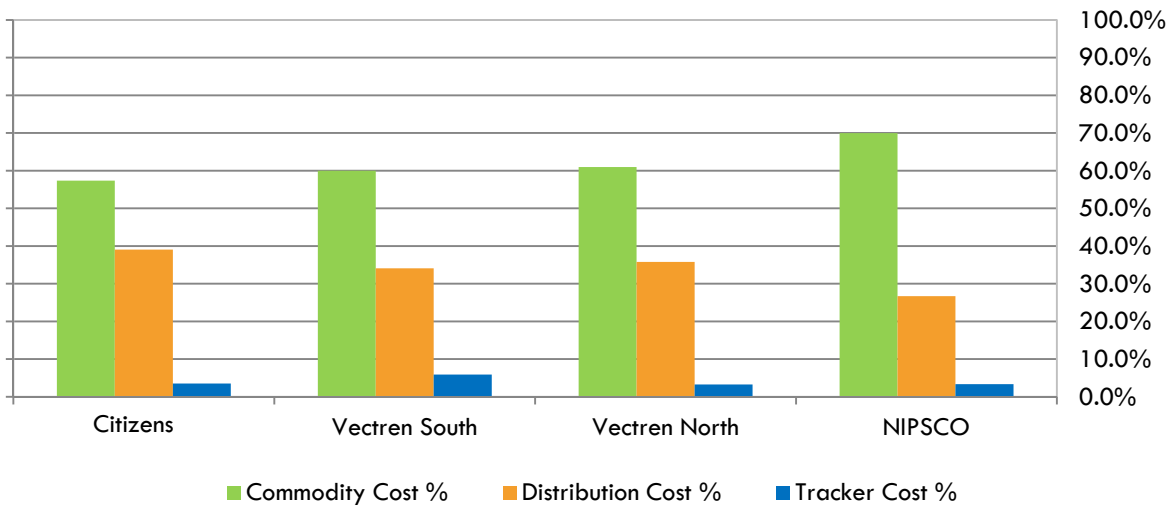
The cost of the actual natural gas commodity accounts for a majority of a customer's bill. On average, gas usage

[28] The IURC approved NIPSCO's current rates in Cause No. 43894 on November 4, 2010, and Citizens Gas' rates in Cause No. 43975 on August 31, 2011.
[29] www.eia.gov/dnav/ng/hist/n3035in2a.htm
[30] "Residential Bill Gas Bills as of January 1, 2013," IURC's Natural Gas Division

(i.e., commodity cost) accounts for approximately 62%, while operating costs account for approximately 34%. All other trackers approved by the Commission account for less than 4% of a customer's monthly gas bill. The following table[31] demonstrates this cost analysis.

Table 4

Breakdown of Residential Billing Components
Four Largest Indiana Natural Gas Utilities



Source: IURC data

Utilities do not profit from the gas commodity portion of consumers' bills, because the GCA tracker involves a dollar-for-dollar pass-through of gas costs. The overall weighted cost of gas and a utility's purchasing practices are reviewed before approval by the Commission. For costs to be approved, each utility must demonstrate its purchases were prudent. This means utilities must make reasonable efforts to mitigate price volatility, which includes having a program that considers current and forecast market conditions and the price of natural gas. One way to achieve this is by having a diversified portfolio mix (i.e., a balance of purchases such as fixed, spot market, and storage gas).

Adjustable Rate Mechanisms

When natural gas utilities incur costs beyond their control (e.g., federal regulations and market price volatility), they typically occur outside the context of a rate case. In order for natural gas utilities to recover these costs, state law allows them to petition the Commission for

[31] January 2013 GCA flex filings

approval of an adjustable rate mechanism or tracker. A tracker assists in the timely recovery of costs, which improves the financial health of the utility. Before costs are passed on to customers, the OUCC reviews the underlying support for the requested rate adjustment and may provide evidence supporting or contesting the request in proceedings. The Commission also reviews the tracked costs before rendering a decision.

The following examples describe authorized trackers available to Indiana's utilities:

Gas Cost Adjustment (GCA) – Pursuant to statute, the GCA allows a gas utility to recover the commodity cost of gas not recovered through rates established during a rate case.[32] Most regulated natural gas utilities use this mechanism.[33]

Pipeline Safety Adjustment (PSA) – The PSA allows the gas utility to recover prudently incurred, incremental non-capital expenses necessary in order to meet the requirements of the Federal Pipeline Safety Improvement Act of 2002, which imposed many new requirements on pipeline operators. Three natural gas utilities use the PSA.

Energy Efficiency Funding Component (EEFC) & Sales Reconciliation Component (SRC) – The EEFC funds the promotion of energy efficiency, and the SRC allows recovery of expenses from residential and commercial ratepayers that would otherwise be lost due to reductions in revenue caused by energy efficiency programs. The four largest natural gas utilities[34] use one or a combination of these two adjustable rate mechanisms.

Normal Temperature Adjustment (NTA) – The NTA reduces the risk of a gas utility not recovering its approved margin due to warmer-than-normal temperatures and mitigates the possibility of over-earning due to colder-than-normal temperatures during the heating season. Sixteen natural gas utilities use the NTA.

Challenges of Long-Term Projections

Natural gas pricing has been volatile in the past due to fluctuations in supply and demand, which has caused long-term projections to vary widely among industry stakeholders. Given

[32] IC § 8-1-2-42(g)
[33] Snow & Ogden is the only regulated natural gas utility that does not utilize the GCA tracker. Snow & Ogden is a small natural gas utility that receives natural gas from wells it owns and operates within the state. Therefore, its gas costs are stable and are built into its base rates.
[34] NIPSCO, Vectren North, Vectren South, and Citizens Gas are the four largest natural gas LDCs in the state.

that demand and supply are heavily dependent on the weather, advancements in technology, and other factors that are difficult to quantify or predict, long-term projections are simply best guess estimates based on the information available at the time and can therefore be unreliable. Additionally, government actions and regulations regarding the energy sector and environment may shape the future economics of natural gas. Consequently, while natural gas demand and supply projections are common and necessary industry practices, they are not foolproof and may yield skewed assumptions. Absent a consistent, reliable source of data, entities such as the IURC are left to adjudicate drastically different viewpoints with regard to the future of natural gas, which can present challenges.

Modernization and Efficiency

Energy Efficiency

As of the printing of this report, four large natural gas LDCs offer energy efficiency programs in Indiana. Eight additional small gas utilities have received approval to implement energy efficiency programs similar to those being offered by Vectren, contingent upon the authorization of new rates. Seven have successfully completed rate cases, and one has yet to file for authorization of new rates. Indiana gas and electric utilities are working together via an energy efficiency program administrator to provide joint program offerings to Hoosier ratepayers. These efforts will use available funds to maximize efficiency program budgets and increase program offerings for both electric and gas customers.

Given that demand and supply are heavily dependent on the weather, advancements in technology, and other factors that are difficult to quantify or predict, long-term projections are simply best guess estimates based on the information available at the time and can therefore be unreliable.

Conservation Connection by Vectren

In Cause No. 44019, the IURC approved a settlement agreement reached between the OUCC and Vectren to extend Vectren North and Vectren South's energy efficiency programs, known as "Conservation Connection." Vectren's Conservation Connection offers residential and small business natural gas customers energy-saving opportunities in the form of appliance rebates, custom programs for businesses, and online tools to perform energy audits and bill analysis. In 2012, Vectren reported over 2.6 million net therms saved through Conservation Connection programs.

Citizens Energy Savers by Citizens Gas

Citizens Energy Savers provides a comprehensive set of tools to help conserve energy, including cash rebates toward the purchase of high efficiency natural gas appliances. From September 1, 2011 through December 31, 2012, the energy efficiency program reportedly achieved savings of approximately 1.79 million net therms. On April 10, 2013, the IURC approved Citizens Gas's request for program extension under Cause No. 44124.

Save Energy Program by NIPSCO

On December 28, 2011, the Commission approved the expansion of NIPSCO's natural gas energy efficiency program. The program continues to offer a cash rebate for residential customers who invest in specified energy efficient equipment. Commercial and industrial customers also have access to additional incentives. By introducing the new Custom Incentive Program and Prescriptive Incentive Program, eligible businesses could receive more than $1 million per year for upgrading existing equipment or systems. In 2012, NIPSCO energy efficiency programs reportedly saved approximately 1.04 million net therms.

Depth Study

In 2009, the General Assembly mandated a report for best practices concerning the vertical location of underground facilities for purposes of IC ch. 8-1-26. This section of the report addresses legislative intent, looking at the viability and economic feasibility of technologies used to locate underground facilities.

Know What's Below

Pipeline safety regulations dictate minimum depth requirements for different types of pipeline at the time of installation. However, due to factors outside of the companies' control, such as erosion, settling and grading, there is no guarantee that the pipelines will continue to maintain their original installed depth.

In March 2011, the Common Ground Alliance (CGA), a member-driven association dedicated to public and environmental safety and to the prevention of damage to underground facilities, completed a study sponsored by the U.S. DOT identifying the best practices regarding damage prevention. Generally, the CGA recommends hand digging or soft digging within a 24-inch tolerance on all sides of underground facilities as the safest practice. Vacuum digging, the use of high-pressure water or air that breaks up the soil, accompanied by a powerful vacuum

that removes the loosened soil, is also an acceptable alternative identified by CGA.[35]

The CGA, equipment manufacturers, and the IURC's Pipeline Safety Division all strongly recommend hand-digging, air cutting, or vacuum excavation to expose underground pipe for visual verification. These are the safest means to accurately determine the true depth and location of underground facilities. Further, it complies with IC ch. 8-1-26. Also, the Pipeline Safety Division recommends that all operators of locate equipment be certified by an accredited organization in order to ensure only qualified individuals are allowed to perform this important service in order to protect underground facilities.

Excavation and the New Albany Explosion

On November 8, 2011, a subsidiary of an Indiana energy utility was conducting a drilling procedure in New Albany, Indiana. After failing to verify the location of the underground infrastructure, it damaged a natural gas main. The resulting leak caused natural gas to migrate from the damaged main to a nearby home, which then exploded. According to case testimony, the residence was destroyed, and five residents and one employee were injured.

As a result of a Pipeline Safety Division investigation into the cause(s) of the natural gas explosion, the Division filed a complaint with the IURC alleging the utility violated four Indiana statutes and federal pipeline safety standards.

Based on the evidence presented, under Cause 44177, the Commission ordered the utility to pay civil penalties totaling $100,000 for violations of federal and state pipeline safety regulations. In addition to the civil penalties, the company was required to make changes to their procedures to help prevent recurrence of such violations.

[35] www.commongroundalliance.com/Content/NavigationMenu/Best_Practices/Common_Ground_Study/Common_Ground_Study.htm

Regulatory Initiatives

State Initiatives

Senate Enrolled Act 560

In addition to establishing a 300-day timeline for rate cases, Senate Enrolled Act 560 (SEA 560) also provided new incentives for utility companies and businesses. In order to encourage investment in transmission and distribution systems, the legislature created a new tracker called the transmission, distribution and storage system improvement charge (TDSIC), which covers projects related to safety, reliability, system modernization, economic development, and the extension of natural gas service to rural areas. Recovery through the TDSIC tracker is limited to an average aggregate increase of less than 2% a year in the utility's total retail revenues.

300-Day Rate Case Timeline

The IURC worked with stakeholders to establish a 300-day timeline for rate cases to avoid temporary rates from going into effect. The new schedule is detailed in the introduction section of the report.

Traditionally these costs would have been included in rates for recovery in a base rate case. However, utilities can now petition for recovery on a more regular basis. But before project or improvement costs can be passed through to consumers, the utility must submit a seven-year plan to the IURC for review and approval. There is then opportunity for hearing and public comment. Upon receiving approval from the IURC, the utility may then petition for recovery of actual expenditures through a biannual tracker filing. Not all costs may be recovered though; 80% of capital expenditures may be recovered through the tracker, whereas 20% must be deferred until the utility's next rate case. To ensure that faster recovery does not lead to less general rate oversight, the legislature required any utility using TDSIC to come in for a base rate case within that seven-year timeframe.

To aid businesses from an economic development standpoint, the legislature also approved incentives for build out. For example, under the TDSIC, a natural gas utility may petition the

IURC for approval of a targeted economic development project in an expedited manner. Whereas there may have been costly fees or payments imposed upon a developer in order to bring natural gas service to a rural area, there is now a 20-year payback period. This means that the utility can build out its infrastructure with the assurance of recovery and businesses that may have otherwise had to rely on other fuel sources (i.e., propane) now have another option with a more manageable initial investment. SEA 560 also allows persons investing in utility infrastructure to receive a tax exemption on the property, as long as it is in an "infrastructure development zone" as designated by a county executive. This provides for increased availability of natural gas service in otherwise undeveloped areas. Additionally, the associated economic benefits includes eligible gas infrastructure for storage, compressed natural gas and liquefied natural gas (LNG), transmission, and distribution facilities.

Did you know?

For the twelve months ending July 2013, an Indiana residential propane customer paid roughly $1,200 more than a NIPSCO residential natural gas customer.

House Enrolled Act 1324

Encouraging investment in alternative fuels is a priority for Indiana. Starting in 2014, Hoosiers may take advantage of a three-year tax income credit for natural gas powered vehicles weighing more than 33,000 pounds. Signed into law this year, House Enrolled Act 1324 grants a $15,000 tax credit for each vehicle placed into service during the tax year, capped at $150,000 per person per tax year. Natural gas vehicles can refuel using butane, propane, or liquid or compressed natural gas and still qualify for the credit. Additionally, the motor carrier fuel tax and the state sales tax will apply to motor fuels for these vehicles. The U.S. Department of Energy's Alternative Fuels Data Center website contains helpful information for natural gas vehicle users. One great tool is the plan your trip function, which allows users to view refueling stations along a planned route.

Indiana Natural Gas Refueling Stations

Fuel Type	Public	Private
CNG	8	8
LNG	0	0
Propane	63	113

Source: www.afdc.energy.gov/states/IN

Interest in natural gas vehicles is growing in Indiana. Clean Energy Fuels, out of California, plans to open a retail LNG station on the south side of Indianapolis by the end of this year.

Additionally, the IURC recently approved Citizens Gas' request to create a multi-state fueling business utilizing LNG. The utility requested to keep permanent rates approved under a pilot program in 2010 to sell LNG to fuel heavy trucks, and proposes to use its 86th Street and Georgetown LNG storage facility in the process.

Protecting Critical Infrastructure

Threats to utilities' critical infrastructure – both cyber and physical – have never been greater than they are today. The highly publicized Stuxnet and Shamoon incidents are examples of cyber attacks that have damaged or destroyed critical infrastructure. These threats have the potential to halt emergency services, bring down communications systems, taint water supply, and create widespread power outages. In other words, they pose a serious risk to our everyday lives.

Reacting to these threats, President Obama on February 12, 2013 signed an Executive Order to improve critical infrastructure cybersecurity. The Executive Order established a process to develop a partnership with the intent "to increase the volume, timeliness, and quality of cyber threat information shared with U.S. private sector entities so that these entities may better protect and defend themselves against cyber threats."[36]

Additional action is being taken at the national level through organizations like the National Association of Regulatory Utility Commissioners (NARUC). Out of more than 200 utility commissioners across the country, Indiana Commissioner Carolene Mays was selected to chair NARUC's Critical Infrastructure Committee. In this leadership role, Commissioner Mays provides a vital public service by providing a forum to analyze solutions to infrastructure security and delivery concerns through collaboration with state and federal officials.

In order to further protect Indiana, the IURC, under Commissioner Mays' leadership, began investigating cybersecurity issues and engaging the utilities about their preparedness. Topics discussed included actions taken toward mitigation and resiliency in the event of a cyber attack. Other state agencies also participated, including the Indiana Department of Homeland Security and the Indiana Office of Technology. Thus far the IURC has met with utility

[36] www.whitehouse.gov/the-press-office/2013/02/12/executive-order-improving-critical-infrastructure-cybersecurity

representatives from the electric, natural gas, and communications industries and plans to hold additional meetings with the communications industry on September 9th and 10th and with the water industry on October 30th and 31st.

Federal Initiatives

Pipeline Safety Regulatory Certainty, and Job Creation Act of 2011

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, which was signed into law by the President on January 3, 2012 creates a number of new pipeline safety requirements that will have a significant impact on Indiana's pipeline operators, as well as the IURC's pipeline safety program. These new regulatory requirements directly address several pipeline safety risks identified from the San Bruno, California incident in 2010.

The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, which was signed into law by the President on January 3, 2012 creates a number of new pipeline safety requirements that will have a significant impact on Indiana's pipeline operators, as well as the IURC's pipeline safety program. New requirements include increasing civil penalties from $100,000 per day/ $1 million per related series of violations to $200,000 per day/ $2 million per related series of violations.

New requirements include increasing civil penalties from $100,000 per day/ $1 million per related series of violations to $200,000 per day/ $2 million per related series of violations. Additionally, the law requires the U.S. DOT to evaluate whether integrity management programs should be expanded beyond high-consequence areas (HCAs) and whether applying integrity management program requirements to additional areas would mitigate the need for class location requirements. If the U.S. DOT deems it appropriate, it may issue regulations expanding integrity management programs and/or replacing class locations. The law also aims to improve public awareness by requiring the U.S. DOT to maintain a map of designated HCA areas and to develop and an outreach program for the National Pipeline Mapping System (NPMS) targeted at state and local emergency responders.

In addition to the public safety requirements, the law mandates the U.S. DOT to require operators/owners to verify records related to interstate and intrastate gas transmission pipelines in certain areas. It also requires operators/owners to identify and submit to the U.S. DOT documentation related to segments for which the records are insufficient to confirm the established maximum allowable operating pressure. In order to maintain its compliance with

federal-state program certification requirements, review and inspection procedures for each of these new pipeline safety requirements must be developed and incorporated into the IURC's pipeline safety division's overall safety program.

Disparity in Federal and State Civil Penalties

In order for the IURC to continue to receive all available funding for its pipeline safety program through the federal base grant program, the state must adopt a civil penalty schedule for violations of pipeline safety regulations by pipeline operators that at least matches the federal civil penalty schedule.

Currently, Indiana provides for civil penalties not to exceed $25,000 for each violation for each day the violation persists up to a maximum of $1,000,000 for any related series of violations (IC 8-1-22.5-7(a)). Federal law 49 CFR 190, however, provides for $100,000 per day up to $1,000,000. There is also a proposed rulemaking increasing the federal penalty scale to $200,000/$2,000,000. The PHMSA has recommended that state lawmakers consider changing IC 8-1-22.5-7(a) to refer to and automatically adopt the federally required penalty schedule for pipeline safety violations.

Shale Gas Production Concerns

Recently, consumer and environmental groups have raised concerns about the production of shale gas. Well fracturing is water intensive and may affect availability of water for other uses, as well as impacting aquatic habitats. Additionally, the wastewater produced by hydraulic fracturing can contain potentially hazardous chemicals. It is important to prevent contamination of surrounding areas and find safe methods of treatment and disposal of wastewater. Some states where drilling has occurred have reported concerns with air pollution and contaminated drinking wells. As a result, the federal government launched a review of hydraulic fracturing. The U.S. EPA expects to release its initial findings on the environmental impacts of fracking in late 2014.[37]

The U.S. EPA expects to release its initial findings on the environmental impacts of fracking in late 2014, which should provide more insight on possible future regulation of this industry.

[37] http://water.epa.gov/type/groundwater/uic/class2/hydraulicfracturing/index.cfm

fracturing. The U.S. EPA expects to release its initial findings on the environmental impacts of fracking in late 2014.[37]

To address this issue, federal and state legislation has recently been filed. For example, the BREATHE and FRESHER Acts were introduced by Congress in 2013 and are aimed at removing oil and gas industry exemptions from the Clean Air Act and the Clean Water Act.[38] In Indiana, the Department of Natural Resources[39] permits fracking, and operators are required to disclose the chemicals used in the process. Of the 201 Indiana wells completed in 2012, only 22 were fracked.[40]

While it appears the industry is making strides to enhance transparency through disclosure, some remain skeptical. The results of the U.S. EPA study should provide the industry and the public with a better understanding of its view of fracking and the environmental impacts. With that being said, if new federal regulations are imposed or if restrictive legislation is passed regarding drilling techniques and practices, the price of natural gas could increase.

[37] http://water.epa.gov/type/groundwater/uic/class2/hydraulicfracturing/index.cfm
[38] http://stateimpact.npr.org/pennsylvania/2013/03/14/federal-legislation-aims-to-close-fracking-loopholes/
[39] Division of Oil and Gas
[40] www.in.gov/dnr/dnroil/5715.htm "Annual Well Completions and Hydraulic Fracturing Data 2005 to 2012"

Appendices

Appendix A – Revenues of Jurisdictional Natural Gas Utilities

Operating Revenues for Year Ending December 31, 2012

Rank	Utility Name	Operating Revenues	% of Total Revenues
1	Northern Indiana Public Service Company	$573,266,348	37.76%
2	Vectren North	522,187,120	34.40%
3	Citizens Gas (Municipal)	255,356,396	16.82%
4	Vectren South	84,968,374	5.60%
5	Ohio Valley Gas Corporation	25,792,225	1.70%
6	Midwest Natural Gas Corporation	12,156,892	0.80%
7	Sycamore Gas Company (f/k/a Lawrenceburg Gas Co.)	8,651,785	0.57%
8	Indiana Natural Gas Corp.	6,415,164	0.42%
9	Community Natural Gas Co., Inc.	5,333,621	0.35%
10	Ohio Valley Gas, Inc.	3,928,434	0.26%
11	Indiana Utilities Corporation	3,853,945	0.25%
12	Boonville Natural Gas Corporation	3,818,528	0.25%
13	Citizens Gas of Westfield	3,818,045	0.25%
14	Fountaintown Gas Co., Inc.	3,647,087	0.24%
15	Aurora Municipal Gas (Municipal)	1,995,435	0.13%
16	South Eastern Indiana Natural Gas Company, Inc.	1,508,835	0.10%
17	Switzerland County Natural Gas Co., Inc.	1,055,076	0.07%
18	Valley Rural Utility (Not for profit)	271,624	0.02%
19	Snow & Ogden	15,427	0.00%
	Total Revenue	$1,518,040,361	100.00%

Appendix B – Jurisdiction over Natural Gas Utilities

Investor-Owned Utilities under the IURC's Jurisdiction	
Boonville Natural Gas Corporation	Ohio Valley Gas Corporation
Community Natural Gas Company, Inc.	Ohio Valley Gas, Inc.
Citizens Gas of Westfield	Snow and Ogden Gas Company, Inc.
Fountaintown Gas Company, Inc.	South Eastern Indiana Natural Gas Company, Inc.
Indiana Natural Gas Corporation	Switzerland County Natural Gas Company
Indiana Utilities Corporation	Sycamore Gas Company
Midwest Natural Gas Corporation	Vectren North
Northern Indiana Public Service Company	Vectren South

Not-for-Profit Utilities under the IURC's Jurisdiction
Valley Rural Utility Company

Municipal Utilities under the IURC's Jurisdiction	
Aurora	Citizens Gas

Municipal Utilities Withdrawn from the IURC's Jurisdiction (IC § 8-1.5-3-9)		
Bainbridge	Jasper	Osgood
Batesville	Lapel	Pittsboro
Chrisney	Linton	Poseyville
Grandview	Montezuma	Rensselaer
Huntingburg	Napoleon	Roachdale
Jasonville	New Harmony	

Appendix C – Residential Natural Gas Bill Survey

Comparison by Therm Usage (January 1, 2013)

← Consumption →

Utilities	Ownership	Last Rate Case	Order Date	150 Therms	200 Therms	250 Therms
Aurora Municipal Gas	MUN	43527	1/30/09	$130.65	$173.04	$215.43
Boonville Natural Gas	IOU	44129	11/7/12	$125.54	$162.11	$198.69
Citizens Gas	MUN	43975	8/31/11	$126.52	$163.20	$199.87
Citizens Gas of Westfield	IOU	43624	3/10/10	$157.90	$202.01	$246.13
Community Natural Gas	IOU	43377	8/27/08	$113.01	$143.90	$174.79
Fountaintown Gas	IOU	43753-U	3/17/10	$127.48	$164.40	$201.33
Indiana Gas Company (Vectren North)	IOU	43298	2/13/08	$118.14	$152.58	$187.02
Indiana Natural Gas	IOU	43434	10/8/08	$124.43	$161.48	$198.54
Indiana Utilities	IOU	44062	9/5/12	$160.81	$207.43	$254.05
Midwest Natural Gas	IOU	44063	11/7/12	$127.83	$163.35	$198.87
Northern Indiana Public Service Co. (NIPSCO)	IOU	43894	11/4/10	$101.69	$131.90	$162.14
Ohio Valley Gas Corp. (ANR)	IOU	44147	11/28/12	$143.08	$185.94	$228.80
Ohio Valley Gas Corp. (TXG)	IOU	44147	11/28/12	$150.58	$195.94	$241.30
Ohio Valley Gas, Inc.	IOU	44147	11/28/12	$122.70	$158.76	$194.83
Snow & Ogden Gas	IOU	42821-U	11/22/05	$109.19	$145.49	$181.79
South Eastern Indiana Natural Gas Co.	IOU	44128	11/7/12	$127.75	$163.90	$200.06
Southern Indiana Gas and Electric Co. (Vectren South)	IOU	43112	8/1/07	$105.27	$136.12	$166.95
Switzerland County Natural Gas	IOU	43897-U	1/5/11	$106.59	$136.75	$166.92
Sycamore Gas Company	IOU	43090	6/20/07	$151.68	$193.22	$234.75
Valley Rural Utility Company	NFP	42115	5/8/02	$170.04	$222.44	$274.84
Industry Average				$130.04	$168.20	$206.36

Note: Drawing conclusions about a utility's performance is difficult due to many factors such as utility size and resources, period from the last rate case, storage options, geographic location, base rates, customer density and gas cost adjustment in effect at the time of the bill calculations.

Rates do not include normal temperature adjustment (NTA).

For purposes of this comparison: 100 Therms = 100 Ccf = 10 Dth = 10 Mcf

Appendix D – Residential Natural Gas 5-Year Bill Comparison

5-Year Bill Comparison at 200 Therms (January 1, 2013)

Utilities	5-Year Average	2013	2012	2011	2010	2009
Aurora Municipal Gas	$192.13	$173.04	$177.68	$172.72	$189.37	$247.85
Boonville Natural Gas	$250.33	$162.11	$199.23	$262.49	$299.18	$328.66
Citizens Gas	$191.60	$163.20	$173.86	$178.20	$189.56	$253.20
Citizens Gas of Westfield	$208.39	$202.01	$207.23	$200.61	$182.19	$249.89
Community Natural Gas	$176.32	$143.90	$146.91	$160.73	$150.84	$279.20
Fountaintown Gas	$185.59	$164.40	$183.99	$189.88	$166.37	$223.31
Indiana Gas Company (Vectren North)	$178.50	$152.58	$161.55	$166.67	$175.67	$236.02
Indiana Natural Gas	$197.67	$161.48	$171.17	$183.17	$200.03	$272.51
Indiana Utilities	$267.38	$207.43	$218.64	$269.00	$324.29	$317.56
Kokomo Gas and Fuel *	$186.80	n/a	n/a	$156.46	$171.10	$232.83
Midwest Natural Gas	$194.08	$163.35	$160.57	$181.67	$202.95	$261.88
Northern Indiana Fuel & Light (NIFL)*	$176.27	n/a	n/a	$151.94	$138.25	$238.63
Northern Indiana Public Service Co. (NIPSCO)*	$149.24	$131.90	$135.74	$150.89	**73.48	$254.20
Ohio Valley Gas Corp. (ANR)	$204.73	$185.94	$189.28	$200.50	$198.44	$249.50
Ohio Valley Gas Corp. (TXG)	$228.94	$195.94	$202.34	$221.02	$216.40	$309.02
Ohio Valley Gas, Inc.	$194.73	$158.76	$169.98	$194.02	$176.72	$274.18
Snow & Ogden Gas	$145.49	$145.49	$145.49	$145.49	$145.49	$145.49
South Eastern Indiana Natural Gas Co.	$193.37	$163.90	$170.56	$179.08	$176.35	$276.97
Southern Indiana Gas and Electric Co. (Vectren South)	$173.73	$136.12	$148.39	$153.56	$173.57	$257.01
Switzerland County Natural Gas	$180.75	$136.75	$171.08	$171.53	$164.60	$259.78
Sycamore Gas Company	$216.37	$193.22	$200.36	$193.22	$211.98	$283.06
Valley Rural Utility Company	$246.98	$222.44	$210.64	$204.26	$298.94	$298.60
Industry Average	$196.92	$168.20	$177.23	$185.78	$192.08	$261.33

(*)NIFL and Kokomo officially merged operations with NIPSCO on May 31, 2011 in Cause Nos. 43941, 43942, and 43943.
(**) NIPSCO refunded dollars to consumers due to a change in its GCA filing frequency and regulatory authorized refunds that resulted in a lower overall billable amount.
Note: For purposes of this comparison: 100 Therms = 100 Ccf = 10 Dth = 10 Mcf. Drawing conclusions about a utility's performance is difficult due to many factors such as utility size and resources, period from the last rate case, storage options, geographic location, base rates, customer density and gas cost adjustment in effect at the time of the bill calculations. Rates do not include normal temperature adjustment (NTA).

Communications Report

Executive Summary

The Communications section of the Regulatory Flexibility Report discusses key issues facing the industry, both in Indiana and at the federal level. The IURC continues to engage at the federal level and has voiced concerns about changes to universal service programs and intercarrier compensation. The Commission has also engaged on topics such as rural broadband availability and economics. The Report also highlights actions taken by the Commission to implement legislation passed by the General Assembly and explains how Commission policies such as area code relief, numbering, and the certification of prepaid wireless ETCs affect the economy of the state.

Universal Service

Universal service has been a key factor in the rapid development of today's telecommunications network. While originally focused on ensuring access to telephone service, the Federal Communications Commission (FCC) recently developed a National Broadband Plan to help connect Americans to the Internet. As a result of this new focus, resources previously designated for telephone service through the Lifeline/Link-Up programs will be reallocated to support broadband development.

As the FCC considered the reform of its Universal Service Fund, it also looked at intercarrier compensation policy. The FCC has ordered several changes to the system, including eliminating access charges paid for completing long-distance calls. Because a significant percentage of smaller rural carriers' revenue is directly tied to access charges, federal high-cost support, and Indiana Universal Service Fund revenues (in some cases as high as 60%), the proposed changes may put them at risk of defaulting on loans, undergoing reorganization, or

filing bankruptcy. Therefore these developments have the potential to negatively impact Indiana's carriers and economy.

Combating Fraud, Waste, and Abuse

Prompted by reports and findings of fraud and abuse, primarily from prepaid wireless carriers, the IURC is taking a closer look at eligible telecommunications carriers' methods of obtaining and certifying customers for eligibility to receive free or subsidized phone service from the Lifeline program. Red flags, such as unusually rapid growth in Lifeline subscribers and federal investigations, have led the IURC to develop additional filing requirements for providers wanting to participate in the program. The IURC is also actively investigating one provider to determine if it is complying with federal and state laws.

Area Code Relief

Forecasting reports from the North American Numbering Plan Administrator (NANPA) indicate that area code 812, serving southern Indiana, has the shortest remaining life of all the Indiana area codes. It is projected to exhaust in the second quarter of 2015. To address this problem, the Indiana Telecommunications Industry Group filed a petition for relief on August 3, 2012 in Cause No. 44233.

To obtain public input regarding the impact of area code relief options, the IURC held 10 public field hearings throughout larger and small communities in southern Indiana. An evidentiary hearing was held on June 18, 2013 to hear the evidence presented by the parties. After examining the evidence from the parties, the Commission issued an Order on July 31, 2013 approving an overlay of the 812 service area with a new area code - 930. The projected exhaust date of area code 317, which serves the Indianapolis area, is not far behind.

Rate Case Timelines & Infrastructure Incentives

In addition to establishing a 300-day timeline for electric, natural gas, water, and wastewater rate cases (as discussed in the introduction), Senate Enrolled Act 560 (SEA 560) also provided new incentives for utility companies and businesses. While targeted largely at the energy sector, there were provisions that affected the communications industry. For example, SEA 560 allows persons investing in utility infrastructure to receive a tax exemption

on the property, as long as it is in an "infrastructure development zone" as designated by a county executive. This is to encourage the buildout of broadband to unserved areas of the state.

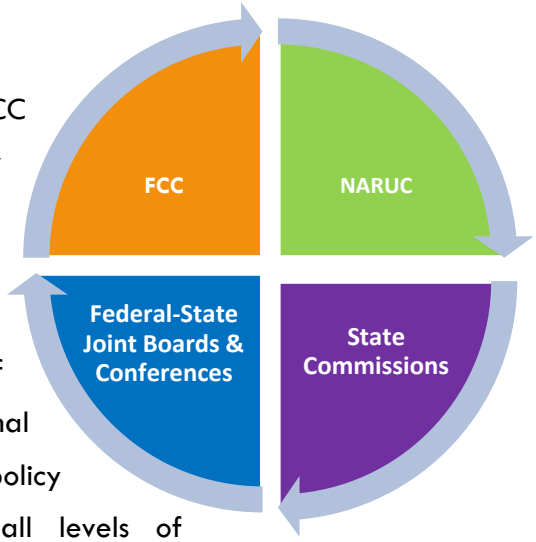
Protecting Critical Infrastructure

Threats to utilities' critical infrastructure – both cyber and physical – have never been greater than they are today. These threats have the potential to halt emergency services, bring down communications systems, taint water supply, and create widespread power outages. In other words, they pose a serious risk to our everyday lives. In order to stay on top of this issue, the IURC held meetings this summer with the state's utilities to discuss their efforts toward preparedness, mitigation, and resiliency in the event of a cyberattack. State agencies also attended, including the Indiana Department of Homeland Security and the Indiana Office of Technology.

Overview

Regulatory Structure

The Federal Communications Commission (FCC) oversees broader communications policies and regulates interstate and international communications by radio, television, wire, satellite and cable in all 50 states, the District of Columbia and U.S. territories. It was established by the Communications Act of 1934 and operates as an independent U.S. government agency overseen by Congress.



To help it craft sound policies, Congress directed the FCC to work with the National Association of Regulatory Utility Commissioners (NARUC) to form Federal-State Joint Boards. Currently, IURC Commissioner Larry Landis serves as state chair of the Federal-State Joint Conference on Advanced Services and is a member of the Federal-State Joint Board on Jurisdictional Separations. These boards are influential in shaping policy and facilitiating discussions among leaders from all levels of government.

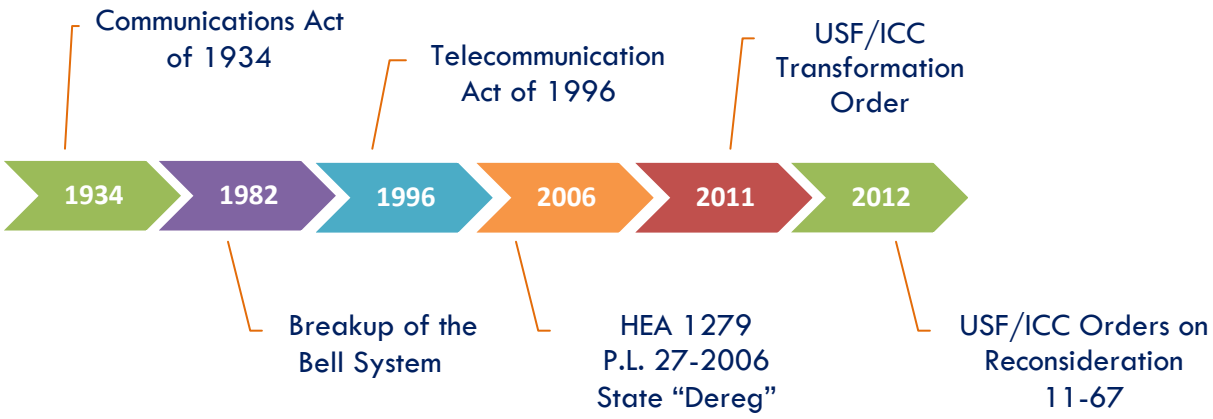
In order to ensure the state's interests and rights are protected, the IURC's Communications Division monitors regulatory proceedings and policy initiatives at the federal, state, and local levels to determine whether comments should be filed on behalf of Indiana consumers and companies. Additionally, the division implements universal service programs and provides recommendations on matters such as applications for certificates of territorial authority (CTAs) for communications service providers (CSPs).

All CSPs must have a valid CTA in order to offer service in Indiana. Services for which providers must receive authorization include three categories: telecommunications services, information services, and video services. Additionally, the IURC designates all eligible

telecommunications carriers (ETCs) in the state, which enables the carriers to obtain support from the federal Universal Service Fund. The IURC has no jurisdiction over the approval of rates and charges of CSPs, with the exception of intra-state access rates. Therefore, comprehensive rate comparison data is unavailable for this division.

The IURC is also involved in areas of the communications industry where competition alone may not provide solutions. For example, the IURC resolves carrier-to-carrier disputes, manages policies regarding telephone numbering resources (pursuant to federal and state law), protects consumers from unauthorized changes to their service, and implements universal service programs.

Legal and Policy Foundations



Communications Act of 1934

The Communications Act of 1934 set forth the standard that all people should have access to wire and radio communication "without discrimination on the basis of race, color, religion, national origin, or sex."[1] In order to ensure such policies would be honored, Congress then established a new agency, the FCC, dedicated to overseeing the telecommunications industry.

[1] 47 U.S.C.§ 151

Breaking Up of "Ma Bell"

After an antitrust lawsuit was filed in 1974 against AT&T, "Ma Bell" was ordered to break up into smaller companies following a formal ruling in 1982.[2] This action came after revelations that AT&T had a monopolistic hold over telecommunications services throughout most of America. The break up eventually led to new entrants in the market, which fostered increased competition. The subsequent companies stemming from the divestiture were dubbed the "Baby Bells."

Telecommunication Act of 1996

More than six decades after the Communications Act of 1934, Congress overhauled the nation's telecommunications law. Its intent was "to promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies."[3] This marked the shift from telecommunications services being seen as a natural monopoly (e.g., natural gas, electric or water services) to those that could thrive in a competitive market. Some of the more notable sections include: Sec. 251 (interconnections), Sec. 254 (universal service), and Sec. 706 (advanced telecommunications incentives). Essentially, Sec. 251 required carriers "to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers." By doing so, additional competitors can enter the market for local and long-distance services. Sec. 254 then established the Federal-State Joint Board to advise the FCC on universal service mechanisms meant to provide access to high cost areas of the states. Lastly, Sec. 706 orders the FCC and state commissions to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans" through "measures that promote competition in the local telecommunications market, or other regulating methods that remove barriers to infrastructure investment."

House Enrolled Act 1279 (Indiana "Dereg")

In 2006, the General Assembly moved Indiana from a traditionally regulated state to one with a "light regulatory touch." This reform legislation was passed with bipartisan support and

[2] *United States v. AT&T*
[3] P.L. No. 104-104, 110 Stat. 56 (1996)

became the legislative template for more than 20 other states. Notable provisions of the reform included deregulating rates and charges for most telecommunications services and giving the IURC authority for the statewide franchising of video service providers. Today, the IURC also serves as a voice for Indiana as policies affecting the state are debated at the federal level.

USF/ICC Transformation Order

In 2011, the FCC dramatically altered the Universal Service Fund (USF) as well as the method by which carriers charge each other for terminating or originating calls, known as intercarrier compensation (ICC). In acknowledging the significance of broadband in the 21st Century, the FCC shifted its focus from the deployment and adoption of voice services to the deployment of broadband across the country. In doing so, the FCC set five specific broadband performance goals for the USF's high-cost component of the USF.

"The goals are:

1. preserve and advance universal availability of voice services;
2. ensure universal availability of modern networks capable of providing voice and broadband service to homes, businesses, and community anchor institutions;
3. ensure universal availability of modern networks capable of providing advanced mobile voice and broadband service;
4. ensure that rates for broadband services and rates for voice services are reasonably comparable in all regions of the nation; and
5. minimize the universal service contribution burden on consumers and businesses."[4]

The FCC's controversial reform of ICC included abandoning the calling-party-pays model and moving to a national bill-and-keep framework. Under the bill-and-keep framework, carriers look first to their subscribers to cover the costs of the network, then to explicit universal service support where necessary. In adopting the new framework, the FCC rejected the notion that only the calling party benefits from a call and therefore both parties should contribute to the cost of originating, transporting, and terminating a call.

[4] USF/ICC Transformation Order, para. 17

Availability & Economics

Service for All

The IURC is charged with analyzing the effects of competition and technological change on universal service and the pricing of all telecommunications services offered in Indiana.[5] As pricing information is unavailable, the IURC will focus this section on the programs dedicated to expanding broadband and telephone service availability in the state.

Broadband Service Availability

The IURC frequently receives inquiries from consumers wanting to know which providers offer Internet service in a given area. Because broadband access is critical for public safety, economic development, and quality of life, it is essential that policymakers and their constituents have access to quality information. Fortunately, checking availability has become easier with the development of the Indiana Broadband Map.[6] Pursuant to statute, this map is maintained by the Indiana Office of Technology (IOT) as part of a nationwide mapping effort. The mapping program is a five-year, multi-agency effort to identify areas in the state served by Indiana's 100+ broadband providers. The state map is then integrated into a national broadband availability map designed to provide a solid foundation for future broadband deployment efforts at the state and national level.

One of the most frequent inquiries received by the IURC is, "Which providers offer Internet service in my area?" Checking availability in a consumer's area is easy to do. Simply visit: www.indianabroadbandmap.com and enter the address to see the providers serving the area.

[5] IC § 8-1-2.6-4(c)
[6] www.indianabroadbandmap.com

By consolidating this information, it is easier to identify areas of the state (mostly rural) with limited or no access to broadband services. Given the number of areas without broadband, availability remains an important issue facing both Indiana and the nation. After all, affordable broadband can be an important driver of economic development and improve the opportunities of low-income and at-risk populations. In areas where broadband is not available, the following two reasons are most often cited:

1. Technological limitations facing broadband providers (e.g., distance from central office, wire center or loop length, cell tower unavailability or geographic terrain); and

2. Economics (i.e., no business case for deploying broadband in a particular location because cost exceeds potential revenue or a business decision to deploy broadband someplace else due to lower costs or higher revenue).

Broadband in Rural Indiana

Despite clear benefits to consumers, some areas of Indiana have no access to broadband. Also, there are areas of rural Indiana where the primary option for broadband is through wireless providers. However, for these residents, even the fastest wireless broadband cannot compete with the broadband speeds and the accompanying economic opportunities available in other, more densely populated areas of the state.

Telephone Service Availability

High telephone subscribership increases the value and functionality of the communications network for everyone. In fact, the number of Indiana households with voice service is one barometer of the universality and affordability of telecommunications services. However, recent changes at the federal level threaten the availability of such services in Indiana, particularly in rural areas.

USF/ICC Reform = ↓ money for small, rural carriers

With the advent of the Universal Service Fund/Intercarrier Compensation (USF/ICC) Transformation Order, small rural carriers are now at a disadvantage due to changes in the funding structure for USF. Not only will small rural carriers receive less money due to intercarrier compensation[7] being phased out, but they will also receive less due to the FCC

[7] Intercarrier compensation refers to the charges that one carrier pays to another carrier to originate, transport, and/or terminate telecommunications traffic

using funds for broadband services as opposed to supporting ongoing telephone service. Although the monetary impact is still unknown, these carriers are at-risk if further action is not taken. For more information about these federal initiatives, please see page 120 of this report.

Federal Universal Service

The IURC is required to "fulfill its obligations under TA-96 and IC ch. 20-20-16 concerning universal service and access to telecommunications service and equipment, including the designation of ETCs."[8] One such obligation is to evaluate telecommunications carriers' petitions for ETC designation, which permits a carrier to receive support from the federal USF. The federal USF supports telecommunications companies that provide service in high-cost areas and offers assistance to low-income consumers (Lifeline), schools, libraries and rural health care providers.

Federal Lifeline Program

One program of the federal universal service initiative is Lifeline, and it is designed to increase the rate of telephone subscribership among low-income citizens. This program reimburses authorized phone companies (i.e., ETCs) for providing service at a discount or at no cost to eligible households. In 2012, the FCC reformed and modernized the program to recognize changing technologies in voice service delivery, streamline the cost of the program, as well as curb waste, fraud, and abuse. As part of the reform, the FCC adopted a uniform monthly discount for eligible low-income customers and eliminated the Link-up program in non-tribal areas. The FCC also eliminated the federal match in place to offset the cost of telephone service in states with their own Lifeline program.

All ETCs must offer the Lifeline program to eligible customers. Consumers are eligible if they either have a total household income that does not exceed 135% of the Federal Poverty Guidelines or participate in one of the following programs: Medicaid; Supplemental Nutrition Assistance Program, SNAP, formerly known as food stamps; Supplemental Security Income (SSI); Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program (LIHEAP); Temporary Assistance to Needy Families (TANF); or the National School Lunch Programs Free Lunch Program. As recently as 2009, data suggested that less than 10

[8] IC § 8-1-2.6-13(d)(5)

percent of Indiana's Lifeline eligible customers were participating in the program. However, since November 2010, preliminary figures suggest that the number of participants has more than tripled, driven largely by prepaid wireless carriers.

Prepaid Wireless ETCs

Although the Lifeline program was traditionally targeted at wireline connections, the program has expanded in recent years to include wireless services. Although the reimbursement amount is the same, the offering is different. For example, prepaid wireless carriers typically use the federal subsidy to provide free minutes each month (usually 250 minutes), to which most carriers add a basic wireless phone at no charge. Despite differences in the service offerings, the requirement that only one subscriber in a household may receive a Lifeline discount, and that a subscriber may not subscribe to Lifeline service from more than one carrier, applies across the board.

Although the Lifeline program was traditionally targeted at wireline connections, the program has expanded in recent years to include wireless services.

Upon being designated an ETC, providers agree to certain conditions designed to prevent misuse of the program. As of the printing of this report, the IURC has designated 11 prepaid wireless Lifeline providers as ETCs, including: Virgin Mobile (d/b/a Assurance Wireless); Tracfone (d/b/a SafeLink Wireless), i-wireless (d/b/a Access Wireless); TerraCom, Inc.; Telrite Corporation (d/b/a Life Wireless); Cricket Communications; Nexus Communications, Inc. (d/b/a Reachout Wireless); T-Mobile; American Broadband and Telecommunications; Budget Mobile; and Boomerang (d/b/a Ready Mobile). Three other prepaid wireless carriers' ETC petitions are pending.

Eliminating Waste, Fraud, and Abuse

As the Lifeline program continues to grow, problems with fraud and abuse on the part of carriers and customers have surfaced across the nation. To combat this, the IURC has high standards for accountability and places conditions on companies' ETC designations to ensure that only eligible consumers receive the discount and that only one monthly Lifeline discount is reimbursed per eligible household. The agency also authored GAO 2013-2, which set forth additional filing

Red flags = Investigation to combat abuse and fraud

requirements for providers seeking an ETC designation. Some of the new requirements include the following: 1) A balance sheet or audited financial statement for the most recent fiscal year; 2) business and financial documentation that shows the applicant is a going concern (a business that functions without the threat of liquidation for the foreseeable future), such as the company's business plan for Indiana; 3) an explanation of how long the company has been in business; and 4) whether the company has experience providing service to non-Lifeline customers. Another way the IURC is combating waste and fraud is by investigating "red flags." Due to unusually rapid growth in Lifeline subscribers and a federal Consent Decree indicating the company was not complying with federal rules, the IURC opened an investigation into TerraCom's practices in April 2013. This investigation is currently pending.

Area Code Relief

Numbering administration rules, which are overseen by the FCC and partially delegated to the states, have evolved since the development of the North American Numbering Plan (NANP) in 1947. This system accommodates direct dialing of long-distance calls to the 19 countries in the NANP.[9] After this system was created, some area codes gradually run out of available numbers or exhausted.

When an Indiana area code is three years from its projected exhaust date, NANPA files a petition with the IURC on behalf of the Indiana telecommunications industry.

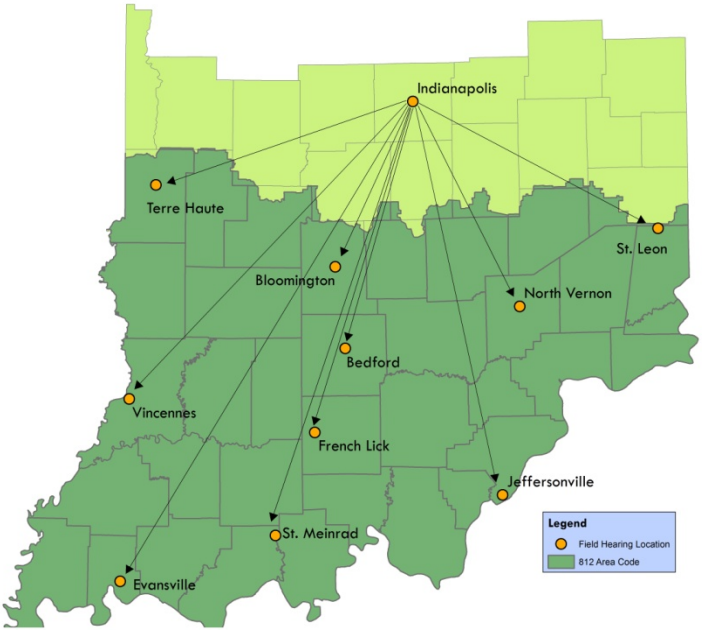
After the passage of TA-96, competition among multiple local exchange and wireless carriers placed additional demands upon numbering resources. As a result, state utility commissions and the FCC have implemented policies to conserve blocks of telephone numbers to postpone area code exhaust dates. When an Indiana area code is three years from its projected exhaust date, the North American Numbering Plan Administrator (NANPA) files a petition with the IURC on behalf of the Indiana telecommunications industry.

Area Code 812

Because of continued high demand for additional telephone numbers in the 812 area code serving south central and southern Indiana, current projections show there will be an insufficient inventory of telephone numbers available by March 2015. To address this issue, the NANPA filed a petition with the IURC seeking relief on behalf of Indiana's communications industry. In

[9] www.nanpa.com/about_us/abt_nanp.html (visited April 29, 2011)

this case, the NANPA's petition included seven options – a variety of geographic splits and overlays.



In the spring of 2013, the IURC traveled 1600 miles throughout the affected areas of the state to hear from the public about the proposed options and to raise awareness about why changes are needed in order to continue serving the region. The locations represented small, medium, and large communities throughout the area served by different local exchange providers.

The field hearings were held in: Bedford, Bloomington, Evansville, French Lick, Jeffersonville, North Vernon, Terre Haute, St. Leon, St. Meinrad, and Vincennes. The OUCC also participated and briefed the public on the area code relief process. An evidentiary hearing was held on June 18, 2013 to hear the evidence presented by the parties. The Commission then issued an Order in this case on July 31, 2013 approving an overlay of the new 930 area code.[10] This means that consumers and businesses may keep their existing numbers; however, they will have to begin 10-digit dialing.

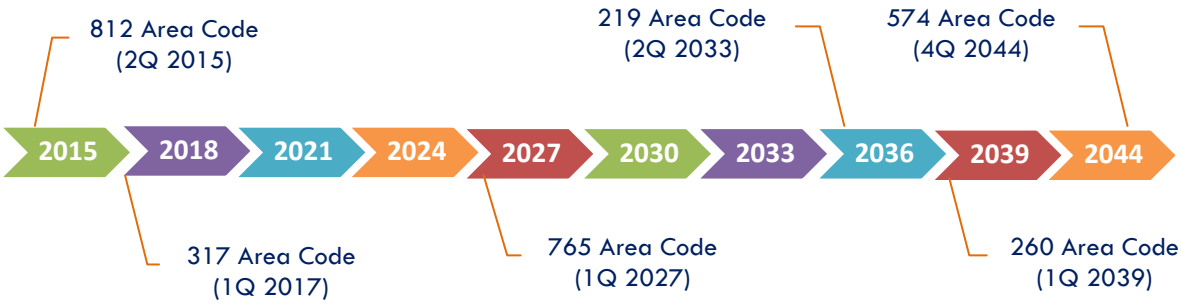
Area Code 317

The projected exhaust date of area code 317, which serves the Greater Indianapolis area, is not far behind area code 812. According to the latest forecasting report, area code 317 is projected to exhaust in the first quarter of 2017. The NANPA convenes a meeting with industry stakeholders to discuss area code relief when an area code is three years from its projected exhaust date. Therefore, if the exhaust projection for area code 317 remains the same, area code relief discussions could begin in 2014. The current life projections for Indiana's six area codes are reflected in the chart on the following page:

[10] For more information about area code relief, please visit www.in.gov/iurc/2703.htm

Chart 1

Projected Area Code Exhaust Dates



Source: North American Number Plan Administration, 2012-1 NRUF and NPA Exhaust Analysis, released April 2012

Commission Requests "IND" Area Code for Indiana

During the Bloomington field hearing, one commenter suggested that area code 463, which had not been assigned, should be used to relieve area code 812. The digits 463 spell "IND" (Indiana's former post office abbreviation) on the dial pad. Commissioners determined that regardless of the area code relief ultimately designated, the 463 "IND" area code was worth pursuing. Therefore, the Commission wrote a letter to the NANPA requesting that the number be reserved. In its response, the NANPA explained that because the 463 combination is already in use as a central office code in 812, the 463 area code cannot be assigned there. However, it has been reserved for the future relief of an area code elsewhere in Indiana.

Economics

Broadband Market

In most situations, as goods and services become more widespread, the unit cost decreases, and it becomes easier to expand production and sales due to economies of scale. Such is not the case with broadband. Providers tend to build out first to the most economical areas where costs of construction are lowest. The more widely dispersed the population, the more challenging the geography and terrain, and the greater the distance between customers and the equipment, the greater the cost.

Consequently, the cost of providing service to remote rural areas is usually much greater than the cost of providing otherwise identical service in the small towns and cities that are the hubs of typical rural communities. Broadband pricing that is considered "too high" or "unaffordable" is a deterrent to customers subscribing to broadband. This is true regardless of a person's income; however, the impact can be especially significant for low-income households. According to the Pew Research Center, fewer than 45% of all adults with household income less than $30,000 had broadband at home, compared to 87% of all adults with household incomes over $75,000.[11] In response, a number of different programs are underway to make broadband more readily available to low-income households. Examples of these programs are as follows.

Benefits of Price Shopping

A recent study conducted by Miami-based Broadband Expert suggests that where multiple broadband providers offer service, the typical American family may be able to easily save $60 per year by switching Internet service providers.

1. At least two cable companies with Indiana operations have voluntarily begun offering broadband services to eligible low-income customers for $9.95 per month (plus tax).

    - Comcast offers download speeds up to 3 Mbps and upload speeds up to 768 Kbps through its Internet Essentials service.[12]

    - Internet Basics service[13] offers eligible low-income homes download speeds of up to 1.5 Mbps and has been available from CenturyLink since October 2011. The City of Franklin was in the first group of communities nationwide to receive this offer.

    - CenturyLink and Comcast also offer netbook computers for a discounted price of $150, as well as computer and Internet training.

2. In the Lifeline Reform Order and Further Notice of Proposed Rulemaking, the FCC created the Broadband Adoption Pilot Program for low-income consumers to gather

[11] *Home Broadband 2010*, Table, p. 8 (Aug. 11, 2010) www.pewInternet.org/Reports/2010/Home-Broadband-2010.aspx (visited Aug. 9, 2012)
[12]Comcast Internet Essentials: www.Internetessentials.com/faq/default.aspx (visited May 31, 2012)
[13]CenturyLink Internet Basics: www.centurylink.com/home/Internetbasics/?rid=Internetbasics (visited May 31, 2012)

data to test how the Lifeline program could be structured to promote the adoption and retention of broadband services by low-income households.

- The FCC authorized up to $25 million for funding of the pilot program to be disbursed directly to ETCs for up to 12 months of subsidized broadband service either through bundles of voice and broadband services or as standalone broadband.

3. Connect2Compete and the Ad Council joined in a public/private partnership to launch a new digital literacy campaign called "EveryoneOn," which is a nationwide educational campaign. Its purpose is to help Americans, who do not currently use the Internet, gain access to technology through free digital literacy training, discounted high-speed Internet, and low-cost computers.

Video Market

Before the IURC was the sole authority for the issuance of new video service franchises, VSPs exclusively held local franchises. However, since 2006 the number of VSPs holding local franchises has decreased, and the number of providers holding state-issued franchises has increased. This trend is the result of local franchises expiring and new providers entering the market for the first time, either of which necessitates the issuance of new state-issued video franchises. In 2012, four VSPs acquired their first state-issued franchises. As shown by Map 1, the number of providers by county varies, with some locations being more competitive than others. The industry has also seen some consolidation over the last few years.[14]

In addition to granting state franchises, the IURC also monitors consolidations and other business transactions. In late 2007, Avenue Broadband acquired the assets of three Charter Communications entities that provided video service in Indiana. In 2012, Time Warner Cable acquired the assets of Insight Communications Midwest. In 2013, New Wave Communications acquired the assets of Avenue Broadband. Because all of these providers operate in Indiana, these consolidations affected Indiana consumers.

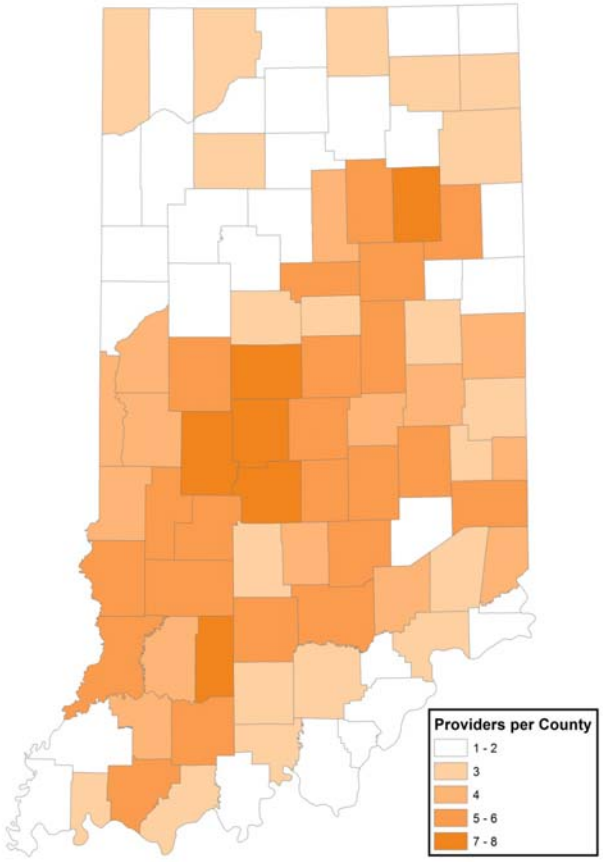
[14] However, typically, there are no more than two terrestrial providers in any one geographic area

VSPs continue the practice of offering package pricing as opposed to a la carte pricing. What this means is that consumers cannot select specific channels and/or exclude others. Rather, they must take an entire bundle, even if they are only interested in one channel. This is due to the serial monopolistic nature of content providers (e.g., there is only one ESPN or HBO). Therefore, consumers must pay a premium for channels like these, which are often packaged with less popular content. Given the variety of channels and additional types of communications services, an apples-to-apples comparison is difficult, if not impossible, for consumers to make.

Map 1

State-Issued Video Service Franchise Holders

Number of Providers by County



Franchise Fee Report

In 2012, the General Assembly required the Commission to gather information from local government units that receive franchise fees under a certificate issued by the Commission or an unexpired local franchise issued by the unit before July 1, 2006. Responses were received from 403 units. Of those, 61 indicated that no franchise fees were collected, and 496 video franchises were reported as providing service in the remaining 342 reporting units. Of those, 447 were providing service under a state issued franchise and 48 were providing service under a local franchise. The reporting units reported payments of franchise fees totaling $34,374,447.

Commission staff compiled the responses and provides the following broad analysis of the reported data:

- Responses were received from 60 of the 92 counties in Indiana. Of those, 12 reported receiving no franchise fees.

- The majority of the reporting units deposit video franchise fees in their respective general funds.

- Most of the reporting units use the video franchise fees for public safety or to cover general operating expenses. Some use the fees for maintenance of rights of way, roads, and other infrastructure.

- 228 units reported the franchise fee rate set in the unit. Those rates vary from 1.5% to 5% with the majority set at either 3% (52% of respondents) or 5% (40% of respondents).

- Many units did not provide the requested information about how the rate was established and the date the rate was set. Conversations with some clerks and treasurers indicated that recent turnover in the office made it impossible for them to provide that information in a timely fashion.

- Some units reported the presence of a video provider but no franchise fees being paid. When requested, commission staff provided education on this section of the statute dealing with the payment of franchise fees and encouraged a dialogue between the unit and the video provider(s).

New Technologies Enabling Competition

With new technologies comes competition, which means more pressure is being put on traditional telephony, video, and broadband services, as consumers demand more for less. For example, consumers are no longer dependent on cable VSPs or over-the-air broadcasting for programming. Rather, with sufficient broadband speed, they can stream video from entities like Apple's iTunes, Amazon, Hulu, Netflix, and YouTube. Consequently, with these technological developments, some customers are making the decision to cut the video cord, challenging the traditional video service model. Other examples gaining traction and legal challenges are listed below.

Aereo
Broadcast Service

Aereo targets the live programming market (e.g., live news programs, talk shows, sporting events, and live broadcasts of game shows and soap operas) and is considered by some as "the next big thing" in Internet video streaming. Aereo works by capturing over-the-air TV broadcast signals with millions of tiny, dime-size antennas and temporarily assigning a specific antenna to an individual Aereo subscriber each time that subscriber activates the Aereo service. In effect, Aereo subscribers "rent" the antennas from Aereo. There are two ways to watch TV on Aereo: 1) watch real-time (broadcast) TV and 2) watch programs the user records from the broadcast channels in the area.

However, there are legal challenges to Aereo's business plan. Traditional TV broadcasters claim that Aereo is violating their copyrights by distributing their programs without paying retransmission fees. Aereo counters by saying that it is not "distributing" anything, because the customers control the antennas. At least one commentator has said, "At stake is nothing less than control of the airwaves."[15] Many of the traditional TV networks are vigorously taking their fight with Aereo to the courts of law and of public opinion - and potentially Congress.

magicJack
Telephony Service

MagicJack L.P.'s device can be inserted into a computer port on one end and a standard telephone jack, a router, or even into a wall socket on the other end. It represents a disruptive technology, because it enables a caller to bypass their local telephone company when that customer is calling another magicJack customer or a customer of another PC-based VoIP provider. The "magicJack Plus" device allows a customer to place a call using VoIP "soft phone" software installed on a PC. MagicJack has also introduced a Wi-Fi device, as well as a magicJack app for use with iPads and newer versions of the iPhone and iPod Touch. These devices allow a magicJack customer to place "free" calls to U.S. and Canadian phone numbers – or to any magicJack number, anywhere in the world. However, magicJack has faced legal challenges related to its ability and willingness to collect 911 fees from its

[15] www.theverge.com/2013/4/2/4174748/whats-next-for-aereo-and-online-tv

customers and remit those fees to local and county governments. Also in dispute is the extent of the FCC's 911 authority over magicJack and other VoIP providers.

FreedomPop
Internet Service

Internet start-up company FreedomPop offers free and discounted Internet services for both residential and mobile wireless subscribers. Current FreedomPop "home" (residential) customers receive 500 MB of data (i.e., content) for free per month, through portable Wi-Fi hotspots, USB modems and iPod touch cases. Newer service and pricing options offer more capacity and higher speeds but require purchase of some sort of router or other device.[16] FreedomPop's business plan is to appeal to the 60% to 70% of the U.S. population that use less than 10 GB of data per month but are forced to pay for unlimited capacity. Users who need more than 1 GB per month can pay $10 extra per month to receive an additional 10 GB of data.

[16] www.fiercewireless.com/story/freedompop-intros-new-pricing-options-burst-home-broadband-router/2013-03-06#ixzz2TJTcpR2h

Regulatory Initiatives

State Initiatives

Senate Enrolled Act 492

This bill deleted several sections of the Indiana Code that had expired or were no longer relevant. In addition, it modified the public notice requirements for changes to tariffs that CSPs are required to file with the IURC. Rather than sending notice to customers, the posting of the tariff to the IURC's website now serves as notice. To help make it easier for companies to track these changes, the IURC updated its website and has allowed users to sign up for updates using GovDelivery.

Senate Enrolled Act 235

Granting direct marketing authority to VSPs is a new IURC responsibility as a result of SEA 235.[17] Direct marketing authority is essentially door-to-door sales. Rather than requiring VSPs to obtain a permit in multiple municipalities where they plan to conduct sales activities, the General Assembly granted the IURC authority to certify companies at the state level. Companies may choose whether to seek statewide authority or local permission to solicit. VSPs applying for statewide authority must certify that all requirements have been met for their employees and contractors. For example, companies must check to see if their employees have a criminal history and must show proof of financial responsibility. They must also file a list of employees certified to conduct direct marketing. Orders granting direct marketing authority will be posted to the IURC website. Additionally, so that local governments can check to see if those soliciting have in fact undergone review, the IURC created and will maintain a webpage[18] that lists current and former employees who are

So that local governments can check to see if those soliciting have in fact undergone review, the IURC created and will maintain a webpage that lists current and former employees who are certified by the company as meeting the law's requirements.

[17] Indiana Code § 8-1-34-30
[18] www.in.gov/iurc/2760.htm

certified by the company as meeting the law's requirements. As of August 16, 2013, the IURC has received two applications for direct marketing authority. Those applicants are Acme Communications, Inc. (Cause No. 44372-DM) and CMN-RUS, Inc. d/b/a Metronet (Cause No. 44378-DM). The Commission issued an Order granting Acme's request on August 5, 2013, and Metronet's application is pending before the Commission.

Senate Enrolled Act 560

In order to encourage broadband deployment to unserved areas, county executives may now declare areas as "infrastructure development zones." In order to do so, the local body must find that a given area is unserved and that the property tax exemption will provide new opportunities for broadband and other advanced services to come to fruition. However, a provision in SB 492 makes providers ineligible for this credit if the infrastructure is in an area where the CSP already provides wireline broadband service so that existing providers are not at a disadvantage.

Protecting Critical Infrastructure

Threats to utilities' critical infrastructure – both cyber and physical – have never been greater than they are today. The highly publicized Stuxnet and Shamoon incidents are examples of cyber attacks that have damaged or destroyed critical infrastructure. These threats have the potential to halt emergency services, bring down communications systems, taint water supply, and create widespread power outages. In other words, they pose a serious risk to our everyday lives.

Reacting to these threats, President Obama on February 12, 2013 signed an Executive Order to improve critical infrastructure cybersecurity. The Executive Order established a process to develop a partnership with the intent "to increase the volume, timeliness, and quality of cyber threat information shared with U.S. private sector entities so that these entities may better protect and defend themselves against cyber threats."[19]

Additional action is being taken at the national level through organizations like NARUC. Out of more than 200 utility commissioners across the country, Indiana Commissioner Carolene

[19] www.whitehouse.gov/the-press-office/2013/02/12/executive-order-improving-critical-infrastructure-cybersecurity

Mays was selected to chair NARUC's Critical Infrastructure Committee. In this leadership role, Commissioner Mays provides a vital public service by providing a forum to analyze solutions to infrastructure security and delivery concerns through collaboration with state and federal officials.

In order to further protect Indiana, the IURC, under Commissioner Mays' leadership, began investigating cybersecurity issues and engaging the utilities about their preparedness. Topics discussed included actions taken toward mitigation and resiliency in the event of a cyber attack. Other state agencies also participated, including the Indiana Department of Homeland Security and the Indiana Office of Technology. Thus far the IURC has met with utility representatives from the electric, natural gas, and communications industries and plans to hold additional meetings with the communications industry on September 9th and 10th and with the water industry on October 30th and 31st.

Federal Initiatives

Major Initiatives of 2012

The federal regulatory landscape continues to change rapidly. Federal policy changes resulting from the FCC's USF/ICC Transformation Order continue to be rolled out, resulting in more detailed implementation and rulemaking proposals. The IURC stays abreast of funding decisions by the FCC and their impact on Indiana. Below is a summary of these developments and IURC comments.

Connect America Fund | *Released on December 14, 2012*

- Scope: Last year the FCC's CAF offered $300 million in broadband buildout support for price cap carriers (midsized) and carriers accepted $115 million. The CAF allocated money for three carriers operating in Indiana: AT&T ($47.8 million), CenturyLink ($89.9 million), and Frontier ($71.9 million). However, due to stringent requirements and a number of conditions connected to the funding, not all carriers accepted it. For example, AT&T and Verizon did not accept any of the allocated funds nationally. CenturyLink accepted $35.1 million, with $41,075 designated for areas in Indiana, and Frontier accepted $71.9 million, with $96,800 designated for

areas in Indiana. CAF disbursements require carriers to extend broadband service to at least one location for every $775 in support received.

- The FCC order on May 22, 2013 offered $485 million to support broadband deployment in unserved and underserved areas across the nation. It also expanded eligibility for CAF disbursements to any location currently unserved by Internet service with speeds higher than 3 Mbps downstream and 768 kbps upstream. Carriers must make elections before August 5, 2013. Similar to last year, there will be conditions and performance metrics placed on the funds, and it has yet to be determined if any Indiana carriers will accept the support and conditions attached.

PSTN to IP Transition | *Announced on December 2012*

- Scope: Late last year, an FCC Public Notice[20] sought comment on two separate petitions, filed by AT&T and NTCA (a national association of small rural local exchange carriers). Both petitions dealt with transitioning the Public Switched Telephone Network (PSTN) away from the traditional telecommunications technology known as Time Division Multiplexing (TDM) to the next generation of network technology known as Internet Protocol (IP). The petitions recommended steps for the FCC to take in order to facilitate this transition.

In response to AT&T and NTCA's petitions, the IURC filed comments cautioning against rushing into the transition without considering the pitfalls associated with it. For example, in the event of a power outage, additional back-up power must exist at both the customer's premises and the telecommunications provider's network if they rely on the electric power grid.

- In response to the petitions, while supporting the transition in principle, the IURC filed comments cautioning against rushing into the transition without considering the pitfalls associated with it. For example, in the event of a power outage, additional back-up power must exist at both the customer's premises and the telecommunications provider's network if they rely on the electric power grid. If not, Hoosiers could be without access to vital services every time the power goes out. Therefore, before moving forward, the issue of reliability must be addressed. The Commission also emphasized that while it supports the goal of expanding broadband networks and next generation communication services

[20] Pleading Cycle Established on AT&T and NTCA Petitions, GN Docket No. 12-353 (DA 12-1999, Public Notice, released Dec. 14, 2012)

throughout Indiana, eliminating or changing existing federal policies could adversely affect some consumers who benefit from those policies by reducing the number of available telecommunications provider options (i.e., reducing the level of competition).

Additionally, the Commission emphasized that its comments were meant to be pro-competitive and should not be construed as advocating any hindrance to the competitive marketplace.[21] However, given that the communications industry is a "networked" industry, similar to the airline industry, there are certain expectations associated with it. For instance, airline customers expect that ticketed passengers and cargo can transfer easily and seamlessly from one airline to another on interconnected flights. Customers have similar expectations for communications services and providers. To preserve this functionality, FCC actions should:

1. Be technology neutral; forward looking and flexible; able to accommodate other technological shifts, beyond just TDM to IP; and

2. Recognize the continued applicability of many of the broad principles of existing federal law, even if some of the details might no longer apply due to changes in technology.

In addition to emphasizing the continued need for a basic voice service functionality that is available at just, reasonable, and affordable rates[22] - while ensuring customer choice in providers, consumer protection, and a competitive but seamlessly interconnected communications industry - the Commission also argued that it is important for states to ensure that certain consumer rights (e.g., the reliability of communications networks and services) are not lost with a move to newer technology. Furthermore, the Commission emphasized the importance of Section 254(b)(3), which requires that services and rates be reasonably comparable between rural, insular [islands] and high-cost areas and urban areas. This is critical to protecting consumers and maximizing consumer choice in those non-urban areas.

[21] Pleading Cycle Established on AT&T and NTCA Petitions, GN Docket No. 12-353 (DA 12-1999, Public Notice, released Dec. 14, 2012)
[22] 47 U.S.C. §§ 254(b)(1) & 254(i)

Ongoing Federal Policy Initiatives

The FCC recently modified or is reviewing many important issues that are under the IURC's authority or which affect Indiana carriers or consumers. For example, in late 2011, the FCC restructured how it distributes universal service funds to high cost areas by targeting "unserved areas" to receive support, while reducing support to the service areas of small rural telephone companies.[23] It also mandated stricter designation criteria for ETCs seeking to offer only the Lifeline program.[24] Also under consideration are changes to federal numbering policies regarding the types of carriers that have access to numbering resources,[25] inmate calling services, rural call completion issues, and benchmark rates for companies that receive federal funds. The IURC has filed comments on many of these matters, including:

Universal service fund (USF) and intercarrier compensation (ICC)

- Scope: USF is the mechanism to support widespread and affordable telephone service in rural areas. ICC is the mechanism which governs how carriers compensate each other for traffic exchanged between their respective networks.

3G and 4G networks build out (Mobility Fund)

- Scope: The Mobility Fund is a new federal fund that will allocate money to subsidize the build out of wireless infrastructure in unserved areas of the nation. IURC staff reviewed maps of the proposed areas eligible for federal build out funds and made the FCC aware when additional areas in the state met the funding criteria. In all, the IURC identified more than 1,400 inaccuracies. The Mobility Fund Auction was held September 27, 2012. No Indiana companies were awarded Phase I Mobility funding.

National Broadband Map

- Scope: IURC staff reviewed the FCC National Broadband Map for discrepancies with Indiana's information. Upon discovering discrepancies, the IURC provided the FCC with the Indiana Office of Technology's more current broadband map. These actions help ensure Indiana receives proper consideration by the FCC when determining CAF funding eligibility.

[23] USF-ICC Order, Released November 6, 2011, FCC 11-161, ¶ 78
[24] Lifeline and Link-up Reform and Modernization Order, FCC 12-11, Released February 6, 2012
[25] Vonage Holding Company's Request for Waiver in Order to Obtain Direct Access to Numbering Resources, CC Docket 99-200

Inmate Calling Services

- Scope: The FCC proposed changes to reduce the high rate on interstate calls from prisons and sought more information on how state policies were affecting inmate calling rates. Given Indiana's standing as a good actor, the IURC provided the FCC with information on actions taken by the Indiana Department of Corrections (IDOC) to maintain reasonable rates for inmate calls. In 2010, the IDOC awarded a new phone contract, which lowered the costs of calls for inmates and at the same time increased revenue for the state. This allowed the state to invest in new technology programs for correctional institutions. This issue has been pending before the FCC for over a decade.

Benchmark Rates for Companies that Receive Federal High Cost Support

- Scope: The FCC proposed minimum rate floors for basic voice and fixed broadband services for companies that receive high cost support. The Indiana Universal Service Fund has benchmark standards. The IURC provided comments and insight to the FCC regarding how the benchmark rates were devised for the Indiana fund.

Rural Call Completion

- Scope: Call completion can be a problem when a long-distance carrier uses a least-cost router to transport and terminate its customers' calls for prices so low that the wholesale carrier responsible for routing the call does not complete the call to rural areas rather than pay termination fees. The business or residence in the rural area does not get the call and the customer trying to place the call may experience a false busy signal, false ringing, or an inaccurate message that the call cannot be completed as dialed. The IURC joined in Joint Comments of State Commissions supporting the NARUC comments which advocated taking measures to hold carriers accountable for completing calls, such as record retention and reporting requirements and reports on the causes of call failures, and providing states access to intrastate call completion data to aid enforcement.

Appendix

Appendix A – Video Franchise Fee Report

In 2012, the General Assembly required the Commission to gather information from local government units that receive franchise fees under a certificate issued by the Commission or an unexpired local franchise issued by the unit before July 1, 2006. Responses were received from 403 units.

Disclaimer: *Please note that the purpose for which the funds were spent is presented in the attached Video Franchise Fee Report as closely as possible to a verbatim representation of the explanation provided by the unit in its response to the Commission. Minor punctuation and typographical error corrections have been made.*

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Adams County	No Fees Collected						
Akron, Town of			101-General Funds and 101-640-Revenue General Cable Franchise Fees	To help fund the General Fund.	3.0%	5/7/85	Ordinance 7-85
Comcast	State	$ 828					
Rochester Tel Co	Local	$ 2,214					
Albany, Town of			General Fund	Police salaries	No Answer	No Answer	No Answer
Comcast	State	$ 18,273					
Albion, Town of			General Fund	Franchise fees are receipted into and expended from the General Fund, which includes the Town of Albion's Corporation General Fund, Police Department and Fire Department.	3.0%	12/30/96	Ordinance No. F96-26, Page 6 (Franchise Fee)
Mediacom LLC	State	$ 5,941					
Allen County			Public Information Fund-$211,117; General Fund-$316,675	To fund the County Public Information Officer and Executive Assistant to the Commissioners positions, as well as public notices printed in the newspaper required by state law, contractual services with the library to utilize their public access channel and staff to create news programs and meeting broadcasts relevant to Allen County residents, fees to utilize the library's streaming media server to make meetings available "on demand" on our website, and other miscellaneous County PIO expenses.	5.0%	6/24/98	Ordinance approved by the Commissioners
Mediacom	State	$ 12,870					
Frontier	State	$ 176,058					
Comcast	State	$ 338,865					
Alton, Town of (via phone call)	No Fees Collected						
Ambia, Town of (via email)	No Fees Collected						
Anderson, City of			General Fund	General Fund expenses, salaries, supplies, services, capital outlay	5.0%	8/2/02	Ordinance #37-02
Indiana Bell Telephone	State	$ 130,983					
Comcast	State	$ 558,696					
Andrews, Town of			General	To cover General Fund expenses	3.0%	9/24/01	Franchise Agreement
Comcast	State	$ 3,980					
Angola, City of			General Fund-Cable TV	Support the Information Technology Department	5.0%	2/18/03	Ordinance No. 1107-2003
Mediacom Comms.	State	$ 46,858					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Arcadia, Town of			Town of Arcadia General Fund	Public Safety	No Answer	No Answer	No Answer
Comcast	State	$ 4,725					
Atlanta, Town of			General Fund	Public Safety	No Answer	No Answer	No Answer
Comcast	State	$ 3,410					
Attica, City of			General-Comcast Franchise Fee	Pay our planning/building commissioner, maintenance on right-of-ways.	3.0%	5/27/81	Ordinance #756, 1962
Comcast	State	$ 22,923					
Auburn, Civil City of			N/A	The fees are used to supplement maintenance of the right-of-ways. Mowing, weed spraying, tree/shrub trimming. This also would include the cost of labor and equipment required to perform these maintenance tasks. It is imperative to have this supplementation so utility rates are not subject to increase.	3% for basic/ expanded basic; 5% for premium/ pay-per-	4/29/04	Ordinance No. 2004-05
Mediacom LLC	State	$ -					
Aurora, City of			General Fund Cable TV Fees	Any General Fund expenditures	Unknown	No Answer	No Answer
Comcast	State	$ 15,122					
Austin, City of			General Fund	General	5.0%	5/11/04	Ordinance 2004-1
Insight Midwest	State	$ 7,883					
Time Warner Cable	State	$ 23,797					
Avilla, Town of			General Town/Cable TV Franchise	Any legal expense authorization - General Fund budget	3.0%	5/13/92	Written agreement with Comcast Cable (#01910003)
Comcast Cable	State	$ 750					
NewWave Communications	State	$ 2,295					
Avon, Town of			General	Any governmental expenditures approved by the Town Council.	2.0%	No Answer	Ordinance 95-5, 96-12
AT&T	State	$ 27,988					
Brighthouse	State	$ 16,623					
Bartholomew County			Telecom Non-Reverting	Video arraignment project at the Bartholomew County Jail. Project overseen by IT department to purchase and install equipment. Video Conferencing will expedite the administration of criminal justice between the Court and Jail.	3.0%	1/1/1982 (amended 11/1/93)	Ordinance 1982-1 (amended Ordinance 1993-15)
Indiana Bell Telephone	State	$ 7,830					
Comcast Financial	State	$ 102,542					
NewWave Communications	State	$ 976					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Batesville, City of			General Fund	They are used for public safety. They go toward Police and Fire budgets.	No Answer	No Answer	No Answer
Comcast Cable	State	$ 618					
Enhanced Telecommunication Company	Local	$ 28,327					
Benton County (via email)	No Fees Collected						
Berne, City of			General Fund	To help fund the General Fund expenses.	5.0%	7/9/1990 & 7/8/2002	Ordinance # 379, amended by Ordinance # 519
Comcast of Illinois/ Indiana/Ohio	State	$ 21,496					
Bicknell, City of			General Donation	None were spent.	2.0%	Unknown	No Answer
Avenue Broadband Communications	State	$ 9,812					
Bloomfield, Town of			General	This offsets the property taxes to residents and used for equipment and supplies.	Unknown	Unknown	Unknown
Comcast	State	$ 26,747					
Bluffton, City of			General Fund	Helps fund the General Fund, which mainly pays for Police, Fire, Public Safety, and the Dispatch Center. The Dispatch Center dispatches for the entire county including the Electric Department, Water and Wastewater Departments of the City of Bluffton.	3.0%	7/6/99	Negotiated between Cable Co. & Mayor Ellis
Mediacom Communications	State	$ 25,768					
Boone County			County General	The general operations of the county government.	3.0%	3/15/82	Ordinance 82-1
Indiana Bell Telephone	State	$ 17,380					
Brighthouse	State	$ 25,238					
Clear Channel	Local	$ 4,823					
Comcast	State	$ 11,924					
Smithville Comms	State	$ 85					
Boonville, City of			General Fund	To help fund the Police Department and for road repairs/repave.	5.0%	10/13/04	Ordinance 2004-24
Insight Comms/Time Warner	State	$ 54,850					
Wide Open West	State	$ 17,497					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Bourbon, Town of			General Fund-Cable TV	No Answer	$ 25.00	5/8/12	Amendment to lease per attorney
Mediacom	Local	$25 per year for land rent.					
Bremen, Town of			Fees deposited in General Fund.	Funding utilized towards general operations in serving our community such as sidewalk replacement and other Town property improvements.	5.0%	8/25/05	Council approved on 11/22/2004
Mediacom Comms. Corp.	Local	$ 31,979					
Bristol, Town of			General Fund	Any General Fund expenditures	3.0%	3/18/04	Franchise
Comcast	State	$ 11,852					
Brookston, Town of			General Fund	Town of Brookston spends this on a variety of expenses through the year, from General Fund.	2.0%	1/13/75	Ordinance 75-1
Comcast Financial Corporation	State	$ 8,201					
Brookville, Town of (via phone call)	No Fees Collected						
Brownsburg, Town of			Fund 101.639 (Video) and Fund 101.640 (T.V.)	Deposited to General Fund to fund department budgets and lower tax rate.	No Answer	2/10/94	Ordinance 93-54
AT&T	State	$ 96,628					
Comcast	State	$ 119,923					
Brownstown, Town of			General Fund-Cable TV Franchise	Local law enforcement and operating costs for the Town of Brownstown.	No Answer	No Answer	No Answer
Comcast of Illinois/ Indiana/Ohio, LLC	State	$ 20,731					
Bruceville, Town of			General Fund-Cable TV Franchise	These funds were used to fund our General Fund budget.	3.0%	7/14/98	by Contract
Avenue Broadband Comms	State	$ 2,763					
Bryant, Town of			General Cable TV Franchise	Put in our General Fund	5.0%	Unknown	Unknown
Comcast	State	$ 1,213					
Burlington, Town of			General Fund-Revenue Name - Cable TV Franchise	To aid in the maintaining of alleyways and curbs to ensure access to cablelines.	2.0%	4/5/1985 (Renewed: 4/16/01)	Ordinance 85-1A (Renew/Extend: Ordinance 2-2001)
Comcast	State	$ 279					
NewWave Communications	State	$ 899					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Burns Harbor, Town of			General Fund	The Town of Burns Harbor uses franchise fees to assist in the payment of general service expenditures that pertain to maintenance and policing of public right-of-way property.	5.0%	4/11/07	Town Ordinance 200-2007
Comcast Cable Comms.	State	$ 15,916					
Butler, City of			General	To fund the General Fund (Police, cemetery, Building Departments).	No Answer	No Answer	No Answer
Mediacom	Local	$ 2,610					
Cambridge City, Town of			Deposited into the General Fund	The money goes into the General Fund and helps pay the following: Fire Department gas and oil, Police gas and oil, office supplies, Police repairs and maintenance on vehicles, Fire Department repairs and maintenance on vehicles, telephone, general insurance, electric current, heat, cemetery repairs and maintenance, city building repairs and maintenance, park repairs and maintenance, fire station repairs and maintenance, downtown street lights, tree trimming and stump removal. This money helps with numerous appropriations in the General Fund.	No Answer	9/22/80	No Answer
Comcast	State	$ 30,844					
Camden, Town of			General Fund	Maintain cable line right-of-ways	2.0%	9/1/84	Local Agreement
NewWave Comms	Local	$ 1,316					
Campbellsburg, Town of			General Fund	General Fund appropriated expenses	No Answer	No Answer	No Answer
Insight Midwest Holdings, LLC	State	$ 428					
Time Warner Cable	Local	$ 723					
Cannelburg, Town of	No Fees Collected						
Cannelton, City of			General Fund	General Fund expenses including utilities, supplies for buildings, maintenance supplies, phone service, cemetery expenses, and fire department.	No Answer	No Answer	No Answer
Comcast Cable	State	$ 12,759					
Carbon, Town of			General Fund	Franchise fees are put in our General Fund.	3.0%	4/5/82	Resolution
New Wave Comms	Local	$ 438					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Carmel, City of			General Fund	Support general government operations.	5.0%	5/2/07	BPW/Mayor
AT&T	State	$ 276,419					
Brighthouse	State	$ 379,832					
Carroll County			Fund 1000-Cable Franchise	No specific purpose; it is part of County General	No Answer	No Answer	No Answer
Comcast	State	$ 24,877					
NewWave Communications	State	$ 3,551					
Carthage, Town of			Town of Carthage General Fund	These fees were deposited into our General account. The money was used to pay bills that occur on a monthly basis. It is so needed, as we are a small Town, and every penny is stretched as far as we can make it go.	5.0%	9/22/07	Resolution 6-2007
Comcast	State	$ 4,814					
Cass County			County General	Funding County General Fund	5.0%	1/1/04	By Contract
Comcast	State	$ 18,512					
Cedar Lake, Town of			General Fund	Easement maintenance - mowing, brush and debris removal	5.0%	11/26/02	Ordinance 840
East Arkansas Cablevision LP d/b/a AT&T Comcast Corporation	State	$ 112,511					
Chalmers, Town of			General Fund	The franchise fee the Town of Chalmers receives from Comcast is used for a variety of expenses that the Town incurs throughout the year. It helps fund our General Fund, which has been decreased by the property tax cap that the state implemented several years back. We would sure hate to lose this funding.	2.0%	3/3/76	Ordinance 2-1976
Comcast of Indiana/ Kentucky/Utah	State	$ 1,712					
Chesterfield, Town of			General	The franchise fees are used for public safety, police salaries, maintenance of equipment and uniforms, and any other items the Town Council deems necessary.	5% of gross revenue	1983	Ordinance No. 26-36-1-1
Indiana Bell Telephone	State	$ 7,094					
Churubusco, Town of			General-Cable TV	No set expenditures were taken out of this fund account.	5.0%	6/5/02	Ordinance 03-2002
Mediacom	Local	$ 10,747					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Cicero, Town of			General Fund	The funds received from Comcast are deposited in to the General Fund to assist in providing funding for the Town's general operating expenses.	No Answer	No Answer	No Answer
Comcast	State	$ 35,730					
Clark County			Information Technology Fund	Owens communications-radios for operators in dump trucks and pickup trucks for county highway (federal compliance); Dell Marketing-computer related items; Orion Networks-hardware switches and firewalls.	3.0%	2/11/00	Resolution 2-2000
Insight Midwest Holdings	State	$ 48,628					
Time Warner Cable	State	$ 144,062					
Clarksville, Town of			Analysis Business Checking Acct # 73-0000-70646	No Answer	3.0%	7/28/98	Resolution
Indiana Bell (AT&T)	State	$ 4,791					
Time Warner Cable	State	$ 62,743					
Clay County			General Fund	General expenses	No Answer	No Answer	No Answer
Endeavor	State	$ 1,562					
NewWave formerly Suddenlink Comms.	State	$ 39					
Avenue Broadband	State	$ 6,248					
Clear Lake, Town of	No Fees Collected						
Clermont, Town of			General Fund	The fees are deposited into the General Fund as miscellaneous revenue and spent as such.	5.0%	3/9/95	Ordinance #217
Comcast	State	$ 20,572					
Clinton County, IN			County General Fund	No Answer	3.0%	No Answer	No Answer
Comcast	State	$ 60					
Mulberry Cooperative	State	$ 6,243					
Clinton, City of			General Fund	Support general budget	No Answer	No Answer	No Answer
New Wave Communications	State	$ 2,705					
Avenue Broadband Communications	State	$ 9,559					
Cloverdale, Town of			General/Cable TV Franchise	No Answer	3.0%	3/15/05	Ordinance 1995-5
Clay County RTC (Endeavor)	State	$ 4,048					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Coatesville, Town of			General Fund	This was used for general expenses of the Town to help keep property taxes down.	No Answer	No Answer	No Answer
Endeavor	State	$ 1,757					
New Wave Communications	State	$ 377					
Columbia City, City of			General Fund	Offset expenses by the City for budget purposes for operations of the City.	5.0%	4/9/96	Ordinance 1996-4
Mediacom	State	$ 43,155					
Columbus, City of			Columbus Technology Service	Audio visual streaming, public wireless webfilter, iPads for meetings, Everbridge reverse notification.	5.0%	10/19/93	Ordinance #44, 1993
Indiana Bell Telephone	State	$ 125,309					
Comcast	State	$ 353,520					
Smithville Digital, LLC	State	$ 3					
Connersville, City of			Cable Education Fund	All collected fees are applied to support the operation of the local government/education access cable television channel. The channel is operated by the City of Connersville and has two full-time employees and six part-time employees.	5.0%	6/16/97	Ordinance 3586
Comcast	State	$ 107,310					
Metronet	State	$ 46,726					
Corydon, Town of			General Fund	General expenses of the Town. We do not put it in a specified category.	No Answer	No Answer	No Answer
Insight (Jan-Mar 2012)	State	$ 11,366					
Time Warner Cable (April-June 2012)	State	$ 10,992					
Time Warner Cable (July-Sept 2012)	State	$ 10,791					
Country Club Heights, Town of			General	Operations	5.0%	Unknown	State Franchise
Indiana Bell Telephone	State	$ 275					
Covington, City of			City of Covington Electric Fund	Pole maintenance	No Answer	No Answer	No Answer
Comcast	State	$ 1,786					
New Wave Communications	Local	$ 6,923					
Crane, Town of (via phone call)	No Fees Collected						
Crawfordsville, City of			City General Fund	Video fees supplement revenue for the City of Crawfordsville General Fund. This fund pays public safety officers salaries, benefits, and equipment.	3.0%		
Comcast Cable Comms.	State	$ 50,525				10/11/05	Ordinance
AT&T Video, Ind. Bell	State	$ 13,687				12/1/09	Letter of Agreement

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
AccesslPlus	State	$ 5,758				5/11/04	Ordinance
Cromwell, Town of			General Fund	Miscellaneous receipts to help reduce tax levy.	No Answer	No Answer	No Answer
Mediacom	Local	$ 752					
Crothersville (via phone call)	No Fees Collected						
Crown Point, City of			General Fund	This revenue the City of Crown Point receives is very helpful with public safety. This revenue is very much needed to help the cost of public safety personnel and/or capital outlays such as emergency vehicles.	No Answer	No Answer	No Answer
Comcast Cable	State	$ 208,611					
Indiana Bell Telephone	State	$ 85,819					
Crow's Nest, Town of	No Fees Collected						
Culver, Town of			General Fund	The funds were spent by local fire, emergency services and police departments, which the Town employs, as well as the Clerk's Office.	No Answer	No Answer	No Answer
Mediacom	State	$ 5,486					
Cumberland, Town of			General Fund	General expenditures	5.0%	Unknown	Unknown
Comcast	State	$ 39,981					
Indiana Bell Telephone	State	$ 16,444					
Dale, Town of			General	To help fund the general budget and public safety.	3.0%	9/10/81	Local ordinance # 1981-6
Avenue Broadband Communications	State	$ 149					
Daleville, Town of			Misc revenue-General Fund	The franchise fees supplement our operating budget.	5.0%	No Answer	No Answer
Indiana Bell Telephone	State	$ 2,615					
Danville, Town of			General Fund	General Operating	3.0%	11/17/97	Ordinance 27-1997
Indiana Bell Telephone	State	$ 16,293					
Comcast	State	$ 43,601					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Darlington, Town of (via phone call)	No Fees Collected						
Daviess County			County General	No Answer			
RTC Communications	State	$ 7,367			5.0%	10/1/07	State of Indiana
NewWave Communications	State	$ 11,596			3.0%	1/1/07	State of Indiana
Dayton, Town of			General, Now Franchise Fee Fund	Franchise fee fund ordinance allowing all franchise fees to be used toward ADA compliances.	3.0%	11/1/93	FCC rates/Regs
Comcast	State	$ 7,358					
Mulberry Cooperative	Local	$ 1,897					
Dearborn County Government			County General	General county operations	3.0%	No Answer	Ordinance
Comcast	State	$ 51,575					
Enhanced Telecommunication	State	$ 18,030					
Decatur, City of			General Fund	General operating expenses	3.0%	3/6/01	Ordinance No. 2001-1
Mediacom	Local	$ 25,323					
DeKalb County (via phone call)	No Fees Collected						
Delaware County			County General	General	5.0%	Statute	IC8-1-34-24
Indiana Bell Telephone	State	$ 54,493					
DeMotte, Town of			General Fund	To support General Fund	3.0%	No Answer	Resolution 4-21-97-2
Comcast	State	$ 19,089					
Dillsboro, Town of			General	General Fund operating account-police, fire protection	No Answer	No Answer	No Answer
Comcast Financial Agency Corp	State	$ 5,201					
Dublin, Town of			General Fund	Police, Fire and Park	5.0%	11/14/95	Ordinance
Comcast	State	$ 7,718					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Dubois County			County General	General operations of the County.	3.0%		
Insight Communications	State	$ 4,703				Unknown	State Franchise
Time Warner Cable	State	$ 5,608					
Avenue Broadband Communications	State	$ 306					
PSC (Perry Spencer Telephone Coop)	Local	$ 1,362				5/15/06	Local Franchise Ordinance
Dune Acres, Town of			General	Operating costs	3.0%	No Answer	Ordinance No. 2002-2
Comcast Cable of California/Colorado / Illinois/Indiana/ Michigan, LP	State	$ 4,070					
Dunkirk, City of			Cable Franchise Fees	Used to offset our tax base.	5.0%	12/13/93	Ordinance 1993-09
Comcast Cable Comms.	State	$ 19,101					
Dyer, Town of			General Fund	Public safety	5.0%	7/14/92	Ordinance No. 92-19
AT&T Cable	State	$ 84,232					
Comcast Cable	State	$ 153,996					
East Chicago, City of			City of East Chicago General Fund 0101-Cable TV	The cable franchise fees were used to fund the City's General Fund Public Safety budget 2012 - $18,227,420.	5.0%	7/13/04	EC Ordinance No. 03-0025
Indiana Bell Telephone	State	$ 34,835					
Comcast Financial Agency Corp	State	$ 173,874					
East Germantown			General	General Use	3.0%	not known	Franchise Agreement
Comcast	State	$ 1,202					
Eaton, Town of			General/MVH	Maintain easements and alleys (Gravel, Mowing, etc.)	5.0%	12/16/77	Ordinance #4-77
Comcast	State	$ 8,550					
Edinburgh, Town of			General, Electric	Budgetary expenditures	2.0%		
Indiana Bell Telephone	State	$ 901				1/1/09	No Answer
New Wave	State	$ 4,485				12/26/79	Ordinance 1979-24
Elberfeld, Town of			General Fund	These fees were deposited into the General Fund.	No Answer	No Answer	No Answer
NewWave Comms	State	$ 264					
Elizabeth, Town of (via phone call)	No Fees Collected						

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Elkhart, City of			General Fund	2012 Budget	3.0%	1/15/97	Ordinance No. 4285
Comcast	State	$ 201,634					
Ellettsville, Town of			General Fund as Misc. Revenue	Agreement with Community Access Television to televise both Council and Plan Commission Meetings - annual cost $13,371.00; the remainder supports the Police and Fire Departments	5.0%	7/12/10	The franchise fee started 8/3/1980 by contract with Horizon with 20 year term. Insight and Comcast continued 3% without contract until increase 7/12/10.
Comcast	State	$ 48,268					
Smithville	State	$ 513					
Elnora, Town of			Elnora General Fund	The fees we receive go towards helping the Town pay bills.	3.0%	12/31/11	Franchise Agreement
Suddenlink	State	$ 895					
Elwood, City of			General Fund	Deposited into General Fund to help pay for General Fund purchases. Helps the final fund amount on our General Fund.	5.0%	1/7/85	5% based on gross basic subscriber revenue
Comcast	State	$ 40,876					
AT&T/Indiana Bell Telephone	State	$ 12,248					
Etna Green, Town of			General Fund	General Services	No Answer	No Answer	No Answer
Comcast	State	$ 1,400					
Evansville, City of			Sigecom Fund, Finance, and Insight Fund	These funds are not predesignated. They serve the general operational needs of the City of Evansville.	5.0%		
Sigecom	State	$ 294,698				9/21/98	Ordinance G-98-31
Insight Communications	State	$ 1,022,880				9/9/98	Ordinance G-98-35
Fairmount, Town of			General Fund	The fees are used to pay our volunteer firemen's compensation and the police officers' salaries.	No Answer	No Answer	No Answer
Comcast	State	$ 25,260					
Fayette County			Cable TV Agreement City TV Channel 3	All fees support the local government/dducation cable access television channel.	5.0%	7/21/97	Ordinance No. 97-12
Comcast	State	$ 27,734					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Ferdinand, Town of			General Fund-Cable Franchise	Fees are used for the costs and expenses incurred by the Town to process and administer cable TV franchise fees and to maintain town right-of-ways used by cable TV providers.	3.0%	7/1/06	Ordinance No. 13-02
Perry-Spencer Communications	State	$ 6,562					
Telecommunications Management	State	$ 274					
Fishers, Town of			General Fund	100% spent on operating budget	5.0%		
Indiana Bell Telephone	State	$ 283,634				Unknown	Unknown
Central Indiana Communications	State	$ 156					
Nine Star Connect	State	$ 1,785					
Bright House Networks	State	$ 179					
Comcast Cable Communications	State	$ 338,794				10/4/95	Ordinance 082395
Flora, Town of			Town of Flora General Fund and Flora Electricity Utility	The Town's portion is deposited into the General Fund, and within that fund is a line item for our Local Access Channel 2 TV station. The funds received support this public access station for our residents. The Electricity portion is deposited into their Operating account, and the funds are used to maintain the utility poles and other maintenance expenses.	No Answer	No Answer	No Answer
Comcast Comms n/k/a NewWave Comms	State	$ 5,003					
Floyd County			No Amounts Received	No answer	0.0%	11/6/02	Resolution
Insight Communications Midwest	State	$ -					
Fort Branch, Town of			General Account	Fees are put into the General Operating Account, which supports the Police Department.	No Answer	No Answer	No Answer
Time Warner formerly Insight	State	$ 26,350					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Fort Wayne, City of			General Fund / Cable Fund	General Fund shall be used for current general operations of the City or Town. Cable fund is used for local cable access providers and content producers.	5.0%	7/20/95	
Comcast Cablevision	State	$ 1,799,179					Local Ordinance # G-27-95
Frontier Communications	State	$ 918,877					Master Agreement
Fountain County			County General	General purposes	5.0%	Unknown	Unknown
Comcast Financial	State	$ 138					
New Wave Communications	State	$ 563					
Fowler, Town of			General Fund-Cable TV Income	No Answer	No Answer	No Answer	No Answer
Comcast Financial Trust	State	$ 943					
New Wave Communications	State	$ 2,789					
Fowlertown, Town of			General	Will be used to replace sidewalks and install curbing for the Town	No Answer	2/9/04	Ordinance 2-2004
Comcast	State	$ 1,079					
Frankfort, City of			City General	Operating expenses	3.0%	No Answer	No Answer
Comcast	State	$ 19,195					
Indiana Bell Telephone	State	$ 5,010					
Franklin, City of			General	For public safety expenses: i.e., salaries, equipment, uniforms, supplies and other items deemed necessary for use of the Franklin Police and Fire Departments by the Board of Works and Safety.	3.0%	8/25/03	Council Ordinance 03-15
Comcast of Illinois/ Indiana/Ohio, LLC	State	$ 137,722					
Frankton, Town of			General	The fees were used as needed for the operation of the Town Police Department, Street Department, and the Park Department.	3.0%	11/10/80	Ordinance 347-80
Swayzee Communications	State	$ 1,827					
Fremont, Town of			General	To help fund the budget	No Answer	No Answer	No Answer
Mediacom	Local	$ 5,882					
French Lick, Town of			General Fund	No Answer	3.0%	Unable to Find	Unable to Find
Avenue/New Wave	State	$ 6,824					
Smithville	State	$ 196					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Fulton County Commissioners			County General Fund	This money was used as operating money in the County General Fund.	3.0%	No Answer	No Answer
Comcast	State	$ 798					
Rochester Telephone	Local	$ 14,330					
Garrett, City of			Cable TV Franchise-General Fund	Public safety purposes	3.0%	1/1/05 to 1/1/20	Franchise Agreement
Mediacom Communications Corp	Local	$ 16,397					
Gary, City of			Media Fund, General Fund	Media equipment and repairs, communication equipment, media salaries, media events.	5.0%	5/8/00	Ordinance #7158
AT&T	State	$ 763,167					
Comcast	State	$ 90,507					
Geneva, Town of			General Fund 101-640-000 Cable TV License Fee	General Fund appropriations - Police Protection, Fire Protection, Administration, and Parks	5.0%	10/9/90	Ordinance No. 1990-9
Comcast	State	$ 8,625					
Georgetown, Town of			General	The fees were used to support Town government, police, etc.	3.0%	9/26/00	No Answer
Time Warner formerly Insight	State	$ 35,676					
Gibson County			Gibson County General Fund	Gibson County General Fund expenses	3.0%	1985	Franchise Agreement
Time Warner Cable	State	$ 5,629					
New Wave	Local	$ 453					
Goodland, Town of (via phone call)	No Fees Collected						
Grabill, Town of			General-Cable TV Licenses	Not spent	5% of its gross revenues	2/27/02	Ordinance # 407
Mediacom Indiana LLC	State	$ 4,166					
Greencastle, City of			Fund 101-General Fund	General Operations of the City	5.0%	6/26/05	Contract
Cinergy Metronet	State	$ 51,566					
Comcast	State	$ 51,031					
Greendale, City of			General Fund	General Fund- personnel, supplies, services	3.0%	3/5/96	By Contract/ Agreement
City of Greendale	State	$ 21,386					
Greene County			General Fund	County General Fund expenses are appropriated and approved by the Green County Council and DLGF.	3.0%	5/7/84	Ordinance No. 5-84
Suddenlink Comms	State	$ 3,574					
Comcast Cable	State	$ 8,847					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Greenfield, City of			Information Technology Franchise Fee	To help fund I.T. Department	3.0%	8/24/73	Ordinance 1973-16
AT&T	State	$ 21,468					
Indiana Bell Telephone	State	$ 52,368					
Comcast	State	$ 127,736					
Central Indiana	Local	$ 2,162					
Greensboro, Town of			General	Utility bills	3.0%	2/28/12	Unknown
Comcast	State	$ 500					
Greenville, Town of			General Fund Cable TV	General Fund	3.0%	12/18/80	Ordinance
Time Warner Cable	State	$ 16,938					
Greenwood, City of			General Fund	Revenue support for the General Fund	3.0%	6/26/89	Ordinance 89-11
Comcast	State	$ 192,407					
Hagerstown, Town of			General Fund	Emergency services, administration and operations	5.0%	10/4/04	Ordinance #7-2004
Comcast	State	$ 24,389					
Hamilton County (via phone call)	No Fees Collected						
Hamilton, Town of			General Fund	Services, utilities, supplies, salaries, police services, and equipment.	3.0%	1/1/12	No Answer
Mediacom	Local	$ 11,454					
Hammond, City of			General Fund-Cable Franchise Fees	Right-of-way maintenance and improvements	3.0%	11/13/79	City Ordinance
Comcast	State	$ 554,919					
Wide Open West	State	$ 197,518					
Indiana Bell Telephone	State	$ 85,062					
Hancock County			County General Fund 1001	Receipted into the County General Fund used for general government expenses.	3.0%	5/19/97	Ordinance 1997-5F
Indiana Bell Telephone	State	$ 23,885					
Ninestar	State	$ 22,821					
Brighthouse	State	$ 7,427					
Comcast	State	$ 38,280					
Central Indiana Communications	Local	$ 1,820					
Hanover, Town of			General Fund	Personal services, supplies, other services and charges.	No Answer	No Answer	No Answer
Time Warner Cable	State	$ 21,123					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Hardinsburg, Town of (via phone call)	No Fees Collected						
Harmony, Town of			General Franchise Fee Cable TV	General use in General Fund	3.0%	2/5/01	Ordinance 1-2001
New Wave Communications	State	$ 765					
Hartford City, City of			General Fund	These funds going into the General Fund contribute to various departments within the General Fund, including our Police and Fire Departments. With the decline in property tax revenue these fees help with Public Safety and are reported to the OLGF each year as miscellaneous revenues to help fund the General Fund.	5.0%	5/5/69	Ordinance 762
Comcast	State	$ 58,357					
Hartsville, Town of			Hartsville General Acct	No Answer	No Answer	No Answer	No Answer
Comcast	State	$ 3,382					
Hebron, Town of			General Fund	Any purpose so appropriated by the Town of Hebron from the General Fund.	3.0%	4/27/82	Resolution # 1982-7
Comcast	State	$ 23,090					
Highland, Town of			Corporation General Fund	This is difficult to answer. It is treated as general revenue. The basis for this charge is that use of a public right-of-way for private purposes requires a type of rent for the use. This is no different than fees for park use permits or how broadcasters compensate the U.S. Government for use of the airways or spectrum by payment of a broadcast license fee. The amount of the fees have been used to reduce reliance on property taxes. The amount raised is nearly equal to the appropriation approved for the Fire Department. So, use is public safety.	5.0%	3/27/00	Ordinance 1136
Comcast Cable	State	$ 224,031					
Indiana Bell Telephone	State	$ 135,858					
Hobart, City of			City of Hobart General Fund	General city services to residents including police, fire, sanitation, and other services.	No Answer	No Answer	No Answer
Comcast of Illinois/ Indiana/ Michigan, Inc.	State	$ 316,372					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Holton, Town of (via email)	No Fees Collected						
Homecroft, Town of			General Cable TV Franchise	No Answer	No Answer	No Answer	No Answer
Comcast	State	$ 1,942					
Huntertown, Town of			General Cable TV	Not applicable- money was retained in fund.	5.0%	12/23/08	Standard Rate
Frontier Communications	State	$ 24,134					
Comcast of Fort Wayne Limited	State	$ 17,341					
Huntingburg, City of			General Fund	Property Tax replacement - used for police, fire, and other General Fund departments to provide services to citizens.	5.0%	10/20/06	IURC granted Insight CTA to provide service, local franchises terminated by operation of law
Insight/Time Warner	State	$ 24,722					
Huntington County			General Fund	Cable Fees	3.0%	6/15/92	Ordinance
Comcast	State	$ 6,674					
Huntington, City of			General Fund Cable Television	General appropriated budget purposes	No Answer	No Answer	No Answer
Metronet	Local	$ 26,869					
Comcast	State	$ 39,206					
Indianapolis, Consolidated City of; Marion County			Fund # 15001: Consolidated County General Fund; aka "City General Fund"	All franchise fees were deposited into the General Fund, thus contributing to the funding of general needs and operating costs of our unit.	5.0%	1996	1996 Cable Franchise Agreement
AT&T	State	$ 3,317,985					
Bright House	State	$ 910,611					
Comcast	State	$ 4,655,586					
Jamestown, Town of			General Fund	General expenses	No Answer	No Answer	No Answer
Full Choice Communications	State	$ 410					
Jasonville, City of			Sidewalk and Curb Replacement Fund	The fees were deposited in our sidewalk and curb replacement fund to upgrade and replace our sidewalks.	No Answer	No Answer	No Answer
Suddenlink Cable Co.	State	$ 9,398					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Jasper, City of			General Fund	Franchise fees are deposited into the General Fund of the City. It is used to pay the expenses of operating the City of Jasper's government, police, fire and street departments.	5.0%	6/7/03	Ordinance 2003-25
Insight Communications	State	$ 82,690					
Jay County Government			County General Misc. Receipts	General Government	Unknown	No Answer	No Answer
Comcast	State	$ 4,682					
Jefferson County			General	General budget	5.0%	6/6/1993, renewed in 2005	Contract
Time Warner and Cinergy Metronet.	State	$ 37,101					
Jeffersonville, City of			General	These fees are used to offset shortfalls in revenue that arise from property tax reductions with circuit breakers.	4.5%	3/17/97	Resolution 97R-18
Time Warner/Insight	State	$ 237,887					
Indiana Bell Telephone	State	$ 10,007					
Jennings County			Deposited in County General Fund	Deposited in County General Fund	5.0%	Unknown	Unknown
Comcast of Indiana & Kentucky	State	$ 234,690					
Johnson County			County General Fund	Help fund the County General budget	3.0%		
Comcast	State	$ 181,741				7/31/80	Ordinance # 80-5
AT&T/Indiana Bell Telephone	State	$ 77,763				1/1/06	State Franchise
Kendallville, City of			General Fund-Special Revenue Fund for Cable fees	General Fund for city operations	5.0%	6/1/99	Resolution # 793
Mediacom Communications Corp.	State	$ 47,221					
Kennard, Town of			General Fund	Paying bills for the Town from the General Fund	3.0%	No Answer	No Answer
Comcast	State	$ 1,272					
Kingsford Heights, Town of			General Fund	No Answer	3.0%	6/27/84	Town Council Approval
Comcast	State	$ 7,947					
Kirklin, Town of (via phone call)							
Swayzee Communications	No Fees Collected						

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Knightstown, Town of			General Fund	Police protection, Town government expenses	5.0%	No Answer	No Answer
Comcast Cable	State	$ 33,161					
Central Indiana Communications	Local	$ 4,175					
Knox County			Cable TV Franchise Fees	None was spent	No Answer	No Answer	No Answer
New Wave	Local	$ 4,732					
Knox, City of			General	All General Fund purposes	No Answer	No Answer	No Answer
Mediacom	State	$ 13,820					
Kosciusko County			County General - Cable TV Fees	County General Fund - revenue supports the county general budget	3.0%	7/1/12	Franchise Agreement
Comcast Cable Comms	State	$ 29,878					
Kouts, Town of			General Fund	Miscellaneous daily operations	5.0%	6/20/05	Ordinance No. 2005-6
Mediacom	Local	$ 6,676					
Laconia, Town of (via phone call)	No Fees Collected						
LaCrosse, Town of			General	Since this is put in the General Fund, it is the same fund in which I turn around and pay Mediacom for my monthly internet.	3.0%	10/8/08	Council approval per Section 4-1-2-17 of LaCrosse Municipal Code
Mediacom Communications Corp.	State	$ 180					
Lafayette, City of			General Fund	To help defray the expenses of the General Fund, which include the Police, Fire, Engineering and Sanitation operational budgets.	3.0%	7/7/93	Board of Works Resolution
Comcast, Inc.	State	$ 362,087					
LaGrange, Town of			General Fund	Operating expenses	No Answer	No Answer	No Answer
Mediacom Communications	Local	$ 5,820					
LaGro (via phone call)	No Fees Collected						
Lake Station, City of			General -Cable TV Franchise Fees	No Answer	No Answer	No Answer	No Answer
Comcast	State	$ 106,710					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Lakeville, Town of			Town of Lakeville - General Fund 1st Source Bank	Franchise fees are deposited into the General Account to add to expenses for water hydrant rental, street lights, expenses in the Town Hall and Police Department expenses, etc.	3% of gross revenue	8/4/86	Ordinance 1986-3 (Town of Lakeville Cable Television
Mediacom	Local	$ 2,705					
Lanesville, Town of			General - Cable Franchise Fees	Street, sidewalk repair, supplies, maintenance	5.0%	3/30/99	Negotiation and Agreement
Time Warner Cable	State	$ 18,266					
LaPaz, Town of			Town of LaPaz-General Fund 1st	Used for streets, Town Hall expenses	3.0%	8/2/99	Ordinance 09-05
Mediacom	State	$ 1,517					
Lapel, Town of			General Fund/Water Tower Fund	The payments provided for this Ordinance are for the use of the streets and alleys, and additional supervision, maintenance, inspection, regulation, burdens and costs to the Town occasioned by reason of the granting of the rights hereunder.	3 % of annual gross receipts from sale of its "Expanded Basic" service	5/4/13	Per Ordinance
Swayzee Telephone	Local	$ 1,921					
LaPorte, City of			General Fund	Franchise fees are put into our General Fund, which is utilized primarily for public safety (Police and Fire).	No Answer	No Answer	No Answer
Comcast	State	$ 241,056					
Lawrenceburg, City of			Municipal Development Fund	Our Municipal Development Fund has a budget, which includes money to various non-profit groups that the City helps fund as well as funds various City projects. The franchise fee amount is additional money into the fund to allow us to budget what we need.	3.0%	4/1/96	Ordinance 4-1996
Comcast	State	$ 20,234					
Leavenworth, Town of	No Fees Collected						
Lebonon, City of			General Fund	Miscellaneous	5.0%	8/9/83	Ordinance 83-15
AT&T	State	$ 20,668					
Comcast	State	$ 98,300					
Metronet	State	$ 1,711					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Leo-Cedarville, Town of			General Fund Reserve Account	Fees received were used in support of General Fund appropriations.	No Answer	No Answer	No Answer
Mediacom Communications	State	$ 5,372					
Lewisville, Town of			General	To subside tax funds to fund general budget	3.0%	Unknown	Unknown
Comcast of Illinois/ Indiana/Ohio	State	$ 1,722					
Liberty, Town of (via phone call)	No Fees Collected						
Ligonier, City of			General	Revenue to the General Fund to help offset the decline in tax revenue due to tax caps.	3.0%	8/9/99	Resolution 08-09-99
Mediacom Indiana LLC	State	$ 1,376					
Ligtel Communications Inc. d/b/a LigTV	State	$ 4,354					
Linton, City of			General Fund	General Fund monies fund City Police Department and full-time Fire Department	No Answer	No Answer	No Answer
Comcast	State	$ 53,686					
Long Beach, Town of			General Fund	General Fund expenses	3.0%	3/8/82	Ordinance 8203
Comcast Cable	State	$ 25,298					
Loogootee, City of			General Fund	No Answer	3.0%	9/1/11	By the Company
Avenue Broadband d/b/a NewWave	State	$ 2,327					
Lyons, Town of			General Fund	Sending notifications for ordinance violations for unkempt property in right-of-way, paying salary of Town Marshal for reporting of ordinance violations in connection with unkempt right-of-ways.	3.0%	10/12/99	Ordinance 1999-2
Comcast	State	$ 1,875					
Mackey, Town of (via phone call)	No Fees Collected						
Macy, Town of	No Fees Collected						

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Madison County			No Answer	No Answer	No Answer	No Answer	No Answer
Indiana Bell Telephone	State	$ 7,969					
Comcast	State	$ 44,790					
Bright House	State	$ 9,494					
Ninestar	State	$ 1,442					
Madison, City of			General 101-495	General budget	5.0%	1978	Contract
Metronet	State	$ 59,905					
Time Warner	State	$ 58,623					
Marengo, Town of			General Fund	Salaries	3.0%	4/12/04	Ordinance
NewWave Comms	Local	$ 802					
Marion City			General Fund	Police protection	No Answer	No Answer	No Answer
Brighthouse	State	$ 148,403					
Markleville, Town of			General Fund-Cable Franchise	None	3.0%	1/1/01	Ordinance 2001-1
Comcast Cable	State	$ 1,900					
Ninestar Connect	State	$ 1,495					
Marshall County	No Fees Collected						
Marshall, Town of			General Operating	General operating	No Answer	No Answer	No Answer
New Wave formerly Suddenlink Comms.	State	$ 376					
Martin County			General Fund	Use to supplement the General Fund in daily operations of the County, which includes supplies, salaries, and other miscellaneous items.	3.0%	Unknown	Unknown
Avenue Broadband	State	$ 604					
RTC Communications	State	$ 4,182					
Matthews, Town of (via phone call)	No Fees Collected						
McCordsville, Town of			General Fund	The same purpose as supported by the rules covering acceptable General Fund expenses.	3.0%	Various	Contract
Brighthouse Networks	State	$ 1,748					
Comcast	State	$ 11,042					
Ninestar	State	$ 4,845					
Indiana Bell	State	$ 81					
Medora, Town of	No Fees Collected						

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Mentone, Town of			General	General operating expenses	No Answer	No Answer	No Answer
Comcast	State	$ 5,544					
Meridian Hills, Town of			No Answer	No Answer	No Answer	No Answer	No Answer
Comcast	State	$ 10,450					
Merom, Town of (via phone call)	No Fees Collected						
Michiana Shores, Town of			General Fund	No Answer	No Answer	No Answer	No Answer
Comcast Cable	State	$ 6,689					
Michigan City, City of			General Fund	Operating expenses	5.0%	8/12/05	Agreement between Comcast and Board of Public Works & Safety
Comcast Cable	State	$ 407,363					
Middlebury, Town of			General Fund - Administrative / Cable Television Franchise	Since these funds are deposited in the General Fund, we do not have one specific item we used the funds for. However, the fees we received totally funded the Town's phone and cellular bills, paid for all the office supplies and repairs, postage and cleaning supplies.	No Answer	No Answer	No Answer
Comcast	State	$ 20,581					
Middletown, Town of			General	General (Police and Fire Departments, EMS, Dispatch)	5.0%	7/18/07	Franchise Agreement
Comcast of Illinois/ Indiana/Ohio	State	$ 15,625					
Milford, Town of			General	To pay Town bills	No Answer	No Answer	No Answer
Mediacom LLC	State	$ 348					
Millersburg, Town of	No Fees Collected						
Millhousen, Town of	No Fees Collected						
Milltown, Town of			General Fund	Added to the General Fund. These fees were not set aside for any special use.	3.0%	No Answer	No Answer
New Wave Communications	State	$ 202					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Milton, Town of			General	To supplement General Fund budget	3.0%	1/1/07	Mutual Agreement
Comcast	State	$ 1,950					
Mishawaka, City of			General Fund	Miscellaneous revenue to the General Fund- all expenses paid out of the General Fund.	No Answer	No Answer	No Answer
Comcast of Indiana/Michigan, LLC	State	$ 206,895					
Indiana Bell Telephone	State	$ 66,775					
Mitchell, City of			General Fund	Operational cost of the City of Mitchell	N/A (Local	N/A (Local Franchise)	N/A (Local Franchise)
NewWave Comms	Local	$ 813					
Monon, Town of			Town of Monon General Fund	TV Cable	2.0%	5/3/88	No Answer
Comcast	State	$ 4,975					
Monroe City, Town of			General	General operating	3.0%	4/16/11	Agreement with cable company
New Wave Communications	State	$ 2,514					
Monroe County			User Fees-Cable Franchise	Payment of various communication services within Monroe County	5.0%	4/1/09	Cable Franchise Agreement
Smithville Telephone	State	$ 64,615					
AT&T	State	$ 30,347					
Comcast	State	$ 431,265					
Monroeville, Town of			General Fund	To fund the General Fund for all IT intents and purposes	No Answer	No Answer	No Answer
NewWave Comms	State	$ 1,594					
Monterey, Town of (via phone call)	No Fees Collected						
Montezuma, Town of			General Fund	Supports fund balance for budgeting purpose.	3.0%	3/25/97	Ordinance 97-5
Full Choice Communications	Local	$ 1,428					
Montgomery County			County General	County general budget	No Answer	No Answer	No Answer
Accelplus	State	$ 1,197					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Monticello, City of			Fund 205-Sidewalk and Curb	The City of Monticello uses the franchise fees for annual sidewalk and curb maintenance. Our street superintendent provides a list of sidewalks and curbs that need replaced annually to the City Council for their approval. This is a great program/service the City of Monticello is able to provide to its residents because of the franchise fees we receive.	5.0%	11/1/06	State issued
Comcast of Indiana /Kentucky/ Utah	State	$ 46,747					
Montpelier, City of			No Answer	No Answer	3.0%	5/15/93	Ordinance 93-4
New Wave Communications	State	$ 2,336					
Moores Hill, Civil Town of			Town of Moores Hill General Fund	Amounts are used to sustain local budget and have also been transferred to Rainy Day Fund for necessary future budgetary needs regarding maintenance of right-of-ways, capital improvement plans, and short term LRS improvements to roads.	3.0%	1982	Ordiannce 1982-1
Comcast	State	$ 1,800					
Mooresville, Town of			General	These fees are put in General and are used as revenue for our budget. We don't spend them.	No Answer	No Answer	No Answer
Comcast	State	$ 48,442					
AT&T Cable	State	$ 39,434					
Morgan County			Fund #1000 (General Fund)	Revenue for funding the General Fund	No Answer	No Answer	State issued
Endeavor	State	$ 3,831					
AT&T	State	$ 82,951					
Comcast (Insight) & Comcast	State	$ 62,921					
New Wave (Formerly Charter)	State	$ 8,761					
Morgantown, Town of			General Fund	The monies are being held and have not been appropriated.	No Answer	No Answer	No Answer
New Wave	Local	$ 406					
Morocco, Town of	No Fees Collected						
Morristown, Town of	No Fees Collected						

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Mount Vernon, City of			General Fund	Daily operating expenses	5.0%	Unknown	Due to Franchise Authority
Insight Communications	State	$ 51,360					
WOW (WideOpenWest)	State	$ 11,769					
Mt. Summit, Town of			Town of Mt. Summit General Fund	General Fund expenses	2.0%	1/21/00	by Contract
Comcast, Inc.	State	$ 744					
Mulberry (via phone call)	No Fees Collected						
Muncie, City of			General Fund	This helps fund the General Fund, which included the Mayor, Controller, Building Commissioner, Clerk, Court, Police, Fire, animal shelter, personnel and merit commission budgets.	3.0%		
Comcast	State	$ 325,425				2/27/02	Resolution 2000-2 (Board of Works)
AT&T	State	$ 74,024				1/1/08	State Agreement
Munster, Town of			Fund 247 Technology	Video franchise fees were used for the salary of our cable television operator, equipment for producing video content, and the payment of studio space rental.	3.0%	12/20/82	Ordinance No. 727
Comcast	State	$ 237,222					
Indiana Bell Telephone	State	$ 96,557					
Napoleon, Town of (via phone call)	No Fees Collected						
Nappanee, City of			TV Cable Franchise Fees/General Fund	Offset General Fund expenses, i.e. equipment, housing, power, software, manpower to run local cable information channel	3% of gross revenue	6/20/00	Ordinance No. 1292
Mediacom Indiana LLC	State	$ 17,253					
Nashville, Town of			General Fund	The franchise fees are deposited and expended out of our General Fund. The Town of Nashville calculates our General Fund budget using these revenues as a source to help fund our public safety and public safety vehicles.	1.5%	9/8/81	Ordinance No. 1981-5
Avenue Broadband Communications	State	$ 2,309					
New Albany, Town of			Cable TV	No Answer	No Answer	No Answer	No Answer
Insight Comms.	State	$ 72,981					
Time Warner Cable	State	$ 212,905					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
New Carlisle, Town of			General Fund (Cable Franchise Fees)	Council, Parks Department, Fire Department, and Ambulance Department (the expenses associated with those departments).	No Answer	No Answer	No Answer
Comcast Cable	State	$ 10,817					
New Chicago, Town of			General Fund	The fees are used for miscellaneous Town expenses.	No Answer	No Answer	No Answer
Comcast	State	$ 15,636					
New Harmony, Town of			General Funds	Police and Fire Protection	No Answer	No Answer	No Answer
NewWave Comms	Local	$ 2,122					
New Haven, City of			General Fund	They help fund our Emergency Services; Police, Fire, EMS, and Dispatch Center. They are very important to us.	5.0%	6/24/97	Ordinance G-97-7
Comcast Cablevision	State	$ 97,836					
Frontier	State	$ 53,828					
New Palestine, Town of			General	Personnel and vehicles for the street deparmtnet and Police Department, for maintenance of streets where lines are or digging or tunneling had occurred, and patrolling where there is equipment for safety of all concerned.			
Comcast	State	$ 8,199			3.0%	10/19/83	Ordinance # 101983
ATT/Indiana Bell	State	$ 6,398			5.0%	7/19/10	AT&T requested original Ordinance # 101983
New Pekin, Town of			General	Police equipment, park security, updates, and maintenance update projects.	No Answer	10/19/99	Resolution #1999-06
Time Warner Cable	State	No Answer					
New Point, Town of	No Fees Collected						
New Richmond, Town of	No Fees Collected						
New Whiteland, Town of			General Fund	These revenues help fund our General Fund budget (Town Administration, Police, Properties, Parks, Fire, Planning and Zoning).	No Answer	No Answer	No Answer
Comcast Cable	State	$ 24,102					
Newtown, Town of (via phone call)	No Fees Collected						
Noblesville, City of			General Fund	General operating budget	3.0%	No Answer	Ordinance
Indiana Bell Telephone	State	$ 89,238					
Comcast	State	$ 142,165					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
North Judson, Town of			General/Cable TV Franchise Fees	Maintain alleyways to ensure access by Mediacom service vehicles	3% - basic; 2%- all additional	6/3/96	Contract
Mediacom Cable	State	$ 7,636					
North Liberty, Town of			Town of North Liberty - General Fund 1st Source Bank	Franchise fees are added to the other revenues of the Town of North Liberty General Fund to pay police expenses, fire protection (hydrant rental), street lights, Town Hall expenses, etc.	3% of gross revenue	7/30/81	Ordinance 1981-5
Mediacom	State	$ 6,594					
North Manchester, Town of			Sidewalk Maintenance and Improvement Fund	The Town of North Manchester uses franchise fees to offset the cost of replacing sidewalks in the community. The property owner applies for a permit, then pays for half the labor to install the sidewalk. The Town pays for the other half of the labor and all the concrete.	3.0%	10/1/03	Franchise Agreement
Mediacom Communications Corp.	State	$ 2,275					
MetroNet, Inc.	State	$ 1,043					
North Salem, Town of	No Fees Collected						
North Webster, Town of			General Fund	Operating expenses	3.0%	2/12/97	Ordinance #97-26
Mediacom	State	$ 7,756					
Oakland City, City of			General Fund	Monies were earmarked for ADA compliance	No Answer	No Answer	No Answer
Avenue Cable	State	$ 3,885					
Odon, Town of			General	None were spent	No Answer	No Answer	No Answer
Cequel III Communications II d/b/a Suddenlink Communications	State	$ 1,333					
Ogden Dunes, Town of			General Fund	The General Fund is the primary fund used for the operations of the Town.	No Answer	No Answer	No Answer
Comcast	State	$ 22,834					
Ohio County	No Fees Collected						
Oolitic, Town of			General Fund	For general Town expenses	3.0%	No Answer	No Answer
Comcast	State	$ 8,706					
Indiana Bell Telephone	State	$ 710					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Orange County			County General	County revenue used to pay general expense			
Avenue Broadband Communications	State	$ 157			3.0%		No Answer
Smithville Communications	State	$ 72			5.0%		State Ceiling
Orestes, Town of			General Fund	General operations	No Answer	No Answer	No Answer
Comcast of Illinois/ Indiana/Ohio, LLC	State	$ 2,031					
Orleans, Town of			General	Communications	No Answer	No Answer	No Answer
New Wave	State	$ 322					
Osceola, Town of			General Fund under cable franchise payments revenue account	These payments are appropriated each year to pay for telephone, internet and misc. expenditures.	3.0%	11/5/01	per agreement
Comcast of Indiana/ Michigan	State	$ 9,016					
Osgood, Town of			General-Cable TV Franchise	Multiple purposes	3.0%	No Answer	No Answer
Comcast Cable	State	$ 5,199					
Ossian, Town of			General Fund	Day-to-day operations	3.0%	6/9/81	Ordinance #81-2
Comcast	State	$ 11,544					
Owen County			General Fund	County government	3.0%	4/15/82	Ordinance 1982-2
Endeavor Comms.	State	$ 10,950					
Comcast Financial	State	$ 4,860					
Owensville, Town of			General Fund	These fees are put back into the General Fund Operating Account.	No Answer	No Answer	No Answer
Insight Communications	State	$ 6,260					
Oxford (via phone call)	No Fees Collected						
Paoli, Town of			General Fund	These fees were to help fund the general budget where the Police, Fire, and Town expenses are paid from.	$1 per subscriber or 1%	9/4/96	Contract with Grantee
New Wave	State	$ 577					
Paragon, Town of			General	Used for, but not limited to, electricity, stamps, repairs.	No Answer	No Answer	No Answer
Comcast and New Wave Communications	State	$ 427					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Parke County Units of Government			General Fund (Yearly Lease/franchise fee)	General Fund revenue			
Endeavor Comms.	State	$ 2,726			5.0%	No Answer	No Answer
Comcast	State	$ 639			5.0%	No Answer	State Certificate
Suddenlink	State	$ 317			3.0%	No Answer	No Answer
Pendleton, Town of			General Fund	Operating expenses in General Fund	5.0%	8/3/98	Resolution 1998-16
Comcast	State	$ 45,722					
Pennville, Town of			General	No Answer	No Answer	No Answer	No Answer
Comcast	State	$ 4,515					
Perry County			County General Fund	County general expenses	4.0%	4/19/06	Ordinance O-C-06-5
Comcast Cable	State	$ 1,071					
PSC (Perry Spencer Telephone Coop)	Local	$ 7,026					
Perrysville, Town of	No Fees Collected						
Peru, City of			Cable TV and General Funds	Franchise fees used for council room cameras, sound, and AV equipment. The largest sum of money was used for Peru High School video and live stream equipment for a local channel.	No Answer	No Answer	No Answer
Comcast	State	$ 88,624					
Petersburg, City of			General Fund	No Answer	No Answer	No Answer	No Answer
NewWave Comms	State	$ 3,217					
Pittsboro, Town of			General Fund	Funds the budget	3.0%	1/9/92	Franchise Agreement
Bright House Networks	State	$ 13,192					
Plainville, Town of			General Fund - Franchise Fee	Not Spent	No Answer	No Answer	No Answer
RTC	State	$ 1,375					
Suddenlink	State	$ 554					
Poneto, Town of			General Fund	Office supplies and equipment (programming)	3.0%	1/10/12	Unknown
Mediacom Communications Corp.	State	$ 237					
Portage, City of			Cable TV Franchise Fund	Employee medical benefits	5.0%	12/5/95	Ordinance 95-61
Comcast	State	$ 436,216					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Porter County			Cable Franchise Fee	Maintenance and improvements on various ditches and drainage projects	3.0%	9/1/95	County Ordinance 95-14
Mediacom Comms Corp	State	$ 343					
Comcast Financial Agency	State	$ 545,792					
Porter, Town of			General Fund	To assist general services and expenditures to maintain public right-of-way of town property	5.0%	9/26/95	Ordinance 95-13
Comcast	State	$ 71,798					
Portland, City of			General Fund	There is no specific designation in the ordinance. The franchise fee helps offset the tax levy for the citizens of Portland.	5% of gross	5/3/04	Ordinance No. 2004-7
Comcast of Illinois/ Indiana/Ohio	State	$ 48,253					
Poseyville, Town of			General	The fees were deposited in the General Fund of the town. Fees were utilized to pay lawfully incurred bills for the Town of Poseyville.	No Answer	No Answer	No Answer
Insight	State	$ 1,687					
Pottawattomie Park, Town of			General Fund	General operating costs	3.0%	Unknown	Unknown
Comcast	State	$ 1,776					
Prince's Lakes, Town of			General Fund	These funds help to supplement our General Fund. We are on a very tight budget, and these funds would be greatly missed if taken away.	No Answer	No Answer	No Answer
New Wave Communications	State	$ 2,052					
Princeton, City of			General Fund - Cable TV Receipts	Fees are used to support our General Fund to provide services for our citizens.	5.0%	6/18/86	Ordinances 1986-15, 1973-6, 1984-4, 1985-5, & 2001-2
Insight Communications	State	$ 123,654					
Pulaski County (via phone call)	No Fees Collected						
Randolph County			County General/Cable TV Receipts	General income	3.0%	3/21/05	Ordinance 2005-7
Comcast Cable	State	$ 1,398					
Time Warner Cable	State	$ 1,621					
Redkey, Town of			General Fund/Cable TV Franchise Fee	Daily operations within the Town of Redkey	5.0%	11/30/91	Ordinance 1991-7
Comcast of Illinois/ Indiana/Ohio	State	$ 9,412					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Remington, Town of			General Fund	General Fund expenditures are used for office supplies, repair and maintenance supplies, postage, telephone bills, electric payments, insurance, repair maintenance service on equipment, equipment purchases for all Town departments, trash removal, mscellaneous general supplies.	No Answer	No Answer	No Answer
Comcast	State	$ 5,659					
Reynolds, Town of			General and Water Account	Fees put into then water account were used for monthly expenses.	No Answer	No Answer	No Answer
Comcast	State	$ 1,761					
Richmond, City of			General Fund	40% passed through to WCTV local access television; 60% receipted to General Fund to support maintenance of right-of-ways that are used by the cable company.	5.0%	11/20/91	Board of Works approved agreement
Comcast Cable	State	$ 430,479					
Ripley County			911	Fund 911 services	3.0%	Unknown	Unknown
ETC	State	$ 25,908					
Comcast	State	$ 234					
Rising Sun, City of			Friendship State Bank	General local government operations	3.0%	2/3/94	by Ordinance
City of Rising Sun	State	$ 8,702					
River Forest, Town of			General Fund	Town expenses from General Fund.	Unknown	Unknown	Unknown
Indiana Bell	State	$ 145					
Rochester, City of			General Fund	General operating expenses and wages.	Unknown	Unknown	Unknown
Comcast Cable	State	$ 17,143					
Rochester Telephone	Local	$ 18,957					
Rockport, City of			General/Other	This money is included in our revenue that we submit to the DLGF each year to establish our budget.	No Answer	No Answer	No Answer
Time Warner Cable TV	State	$ 13,258					
Rockville, Town of			General Fund	The funds were deposited into the Town of Rockville's General Fund and are used for various purposes.	No Answer	No Answer	No Answer
Cequel III Communications II, LLC d/b/a Suddenlink Communications	State	$ 6,970					
Rome City, Town of			General	Electric, Telephone, Computer, anything to do with General Fund	3.0%	8/1/06	Franchise Agreement
Mediacom 2012	State	$ 8,588					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Rossville, Town of			General Fund	The funds were used to provide revenue for 2012 General Fund budget.	No Answer	No Answer	Franchise Agreement
Comcast Cable	State	$ 3,678					
Rush County (via phone call)	No Fees Collected						
Rushville, City of			General Funds/Cable Franchise Fee	The funds are used for daily expenses incurred in the General Fund (e.g. salaries, insurance, equipment, supplies).	3.0%	5/25/05	per Agreement
Comcast of Indiana/ Kentucky/ Utah	State	$ 26,661					
Russellville, Town of (via phone call)	No Fees Collected						
Salem, City of			City of Salem General Fund	Operation of city services (Fire, Police and other services)	3.0%	5/5/80	Ordinance # 392
Time Warner Cable	State	$ 29,625					
Saltillo, Civil Town of			General Fund	General Fund-other services and rent	No Answer	No Answer	No Answer
Time Warner/Insight	State	$ 186					
Sandborn, Town of			General	Mowing rights-of-ways, sending certified letters of violations of mowing and trash ordinances on right-of-ways, snow removal along right-of-ways, etc.	5.0%	8/18/03	Ordinance 2003-1
Sudden Link Communications	State	$ 459					
Santa Claus, Town of			101640.00-Gen/Cable TV Franchise	The income from the franchise fees helps offset accounts that are not funded through taxes.	3.0%	12/20/04	Franchise Agreement
Perry Spencer Communications	State	$ 6,430					
Avenue Broadband Comms. Inc.	State	$ 206					
Saratoga, Town of			General	Nothing specified	3.0%	1/1/98	Ordinance # 88-3 Franchise Agrmt
Comcast	State	$ 679					
Schererville, Town of			Cable TV Fund	Paving and concrete for streets, road salt and some drainage, and concrete for the town. A small portion is used for promotion, safety village, and engineering.	5.0%	11/10/93	Ordinance 1258
AT&T Cable	State	$ 301,219					
Comcast Cable	State	$ 123,091					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Schneider, Town of			General Fund	Governmental activities	3.0%	7/1/05	Ordinance # 1989
Mediacom Communications	State	$ 1,215					
Scottsburg, City of			General	City operations	5.0%	12/15/03	Ordinance 2003-27
Insight	State	$ 11,532					
Time Warner	State	$ 35,456					
Seelyville, Town of			General Fund	Seelyville Park improvements, improve street signs, and Town Hall improvements	4.0%	9/9/03	Ordinance 2003-01
Avenue Broadband (New Wave Communications)	State	$ 1,633					
Sellersburg, Town of			General Fund Cable and Video Account	General Fund expenses	3.0%	7/13/98	Resolution #1998-50
Indiana Bell	State	$ 1,191					
Insight Communications	State	$ 7,065					
Time Warner Cable	State	$ 6,997					
Selma, Town of			General Fund/AT&T Video Fund #101640	General expenses for town business	5.0%	No Answer	No Answer
Indiana Bell Telephone	State	$ 1,025					
Seymour, City of			General Fund	Funds were placed in the City's General Fund with no specific use designated.	3.0%	No Answer	Contract
Cinergy Metronet, Inc.	Local	$ 57,600					
Comcast, Inc.	State	$ 36,668					
Shamrock Lakes, Town of			Town General Fund	General expenses	5.0%	2/8/04	Ordinance 2004-2.1
Comcast of Illinois/ Indiana/Ohio	State	$ 1,559					
Shelburn, Town of			General Fund	The fees were deposited into the General Fund of the Town. The fees were used to pay lawfully incurred bills of the Town.	No Answer	No Answer	No Answer
Suddenlink Comms.	State	$ 1,578					
Shelby County			County General	Fund county General Fund-budget	5.0%	11/5/93	Ordinance
Comcast	State	$ 44,432					
Central Indiana Communications	State	$ 555					
Indiana Bell	State	$ 4,721					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Shelbyville, City of			General Fund	The majority of the City's budget is appropriated from the General Fund. This includes the budgets of departments responsible for the City's public right-of-way, including, but not limited to, the Board of Works, Street Department, Engineering Department, and Planning Department The specific monies from the franchise fees are not distinguished from other monies after entering the General Fund.	5.0%	7/1/06	I.C. 8-1-34-24
Comcast	State	$ 101,664					
Indiana Bell Telephone	State	$ 26,348					
Sheridan, Town of			Deposited into the General Fund Cable TV Franchise No. 101 364.00	No specific purpose other than miscellaneous expenses	3.0%	7/9/80	Ordinance No. 1980-1
Swayzee TV	Local	$ 3,489					
Shipshewana, Town of			General Fund	Any legal use for distribution of monies from the General Fund.	4.0%	5/26/88	Ordinance VI-E-1-a
New Paris Telephone/ Quality Cablevision	State	$ 66					
Silver Lake, Town of			General Fund	Any expenditures deemed necessary	5.0%	10/4/98	Ordinance No. 98-10-04
Comcast Comms	State	$ 2,461					
South Bend, City of			General Fund General Ledger	Franchise fees are spent for General Fund expenditures such as general government, code enforcement and public safety. In addition, $65,000 was spent on local public access services.	5.0%		
Comcast Financial Agency Corp.	State	$ 691,586				10/19/98	Local Agreement
Indiana Bell Telephone	State	$ 192,621				1/1/09	State Franchise
South Whitley, Town of			General	Help pave roads	3.0%	4/1/13	Ordinance
Mediacom	Local	$ 1,750					
Southport, City of			General Fund	Franchise fees received were used for city planning, repairs and maintenance in and around the city, and to cover some of the costs of public safety.	No Answer	No Answer	No Answer
Comcast	State	$ 18,242					
Indiana Bell	State	$ 6,862					
Speedway, Town of			General/Cable	Salaries for staff and maintenance of equipment - for the operation of the Town's TV station	5.0%	4/11/94	Ordinance 834
AT&T	State	$ 75,234					
Comcast Cablevision	State	$ 110,555					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Spencer County			County General Fund	Runs through county general for whatever is needed	3.0%	8/4/80	Ordinance #80-3
PSC	Local	$ 2,632					
Avenue Broadband Communications	State	$ 153					
Time Warner Cable	Local	$ 3,629					
Spiceland Corporation			General Fund	General maintenance of the Town	3.0%	8/8/83	Ordinance
Comcast Cable	State	$ 2,831					
Spring Hill, Town of (via phone call)	No Fees Collected						
St. Joe, Town of			General Fund, Cable TV Franchise	No Answer	No Answer	No Answer	No Answer
Mediacom Communications	State	$ 783					
St. John, Town of			CATV Franchise	Purchase of equipment, repairs of streets and curbs	5.0%	3/8/93	Cost of Service analysis
Comcast Cable	State	$ 179,694					
Starke County			County General	The fees received went towards the county general's budget appropriated expenditures.	Unknown	No Answer	No Answer
Mediacom	State	$ 13,361					
Staunton, Town of			General Fund	Not spent	Unknown	Unknown	Unknown
New Wave Cable	State	$ 885					
Stilesville, Town of			General	Helped to pay bills for that particular month that it was deposited. (Specifically, the phone bill for that month.)	No Answer	No Answer	No Answer
New Wave	Local	$ 261					
Stinesville, Town of			General Fund for the Town of	Utility bills	No Answer	No Answer	No Answer
Comcast	State	$ 717					
Straughn, Town of			General	Any expense payable from General Fund as approved by the State Board of Accounts.	No Answer	No Answer	No Answer
Comcast Cable	State	$ 631					
Sweetser, Town of			General Fund, Revenue, Cable	Spent from General Fund	3% of primary	3/24/83	Ordinance #1983-3
Oak Hill Cablevision	State	$ 2,206					
Switz City, Town of			Town of Switz City General Fund	Used to supplement our annual budget for our General Fund.	3.5%	11/1/01	Resolution No. 2001-03
Comcast A Financial Agency Corp.	State	$ 1,078					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Switzerland County (via phone call)	No Fees Collected						
Sydney, Town of (via phone call)	No Fees Collected						
Syracuse, Town of			General Fund	General government purposes; police	No Answer	No Answer	No Answer
Mediacom	Local	$ 14,951					
Tell City, City of			General Fund	The cable franchise fee supports Board of Public Works and Safety efforts of street and alley maintenance, road materials, fuel, insurance, equipment and training of the Police and Fire Departments in serving and protecting the community.			
Comcast Cable Communications, Inc.	State	$ 47,774			5.0%	7/7/85	Ordinance 617
Perry-Spencer Communications (Test Phase)	Local	$ 10			Test Phase	Yet to be determined	No Answer
Terre Haute, City of			General	Operate General Fund			
NewWave Communications	State	$ 9,716			5.0%	2/13/06	Special Ordinance #72, 1983
Tipton, City of			General Fund CATV Fees Account	Funds are receipted into the General Operating Fund.			
Comcast	State	$ 41,559			5.0%	8/12/02	Addendum to Franchise Agreement of 1987
Topeka, Town of (via phone call)	No Fees Collected						
Trafalgar (via phone call)	No Cable TV Providers	No Fees Collected					
Ulen, Town of			General Fund	Not specifically allocated			
Comcast	State	$ 1,770			5.0%	10/29/02	Ordinance 2002-1

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Union City, City of			General Fund	We donate a portion of our receipts to our local school corporation's cable television station, which has been in existence since 1972. This money is used for necessary video equipment. The station televises our Council meetings as well as other public meetings. The remainder of the fees are used for general expenses, as needed.	3.0%	9/11/00	Resolution 00-R-4
Time Warner	State	$ 19,123					
Union County	No Fees Collected						
Uniondale, Town of			General	General budget	No Answer	No Answer	No Answer
Mediacom Cable TV	State	$ 386					
Upland, Town of			General Fund	General Fund expenditures, Public Safety - Police and Firemen salaries, new equipment for both departments and new fire truck and police cars.	5.0%	7/25/84	Ordinance No. 1-1984
Comcast Cable	State	$ 15,256					
Utica, Town of			General Fund	All funds were deposited into General Fund for General Fund expenditures.	3.0%	1/1/08	Ordinance 2008-1
Time Warner	Local	$ 4,955					
Valparaiso, City of			General Fund	Used as revenue to support various departments of the General Fund, i.e. Police, Fire, Solid Waste, etc.	5.0%	10/1/11	Ordinance #50-1992
Comcast of California/ Colorado/ Illinois/ Indiana/ Michigan, LP	State	$ 387,508					
Vanderburgh County			General Fund	Helps support budget for the General Fund	5.0%		
Insight	State	$ 432,439				1/1/98	Ordinance
New Wave	Local	$ 452				6/6/06	Resolution
Wide Open West	State	$ 141,649				9/26/06	Resolution
Veedersburg, Town of			General Fund	Assist with the budget of the Town for the betterment of the residents of the Town of Veedersburg.	2.0%	9/17/96	Ordinance 96-15
NewWave Communications	State	$ 1,870					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Vernon, Town of (via phone call)	No Fees Collected						
Vincennes, City of			101 City's General Fund	All fees were placed in the General Fund. The General Fund is used for the operations of the City.	3.0%	9/1/99	City of Vincennes Ordinance
New Wave	State	$ 47,295					
Cinergy Metronet	State	$ 47,343					
Wabash County (via phone call)	No Fees Collected						
Wakarusa, Town of			General Fund	Added to operating balance	3.0%	5/5/97	Franchise Agreement
Comcast of Indiana/ Michigan LLC	State	$ 5,920					
Walkerton, Town of			Town of Walkerton General Fund 1st Source Bank	Fees are added to other revenue to cover expenses for public safety, Town Hall expenses, and street lights.	3.0%	7/30/81	by Contract
Mediacom	State	$ 6,860					
Wallace, Town of	No Fees Collected						
Wanatah, Town of			General Fund-Cable Franchising Fee	All fees are deposited into the General Fund and used for accounts payable.	3.0%	8/8/96	By Council Approval
Mediacom Communications Corp.	State	$ 465					
Warren County (via phone call)	No Fees Collected						
Warren, Town of			General Fund	General Fund	5.0%	1/1/08	Company
Citizen's (Warren) Cable	State	$ 7,151					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Warrick County			County General Revenue	The fees go into our cash, and not used for any specific purpose other than to be available for office/departments funded by this fund to request additional appropriations from.	3.0%		
Perry-Spencer Rural Tel. Coop. Inc.	State	$ 72				1/1/08	HB 1279 - IURC Franchise Authority
WOW! Wideopenwest / Sigecom	State	$ 101,875				4/14/10	State Franchise Ordinance
Time Warner Cable	State	$ 10,672				1/1/93	State Issued
Avenue Broadband	State	$ 86				10/24/07	State issued via IURC
Insight Midwest	State	$ 3,502				10/24/07	State issued via IURC
Warsaw, City of			General	Maintenance/improvements of sidewalks and curbs	3.0%	12/17/99	Ordinance #99-12-2
Comcast	State	$ 55,127					
Washington County			County General Cable Franchise	Put in County General Fund	5.0%	6/21/99	Ordinance
Insight Midwest	State	$ 1,063					
Time Warner Cable (formerly Insight)	State	$ 3,293					
Waterloo, Town of			General Fund	Funds were used for the General Fund budget to help with police,fire, park, and cemetery expenditures.	3.0%	12/13/05	Cable Television Franchise Agreement
MediaCom Comms Corp	State	$ 8,212					
Waveland, Town of	No Fees Collected						
Wayne County Government			County General	To help fund local access public TV station WCTV ($18000.) The balance in General Fund supports maintenance of infrastructure used by cable company.	4% of gross basic services revenue	3/1/04	Negotiated as part of renewal through 7/6/17
Comcast	State	$ 29,712					
Wells County Auditor			Cable Fees	General county business	3.0%	11/29/93	Ordinance #1993-10
Comcast	State	$ 1,576					
Mediacom	State	$ 953					
Craigville Telephone	State	$ 22,325					

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
West College Corner, Town of			General	General Fund expenses	3.0%	12/9/95	Ordinance 1996-3
Time Warner Cable	Local	$ 3,795					
West Lafayette, City of			General Fund	City operations, including services for maintenance of right-of-ways (Engineering), city administration, and public safety (Police and Fire)	3% of gross revenue	2/5/96	Ordinance No. 34-95
Comcast of Illinois/ Indiana/Ohio	State	$ 166,293					
Westville, Town of			General Fund	General Fund day-to-day operation	No Answer	No Answer	No Answer
Mediacom Communications	State	$ 503					
Wheatfield, Town of			General Fund	$29.06 does not go far, but this money is receipted into the General Fund. The General Fund is used to pay salaries of police officers, employees, supplies, computer services, insurance, supplies, services, legal fees, etc.	No Answer	No Answer	No Answer
Comcast	State	$ 29					
Wheatland, Town of			General Fund	General expenses for the Town	No Answer	No Answer	No Answer
Avenue Broadband Communications	State	$ 1,011					
Whiteland, Town of			General Fund	General use: services, materials, etc.	3.0%	2/2/81	Ordinance No. 81-1
Comcast	State	$ 23,644					
Whitewater, Town of	No Fees Collected						
Whiting, City of			General Fund	The funds were used to offset our public safety expenses for the year.	No Answer	No Answer	No Answer
Comcast Cable	State	$ 40,622					
Whitley County			County General	Not appropriated - receipted under miscellaneous receipts	3.0%	1/1/06	State Regulation
Comcast	State	$ 356					
Mediacom	State	$ 1,655					
Wilkinson, Town of			General Fund	Money spent in General Fund	No Answer		
Insight	State	$ 121				No Answer	No Answer
Central Indiana	Local	$ 120				6/4/05	Franchise
Comcast	State	$ 1,105				1/1/99	Ordinance 1999-1

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Williams Creek, Town of			General	Law enforcement, streets	5.0%	Unknown	Unknown
Comcast	State	$ 6,620					
Winamac, Town of	No Fees Collected						
Winchester, City of			General Fund	Technology	5.0%	3/20/00	Ordinance No. 2000-2
Comcast of Illinois/ Indiana/Ohio	State	$ 39,204					
Winfield, Town of			General Fund	Maintenance and mowing of easements and police protection services.	No Answer	No Answer	No Answer
Comcast Cable	State	$ 30,467					
AT&T	State	$ 7,874					
Wingate, Town of (via phone call)	No Fees Collected						
Winona Lake (via phone call)	No Fees Collected						
Wolcott, Town of			Town of Wolcott General Fund	Funds are deposited in the Operating Fund of the General Fund. Monies are used in the maintenance and operation of the Town and its various departments, including, but not limited to, salaries and wages, costs of services, supplies, equipment, capital improvements, repairs and similar expenditures.	No Answer	No Answer	No Answer
Comcast	State	$ 2,979					
Wolcottville, Town of			General Fund 101	This money helped to fund many several line items including but not limited to: Public Safety (Police Department), salaries/wages, employee benefits, liability and workers' compensation insurance, power and heat, supplies and equipment, ordinance enforcement, legal publications, and legal fees.	3.0%	9/2/02	Franchise Agreement signed by both parties
MediaCom	State	$ 1,420					
Woodburn, City of			Cable TV Franchise	General Fund- to run our City's government	No Answer	No Answer	No Answer
Comcast	State						

Submitting Entity	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	Rate		
					% Charged	Date Set	Establishment Method
Yorktown, Town of			General Fund	These funds were used to offset the wages and benefits of the employees for the Town of Yorktown. Included in the use of funds were the Police Department, Town Manager, Clerk-Treasurer, Court and the Town Council.	3.0%	1997	Ordinance
Comcast	State	$ 55,063					
Indiana Bell Telephone	State	$ 8,607					
Zanesville (via email)	No Fees collected						
Zionsville, Town of			General Fund-Cable Franchise Fees	General operations/cash balances	3.0%	4/5/82	Ordinance #82-03
AT&T/Indiana Bell Telephone	State	$ 20,428					
Bright House Networks	State	$ 41,956					

Water & Wastewater Report

Executive Summary

The Water and Wastewater section of the Regulatory Flexibility Report discusses key issues facing the industry. These topics include increasing costs due to significant infrastructure needs, related cost recovery mechanisms, cyber-security, steps being taken to assist small utilities, and water efficiency efforts taking place at state and federal levels. It also highlights actions taken by the Commission to address specific challenges associated with these topics. Concurrent with this report, the IURC will submit separately its analysis and findings for the Water Utility Resource Report, pursuant to P.L. 87-2012.

In 2012, the General Assembly enacted Senate Enrolled Act (SEA) 132 (codified as IC 8-1-30.5), which requires the IURC to gather information about the state's water resources. For each calendar year, SEA 132 requires all water utilities, even those not regulated by the IURC, to provide information about the following: water resources used, operational and maintenance costs, utility plant in service, number of customers, service territory, and the amount and types of funding received.

Infrastructure Needs

According to the U.S. Environmental Protection Agency's (U.S. EPA) "2011 Drinking Water Infrastructure Needs Survey and Assessment" and its "2008 Clean Watersheds Needs Survey," Indiana's water and wastewater infrastructure needs total $14 billion over the next 20 years, which will likely result in significant rate increases. According to the U.S. Bureau of Labor Statistics, water rates are rising more than electricity or natural gas rates and rising much faster than the overall consumer price index (CPI). For example, from 2003 to 2012, water and wastewater rates rose 5.87% per year while the CPI only rose 2.48% per year. The primary

drivers of these rate increases include: 1) replacement of aging infrastructure; 2) compliance with U.S. EPA standards such as water quality and wastewater effluent; 3) growing demand; and 4) the relocation of facilities for city and state road projects.

Assistance for Small Utilities

Small water and wastewater utilities are prevalent in Indiana. While not all small utilities are troubled, they are more at risk due to their size and lack of management expertise. When a utility becomes troubled, it may experience environmental liabilities, infrastructure breakdown due to a lack of investment, or financial mismanagement. Although most small utilities have withdrawn from the Commission's jurisdiction, the agency has proactively taken steps to improve the management and operations of regulated utilities by offering training workshops, assisting with rate application filings, proposing alternative regulatory procedures, and providing resources aimed at improving their financial, managerial and technical abilities.

Rate Case Timelines & Infrastructure Incentives

In addition to establishing a 300-day timeline for rate cases (as discussed in the introduction), Senate Enrolled Act 560 (SEA 560) also provided new incentives for utility companies and businesses. While targeted largely at the energy sector, there were provisions that affected the water and wastewater industries. For example, SEA 560 allows persons investing in utility infrastructure to receive a tax exemption on the property, as long as it is in an "infrastructure development zone" as designated by a county executive. This is to encourage the outgrowth of water to unserved areas of the state. The bill also created a new tracker modeled after one currently available to water utilities – the distribution system improvement charge (DSIC).

In order to encourage investment and limit the rate impact on customers, state law allows for certain expenses to be recovered outside of a base rate case. The DSIC allows water utilities to recover the costs of improvements to existing distribution systems without a rate case. This results in rate increases that tend to be more gradual over time. It is recommended that this tracker also be available to wastewater utilities, an industry with similar challenges. Utilities may also use the minimum standard filing requirements process to update their rate base for capital investments incurred up until the final hearing. This can be an incentive to invest in

capital improvements, as the utility does not need to wait until a later rate case to earn a return on the investment.

Protecting Critical Infrastructure

Threats to utilities' critical infrastructure – both cyber and physical – have never been greater than they are today. These threats have the potential to halt emergency services, bring down communications systems, contaminate water supply, and create widespread power outages. These threats pose a serious risk to our everyday lives. In order to stay on top of this issue, the IURC held meetings this summer and fall with the state's utilities to discuss their efforts toward preparedness, mitigation, and resiliency in the event of a cyber attack. Other state agencies also attended, including the Indiana Department of Homeland Security and the Indiana Office of Technology.

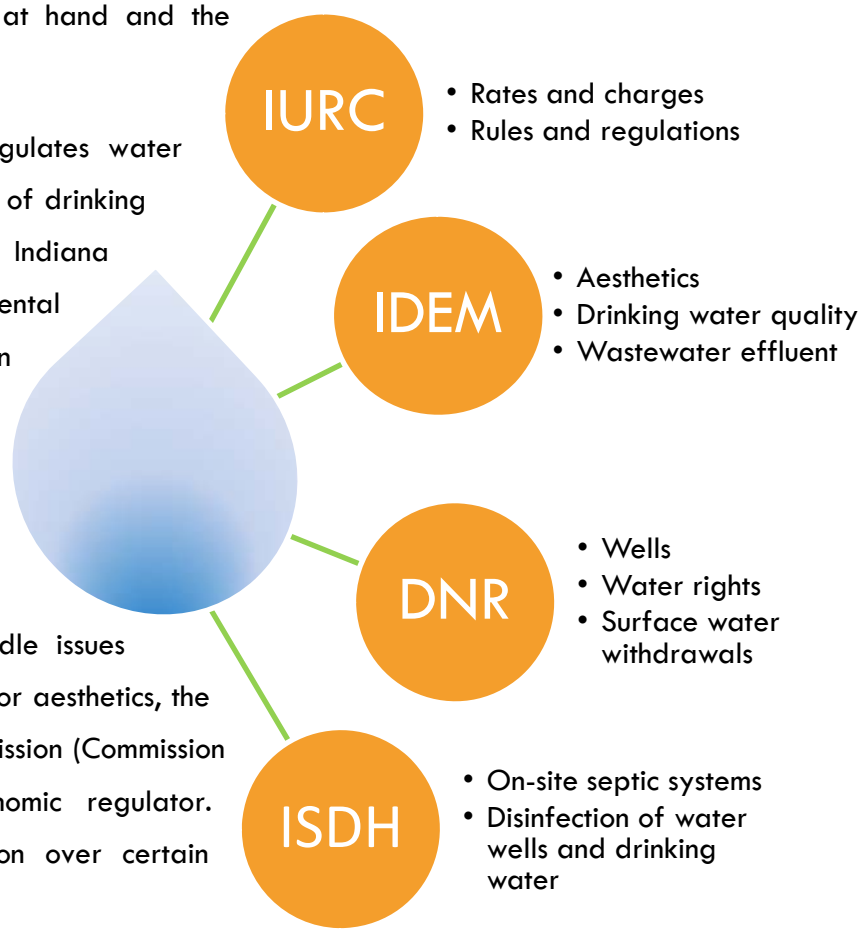
Overview

Industry Structure

Many utilities providing water and wastewater service to Hoosiers are organized in various legal forms: investor-owned utilities, municipal utilities, not-for-profit utilities, regional water/wastewater districts, water authorities, and conservancy districts. Although all water and wastewater utilities are overseen by the U.S. Environmental Protection Agency (U.S. EPA), not all water and wastewater utilities are regulated by any one state agency. In fact, jurisdiction varies by the issue at hand and the legal form of the utility.

For example, the U.S. EPA regulates water pollution and the overall quality of drinking water. State agencies, like the Indiana Department of Environmental Management (IDEM), then enforce those rules and regulations. Consequently, coordination between agencies is of the upmost importance.

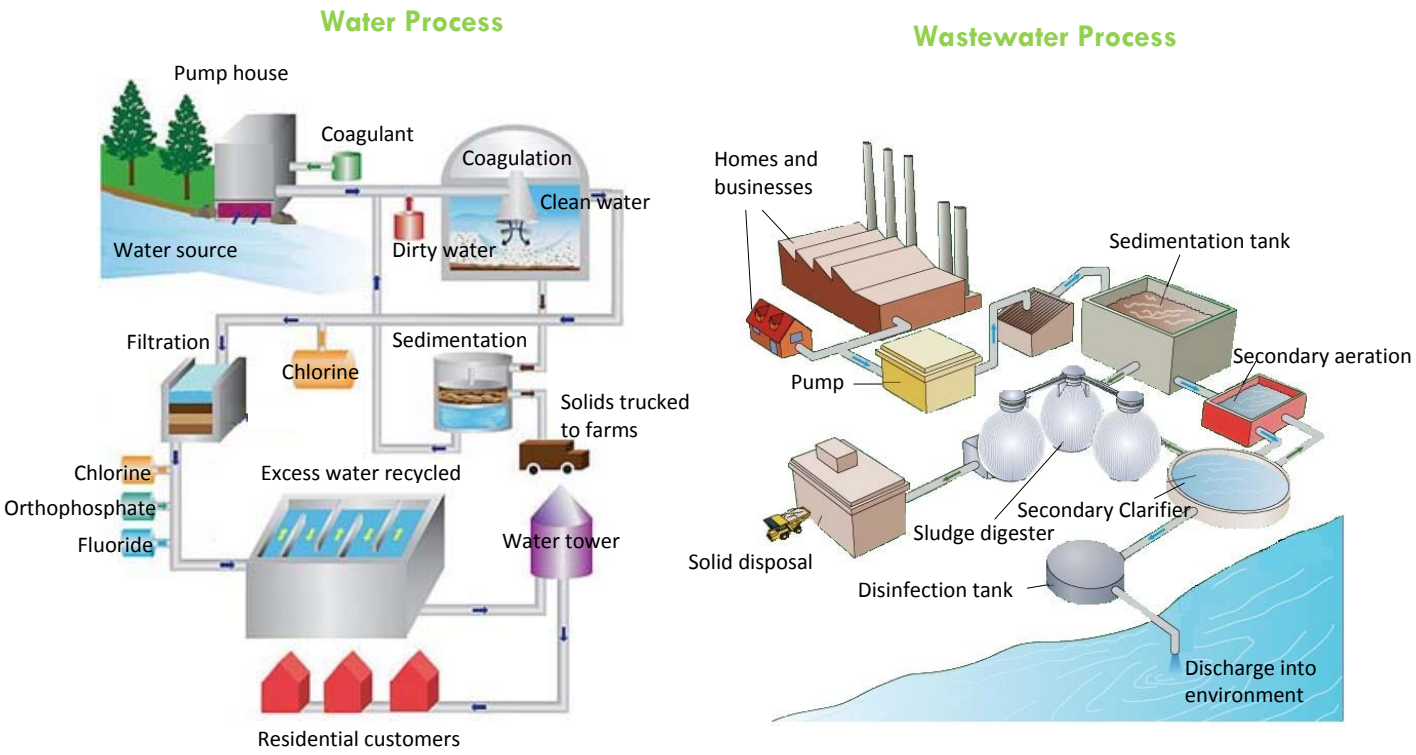
Unlike other agencies that handle issues related to water quality, health or aesthetics, the Indiana Utility Regulatory Commission (Commission or IURC) serves as the economic regulator. However, it only has jurisdiction over certain utility types.



How it Works

Before water is ready for retail use, it usually must be treated to make it drinkable. Similarly, wastewater must be treated before it can be released back into the environment. Both processes are shown in Figure 1.

Figure 1



Jurisdiction

The legal form of a utility determines the existence and extent of the Commission's jurisdiction. While many water and wastewater utilities were initially regulated, state statute allows certain utility types to withdraw from jurisdiction. Table 1 on the following page shows the number of regulated utilities and those that have withdrawn (Appendices C, D, and E list the utilities by name). For other water and/or wastewater utilities, the IURC has limited or no oversight. Table 2 breaks down which utilities the agency regulates and generally does not regulate with regard to rates and charges or rules and regulations.

Table 1

Jurisdictional and Withdrawn Water and Wastewater Utilities

Type of Utility	Number of Jurisdictional Utilities	Number of Withdrawn Utilities
Municipal Water	31	363
Not-For-Profit Water	33	58
Investor-Owned Water	7	1
Conservancy District Water	6	1
Not-For-Profit Wastewater	6	12
Investor-Owned Wastewater	23	9
Not-For-Profit Water/Wastewater	2	4
Investor-Owned Water/Wastewater	13	2

Table 2

Commission Jurisdicion Based on Utility Type

Type of Utility	Rates and Charges	Rules and Regulations	Ability to Withdraw from Jurisdiction	No Jurisdiction	CTA
Investor-Owned Water*	✓	✓	✓		
Investor-Owned Wastewater*	✓	✓	✓		✓
Not-for-Profit Water	✓	✓	✓		
Not-for-Profit Wastewater	✓	✓	✓		✓
Municipal Water	✓		✓		
Municipal Wastewater				✓	
Regional Water District				✓	
Regional Sewer District**				✓	
Conservancy Water District***	✓		✓		
Conservancy Sewer District				✓	

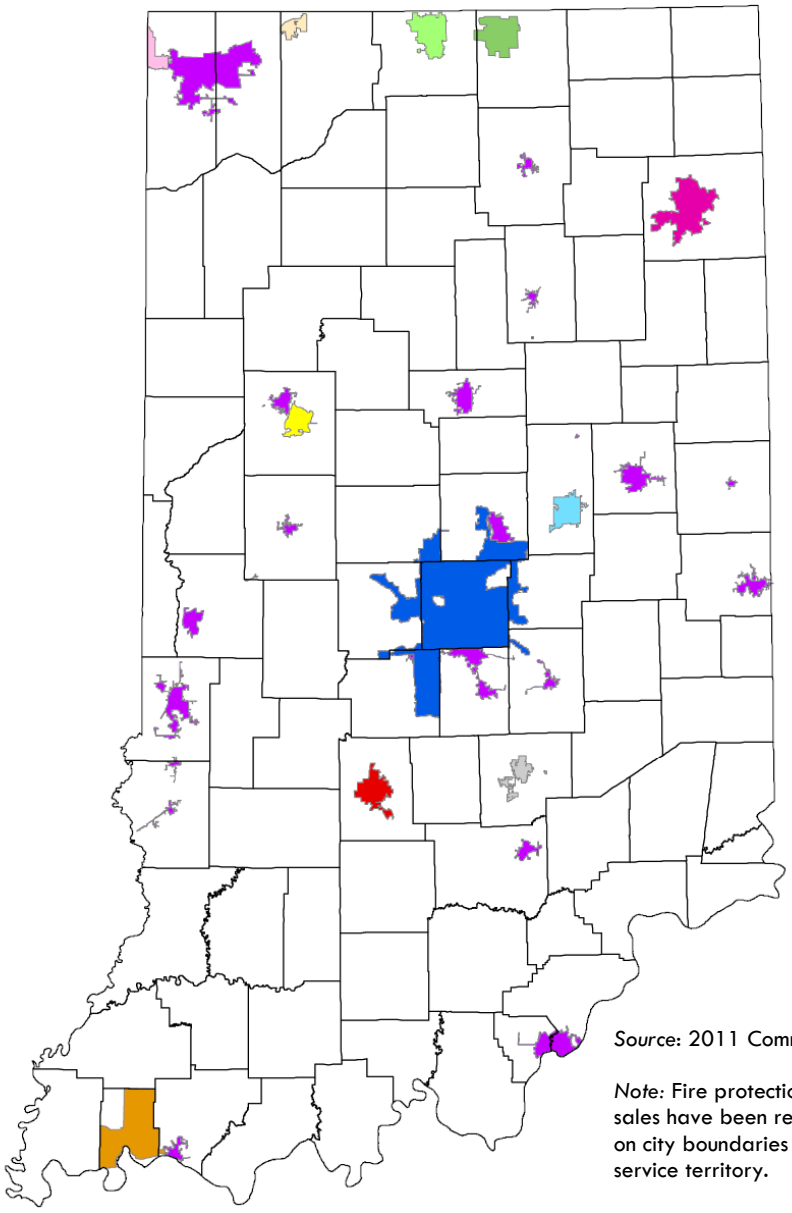
*Investor-owned water and sewer utilities with 300 customers or less can opt out of the IURC's jurisdiction, per IC § 8-1-2.7-1.3.

**Campgrounds served by regional sewer districts have the ability to appeal to the Commission's Consumer Affairs Division for an informal review of a disputed matter, per IC §13-26-11-2.1.

***IURC has jurisdiction over conservancy districts that make an election to provide water service under I.C. § 14-33-20 in its District Plan. Water conservancy districts with fewer than 2,000 customers can opt out of the IURC's jurisdiction, per IC § 8-1-2.7-1.3.

Map 1

Largest Regulated Water Utilities and the Number of Customers



Source: 2011 Commission Annual Reports

Note: Fire protection customers and interdepartmental sales have been removed; municipal systems are based on city boundaries and may not represent the actual service territory.

- Citizens Water – 301,039
- Indiana American Water Co. – 281,442
- Fort Wayne Municipal Water – 82,954
- Evansville Municipal Water – 60,842
- South Bend Municipal Water – 42,217
- Lafayette Municipal Water – 26,108
- Hammond Municipal Water – 25,990
- Bloomington Municipal Water – 23,114
- Anderson Municipal Water – 21,693
- Elkhart Municipal Water – 17,300
- Columbus Municipal Water – 15,488
- Michigan City Municipal Water – 12,612

Regulated Utilities

The Commission regulates 92 of the 555[1] water utilities and 44 of the 547 wastewater utilities. Regulated water systems have $3.9 billion of utility plant in service, annual revenues of $558.6 million, and a total rate base of $2.3 billion, while regulated wastewater utilities have $2.5 billion of utility plant in service, annual revenues of $105.2 million, and a total rate base of $897.9 million. Although the Commission only regulates a fraction of the water utilities, these entities serve approximately 52% of Indiana's water consumers. This is because numerous water systems withdrawn from the IURC's jurisdiction only serve a small number of customers, while the largest regulated water utilities provide service to primarily urban areas that are more densely populated, as shown in Map 1 on the previous page.

Although the Commission only regulates a fraction of the water utilities, these entities serve approximately 52% of Indiana's water consumers. With regard to wastewater, the majority of customers (approximately 85%) are served by non-jurisdictional utilities because the Commission does not regulate municipal wastewater systems.

With regard to wastewater, the majority of customers (approximately 85%) are served by non-jurisdictional utilities because the Commission does not regulate municipal wastewater systems. Based on 2011 data, only four regulated utilities serve more than 5,000 customers: CWA Authority, Inc. (223,372 customers), Sanitary District of Hammond (35,126); Hamilton Southeastern Utilities, Inc. (18,645 customers); and Utility Center, Inc. (12,405 customers).

Legal and Policy Foundations

Utilities that provide drinking water and treat wastewater are subject to federal regulations under the U.S. EPA. Water quality regulation falls under the Safe Drinking Water Act (SDWA), passed in 1974 and amended in 1986 and 1996.[2] Wastewater regulation falls under the Federal Water Pollution Control Act or Clean Water Act (CWA), most recently amended in 1987.[3]

---

[1] Last year the IURC reported 813 water utilities. This significant drop resulted because last year the IURC reported all public systems from IDEM data, which includes mobile home parks. The lower amount of 547 is used because it is consistent with the definition of a water utility subject to SB 132.

[2] 42 U.S.C. §§ 300f to 300j-26

[3] 33 U.S.C. §§ 1251-1387

Safe Water Drinking Act

In 1974, Congress passed the SWDA. In addition to protecting drinking water and its sources -rivers, lakes, reservoirs, springs, and ground water wells – it also gave the U.S. EPA authority to set national health-based standards for drinking water. The SDWA was originally centered on treatment, but grew in scope over the years. In fact, the 1996 amendments greatly enhanced the existing law by recognizing source water protection, operator training, funding for water system improvements, and public information as important components of safe drinking water.[4]

Federal Water Pollution Control Act

In 1948, Congress passed the Water Pollution Control Act, known as the Clean Water Act. It authorized the Surgeon General to develop programs aimed at eliminating or reducing the pollution of interstate waters and tributaries and improving the sanitary condition of surface and underground waters.[5] Similar to the SWDA, the Clean Water Act has been amended multiple times, most notably in 1972, which is when permitting became standard. In order for an entity to discharge any pollutant into a waterway, a permit must first be obtained through the U.S. EPA's National Pollutant Discharge Elimination System (NPDES) permit program.[6]

Allowance for Funds Used During Construction

Municipal and not-for-profit utilities are allowed to include costs for some types of projects, typically referred to as extensions and replacements, in customer rates. This allows utilities to include future infrastructure projects in rates without relying entirely on debt. In addition, post-in-service allowance for funds used during construction (AFUDC) and deferred depreciation, if approved, allow investor-owned utilities to defer the capital costs and depreciation expense of a project to the utility's next rate case. This practice helps to reduce the utility's earnings erosion.

---

[4] http://water.epa.gov/lawsregs/guidance/sdwa/upload/2009_08_28_sdwa_fs_30ann_sdwa_web.pdf
[5] http://www.fws.gov/laws/lawsdigest/fwatrpo.html
[6] http://www2.epa.gov/laws-regulations/summary-clean-water-act

Operations & Prices

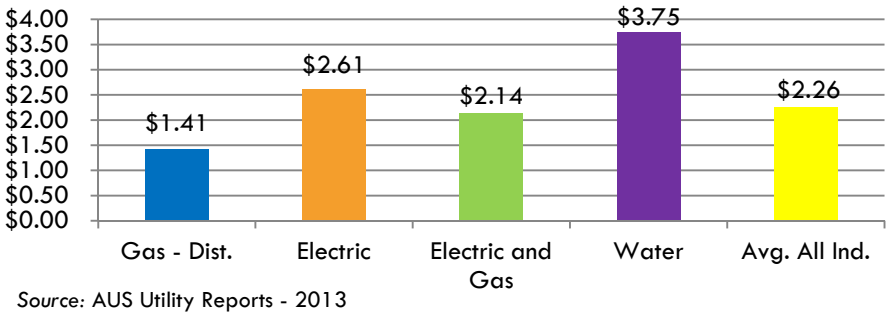
To prosper economically, Indiana communities need safe, reliable, and affordable water and wastewater systems. Much of the United States' drinking water and wastewater infrastructure was built prior to or shortly after World War II. However, due to its attendant high capital requirements, aging infrastructure is not being replaced as quickly as it is needed.

Infrastructure

Much of the nation's infrastructure has aged and will need full-scale replacement over the next few decades. This is problematic, because the water sector remains extremely capital intensive, investing more capital per dollar of revenue generated in 2012 than any other industry, as demonstrated in Chart 1. The figure is high due to the need for large investment and relatively low revenues. Consequently, water utilities are increasing general rates.

Chart 1

Capital Invested per Dollar of Revenue in 2012



Source: AUS Utility Reports - 2013

Age Profile

Aging infrastructure is one of the most critical problems in the water and wastewater industry. This is because it is costly to replace infrastructure that is largely underground, which is further discussed on page 136. For example, water systems are comprised of wells (for groundwater), treatment facilities, water tanks, and distribution systems. The distribution systems, composed of the pipes, valves, and pumps, move water from the treatment plant or water tanks to end users. Throughout Indiana, pipes range widely in age and material. Many older systems built during the turn of the last century consist of cast iron (CI) and even wood piping that would not be used today.

Due to the age of their water systems, Indiana's oldest communities are experiencing an increase in water main breaks made of CI pipe. Distribution system piping manufactured and installed during the growth periods of the 1940s and early 1950s is particularly vulnerable due to the common use of a thinner pipe wall and gray iron. This particular generation of CI has become more brittle with age and is beginning to fail. Further, deterioration can worsen in piping that was installed in highly corrosive soils. As this generation of piping requires replacement, our oldest and largest communities bear the greatest financial burden, because these pipes constitute the majority of their distribution system.

Newer systems rely on polyvinyl chloride (PVC), high-density polyethylene (HDPE), and ductile iron (DI) piping. Although the materials used in modern pipe manufacturing often have superior corrosion resistance, some materials are unquestionably thinner and cheaper than their alternatives. This requires greater emphasis on alteration of ground conditions and proper installation to achieve the desired longevity of the infrastructure. Modern plastic pipes such as PVC and HDPE have strong corrosion resistance properties but generally have weaker structural properties. In many cases, utilities may prefer a structurally stronger pipe such as DI at a greater material cost to mitigate the risk associated with installation errors.

Unaccounted-for-Water

Unaccounted-for-water is simply the difference between the quantity of water pumped at the source or purchased from a wholesaler and the quantity actually sold (metered sales). Many utilities employ sophisticated water audits in an attempt to identify the sources of water loss and create effective mitigation plans. By doing so, utilities can reduce the need to develop new sources of supply. Some water loss, however, is necessary for activities such as main flushings, maintenance of the treatment plant, and fire suppression.

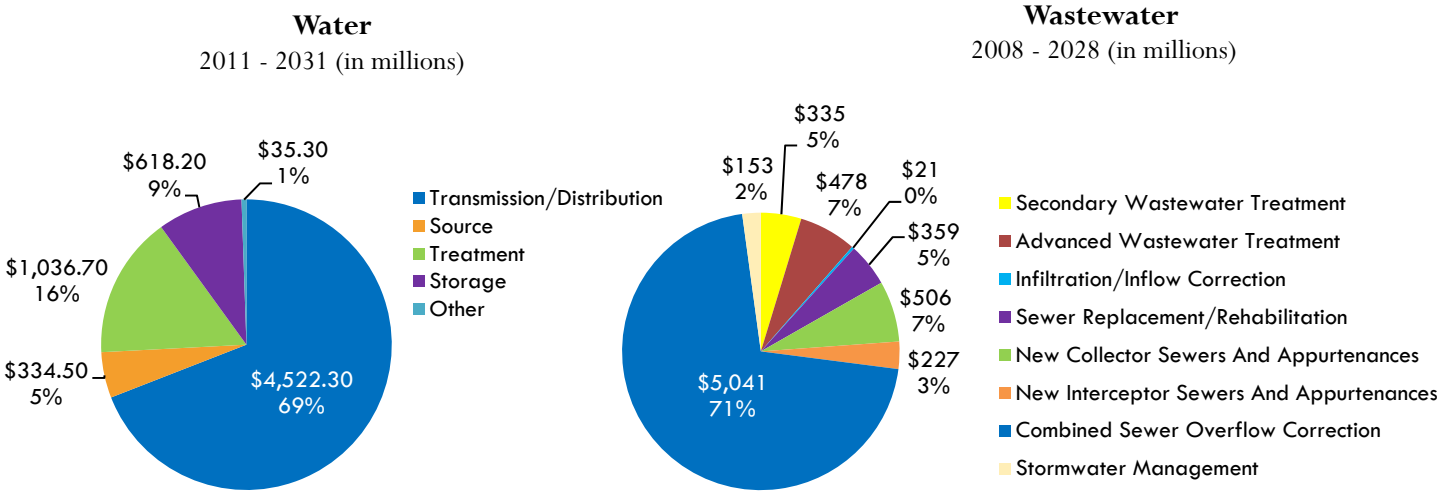
Projected Infrastructure Costs

According to the U.S. EPA, Indiana's water and wastewater infrastructure needs total $14 billion over the next 20 years. In terms of wastewater needs, Indiana reported one of the highest increases among all states since 2004, led by pipe repairs and replacement (up 233%), wastewater treatment (up 224%), and nonpoint source pollution control (up 91%). Additionally, Indiana was one of the states with the highest reported need for combined

sewer overflow (CSO) remediation ($5.0 billion).[7] For drinking water infrastructure, Indiana's projected needs more than doubled since 1995, from $2.4 billion to $6.4 billion in 2011, but has leveled off since the last reporting period. As shown in Chart 2, 69% of this need can be attributed to transmission and distribution projects.

Chart 2

Indiana Infrastructure Needs



Funding Programs

In order to assist with the high capital costs associated with the water and wastewater industry, numerous federal and state funding options are available for infrastructure investment. These programs are as follows.

State Revolving Loan Fund

Grants from the U.S. EPA are leveraged in bond markets to generate State Revolving Loan Fund (SRF) proceeds. The Indiana Finance Authority (IFA) then administers these funds through low-interest loans at 20-year terms to investor-owned, municipal, and not-for-profit utilities. Based on the Drinking Water and Clean Water 2012 Annual Reports, the Drinking Water SRF (DWSRF) Loan Program closed 11 loans for Indiana utilities, totaling approximately $58

[7] Other states with high needs for CSO corrections were: Illinois ($10.9 billion), New Jersey ($9.3 billion), Pennsylvania ($8.7 billion), Ohio ($7.5 billion), and New York ($6.6 billion). Together, these states comprised 74 percent of the CSO needs reported in the Clean Water Needs Survey

million, in state fiscal year 2012. Treatment infrastructure projects accounted for more than 70% of the projects, while transmission and distribution infrastructure projects accounted for about 30%. The Clean Water SRF Loan Program in Indiana closed 18 loans totaling more than $139 million.[8]

U.S. Department of Agriculture Rural Development Loans and Grants

U.S. Department of Agriculture Rural Development Loans and Grants are available to assist systems serving rural areas and towns with a population of less than 10,000. Extended 40-year terms are available at or below market interest rates, depending on community demographics. As part of this program, Indiana water and wastewater utilities received approximately $23.15 million in loans and $9.95 million in grants.

Community Focus Fund

Grants for planning and up to 90% of eligible project costs are another option. These planning and construction grants are available to non-entitlement[9] communities, such as cities, towns, or counties, through the Community Focus Fund, which is administered through the Indiana Office of Community and Rural Affairs (OCRA). Out of the more than 90 grant issuances made by OCRA during 2012, none of the Commission-regulated systems were beneficiaries of the approximately $29 million granted by this state agency to utilities. The OCRA also administered disaster relief funding for 11 communities totaling approximately $3.5 million.

Private Activity Bonds

Although the amount of SRF funding to investor-owned and not-for-profit utilities is limited, other options are available. For example, another avenue to obtain low-interest rate loans is private activity bonds, municipal bonds issued to finance facilities for investor-owned or not-for-profit water utilities. The benefits of reduced financing costs go directly to utility customers,

[8] Private wastewater utilities do not have access to the Clean Water SRF Loan Program

[9] Non-entitlement communities are all units of general local government that do not meet the definition and qualifications for an entitlement community. This includes all cities, counties, towns, townships, etc. that do not qualify to receive Community Development Block Grant (CDBG) entitlement funds; and any incorporated units of general local government located in urban counties who have opted not to participate in the urban county's entitlement CDBG program. Non-entitlement cities must go through a state-funding program instead of receiving funds directly from the federal government

rather than to the shareholders, owners, or parent companies. The federal government sets the overall loan volume cap for each state and then allocates that amount based on a formula.

Funding Challenges

Investor-owned and not-for-profit utilities are disadvantaged, because under current federal rules, they have limited access to low-cost debt. As a result, costs to serve those customers increase, despite the fact that all customers pay federal income tax to support these funding programs. To gain access to additional SRF funding, several not-for-profit utilities have converted to water authorities to avoid the volume cap for private activity bonds.

Recognizing this as an issue, public officials have taken action. For example, the National Association of Regulatory Utility Commissioners and the National Association of Water Companies support federal legislation to remove the volume cap for water and wastewater utilities. In 2012 the volume cap was $315 million. In March of 2013, as part of a plan to improve the nation's infrastructure, President Obama proposed to raise the volume cap for private activity bonds.

Under current federal rules applicable to the funding process, investor-owned and not-for-profit utilities are disadvantaged, because they have limited access to low-cost debt. As a result, costs to serve those customers increase, despite the fact that all customers pay federal income tax to support the funding programs.

In order to increase the financing of water and wastewater infrastructure, the U.S. Senate passed Senate Bill 601 in May 2013. Senate Bill 601 establishes a Water Infrastructure Finance and Innovation Act (WIFIA) pilot program to help water and wastewater utilities finance large-scale projects. To qualify for the loans, a project must be expected to cost over $20 million. For rural systems (defined as those that serve 25,000 people or less) the threshold is only $5 million.

On the state side, SEA 560 provides a property tax exemption on infrastructure for the treatment, storage, or distribution of water by a water utility. Such an exemption may occur if a county executive or county fiscal body creates an infrastructure development zone.

Supply

While often a contentious topic in the arid Southwest, and more recently in the Southeast, water supply issues are becoming a topic of discussion in the Midwest. In the summer of 2012 much of Indiana experienced severe drought conditions. Rain in the fall of 2012 and spring of this year have remediated these conditions. However, drought conditions will likely recur or return in the future. Two factors that can lead to inadequate supply levels or service are detailed below:

Did You Know?

The IURC issued its Water Utility Resource Report this year, based on information collected through Senate Enrolled Act 132.

Low Water Pressure

- In severe cases of drought, water shortages can lead to low water pressure, which adversely affects fire protection and increases the potential for water contamination.

- Municipal utilities have recently taken action to control water usage during periods of low supply. Steps taken include adding new sources of supply and/or augmenting existing supplies through purchase agreements with neighboring utilities. While some municipalities have passed ordinances that call for fines on customers when they irrigate on restricted days, other utility initiatives (mainly outside of Indiana) include rate structures that provide price incentives to conserve water and reduce consumption.

Lack of Rain and High Temperature

- One issue related to water efficiency planning is summer watering and the shortages it may cause. The lack of rain and high temperatures may stimulate increased summer watering, which can strain the capacity of a water system.

- Summer watering costs utilities millions of dollars as they are required to meet peak demand by finding or building additional water supply and expanding water treatment plant capacity to address demand which may only occur a handful of times per year.

Aqua Indiana Audit

In response to operational challenges faced in summer 2012 by Aqua Indiana d/b/a Utility Center, Inc., the IURC requested an independent third party audit. The audit was conducted by the engineering firm Crawford, Murphy, & Tilly, Inc. and was divided into two phases. Phase 1 addressed short-term challenges facing the utility, such as whether it should remain connected to the City of Fort Wayne's water supply. Phase 2 addressed specific long-term challenges, such as maintaining an adequate supply of water (including reserves), meeting usage requirements at peak times, and creating a new master plan.

The first takeaway from the report was that until adequate reserve capacity is added to ensure the reliability of service at peak times, the utility should plan for future interconnections with the City of Fort Wayne's water system. Compatibility issues between the two systems should also be addressed to ensure adequate fire protection is provided to customers. Second, although the procedures Aqua Indiana implemented in response to the water pressure and service issues experienced in July 2012 followed industry practices, the master plan did not. Third, water conservation ordinances were recommended at the city and county level to address periods of severe drought or operational failure.

This past summer, Aqua Indiana agreed to sell its drinking water system to the City of Fort Wayne.

Pricing and Economics

Nationally, water and wastewater rates are outpacing inflation. Indiana is similar, in that water and wastewater utilities are experiencing cost increases for several reasons: replacement of aging infrastructure, compliance with U.S. EPA standards (e.g., water quality and wastewater effluent), increases in expenses (e.g., labor, chemical, and power), growing demand, and the relocation of facilities.

Rate Increases

Overall, the number of rate increase requests has declined slightly since 2011. In 2012, seven water utilities were approved for general rate increases averaging 33.71%, and three wastewater utilities were approved for general rate increases averaging 52.18%. The average percent increase granted by the Commission appears significant, because the requests are related to U.S. EPA requirements, infrastructure improvements, and maintenance

projects to uphold the quality of service. However, these percentages can sometimes be misleading, because the average water and wastewater rates regulated by the IURC are relatively low at $30.88 per 5,000 gallons and $42.69 per 5,000 gallons on average. This year Citizens Water and CWA Authority (the sewer utility in Indianapolis) filed for rate increases of 14.7% and 31.7%, respectively, with the cases expected to be completed in the first quarter of 2014. Indiana American has indicated it may file a rate case in the first quarter of 2014.

There are areas of the state where customers pay significantly more than in other areas. In fact, of all the industries, water and wastewater utilities have the greatest disparity in rates. This is because rates are largely dependent on the length of time between rate cases, the condition of the infrastructure, and the number of customers served.

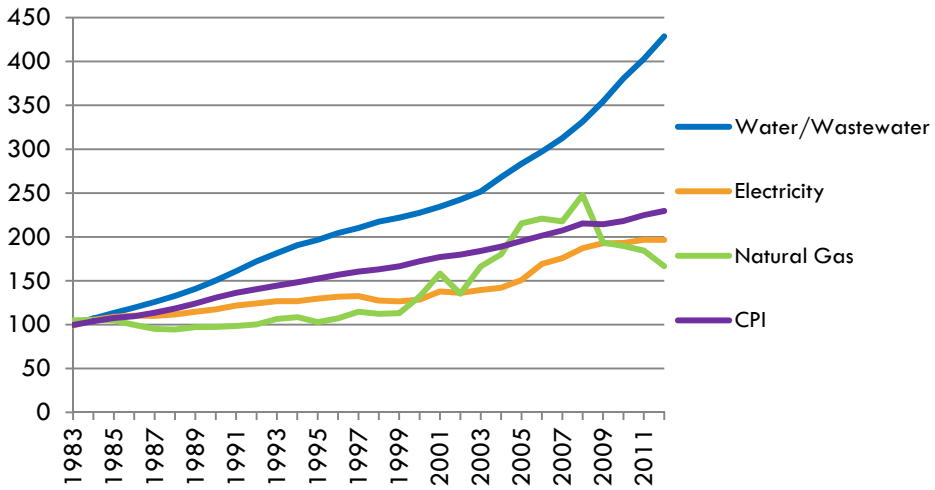
There are areas of the state where customers pay significantly more than in other areas. In fact, of all the industries, water and wastewater utilities have the greatest disparity in rates. This is because rates are largely dependent on the length of time between rate cases, the condition of the infrastructure, and the number of customers served. For smaller systems, rates tend to be significantly higher due to the costs being spread over a smaller number of households. This is why, when large projects are part of a rate case, the Commission has granted phase-in rates, which help mitigate bill shock. Additionally, costs incurred to maintain the system are also a factor in increasing rates. If the system is not well maintained, it is more expensive to repair.

To show how rates have changed, chart 3 shows the price index by utility type, including water and wastewater rates. They are rising more rapidly than electricity or natural gas rates and much faster than the overall consumer price index (CPI). For example, from 2003 to 2012 water and wastewater rates rose 5.87% per year, while the CPI rose at a slower pace of 2.48% per year.

Chart 3

Comparison of Utility Prices from 1983 to 2012

Index is set to 100 for 1982-1984



Source: U.S. Bureau of Labor Statistics

Adjustable Rate Mechanisms (Trackers)

Indiana's regulatory statutes include adjustable rate mechanisms (trackers) for certain expenses and capital investments. Tracking mechanisms provide timely recovery of specifically defined costs, compared to recovery as the result of a rate case.

Distribution System Improvement Charge

In 2000, the Indiana General Assembly enacted legislation that created a capital recovery mechanism, called the Distribution System Improvement Charge (DSIC).[10] Indiana was the second state in the nation to enact such a mechanism. The DSIC allows water utilities to recover the costs of improvements to existing distribution systems with a simplified proceeding rather than a full rate case when the investment is made. This results in rate increases that tend to be more gradual over time.

The Distribution System Improvement Charge is a mechanism to encourage needed infrastructure improvements before having to react to a costly disaster. As of May 2013, the Commission approved close to $173 million in utility distribution plant placed in service through the DSIC.

The DSIC only applies to water utilities, and the Commission believes that making the DSIC mechanism available to wastewater utilities would encourage investments in necessary infrastructure replacements and upgrades. This useful mechanism avoids the added costs of a rate case and encourages utilities to make needed infrastructure improvements before having to react to a costly disaster. As of May 2013, the Commission approved close to $173 million in utility distribution plant placed in service through the DSIC.

Customer Rate Disparity

When municipal utilities opt out of the Commission's jurisdiction, citizen-customers (i.e., city residents) of that municipality still have a voice in how the utility is operated when voting for local leaders. However, since non-resident customers (i.e., suburban) do not participate in local municipal elections, they have no such voice. This creates concerns about taxation without representation, especially when there is a difference between inside and outside-city rates.

[10] IC ch. 8-1-31

Due to this ongoing concern, the General Assembly passed HEA 1126[11] in the 2012 legislative session, which is broken down below.

Grandfathering of Municipal Rates

An existing municipal rate differential between 15% and 50% could be grandfathered by making a filing with the IURC.[12] For utilities with rate differentials already in effect by March 31, 2012, municipalities were provided with an opportunity to petition the IURC to grandfather the percentage difference. The IURC established an informal process to accomplish this with an opportunity for objections to be filed, at which point the matter was docketed. The Commission received 53 petitions with objections filed in two instances. All grandfathering petitions were ultimately approved, including the two instances where objections were filed.

Customer Request for Rate Review

Another aspect of the law allows outside customers to petition the IURC for a rate review when the rates charged are 15% higher than the inside-city rates. To request a rate review, the lesser of 10% of all customers or 25 customers must file a petition with the Commission requesting review; however, the petition must be filed no more than 14 days after the date on which the new rates are established through an ordinance. Only one petition has been filed thus far and in that situation rates were unchanged.

Acquisition and Consolidation

Acquisitions and consolidations can take many forms, but the most prevalent are investor-owned utilities buying smaller investor-owned utilities; investor-owned utilities buying municipal systems; and municipalities buying investor-owned systems. Over the last 10 years, the pace of mergers and acquisitions by investor-owned utilities has slowed significantly as many of the most attractive and available utilities have been acquired; however, transaction proposals are still taking place.

[11] This law is codified at Ind. Code § 8-1.5-3-8.3
[12] This filing was required to be made no later than September 30, 2012

When transactions are brought to the IURC for approval, the Commission must ensure customers are not overpaying and that the utility is being assessed at fair value. In cases where a utility's service area is expanded, questions also arise about who should pay and how much. The following sections further detail these issues.

Privatization

Recent utility transfers have highlighted several issues of particular concern for the Commission. One issue is how to determine the fair value of the property. Without accurate accounting records of the municipality's assets, it is difficult to accurately determine the fair value of the assets. Even when the accounting records are accurate, there may be a conflict between Indiana statutes that govern how the price is determined for the assets and what the Commission sets as the fair value. Under IC § 8-1.5-2-6(b), municipal assets may not be sold for less than their full appraised value; however, the Commission must adhere to IC § 8-1-2-6, which disallows contributions in aid of construction (CIAC) in determining the fair value.[13] The issue is further complicated when, appraisers do not deduct utility plant that has been contributed by developers or funded by a government grant.

Without accurate accounting records of the municipality's assets, it is difficult to accurately determine the fair value of the assets. Even when the accounting records are accurate, there may be a conflict between Indiana statutes that govern how the price is determined for the assets and what the Commission sets as the fair value.

In 2011, Indiana American Water filed a petition to acquire the Town of Riley's municipal water utility. In this case, the appraisers included assets that were funded with CIAC in their appraised values. In accordance with IC § 8-1-2-6, the Commission approved the acquisition but did not allow Indiana American Water to earn a return on the amounts that were identified as CIAC in the appraised values. In 2012, Indiana American Water and the Town of Riley filed a subsequent case clearly identifying CIAC and adjusting Indiana American Water's purchase price to account for the CIAC amounts. The Commission approved the acquisition with immaterial adjustments that were acceptable to both Indiana American Water and the Town of Riley. The acquisition has since been restored to the satisfaction of all interested parties.

[13] CIAC is utility plant that was not funded by the utility, such as plant contributed by a developer or obtained as part of a government grant

In November 2012, Citizens Energy Group petitioned the Commission to acquire the city of Westfield's water and wastewater utility and operate them as investor-owned utilities. Among other issues, the Indiana Office of Utility Consumer Counselor (OUCC) has recommended increasing the amount of CIAC by approximately $30 million. This case is expected to be completed by the end of 2013.

Municipalization

The practice of municipalities taking over investor-owned systems, sometimes referred to as municipalization, was aided by a 2007 Indiana Supreme Court decision[14] which affirmed the City of Fort Wayne's condemnation of a portion of Utility Center, Inc.'s system. Condemnation is a legal proceeding whereby a municipality exercises its power of eminent domain and condemns utility property, which then results in the transfer of the utility property to the municipality.

Another issue concerns the determination of whether the customers acquired through the condemnation process should be required to pay higher rates than existing customers. The Indiana General Assembly remedied this aspect of the condemnation process in 2009 through the enactment of IC § 8-1.5-3-8. As a result of this legislation, when a municipality condemns the property of a public utility, all customers bear the costs associated with the condemnation process through their normal rates and charges.[15] There have also been more recent changes. During the 2013 legislative session the condemnation process was further limited by HEA 1307. This law states that a municipality may not purchase the property of a utility company that provides water or sewer service (including a regional sewer and water district) unless the IURC: (1) finds that the utility company has continued violations of the its orders or the law regulating the utility company after the IURC has ordered compliance; or (2) finds after a review that the utility company has severe deficiencies that the utility company has failed to remedy. Finally, the Indiana Supreme Court recently ruled that when determining the value of condemned property the owner of the property has a right to a full evidentiary hearing before a jury.[16]

---

[14] See, *Utility Center, Inc. v. Fort Wayne*, 868 N.E.2d 453 (Ind. 2007)
[15] IC § 8-1.5-3-8
[16] Utility Center, Inc. d/b/a Aqua Indiana, Inc. v. City of Fort Wayne, Indiana (In. Supreme Court No. 90S04-1208-PL-450)

Modernization and Efficiency

IURC Strategic Plan

The Commission continues to resolve complex issues when small utilities run into trouble, but its primary goal is to prevent utilities from becoming troubled in the first place. The Water and Wastewater Division completed a Strategic Plan in December 2011, which includes 11 action plans that will assist small utilities with managing costs and improving their financial, managerial, and technical capabilities. The key concepts addressed within the action plans include:

- Create an Alternative Regulatory Procedure (ARP) for small water and wastewater utilities.
- Assist small utilities with cost control, including wholesale water purchase arrangements, equipment sharing and cooperative purchasing.
- Focus on water loss and consumer education.
- Develop a Small Utility Accounting Manual to assist utility personnel in the proper recording of financial transactions.
- Require performance measures to be developed and incorporated into the IURC Annual Report to provide utility management and the Commission with a tool to evaluate utility performance relative to peers.

Alternative Regulatory Procedure for Small Utilities

On June 6, 2012, the Commission commenced an investigation in Cause No. 44203 into the adoption of an ARP for small water and wastewater utilities. On March 14, 2013, the Commission approved the ARP as part of a Settlement Agreement between the IURC Testimonial Staff and the OUCC. The ARP allows small systems serving fewer than 3,000 customers to obtain annual rate increases without the need to file a rate petition or incur the associated costs. The ARP authorizes eligible utilities to increase rates on an annual basis for five years after its most recent rate proceeding. The rate increases are based on an annual

cost index, which includes a Labor Index, Industrial Power Index, Industrial Chemical Index, and Consumer Price Index. The annual rate increases are capped at 7.5%, with a 25% cap on cumulative increases between any two general rate increases.

The ARP motivates utilities to improve financial, managerial, and technical capabilities by requiring participants to meet annual requirements focused on improving these capabilities in return for an automatic annual rate increase. The annual requirements, which were developed based on utility best practices, consist of mandatory and elective program elements. A utility must complete a specified number of elective program items for each of the five years.

The ARP motivates utilities to improve financial, managerial, and technical capabilities by requiring participants to meet annual requirements focused on improving these capabilities in return for an automatic annual rate increase.

Assistance for Small Utilities

The Commission has focused its educational training in two major areas: 1) hands-on training and 2) information on its website. Based on the success of earlier workshops, the Commission continues to hold annual workshops on topics such as how to complete the Commission's small utility rate application and annual report; the basics of utility accounting; and tools for planning and asset management.

In order to make educational materials more accessible, the IURC enhanced its website by providing documents useful to utilities, such as standard operating procedures, generic maintenance plans and forms, best practice guides, emergency response, conservation, and board training. Our website also houses a Small Utility Toolkit which provides IURC specific regulatory information, infrastructure funding options, and other assistance.

Early efforts to educate water utilities appear to have been successful. Based on staff's 2011 Annual Report analysis, overall water loss has improved from 2006, with loss declining from 26.9% to 14.66%. Also, the IURC has seen a significant increase in the number of utilities implementing an asset management program. In 2009, fewer than half of the Commission regulated water and wastewater utilities reported having

Early efforts to educate water utilities appear to have been successful. Based on staff's 2011 Annual Report analysis, overall water loss has improved from 2006, with loss declining from 26.9% to 14.66%. Also, the IURC has seen a significant increase in the number of utilities implementing an asset management program.

an asset management plan. For 2011, two-thirds of the Commission regulated water and wastewater utilities reported having an asset management plan.

Water Efficiency

Water efficiency programs are being developed by individual utilities and at state and national levels in an effort to manage customer usage. At the state level, the DNR has developed water conservation goals and objectives, as required by the Great Lakes Compact.[17] At the national level, the U.S. EPA has developed the WaterSense® program that labels water efficient appliances, products, services, and practices (e.g., low-flow shower heads, low water washing machines, and low flow irrigation systems). This program is similar to the Energy Star program, which identifies energy efficient appliances. For example, if a household can save 40,000 gallons per year and water rates are $3.00 per 1,000 gallons, the savings amount to $120 per year.[18]

Energy Savings

Water efficiency not only reduces the amount of water consumed, it also saves energy. According to the U.S. EPA, if drinking water and wastewater systems reduce energy use by just 10% through cost-effective investments, collectively they could save approximately $400 million and 5 billion kWh annually.

Water Energy Nexus

Water efficiency not only protects the supply of an important natural resource, it also conserves energy. Energy efficiency campaigns usually include information on how to save water and provide efficiency kits containing water-saving devices such as low-flow shower heads. According to the U.S. EPA, energy costs for water and wastewater utilities can be a third of a municipality's total energy bill. For example, every 1,000 gallons of water delivered by a utility represents 8,350 pounds. A utility delivers nearly 21 tons of water to a household using 5,000 gallons of water per month, using pumps powered by electricity.

The federal government and universities are developing programs to educate water and wastewater utilities on ways to conserve and improve upon their existing energy consumption.

---

[17] P.L. 90-419 (90th Congress, S 660) The Great Lakes Compact includes rules and regulations to protect the Great Lakes and the tributary waters of several states and Canadian provinces. Economic development will be balanced with sustainable water use to ensure Great Lakes waters are managed responsibly

[18] Estimated using a family of four and changing toilet (3.5 gallons to 1.6 gallons), washing machine (48 gallons to 28 gallons), and shower head (5 gallons/minute to 2.5 gallons/minute)

By reducing energy consumption, expenses decrease, which lessens the need for rate increases. For example, in September 2012, the U.S. EPA published the "Evaluation of Energy Conservation Measures for Wastewater Treatment Facilities." Purdue University created the Energy Efficiency & Sustainability program, which is a best practices awareness, training, and implementation assistance program funded through a fee for service work, the U.S. Department of Energy, and the U.S. EPA.

Regulatory Initiatives

State Initiatives

Senate Enrolled Act 560

In addition to establishing a 300-day timeline for rate cases, Senate Enrolled Act 560 (SEA 560) also provided new incentives for utility companies and businesses. In order to encourage investment in transmission and distribution systems, the legislature modeled a new tracker after the distribution system improvement charge (DSIC) tracker that applies to the water industry. SEA 560 also allows persons investing in utility infrastructure to receive a tax exemption on the property, as long as it is in an "infrastructure development zone" as designated by a county executive.

300-Day Rate Case Timeline

The IURC worked with stakeholders to establish a 300-day timeline for rate cases to avoid temporary rates from going into effect. The new schedule is detailed in the introduction of this report.

Senate Enrolled Act 385

In some cases, two municipalities may enter into a wholesale sewage treatment contract. This means that for an established fee, one municipality will allow another to transport waste to its facility for treatment. Although these arrangements are beneficial, problems can occur when it comes to renewing a contract. SEA 385 addresses this concern by allowing municipalities to request IURC review of the rates and charges associated with the contract. This prevents any one party from taking advantage of the other and allows for a neutral entity to provide technical assistance outside of the local court system.

House Enrolled Act 1137

The topic of rate differentials continued to attract attention during the 2013 General Assembly session, resulting in two additional bills. First, HEA 1137 modifies the 2012 law by requiring the IURC to issue an order in an outside-city rate review and provides an opportunity to extend the deadline to issue an order for up to 60 days if all parties agree.

Prior to the passage of this bill, a municipal utility's outside-city rates were effectively approved if the Commission did not issue a decision after the 120-day time period expired.

House Enrolled Act 1307

The second bill, HEA 1307, also modifies the 2012 law. Under HEA 1307, outside-city customers have the option to request IURC rate review where the rates charged are greater than 50% above inside-city rates, if the request is filed by December 31, 2013. Prior to this, outside-city customers did not have an opportunity to request IURC rate review unless the municipality passed a new rate ordinance. The surcharge must have been in effect on March 21, 2012 and the municipal and outside-city customers are required to attempt resolution of the rate issues prior to filing with the IURC.

Protecting Critical Infrastructure

Threats to utilities' critical infrastructure – both cyber and physical – have never been greater than they are today. The highly publicized Stuxnet and Shamoon incidents are examples of cyber attacks that have damaged or destroyed critical infrastructure. These threats have the potential to halt emergency services, bring down communications systems, contaminate water supply, and create widespread power outages, thus posing serious risks to Hoosiers.

Reacting to these threats, President Obama on February 12, 2013 signed an Executive Order to improve critical infrastructure cyber-security. The Executive Order established a process to develop a partnership with the intent "to increase the volume, timeliness, and quality of cyber threat information shared with U.S. private sector entities so that these entities may better protect and defend themselves against cyber threats."[19]

Additional action is being taken at the national level through organizations like NARUC. Out of more than 200 utility commissioners across the country, Indiana Commissioner Carolene Mays was selected to chair NARUC's Critical Infrastructure Committee. In this leadership role, Commissioner Mays provides a vital public service by providing a forum to analyze solutions to infrastructure security and delivery concerns through collaboration with state and federal officials.

[19] www.whitehouse.gov/the-press-office/2013/02/12/executive-order-improving-critical-infrastructure-cyber-security

In order to further protect Indiana, the IURC, under Commissioner Mays' leadership, began investigating cyber-security issues and engaging the utilities about their preparedness. Topics discussed included actions taken toward mitigation and resiliency in the event of a cyber attack. Other state agencies also participated, including the Indiana Department of Homeland Security and the Indiana Office of Technology. Thus far the IURC has met with utility representatives from the electric, natural gas, and communications industries and plans to hold additional meetings with the communications industry on September 9th and 10th and with the water industry on October 30th and 31.st

Federal Initiatives

Water and Wastewater Quality

Water quality standards are two-fold: 1) health-related (focusing on inorganic and organic chemicals and microorganisms) and 2) aesthetic (focusing on taste, odor, and appearance). These standards are developed by setting a maximum contaminant level and a maximum contaminant level goal, both of which are periodically updated. For example, based on the U.S. EPA's Groundwater Rule, the IDEM now requires increased monitoring to detect viral and bacterial contamination in groundwater sources of drinking water.

In recent years, Indiana utilities have incurred costs associated with maintaining and improving their systems, and these costs are expected to increase as new rules are approved. For example, to comply with the U.S. EPA's Long Term 2 Enhanced Surface Water Treatment Rule, several utilities have installed ultraviolet disinfection systems at their treatment plants and have sought cost recovery for those investments. Examples of other new or pending U.S. EPA rules are provided below:

Carcinogenic Volatile Organic Compounds | Effective in late 2013

- Scope: The U.S. EPA announced in February 2011 that it plans to develop one national primary drinking water regulation covering up to 16 carcinogenic volatile organic compounds (VOCs). It will propose a regulation to address carcinogenic VOC contaminants as a group rather than individually in order to provide public health protections more quickly and also allow utilities to more effectively and efficiently plan for improvements.

Revised Total Coliform Rule | Approved in February 2012

- Scope: Establishes a maximum contaminant level based on the presence or absence of total coliforms, modifies monitoring requirements including testing for fecal coliforms for E. coli, requires use of a sample siting plan, and also requires sanitary surveys for systems collecting fewer than five samples per month.

Unregulated Contaminant Monitoring Rule 2 | Approved in May 2012

- Scope: The U.S. EPA uses the Unregulated Contaminant Monitoring program to collect data for contaminants suspected to be present in drinking water, which do not have health-based standards set under the SDWA. Every five years the U.S. EPA reviews the list of contaminants, largely based on its Contaminant Candidate List.

Perchlorate Rule | Final Rule expected by 2014

- Scope: The U.S. EPA has determined that perchlorate meets SDWA's criteria for regulating a contaminant--that is, perchlorate may have an adverse effect on the health of persons. Therefore, the U.S. EPA will initiate the process of proposing a national primary drinking water regulation for perchlorate.

Several regulated wastewater utilities have invested in their systems as required by consent decrees, due to violations of the CWA. Because infrastructure improvements may be required, customer rates could be impacted. However, before the costs can be passed on to consumers, projects are subject to review by the OUCC and IURC approval.

Appendices

Appendix A – Revenues for Jurisdictional Water Utilities

Revenues for Year Ending December 31, 2011

Rank	Utility Name	Operating Revenues	% of Total Revenue
1	Indiana-American Water Company, Inc.	$193,336,934	34.61%
2	Citizens Water (includes Indianapolis Water Revenues)	160,590,144	28.75%
3	Fort Wayne Municipal Water Utility	31,604,390	5.66%
4	Evansville Municipal Water Works Dept.	17,795,577	3.19%
5	South Bend Municipal Water	13,996,320	2.51%
6	Bloomington Municipal Water	11,486,790	2.06%
7	Hammond Municipal Water Works	9,284,018	1.66%
8	Lafayette Municipal Water Works	7,652,370	1.37%
9	Elkhart Municipal Water Works	7,646,633	1.37%
10	Anderson Municipal Water Works	7,502,529	1.34%
11	Utility Center, Inc.	6,486,470	1.16%
12	Michigan City Municipal Water Works	6,242,134	1.12%
13	Schererville Municipal Water Works	5,540,978	0.99%
14	East Chicago Municipal Water Dept.	5,071,924	0.91%
15	Columbus Municipal Water Utility	4,599,076	0.82%
16	Marion Municipal Water Works	4,477,867	0.80%
17	Stucker Fork Conservancy District	3,481,462	0.62%
18	Brown County Water Utility, Inc.	3,183,203	0.57%
19	Chandler Municipal Water Works	2,928,137	0.52%
20	Jackson County Water Utility, Inc.	2,906,971	0.52%
21	Silver Creek Water Corporation	2,605,422	0.47%
22	New Castle Municipal Water Works	2,376,912	0.43%
23	Princeton Municipal Water	2,152,880	0.39%
24	North Lawrence Water Authority	2,134,665	0.38%
25	Edwardsville Water Corporation	2,091,846	0.37%
26	Eastern Heights Utilities, Inc.	2,071,381	0.37%
27	Auburn Municipal Water Utility	2,060,282	0.37%
28	Morgan County Rural Water Corporation	1,859,121	0.33%
29	Martinsville Municipal Water Utility	1,821,210	0.33%

Rank	Utility Name	Operating Revenues	% of Total Revenue
30	Mishawaka-Clay Municipal Utilities - Water	1,776,448	0.32%
31	Eastern Bartholomew Water Corporation	1,716,653	0.31%
32	German Township Water District, Inc.	1,578,986	0.28%
33	East Lawrence Water Authority	1,560,787	0.28%
34	South Harrison Water Corporation	1,537,382	0.28%
35	Ellettsville Municipal Water Utility	1,511,981	0.27%
36	Boonville Municipal Water Works	1,474,992	0.26%
37	Southwestern Bartholomew Water Corporation	1,367,503	0.24%
38	Gibson Water, Inc.	1,224,937	0.22%
39	Damon Run Conservancy District	1,121,692	0.20%
40	Corydon Municipal Water Works	1,013,811	0.18%
41	Tri-Township Water Corporation	1,002,380	0.18%
42	Floyds Knobs Water Company, Inc.	998,479	0.18%
43	Southern Monroe Water Corporation	951,296	0.17%
44	Twin Lakes Utilities, Inc.	863,684	0.15%
45	Aurora Municipal Water Utility	794,274	0.14%
46	Petersburg Municipal Water Works	789,196	0.14%
47	North Dearborn Water Corporation	787,309	0.14%
48	Charlestown Municipal Water Dept.	757,199	0.14%
49	Fortville Municipal Water Works	748,326	0.13%
50	Marysville Otisco Nabb Water Corporation	747,398	0.13%
51	Town of Cedar Lake Utilities	666,843	0.12%
52	Van Buren Water, Inc.	605,736	0.11%
53	LMS Townships Conservancy District	586,979	0.11%
54	Sullivan-Vigo Rural Water Corp.	575,604	0.10%
55	B & B Water Project, Inc.	527,470	0.09%
56	Clinton Township Water Company	465,934	0.08%
57	Cataract Lake Water Corporation	463,698	0.08%
58	Indiana Water Service, Inc.	445,874	0.08%
59	Valparaiso Lakes Area Conservancy District	422,788	0.08%
60	Tri-County Conservancy District	400,406	0.07%
61	Riverside Water Company, Inc.	344,263	0.06%
62	Knightstown Municipal Water Utility	339,497	0.06%
63	St. Anthony Water Utilities, Inc.	306,671	0.05%
64	Kingsford Heights Municipal Water Utility	272,619	0.05%
65	Everton Water Corporation	266,529	0.05%
66	Consumers Indiana Water Company, Inc.	262,955	0.05%
67	Battle Ground Conservancy District	252,560	0.05%
68	Ogden Dunes Municipal Water	238,946	0.04%

Rank	Utility Name	Operating Revenues	% of Total Revenue
69	Darlington Waterworks Company	235,652	0.04%
70	Painted Hills Utilities Corporation	234,976	0.04%
71	Mapleturn Utilities, Inc.	194,931	0.03%
72	South 43 Water Association, Inc.	193,183	0.03%
73	Pioneer Water, LLC	157,537	0.03%
74	Kingsbury Utility Corporation	137,862	0.02%
75	Rhorer Harrel & Schacht Roads Water Corp	133,731	0.02%
76	Apple Valley Utilities, Inc.	92,268	0.02%
77	Waldron Conservancy District	80,810	0.01%
78	Water Service Company of Indiana, Inc.	74,377	0.01%
79	Wedgewood Park Water Co., Inc.	63,748	0.01%
80	Pleasantview Utilities, Inc.	55,852	0.01%
81	American Suburban Utilities, Inc.	38,314	0.01%
82	Sugar Creek Utility Company, Inc.	32,056	0.01%
83	J.B. Waterworks, Inc.	29,329	0.01%
84	Wastewater One dba River's Edge Utility, Inc.	28,882	0.01%
85	Wells Homeowners Association, Inc.	12,782	<0.01%
86	Pence Water Works	9,923	<0.01%
87	Shady Side Drive Water Corporation	9,537	<0.01%
88	Bluffs Basin Utility Company, LLC	7,824	<0.01%
89	Hessen Utilities, Inc.	7,577	<0.01%
	Total Revenue	$558,588,882	100.00%

Note: Several utilities did not complete an Annual Report, so the total number does not equal the number of utilities under IURC jurisdiction.

Appendix B –Revenues for Jurisdictional Wastewater Utilities

Revenues for Year Ending December 31, 2011

Rank	Utility Name	Operating Revenues	% of Total Revenue
1	CWA Authority, Inc.	$ 49,222,794	46.77%
2	Sanitary District of Hammond	24,202,474	23.00%
3	Hamilton Southeastern Utilities, Inc.	10,024,804	9.52%
4	Utility Center, Inc.	7,737,626	7.35%
5	Aqua Indiana South Haven	3,528,202	3.35%
6	American Suburban Utilities, Inc.	2,670,008	2.54%
7	Twin Lakes Utilities, Inc.	1,586,880	1.51%
8	Eastern Richland Sewer Corporation	1,093,503	1.04%
9	Driftwood Utilities, Inc.	809,569	0.77%
10	L.M.H. Utilities Corporation	789,961	0.75%
11	Wymberley Sanitary Works, Inc.	527,857	0.50%
12	Mapleturn Utilities, Inc.	390,576	0.37%
13	Indiana-American Water Company, Inc.	347,347	0.33%
14	Kingsbury Utility Corporation	300,523	0.29%
15	Consumers Indiana Water Company, Inc.	278,265	0.26%
16	Doe Creek Sewer Utility, Inc.	237,563	0.23%
17	Apple Valley Utilities, Inc.	219,688	0.21%
18	Wildwood Shores Utility Corp., Inc.	152,220	0.14%
19	Eastern Hendricks County Utility, Inc.	143,824	0.14%
20	Howard County Utilities, Inc.	128,350	0.12%
21	Water Service Company of Indiana, Inc.	120,638	0.11%
22	Old State Utility Corporation	116,004	0.11%
23	Galena Wastewater Treatment Plant	106,051	0.10%
24	Sani Tech, Inc.	103,713	0.10%
25	Sugar Creek Utility Company, Inc.	84,279	0.08%
26	Southeastern Utilities, Inc.	72,008	0.07%
27	Heir Industries, Inc.	60,832	0.06%
28	Pleasantview Utilities, Inc.	50,320	0.05%
29	Hillview Estates Subdivision, Inc.	33,897	0.03%
30	East Shore Corp.	30,100	0.03%
31	Wastewater One dba River's Edge Utility, Inc.	24,549	0.02%
32	Lakeland Lagoon Corp.	15,103	0.01%
33	Bluffs Basin Utility Company, LLC	12,744	0.01%
34	Brushy Hollow Utilities, Inc.	11,672	0.01%

Rank	Utility Name	Operating Revenues	% of Total Revenue
35	Anderson Lakes Estates Homeowners Association, Inc.	8,555	0.01%
36	Hessen Utilities, Inc.	5,051	<0.01%
37	Webster Development, LLC	1,277	<0.01%
	Total Revenue	$105,248,827	100.00%

Note: Several utilities did not complete an Annual Report, so the total number does not equal the number of utilities under IURC jurisdiction. CWA Authority was in business approximately half of the year.

Appendix C – Withdrawn Water Utilities

Utility Name	
Aberdeen-Pate Water Co.	Advance
Akron	Albany
Albion	Alexandria
Alfordsville	Ambia
Andrews	And-Tro, Inc.
Angola	Arcadia
Argos	Ashley
Atlanta	Attica
Avilla	Bainbridge
Bargersville	Batesville
Bean Blossom - Patricksburg Water Corp.	Bedford
Berne	Bethany
Beverly Shores	Bicknell
Big Walnut Company, Inc.	Birdseye
Bloomingdale	Bluffton
Boswell	Bourbon
Brazil	Bremen
Bristol	Brook
Brooklyn	Brookston
Brookville	Brownsburg
Bruceville	Bunker Hill
Burns City	Burnt Pines Water Association
Butler	Cambridge City
Camden	Campbellsburg
Canaan Water Utility	Cannelton
Carbon	Carlisle
Carmel	Carthage
Cayuga	Center Point
Centerville	Chalmers
Chesterfield	Chesterton
Chrisney	Churubusco
Cicero	Clarks Hill
Clay City	Claypool
Clinton	Cloverdale
Colfax	Connersville
Converse	Covington
Crane	Crawford County Water Company
Cromwell	Crothersville
Crown Point	Culver

Cumberland	Cynthiana
Dale	Daleville
Dana	Danville
Daviess County Rural Water System, Inc.	Dayton
Decatur	Decatur County Rural Water Corporation
Decker	Delphi
Dillsboro	Dublin
Dubois Water Utilities, Inc.	Duff Water Corporation
Dugger	Dune Acres
Dunkirk	Dupont Water Company, Inc.
Dyer	Earl Park
East Fork Water, Inc.	East Monroe Water Corporation
East Washington Rural Water Corporation	Eaton
Edgewood	Edinburgh
Edwardsport	Elberfeld
Elizabeth	Ellis Water Company
Elnora	Elrod Water Company, Inc.
Elwood	English
Etna Green	Fairmount
Fairview Park	Farmersburg
Farmland	Fayette Township Water Association, Inc.
Ferdinand	Fillmore
Finch Newton Water, Inc.	Flora
Fort Branch	Fountain City
Fowler	Francesville
Francisco	Frankfort
Franklin County Water Association, Inc.	Frankton
Freelandville Water Association	Fremont
Galveston	Garrett
Gas City	Gaston
Gem Water, Inc.	Geneva
Gentryville	Georgetown
Georgetown, IL	Glenwood
Goodland	Goshen
Gosport	Grabill
Grandview	Grantsburg Rural Water, Inc.
Greencastle	Greendale
Greenfield	Greensburg
Greentown	Greenville
Griffith	Hagerstown
Hamilton	Hamlet
Hanover	Hartford City
Haubstadt	Hayden Water Association, Inc.

Haysville Water Utilities, Inc.	Hazleton
Hebron	Highland
Hill Water Corp.	Hillsboro
Hillsdale Water Corp.	Hogan Water Corp.
Holland	Holton Community Water Corp.
Hope	Hudson
Huntertown	Huntingburg
Huntington	Hymera
Ingalls	Ireland Utilities, Inc.
Jamestown	Jasonville
Jasper	Jennings Water, Inc.
Jonesboro	Kendallville
Kent Water Company, Inc.	Kentland
Kewanna	Kingman
Kirklin	Knightsville
Knox	Knox County Water, Inc.
Kouts	LaCrosse
Ladoga	LaFontaine
LaGrange	Lagro
Lake Station	Lakeville
Lanesville	Lapel
LaPorte	Laurel
Lawrence	Lawrenceburg
Leavenworth	Lebanon
Lewisville	Liberty
Ligonier	Linden
Linton	Logansport
Long Beach	Loogootee
Lowell	Lyford Waterworks, Inc.
Lynn	Lynnville
Lyons	Madison
Markle	Marshall
Mecca	Medaryville
Medora	Mentone
Merom	Middlebury
Middletown	Milan
Milford	Millersburg
Milltown	Milton
Mishawaka	Mitchell
Monon	Monroe
Monroe City	Monroeville
Montezuma	Montgomery
Monticello	Montpelier

Morgantown	Morocco
Morristown	Mount Summit
Mount Vernon	Mulberry
Munster	Napoleon Community Water
Nappanee	Nashville
New Carlisle	New Chicago
New Harmony	New Haven
New Market	New Pekin
New Richmond	New Whiteland
Newberry	Newport
North Brown Water	North Judson
North Liberty	North Manchester
North Salem	North Vernon
Oakland City	Oaktown
Odon	Oldenburg
Oolitic	Orestes
Orland	Orleans
Osgood	Ossian
Otterbein	Otwell Water Corporation
Owensville	Oxford
Palmyra	Paoli
Paragon	Parker City
Patoka	Patoka Water Company, Inc.
Patriot	Paxton Water Corporation
Pendleton	Pennville
Perry Water System, Inc.	Perrysville
Peru	Pierceton
Pittsboro	Plainfield
Pleasantville Water Co.	Plymouth
Portland	Poseyville
Prince's Lakes	Ramsey Water
Redkey	Reelsville Water Authority
Remington	Rensselaer
REO Water Corp.	Reynolds
Ridgeville	Riley
Rising Sun	Roachdale
Roann	Roanoke
Rochester	Rockport
Rockville	Rosedale
Rossville	Royal Center
Rural Membership Water Corporation	Rushville
Russellville	Russiaville
Rykers Ridge Water Co.	Salem

Sandborn	Santa Claus
Santa La Hill, Inc.	Schneider
Scottsburg	Seelyville
Sellersburg	Sharpsville
Shelburn	Sheridan
Shipshewana	Shirley
Shoals	Silver Lake
Slygo Water Corp.	South Harrison Water Corp.
South Whitley	Southern Madison Utilities, LLC
Speedway	Spiceland
Spurgeon	St. Bernice Water
St. Henry Water Corporation	St. Joe
St. John	St. Jude Village Water Corp.
St. Paul	Staunton
Sunman	Swayzee
Switz City	Syracuse
Tell City	Tennyson
Thorntown	Tipton
Topeka	Trafalgar
Troy	Troy Township Water Association, Inc.
Union City	Universal
Upland	Valley Rural
Valparaiso	Valparaiso Lakes Conservancy District
Van Buren	Veedersburg
Vernon	Versailles
Vevay	Vincennes
Wakarusa	Walkerton
Walton	Wanatah
Warren	Washington
Washington Township Water Corp.	Waterloo
Watson Rural Water Co., Inc.	Waveland
Waynetown	West College Corner
West Lebanon	West Terre Haute
Westfield	Westport
Westville	Westwood Water Co., Inc.
Wheatland	Whiteland
Whitestown	Whiting
Wilfred Water Corporation	Williamsport
Winamac	Windfall
Wingate	Winslow
Wolcott	Wolcottville
Woodburn	Yankeetown Water Authority
Yorktown	

Appendix D – Withdrawn Wastewater Utilities

Utility Name	
Canyonlands Homeowners, Inc.	Henryville Membership Sanitation
Creekside Utilities, Inc.	Lakeview Estates of Wabash County, Inc.
Deerwood Environmental, Inc.	M.E.K.A. Inc.
East Shore Corp.	Mt. Pleasant Utilities, LLC
Evanston Utility, Inc.	Shorewood Forest Utilities, Inc.
Forest Ridge Utilities, Inc.	Tamerix Lake Wastewater Treatment Plant
Gem Utilities, Inc.	Thieneman Environmental, LLC
Golfview Partners, LLC	Thrall's Station, Inc.
Grandview Lot Owners Association, Inc.	West Boggs Sewer District, Inc.
Hardin Monroe, Inc.	Western Hancock Utilities, LLC
Harrison Lake Town Meeting, Inc.	

Appendix E – Withdrawn Combined Water & Wastewater Utilities

Utility Name	
C & M Utility, Inc.	Shady Hills Utility Company
Hoosier Land Vistas	St. Meinrad Utilities
Salt Creek Services, Inc.	Valley Rural Water & Sewer Utility

Appendix F – Residential Water Bill Survey

Comparison by Gallon Usage (January 1, 2013)

Utility Name	Ownership	Last Rate Case	Effective Date	5,000 gal.	7,500 gal.
American Suburban	IOU	38936	6/21/90	$51.78	$51.78
Anderson Municipal	MUN	42194	12/20/06	$17.14	$22.59
Apple Valley	IOU	39889	3/8/95	$21.02	$21.02
Auburn*	MUN	41414	9/22/99	$22.31	$28.54
Aurora, inside city	MUN	42786	9/14/05	$15.50	$22.63
Aurora, outside city	MUN	42786	9/14/05	$18.50	$27.00
B&B Water Project	NFP	39107	5/22/91	$29.29	$42.14
Battleground	C.D.	43088	3/7/07	$24.70	$32.10
Bloomington, inside city*	MUN	43939	3/9/11	$22.09	$29.87
Bloomington, outside city*	MUN	43939	3/9/11	$23.19	$30.97
Bluffs Basin	IOU	42188	3/5/03	$28.15	$38.15
Boonville*	MUN	43477	4/8/09	$35.48	$51.38
Brown County	NFP	43203	10/17/07	$64.28	$95.12
Cataract Lake Water Corporation	NFP	43742-U	12/22/09	$36.78	$51.40
Cedar Lake	MUN	43655	4/29/09	$43.55	$62.33
Cedar Lake - Robins Nest	MUN	No Order	--	$26.31	$37.44
Cedar Lake - Robins Nest - Krystal Oak		No Order	--	$35.50	$53.00
Chandler, Town*	MUN	43658	1/6/10	$28.72	$37.67
Charlestown	MUN	42878	8/16/06	$18.30	$27.45
Citizens Waterworks	MUN	43645	6/30/09	$27.80	$36.89
Clinton Township	NFP	43696	10/14/09	$38.59	$49.15
Columbia City*	MUN	42983	10/11/06	$31.55	$42.70
Columbus*	MUN	39425	3/29/94	$10.69	$14.72
Consumers Indiana, Lake County Indiana	IOU	43962	7/27/11	$45.49	$63.74
Cordry Sweetwater - outside district	C.D.	--	5/20/71	$18.65	$22.99
Corydon*	MUN	40591	4/9/97	$16.90	$23.75
Country Acres	NFP	36972	12/8/82	$6.00	$6.00
Damon Run**	C.D.	43966	10/19/11	$53.50	$65.52
Darlington - Aqua	IOU	43609	6/10/09	$49.82	$66.77

Utility Name	Ownership	Last Rate Case	Effective Date	5,000 gal.	7,500 gal.
East Chicago	MUN	42680	11/8/06	$12.05	$15.03
East Lawrence Water	NFP	43630	9/16/09	$47.55	$66.88
Eastern Bartholomew	NFP	43392	9/24/08	$23.21	$33.39
Eastern Heights	NFP	42839	4/20/06	$21.59	$30.02
Elkhart	MUN	43191	7/11/07	$12.84	$16.13
Ellettsville, outside town*	MUN	43582-U	6/3/09	$28.74	$41.69
Ellettsville, inside*	MUN	43582-U	6/3/09	$23.36	$33.64
Evansville, Inside City*	MUN	43190	9/26/07	$16.18	$21.78
Evansville, Outside City*	MUN	43190	9/26/07	$17.95	$23.55
Everton	NFP	43312	12/5/07	$33.70	$47.04
Floyds Knobs	NFP	36297	4/1/81	$30.25	$43.28
Fort Wayne, inside City	MUN	42979	8/23/06	$9.96	$14.94
Fort Wayne, outside City	MUN	42979	8/23/06	$11.43	$17.14
Fortville	MUN	43551-U	10/7/09	$27.15	$37.42
German Township	NFP	42282	3/26/03	$22.10	$32.55
German Township Stewartsville	NFP	42282	3/26/03	$22.10	$32.55
German Township, Marrs Division	NFP	42282	3/26/03	$50.46	$74.31
Gibson Water	NFP	43918	11/4/10	$29.93	$44.46
Hammond	MUN	37653	6/5/85	$2.20	$3.28
Hessen Utilities	IOU	30805	7/30/65	$6.00	$6.00
Indiana American Water	IOU				
*Burns Harbor, Chesterton, Porter, South Haven**	IOU	44022	6/6/12	$33.18	$44.28
*Crawfordsville**	IOU	44022	6/6/12	$40.67	$51.77
*Gary **	IOU	44022	6/6/12	$37.30	$48.40
*Hobart**	IOU	44022	6/6/12	$37.30	$48.40
*Johnson County - Greenwood, So. Indiana (Jeffersonville, New Albany), Newburgh**	IOU	44022	6/6/12	$40.67	$51.77
*Kokomo**	IOU	44022	6/6/12	$40.67	$51.77
*Merrillville**	IOU	44022	6/6/12	$37.30	$48.40
Mooresville	IOU	44022	6/6/12	$37.02	$46.30
Muncie, Johnson Co. - Franklin, Shelbyville, Clarksville	IOU	44022	6/6/12	$36.55	$47.65
*Noblesville**	IOU	44022	6/6/12	$40.67	$51.77

Utility Name	Ownership	Last Rate Case	Effective Date	5,000 gal.	7,500 gal.
*Portage**	IOU	44022	6/6/12	$37.30	$48.40
*Richmond, Wabash Valley**	IOU	44022	6/6/12	$40.67	$51.77
Seymour, Somerset, Summitville	IOU	44022	6/6/12	$36.55	$47.65
*Wabash**	IOU	44022	6/6/12	$37.02	$46.30
*Warsaw**	IOU	44022	6/6/12	$40.67	$51.77
West Lafayette	IOU	44022	6/6/12	$36.55	$47.65
Winchester	IOU	44022	6/6/12	$37.02	$46.30
Sullivan	IOU	44022	6/6/12	$40.67	$51.77
Wabash Valley (Terre Haute & Farmersburg)	IOU	44022	6/6/12	$3702	$46.30
Waveland	IOU	44022	6/6/12	$40.67	$51.77
Indiana Water Service, Inc.	IOU	44097	11/7/12	$22.30	$33.45
J.B. Waterworks	IOU	44115	5/9/12	$27.43	$39.91
Jackson County	NFP	43289	1/4/08	$42.83	$63.48
Kingsbury	IOU	43297	1/16/08	$18.75	$26.80
Kingsford Heights	MUN	43502-U	3/4/09	$35.35	$44.25
Knightstown*	MUN	43440	7/30/08	$30.25	$40.33
Lafayette	MUN	41845	5/9/01	$12.13	$17.13
Lafayette- rural	MUN	41845	5/9/01	$12.67	$17.67
LMS Townships	C.D.	40991-U	7/15/99	$18.94	$26.87
Libertytree Campground	NFP	41662	12/22/04	$8.58	$8.58
Mapleturn	NFP	37039	9/28/03	$22.15	$24.05
Marion*	MUN	42720	3/30/05	$27.02	$33.63
Martinsville*	MUN	44153	12/12/12	$37.45	$47.40
Martinsville, Morgan-Monroe Forest*	MUN	42676	1/5/05	$31.87	$38.97
Marysville-Otisco-Nabb	NFP	42476-U	1/14/04	$36.60	$48.75
Michigan City*	MUN	42517	3/31/04	$20.92	$27.64
Mishawaka, City*	MUN	41395	6/14/00	$15.14	$21.05
Mishawaka, Clay	MUN	41395	6/14/00	$30.12	$30.16
Morgan County Rural	NFP	42993	5/14/08	$52.53	$78.28
Morgan County Rural, Western Exp.	NFP	42993	5/14/08	$62.27	$88.02
New Castle	MUN	42984	9/13/06	$27.14	$34.33
North Dearborn	NFP	43736	10/1/09	$34.25	$55.20

Utility Name	Ownership	Last Rate Case	Effective Date	5,000 gal.	7,500 gal.
North Lawrence	NFP	43716	8/11/10	$50.66	$67.26
Ogden Dunes	MUN	43295	1/16/08	$38.51	$51.19
Painted Hills	IOU	37017	10/17/83	$27.75	$37.00
Pence	NFP	44051	2/1/12	$35.00	$35.00
Petersburg	MUN	43757	5/11/10	$23.35	$32.58
Pike-Gibson	NFP	43528	1/21/09	$34.23	$50.86
Pioneer	IOU	41089	8/26/98	$35.00	$40.00
Wells Homeowners Association	NFP	40056	4/12/95	$30.00	$30.00
Pleasant View	IOU	41591-U	4/12/00	$33.90	$50.85
Posey Township	NFP	43875	12/7/10	$38.63	$52.88
Princeton	MUN	43652	3/3/10	$39.36	$55.46
Rhorer, Harrell & Schacht	NFP	43934-U	3/2/11	$33.93	$48.62
Riverside	IOU	42122	2/19/03	$18.87	$25.05
Schererville*	MUN	42872	12/14/05	$26.53	$37.76
Shady Side Drive	NFP	38869	7/18/90	$21.96	$32.76
Silver Creek	NFP	37734	6/5/85	$26.85	$40.28
South 43	NFP	43909	10/27/10	$25.33	$37.55
South Bend, inside*	MUN	43979	11/9/11	$15.34	$20.32
South Harrison	NFP	43850	9/8/10	$44.14	$62.52
Southern Monroe	NFP	43952	5/11/11	$32.15	$46.40
St. Anthony	NFP	39193	10/19/91	$38.50	$56.08
Stucker Fork Conservancy Dist. (City of Austin customers)	C.D.	43780	4/14/10	$28.59	$37.89
Stucker Fork Conservancy Dist.	C.D.	43780	4/14/10	$24.40	$33.70
Sugar Creek Utility Company	IOU	43579	9/8/10	$18.36	$18.36
Southwestern Bartholomew	NFP	43329	3/5/08	$39.36	$58.04
Sullivan-Vigo	NFP	42599	6/23/04	$71.05	$103.75
Tri-County	CD	Conf. Minutes	6/11/08	$35.40	$46.03
Tri-Township	NFP	40327	4/17/96	$19.85	$27.61
Twin Lakes	IOU	43957	2/22/12	$28.38	$36.23
Town of Cedar Lake	MUN	43655	4/29/09	$43.55	$62.33
Utility Center - Aqua	IOU	43874	4/13/11	$35.09	$49.23

Utility Name	Ownership	Last Rate Case	Effective Date	5,000 gal.	7,500 gal.
Valparaiso Lakes*	C.D.	38556	12/22/84	$37.69	$48.35
Van Bibber Lake	C.D.	42549-U	11/18/04	$23.40	$23.40
Van Buren Water	NFP	43948	3/2/11	$28.05	$40.55
Waldron	C.D.	42376	2/11/04	$25.98	$37.93
Washington Twp. Of Monroe	NFP	42672	7/28/04	$35.51	$48.46
Wastewater One, LLC d/b/a River's Edge	IOU	42234	2/5/03	$22.55	$33.83
Water Service Co. of IN	IOU	42969	8/30/06	$22.24	$32.49
Wedgewood Park	IOU	42769	3/7/07	$23.26	$31.18

Note: This bill analysis should be construed as an informative guideline as a snapshot in time. Do not use this analysis to draw conclusions about performance since many factors (such as size, resources and customer density, etc.) affect the bill calculations.

* Fire protection surcharge for 5/8 inch meter included
** Fire protection charge for a 5/8 inch meter included in base charge
*** The location of these customers determines whether the fire protection surcharge applies.

Ownership Key:
MUN- Municipally Owned Utility
IOU – Investor-Owned Utility
NFP – Not-for-Profit Utility
CD – Conservancy District

Appendix G – Residential Wastewater Bill Survey

Comparison by Gallon Usage (5,000 gallons or 668.4028 cu. ft.) (January 1, 2013)

Utility Name	Ownership	Last Rate Case	Effective Date	Average Monthly Bill
Aldrich Environmental, LLC	IOU	42805	9/28/05	$50.00
American Suburban Utilities, Inc.	IOU	41254	4/14/99	$47.50
Anderson Lake Estates Homeowners Association Inc.	NFP	42478	7/7/04	$42.35
Apple Valley Utilities, Inc.	IOU	40191	8/2/95	$48.58
Bluffs Basin Utility Company, LLC	IOU	42188	3/5/03	$46.88
Brushy Hollow Utilities, Inc .	IOU	41285	1/27/99	$27.10
Centurian Corporation	IOU	40157	8/30/95	$65.00
Consumers Indiana Water Company	IOU	42190	6/19/02	$45.07
Country Acres Property Owners Association	NFP	36972	12/16/82	$6.00
CWA Authority, Inc.	NFP	43936	7/13/11	$25.59
Damon Run Conservancy District	CD	43966	10/19/11	$38.10
Devon Woods Utilities, Inc.	IOU	40234-U	1/31/96	$41.88
Doe Creek Sewer Utility	IOU	43530-U	6/10/09	$48.00
Driftwood Utilities, Inc.	NFP	43790-U	6/3/10	$38.10
Eastern Hendricks County Utility, Inc.	IOU	43795-U	4/30/10	$42.89
Eastern Richland Sewer Corporation	NFP	37900	10/4/85	$42.46
Eastern Richland Sewer Corporation (Northern District)	NFP	43791-U	7/28/10	$48.53
Hamilton Southeastern Utilities, Inc.	IOU	43761	8/18/10	$34.63
Harbortown Sanitary Sewage Corporation	IOU	35455	6/3/87	$18.00
Heir Industries, Inc	IOU	43949	7/27/11	$70.11
Hessen Utilities, Inc.	IOU	30805	7/30/65	$4.00
Hillview Estates Subdivision Utilities, Inc.	IOU	38737-U	5/31/89	$30.00
Howard County Utilities, Inc.	IOU	43294	1/23/08	$45.38
Indiana American Water Company-Muncie & Somerset	IOU	44022	6/6/12	$69.46
JLB Development, Inc.	IOU	39868	4/28/95	$65.53
Kingsbury Utility Corporation	IOU	43296-U	1/16/08	$33.15
Lakeland Lagoon Corp.	NFP	41597-U	12/5/12	$73.14
LMH Utilities Corporation	IOU	43431	1/21/09	$46.59
Mapleturn Utilities, Inc.	NFP	43777-U	3/24/10	$46.45
Old State Utility Corporation	IOU	43627	5/11/10	$80.14
Pleasantview Utilities, Inc.	IOU	43313-U	4/23/08	$24.38
Sani Tech, Inc.	IOU	43793-U	9/8/10	$76.00
Sanitary District of Hammond	NFP	43307	1/4/08	$13.38

Utility Name	Ownership	Last Rate Case	Effective Date	Average Monthly Bill
South County Utilities, Inc.	IOU	43799-U	6/16/10	$64.85
South Haven	IOU	43974	10/19/11	$76.86
Southeastern Utilities, Inc.	IOU	43794-U	4/7/10	$61.71
Sugar Creek Utility Company, Inc.	IOU	43579	9/8/10	$48.27
Twin Lakes Utilities, Inc.	IOU	43128-S1	11/12/09	$42.48
Utility Center, Inc. (metered)	IOU	43874	4/13/11	$46.98
Utility Center, Inc. (unmetered)	IOU	43874	4/13/11	$59.21
Wastewater One, LLC d/b/a Rivers Edge	IOU	43115	8/25/10	$39.85
Wastewater One, LLC (Galena WW Treatment Plant)	IOU	43779	6/16/10	$84.79
Water Service Company of Indiana, Inc.	IOU	41486	1/19/00	$44.28
Webster Development, LLC	IOU	42232	2/19/03	$36.81
Wildwood Shores	IOU	43699-U	5/19/10	$80.00
Wymberly Sanitary Works, Inc.	IOU	42877-U	3/22/06	$80.00

Note: This bill analysis should be construed as an informative guideline as a snapshot in time. Do not use this analysis to draw conclusions about performance since many factors (such as size, resources and customer density, etc.) affect the bill calculations.

Annual Budget

Fiscal Year 2012-2013

Expenses	Allotments	Expenditures
Personnel	$6,505,192.12	$6,505,192.12
Utilities	$138,845.58	$138,845.58
Contracts and External Services[1]	$825,559.61	$785,694.86
Supplies and Materials[2]	$46,936.99	$46,624.09
Capital and Equipment	$33,261.23	$33,261.23
Payments to other Government Units	$0	$0
Social Service Payments	$1,649.00	$1,649.00
Administrative Operating Expenses[3]	$1,422,018.54	$1,421,819.08
Total	$8,973,463.07	$8,933,085.96

[1] $39, 864.75 is an encumbrance not spent as of the end of fiscal year 2013.
[2] $312.90 is an encumbrance not spent as of the end of fiscal year 2013.
[3] $199.46 is an encumbrance not spent as of the end of fiscal year 2013.

Public Utility Fee

Billable Portion of the Budget

2012-2013 Budget		
Utility Regulatory Commission	$8,342,105	
Utility Consumer Counselor	$5,425,868	
Expert Witness Fund	$852,000	
	Total 2012-2013 Budget	$14,619,973
2011-2012 Budget Augmentations		
Utility Regulatory Commission		$436,271
Utility Consumer Counselor	--	--
2010-2011 Reversions		
Utility Regulatory Commission	$274,406.31	
Utility Consumer Counselor	$173,658.99	
Expert Witness Fund	$16,820.97	
	Total 2010-2011 Reversions	$464,886.27
Billable Portion of the 2012-2013 Budget		$14,591,357.73
2011 Utility Intra-State Revenues		
Electric Utilities	$7,619,712,888.38	
Gas Utilities	$1,505,422,686.50	
Sewer Utilities	$31,184,571.91	
Telecommunications Utilities	$2,747,760,014.36	
Water Utilities	$223,761,346.04	
	Total Intra-State Revenues	$12,127,841,507.19
2012-2013 Public Utility Fee Billing Rate		
Billable Portion of the 2011-2012 Budget	$14,591,357.73	
Divide By: Total 2010 Utility Intra-State Revenues	$12,127,841,507.19	
2011-2012 Public Utility Fee Billing Rate		.00120313

Acronyms

A

ADSL – Asynchronous Digital Subscriber Line

AEP – American Electric Power

AFUDC – Allowance for Funds Used During Construction

AGA – American Gas Association

AOS – Alternative Operator Service

ARP – Alternative Regulatory Plan

AWWA – American Water Works Association

B

Bcf – Billion cubic feet

BPL – Broadband over Power Lines

BTS – Basic Telecommunications Service

Btu – British thermal unit

C

CAIR – Clean Air Interstate Rule

CalWaRN – California Water/Wastewater Agency Response Network

CAMR – Clean Air Mercury Rule

CCT – Clean Coal Technology

CETCs – Competitive Eligible Telecommunications Carriers

CGA – Common Ground Alliance

CLEC – Competitive Local Exchange Carrier

CPCN – Certificate of Public Convenience and Necessity

CT – Combustion Turbine

CTA – Certificate of Territorial Authority

CWA – Communications Workers of America

D

DIMP – Distribution Integrity Management Program

DNR – Indiana Department of Natural Resources

DSA – Designated Service Area

DSIC – Distribution System Improvement Charge

DSL – Digital Subscriber Line

DVR – Digital Video Recorder

E

EEFC – Energy Efficiency Funding Component

EIA – Energy Information Administration

EPA – U.S. Environmental Protection Agency

EPAct – Energy Policy Act of 2005

ERO – Electric Reliability Organization

ETC – Eligible Telecommunications Carrier

F

FAC – Fuel Adjustment Clause

FCC – Federal Communications Commission

FERC – Federal Energy Regulatory Commission

FT – Firm Transportation

FTR – Financial Transmission Rights

FTTH – Fiber-to-the-Home

H

HEA – House Enrolled Act

I

ICTA – Indiana Cable Telecommunications Association

IDEM – Indiana Department of Environmental Management

IEDC – Indiana Economic Development Corporation

IGCC – Integrated Gasification Combined Cycle

ILAP – Indiana Lifeline Assistance Program

ILEC – Incumbent Local Exchange Carrier

I&M – Indiana Michigan Power Company, subsidiary of AEP

IMP – Integrity Management Program

IMPA – Indiana Municipal Power Agency

INWARN – Indiana Water/Wastewater Agency Response Network

IOU – Investor-owned utility, financed by the sale of securities

IPTV – Internet Protocol Television

IPL – Indianapolis Power and Light

ISDH – Indiana State Department of Health

ISO – Independent System Operator

ISP – Internet Service Provider

IT – Interruptible Transportation

ITU – International Telecommunication Union

IUPPS – Indiana Underground Plant Protection Service

IURC – Indiana Utility Regulatory Commission

IUSF – Indiana Universal Service Fund

L

LDC – Local Distribution Company

LFA – Local Franchise Authority

LMG – Landfill Methane Gas

LMOP – Landfill Methane Outreach Program

LNG – Liquefied Natural Gas

M

Mcf – Million cubic feet

MGT – Midwestern Gas Transmission

MISO – Midcontinent Independent Transmission System Operator

MMBtu – One million British thermal units, rough equivalent to an Mcf

MMcf – One million cubic feet

MMTCE – Million metric tons of carbon equivalent

MS4 – Municipal Separate Storm Sewer System

MSW – Municipal Solid Waste

MTEP – Midwest ISO Transmission Expansion Plan

MVPD – Multichannel Video Programming Distributor

MW – Megawatts

MWH – Megawatt hour

N

NANPA – North American Numbering Plan Administrator

NAPSR – National Association of Pipeline Safety Representatives

NARUC – National Association of Regulatory Utility Commissioners

NCTA – National Cable and Telecommunications Association

NERC – North American Electric Reliability Council

NIPSCO – Northern Indiana Public Service Company

NOx – Nitrogen Oxides

NOAA – National Oceanic and Atmospheric Administration

NOPR – Notice of Proposed Rulemaking

NPDES – National Pollutant Discharge Elimination System

NPMS – National Pipeline Mapping System

NRRI – National Regulatory Research Institute

NTA – Normal Temperature Adjustment

O

OECD – Organization for Economic Cooperation and Development

OMS – Organization of Midwest ISO States

OPS – Office of Pipeline Safety

OQ – Operator Qualification

OUCC – Office of Utility Consumer Counselor

P

PHMSA - Pipeline Hazardous Materials Safety Administration

PIPES – Pipeline Integrity, Protection, Enforcement, and Safety

PJM – The PJM Interconnection

POLR – Provider of Last Resort

PPA – Purchase Power Agreement

PPTT – Purchased Power and Transmission Tracker

PSA – Pipeline Safety Adjustment

PSAPs – Public Safety Answering Points

PSI – PSI Energy

PSTN – Public Switched Telephone Network

PUHCA – Public Utility Holding Company Act of 1935

PUHCA 2005 – Public Utility Holding Company Act of 2005

PURPA – Public Utility Regulatory Policies Act of 1978

R

RFP – Request for proposals

RLECs – Rural Incumbent Local Exchange Carriers

RSD – Regional Sewer District

RSG – Revenue Sufficiency Guarantee

RTO – Regional Transmission Organization

S

SDC – System Development Charge

SIGECO – Southern Indiana Gas & Electric Company

SNG – Synthetic Natural Gas

SO2 - Sulfur Dioxide

SOHO – Small Office Home Office

SRC – Sales Reconciliation Component

SUFG – State Utility Forecasting Group

T

TA-96 –Telecommunications Act of 1996

U

UGS – Underground storage

UNEs – Unbundled Network Elements

USAC – Universal Service Administrative Company

USF – Universal Service Fund

V

VoIP – Voice over Internet Protocol

W

Wi-Fi – Wireless Fidelity

Wi-Max – Worldwide Interoperability for Microwave Access

Glossary

A

Access Charges: Charges designed to compensate local exchange carriers for the maintenance and operation of the local exchange network after the break up AT&T in 1984 in the Modified Final Judgment. Access charges take two forms: 1) an end user access charge, also known as Subscriber Line Charge that appears on the customer's bill as a separate line item; 2) carrier access charges paid by interexchange carriers to local exchange carriers when they connect to their local networks. Such charges are determined by tariffs subject to state or federal approval depending upon the intrastate or interstate nature of the call.

Alternative Fuels: Any non-traditional energy source.

Alternate Ratemaking for Pipelines: In a series of orders in February 1996, the Federal Energy Regulatory Commission opened the door to non-cost-based rates for pipeline services, including transmission and storage, provided that a pipeline could show: 1) it did not have market power or that the power was mitigated; and (2) cost-based recourse rates were available for customers who might be disadvantaged under the new system. Pipelines are also required to show the quality of service was maintained and that market-based, incentive or negotiated rates did not shift costs to captive customers.

American Gas Association (AGA): Trade group representing natural gas distributors and pipelines. The AGA also operates a laboratory for appliance certification.

Aquifer: Water bearing permeable rock formation that is capable of storing natural gas.

Area Code Overlay: A method used to relieve area code exhaust. A new three-digit area code is associated with the same geographic boundaries of an existing area code. Because the same seven-digit telephone numbers could then be assigned out of each area code, local calls are required to be dialed with 10-digits.

Area Code Split: A method used to relieve area code exhaust. The geographic area that uses the area code is split in two and a different area code is assigned to part of the geographic area while the other area keeps the existing area code.

Asynchronous Digital Subscriber Line (ADSL): A DSL designed to deliver more bandwidth downstream (from the central office to the customer's site) than upstream. Downstream rates range from 1.5 to 9 million bits per second. See also Digital Subscriber Line.

B

Base Gas: Gas required in a storage pool to maintain sufficient pressure to keep the working gas recoverable. This is also known as "cushion" gas.

Basic Telecommunications Service (BTS): A term used in House Enrolled Act 1279 to distinguish between telecommunication services regulated until June 30, 2009 and services that were unregulated on or before March 27, 2006. BTS is defined as standalone telephone exchange service that is provided to a residential customer through the customer's primary line; is the sole service purchased by the customer; is not a part of a package, promotion, or contract; and, not otherwise offered at a discounted price.

British Thermal Unit (Btu): The quantity of heat required to raise one pound of water (about one pint) one degree Fahrenheit at or near its point of maximum density. A common unit of measurement for gas prices. 1,034 Btus = 1 cubic foot.

Broadband: Advanced communications systems capable of providing high-speed transmission of services such as data, voice, and video over the Internet and other networks. Transmission is provided by a wide range of technologies, including digital subscriber line and fiber optic cable, coaxial cable, wireless technology, and satellite. Broadband platforms make possible the convergence of voice, video and data services onto a single network.

Bundled Resale of Local Exchange: Competitive local exchange carriers can compete by reselling the services of the incumbent local exchange carrier (ILEC) in this form. They purchase the services of the ILEC at wholesale rates hoping to resell them to retail customers at a profit. Each of Indiana's three large ILECs offer wholesale discounts to competitive carriers.

Bundled Service: Gas utility that operates as both the supplier and distributor of natural gas.

C

Capacity: The size of a plant (not its output). Electric utilities measure size in kilowatts or megawatts and gas utilities measure size in cubic feet of delivery capability.

Carbon Capture: The process of capturing carbon dioxide produced in the combustion of fuel to facilitate its disposal.

Carbon Sequestration: The storage of carbon dioxide in geological formations to prevent its release into the atmosphere.

Certificate of Public Convenience and Necessity (CPCN): A special permit commonly issued by a state commission that authorizes a utility to engage in business, construct facilities or perform some other service. Also a permit issued by the Federal Energy Regulatory Commission to engage in the transportation or sale for resale of natural gas in interstate commerce, or to construct or acquire and operate any facilities necessary.

City Gate: The physical location where gas is delivered by a pipeline to a local distribution company.

Coal Gasification: The controlled process of placing coal, steam, and oxygen under pressure to produce a low Btu gas.

Coal Bed Methane: Any gas produced from a coal seam.

Commodity Charge: The charge that covers the pipeline's variable costs in a Straight Fixed Variable rate design. Also referred to as a "usage charge."

Communications Service Provider (CSP): A term used in House Enrolled Act 1279 that means a person or entity offering communications services to customers in Indiana, without regard to the technology or medium used by the person or entity to provide the communications service.

Condemnation Action: A legal proceeding whereby a municipality exercises its power of eminent domain and condemns utility property that results in the transfer of utility property to the municipality.

Conditional Congestion Area: As designated by the U.S. Department of Energy, as areas where electric utilities have planned generation, and while some transmission congestion is present, significant congestion would result if transmission is not built in conjunction with the new generation resources.

Cooperative: A business entity similar to a corporation, except that ownership is vested in members rather than stockholders and benefits are in the form of products or services rather than profits.

Cost-of-Service Rates: Rates based on prudently incurred costs of doing business, plus a reasonable rate of return on investment in plant and equipment, and throughput projections. This is the rate development methodology commonly used by state or federal regulators.

Cramming: A practice in which customers are billed for unexpected and unauthorized telephone charges or services. Refers to the fact that the charges are crammed into the telephone bill in an inconspicuous place so the charges go unnoticed by the customer.

Customer Charge: A fixed amount to be paid periodically by a customer without regard to demand or energy actually used. The customer charge recovers the cost of meters and other administrative costs of billing.

D

Decoupling: Alternative rate design theory that separates the recovery of a utility's fixed costs from the volume of natural gas sold.

Dekatherm (Dth): A unit of heating value equal to 10 therms or one million Btus (1MMBtu). Roughly, 1Mcf = 1, MMBtu = 1 Dth

Demand Response: Reducing the use of electricity to meet local or regional power system needs rather than increasing the output of electricity.

Digital Subscriber Line (DSL): A generic term for digital lines provided by incumbent or competitive local exchange carriers that allows the customer to use the same subscriber line for voice and data simultaneously without subscribing to a second line for Internet access.

Distribution: The component of a gas, electric or water system that delivers gas, electricity, or water from the transmission component of the system to the end-user. Usually the commodity has been altered from a high pressure or voltage level at the transmission level to a level that is usable by the consumer. Distribution is also used to describe the facilities used in this process.

Distribution System Improvement Charge: A mechanism available to water utilities to pass the costs of infrastructure replacement onto their customers between rate cases on a more expedited basis.

E

Effluent: The water that is discharged after being treated at a sewage plant.

Eligible Telecommunications Carrier (ETC): A common carrier eligible to receive universal service support. An ETC is required to offer services that are supported by the federal universal support mechanisms either using their own facilities or a combination of its own facilities and resale of another carrier's services. State commissions are responsible for the designation of ETCs.

End Use: The final use to which gas or electricity is put by the ultimate consumer.

Energy Information Administration: Statistical information collection and analysis branch of the Department of Energy.

Energy Independence & Security Act of 2007: A comprehensive energy law that focuses on improved efficiency standards, and the research and development of energy technologies and infrastructure.

Energy Policy Act of 1992: This act authorized the Federal Energy Regulatory Commission to order wholesale wheeling of electricity while explicitly restraining its power to order retail wheeling. The Act also created a new legal category of electricity generating and sales companies, referred to as "Exempt Wholesale Generators," that are free from the Public Utility Holding Company Act of 1935 restrictions.

Energy Policy Act of 2005: Major provisions regarding the electricity industry included the creation of the Public Utility Holding Company Act of 2005, clean coal, nuclear, wind, and alternative energy initiatives, establishment of an Electric Reliability Organization, incentive rates for transmission investment, transmission siting, smart metering, net metering, utility interconnection with distributed generation, increased efficiency of fossil-fuel power plants, and the increased diversity of fuel sources to generate electricity.

Environmental Protection Agency: A federal agency created in 1970 to execute federal research, monitoring, standards setting and enforcement actions related to protecting the environment.

F

Facilities-based Interexchange: A carrier that offers facilities-based interexchange deploys their own tandems and/or trunks as opposed to purchasing blocks of time from other interexchange carriers and reselling the services to retail customers.

Facilities-based Local Exchange: A carrier that offers facilities-based local exchange may construct and deploy its own networks or it may rely on unbundled network elements from incumbent local exchange carriers or a combination of the two.

Federal Energy Regulatory Commission (FERC): The U.S. federal agency with jurisdiction over interstate electricity sales, wholesale electric rates, hydroelectric licensing, natural gas pricing, and oil pipeline rates. The FERC also authorizes liquefied natural gas terminals, interstate natural gas pipelines and non-federal hydropower projects.

FiOS: Verizon's broadband initiative featuring fiber to the premise that is being deployed in several areas throughout the U.S.

Firm Service: The highest quality sales or transmission service that is offered to customers under a filed rate schedule that anticipates no planned interruption.

Fixed Costs: All costs included in the cost of service that do not fluctuate with the volume of the commodity passing through the system (e.g., labor, maintenance, and taxes).

G

Gigabit: A unit of measurement for the amount of data that is transferred in a second between two telecommunication points. One gigabit per second (Gbps) equals one billion bps.

Gasification: 1) The conversion of carbonaceous material into gas or the extraction of gas from another fuel. 2) The process during which liquefied natural gas is returned to its vapor or gaseous state through an increase in temperature and a decrease in pressure.

Gathering System: Pipelines and other equipment installed to collect, process, and deliver natural gas from the field, where it is produced, to the trunk or main transmission lines of pipeline systems.

Generation: The process of producing electricity. Also refers to the assets used to produce electricity for transmission and distribution.

H

Heartland: Heartland Gas Pipeline, LLC

Hedging: A method by which a purchaser or producer of natural gas or electricity uses a derivative position to protect against adverse price movements in the cash market by "locking in" a price for future delivery.

Holding Company: A corporate structure where one company holds the stock (ownership) of one or more other companies but does not directly engage in the operation of any of its business.

I

Indiana Lifeline Assistance Program (ILAP): A state program required by House Enrolled Act 1279 for the purpose of offering reduced charges for basic telecommunications services to eligible customers (customers with income that falls within 150 percent of the Federal Poverty Guidelines or participates in certain assistance programs, such as Medicaid, food stamps, etc).

Independence Hub: A large natural gas production platform in the Gulf of Mexico.

Independent System Operator (ISO): An independent organization or institution that controls the electric transmission system in a particular region.

Indiana Utility Regulatory Commission: An independent fact-finding body that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the Commission is required by state statute to make decisions that balance the interests of all parties to ensure the utilities provide adequate and reliable service at reasonable prices.

Integrated Gasification Combined Cycle (IGCC) Facility: A power plant using synthetic gas as a source of clean fuel. Syngas is produced from coal (or other fuels) in a gasification unit. Steam generated by waste heat boilers of the gasification process is utilized to help power steam turbines.

Integrity Management: Specifies how pipeline operators must identify, prioritize, assess, evaluate, repair and validate - through comprehensive analyses - the integrity of gas pipelines that, in the event of a leak or failure, could affect High Consequence Areas.

Internet Protocol Television (IPTV): A system where a digital television service is delivered by using Internet Protocol over a network infrastructure that may include delivery by a broadband connection.

Interruptible Transportation Service: Conditional gas service interrupted at the option of the pipeline. Also, referred to as "best efforts." Tariffs for interruptible service are cheaper than firm service. Electric providers may offer a similar service.

Interstate Gas: Gas transported through interstate pipelines to be sold and consumed in states other than the one in which it was produced. Also, refers to gas produced in the federal domain of the Outer Continental Shelf.

Intrastate Gas: Gas sold and consumed in the state in which it was produced and not transported in interstate pipelines.

Investor-Owned Utility: A utility financed by the sale of securities.

J

Joint Board: Also known as the Federal-State Joint Board, instituted by the Federal Communications Commission to recommend changes of any of its regulations in order to implement section 214(e) of the Telecommunications Act of 1996, including the definition of services that are supported by the Federal universal service support mechanisms.

K

Kilobit: A unit of measurement for the amount of data that is transferred in a second between two telecommunication points. One kilobit per second (Kbps) equals 1000 bit per second (bps).

Kilowatt (kW): A basic unit of measurement; 1kW = 1,000 watts.

Kilowatt-Hour (kWh): One kilowatt of power supplied to or taken from an electric circuit steadily for one hour.

L

Landfill Gas: Gas produced by aerobic and anaerobic decomposition of a landfill generally composed of approximately 55% methane and 45% carbon dioxide, sometimes refined with membrane methods to eliminate the carbon dioxide.

Liquefied Natural Gas (LNG): Natural gas converted to a liquid state by pressure and severe cooling, and then returned to a gaseous state to be used as a fuel. It is stored by many distributors for peak season use.

M

Mandatory Number Pooling: Requires carriers to share a pool of numbers with the same exchange. Without number pooling each competitive local exchange carrier is assigned an entire exchange or 10,000 block of phone numbers, which may not all be needed. With number pooling, exchanges can be broken down into blocks of 1,000, as known as "thousand block number pooling."

Megabit: A unit of measurement for the amount of data that is transferred in a second between two telecommunication points. One megabit per second (Mbps) equals one million bps.

Megawatt (MW): One thousand kilowatts or one million watts.

Megawatt-Hour (MWh): One megawatt of power supplied to or taken from an electric circuit steadily for one hour.

Merchant Plant: A power plant that is funded by investors and sells electricity in the competitive wholesale market.

Methane: The main component of natural gas.

Midcontinent ISO: The Midcontinent ISO (f/k/a Midwest ISO) was formed by transmission owners in 1996, and is based in Carmel, Indiana. The Midcontinent ISO's main responsibility is to ensure the safe and reliable transfer of electricity in the region and ensure fair access to the transmission system.

Multi-Association Group Order (MAG Order): A Federal Communications Commission Report and Order adopted October, 2001 which prescribed access charge reform measures that affected small, rural incumbent local exchange carriers.

Municipalization: When a municipally-owned utility acquires an investor-owned utility serving a city or town.

Municipal Utility: A utility that is owned and operated by a municipal government. These utilities are organized as nonprofit local government agencies and pay no taxes or dividends; they raise capital through the issuance of tax-free bonds.

N

National Interest Electric Transmission Corridor: As established in the Energy Policy Act of 2005, any geographic area experiencing electric energy transmission capacity constraints or congestion that adversely affects consumers.

Normal Temperature Adjustment (NTA): A decoupling mechanism that reduces the risk of the gas utility not recovering margin due to warmer-than-normal (vice versa) during the heating season.

Not-for-profit Utility: A utility that does not distribute its surplus funds to owners or shareholders but uses them to pursue its goals.

NPDES Permits: Permits that allow utilities to discharge wastewater effluent into waterways.

O

Order 436: A Federal Energy Regulatory Commission rule promulgated in October 1985, establishing a voluntary, open-access system of natural gas transportation.

Order 500: An interim natural gas rule on open-access transportation, replacing Order 436. Order 500 embodied all the elements of Order 436 with three additions: forcing producers to credit transportation volumes against accruing take-or-pay (cross-crediting); allowing pipelines to direct bill customers for part of past take-or-pay charges; and allowing pipelines to fashion gas inventory charges (or supply reservation fees) to take care of future take-or-pay.

Order 636: Commonly known as the "Restructuring Rule," Order 636 provides for pipeline companies to change from being merchants of natural gas to being transporters of natural gas and allows open-access transportation services regardless of who owns the gas.

Order 712: Revised regulations governing interstate natural gas pipelines to reflect changes in the market for short-term transportation services on pipelines and to improve the efficiency of the capacity release program.

Organization of Midcontinent ISO States (OMS): A group of state utility commissions in the Midcontinent ISO footprint that acts as an adviser on some Midcontinent ISO functions.

P

Peak Shaving: Supply of fuel gas for distribution systems from an auxiliary source of limited supply and higher cost (e.g., propane, liquefied natural gas) during periods of maximum demand when the primary source is not adequate. Electricity providers may also use peak shaving to reduce demand at peak periods. Service interruptions and customer-owned generation are methods electricity providers use for peak shaving.

PJM Interconnection: The PJM Interconnection is the regional transmission organization (RTO) responsible for the operation and control of the bulk power system throughout all or portions of Delaware, Indiana, Illinois, Kentucky, Maryland, Michigan, New Jersey, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia. PJM became the first fully functioning RTO in 1997.

Point-to-Point Transmission: The reservation and/or transmission of electricity on either a firm basis and/or a non-firm basis from point(s) of receipt to points(s) of delivery, under a tariff, including any ancillary services that are provided by the transmission provider.

Private Activity Bonds: Municipal bonds that are issued to finance facilities for investor-owned or not-for-profit water utilities.

Privatization: When an investor-owned utility acquires a municipally-owned utility.

Public Utility Holding Company Act of 1935 (PUHCA): A federal law to facilitate the regulation of electric utilities, by either limiting their operations to a single state, and thus subjecting them to effective state regulation, or forcing divestitures so that each became a single integrated system servicing a limited geographic area. Another purpose of the PUHCA was to keep utility holding companies engaged in regulated businesses from engaging in unregulated businesses. The PUHCA required Securities and Exchange Commission approval prior to a holding company engaging in a non-utility business and that such businesses be kept separate from the regulated business. The PUHCA was repealed by the Energy Policy Act of 2005, and replaced by what is known as the Public Utility Holding Company Act of 2005.

Public Utility Regulatory Policies Act (PURPA): A federal law passed in 1978 as part of the National Energy Act. It was meant to promote greater use of renewable energy. Implementation of the act was left to the states. The PURPA was amended in 2005 by the Energy Policy Act of 2005 sections 1251 through 1254.

Pulverized Coal: Coal that is ground into dust using a powdered coal mill and used as the fuel in a power plant to generate electricity.

Purchasing Cooperative: A type of cooperative arrangement, often among businesses, to agree to aggregate demand to get lower prices from selected suppliers.

Q

Quadruple Play: A service bundle that includes high-speed data, telephony, television and wireless communications services.

R

Rate Base: The investment value established by a regulatory authority upon which a utility is permitted to earn a specified rate of return.

Rate Design: The method of classifying fixed and variable costs between demand and commodity components.

Rate of Return: The percentage that a company earns on its investment.

Raw Natural Gas: Natural gas brought from underground up to the wellhead. Natural gas found at the wellhead is not as pure as processed or pipeline quality natural gas used by consumers. Raw natural gas comes from three types of wells: oil wells, gas wells, and condensate wells.

Reclaimed Water: Wastewater that has been treated to remove solids and certain impurities, and used for irrigation or recharging aquifers.

Reliability: A term used in both the electric and gas industry to describe the utility's ability to provide uninterrupted service of gas or electricity. Reliability of service can be compromised at any level of service: generation or production, transmission or distribution.

Renewable Portfolio Standard: A requirement that a specified portion of a utility's electricity be supplied by energy sources defined as renewable.

S

Service Territory: Under the current regulatory environment, an electric utility is granted a franchise to provide energy to a specified geographical territory, designated as a service territory.

Slamming: The practice of switching a telephone customer's long distance or local service provider without obtaining permission from the customer.

Smart Grid: An electricity delivery system that encompasses devices and technologies designed to improve the efficiency of energy use and the transfer of energy across it.

Small Utility Filing: A process where a utility, which serves under 5,000 customers, primarily residential, and does not serve extensively another utility, can increase its rates without a formal public hearing.

Spot Market: A market characterized by short-term, typically interruptible, or best efforts contracts for specified volumes. The bulk of natural gas spot market trades on a monthly basis, while power marketers sell spot supplies on an hourly basis.

Storage: Facilities used to store natural gas that is transferred from its original location. Usually consists of natural geological reservoirs like depleted oil or gas fields, waterbearing sands sealed on top by impermeable cap rock, underground salt domes, bedded salt formations, or in rare cases, abandoned mines.

Straight-Fixed Variable Rate Design: Rate design methodology that allocates all fixed costs to the demand component and allocates all variable costs to the commodity, or volumetric, component. Also called "Fixed Variable."

Supply Side Management: The systematic development of a gas supply plan or an electric resource plan.

Synthetic Natural Gas (SNG): Energy-rich vapors manufactured from coal.

System Development Charge: A one-time charge assessed by water and wastewater utilities to new customers to finance development of utility systems necessary to serve those new customers. The purpose is to impose a portion of the cost of capital improvements upon those developments that create the need for, or increase demand for capital improvements.

Sub-metering/Sub-billing: The practice where a consumer of utility service, usually an apartment complex or a mobile home park, passes along the cost of water or electric service to the tenants of the complex or park through a separate utility bill.

T

Take-and-Pay: Clause that requires a minimum quantity of natural gas to be physically taken and paid for, usually in association with oil, or wells, that will be damaged by failure to produce.

Tariff: Compilation of all effective rate schedules for a company, along with general terms and conditions of service.

Therm: Unit of heating value equivalent to 100,000 Btus.

Transmission: The process of transferring energy (either gas or electricity) or water from the production or generation source to the point of distribution. Also refers to the facilities used for this process.

Triple Play: A service bundle that includes telephone, high-speed Internet access and television.

U

Unaccounted for Gas: The difference between the total gas available from all sources and the total gas accounted for as sales, net interchange, and company use. This difference includes leakage or other actual losses, discrepancies due to meter inaccuracies, variations of temperature and/or pressure, and other variants, particularly billing lag.

Unbundled Network Elements: The Telecommunications Act of 1996 required that independent local exchange carriers unbundled their network elements to make them available to competitive local exchange carriers on the basis of incremental costs.

Universal Service: A policy designed to promote service for everyone.

Unserved Energy: Electricity demand that the utility is unable to supply. In the electric utility planning process, unserved energy helps identify when and what type of new resources may be needed in the future.

V

Volatility: The market's price and movement within that range. Historic volatility indicates how much prices have changed in the past and is derived by using daily settlement prices for futures. Implied volatility measures how much the market thinks prices will change in the future, obtained from daily settlement prices for options.

Voltage: The rate at which energy is drawn from a source that produces a flow of electricity in a circuit; expressed in volts.

Voice over Internet Protocol (VoIP): Technology used to transmit voice conversations over a data network using the Internet Protocol. Such data network may be the Internet or a corporate Intranet.

W

Weatherization: Any change made to a home or building that is designed to conserve energy.

Well: A well that produces at surface conditions the contents of a gas reservoir.

Wellhead: The assembly of fittings, valves, and controls located at the surface and connected to the flow lines, tubing, and casing of the well as to control the flow from the reservoir.

Wireless Fidelity (Wi-Fi): Wi-Fi was originally a brand licensed by the Wi-Fi Alliance to describe the embedded technology of wireless local area networks (WLAN) based on the IEEE 802.11 standard. As of 2007, common use of the term Wi-Fi has broadened to describe the generic wireless interface of mobile computing devices, such as laptops in local area networks.

Withdrawal: Those uses of water that involve the physical removal of water from the ground or surface source.

Worldwide Interoperability for Microwave Access (Wi-Max): Wi-Max is a telecommunications technology aimed at providing wireless data over long distances in a variety of ways, from point-to-point links to full mobile cellular type access. Wi-MAX allows a user, for example, to browse the Internet on a laptop computer without physically connecting the laptop to a wall jack.