Indiana Utility Regulatory Commission

2018 ANNUAL REPORT

Dear Governor Holcomb and Members of the General Assembly,

Eric Holcomb
Governor of Indiana

Suzanne Crouch
Lt. Governor

On behalf of the Indiana Utility Regulatory Commission (Commission), we are proud to present the Fiscal Year 2018 Annual Report. This year's report summarizes the Commission's work and accomplishments, provides updates on the implementation and impact of recent state and federal legislation, and explains new developments and emerging trends in each industry.

The Commission and its staff take seriously the responsibility and trust granted to us by Hoosiers and the Indiana General Assembly. As a creature of statute, we are committed to our mission of ensuring regulated utilities provide safe and reliable service to Hoosiers at just and reasonable rates. In an effort to achieve our mission, we continue to make every effort to conduct business in an open and transparent manner with the highest level of integrity. For the next fiscal year, the Commission's objectives complement Governor Holcomb's Next Level Agenda.

The utility industry faces many challenges in this unprecedented era of aging infrastructure, transformational technology, and environmental compliance mandates. We believe policymakers will have to thoughtfully navigate a rising cost environment, address Indiana's aging utility infrastructure, especially water and wastewater needs throughout the state, and examine the changing environmental regulatory atmosphere. As policymakers tackle these issues, the Commission and its dedicated staff stand ready to be a resource regarding Indiana's utilities and the regulatory process in a policy-neutral fashion.

Thank you for your service to our great state, and please do not hesitate to contact us if you have any questions. The Commission is always open to you.

Sincerely,

James F. Huston
Chairman

Sarah E. Freeman
Commissioner

Stefanie N. Krevda
Commissioner

David L. Ober
Commissioner

David E. Ziegner
Commissioner

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ABOUT THE COMMISSION

OUR MISSION

The Indiana Utility Regulatory Commission (Commission) is an administrative agency that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. The Commission is required by state statute to be impartial and make decisions in the public interest to ensure regulated utilities provide safe and reliable service at just and reasonable rates.

The Commission also serves as a resource to the legislature, executive branch, state agencies, and the public by providing information regarding Indiana's utilities and the regulatory process. In addition, Commission members and staff are actively involved with regional, national, and federal organizations regarding utility issues affecting Indiana.

Upon taking office in January 2017, Governor Eric Holcomb outlined five priorities to guide his administration:

1. Cultivate a strong and diverse economy to ensure that Indiana remains a magnet for jobs.
2. Fund a long-term roads and bridges plan that takes the greatest advantage of our location.
3. Develop a 21st century skilled and ready workforce.
4. Attack the drug epidemic.
5. Provide great government service at a great value for taxpayers.

The Commission, with its mission and statutory framework as guideposts, has adopted objectives for Fiscal Year 2018 that align with the Governor's priorities to take Indiana to the Next Level:

IURC Next Level Priorities for Fiscal Year 2018

1. Continue to ensure prudent utility investments enable provision of safe, reliable, and affordable service to meet the needs of Hoosiers.
2. Provide prompt, accurate reporting to the Indiana General Assembly for requested studies, and issue written orders in a timely manner for the benefit of all stakeholders.
3. Engage in open and transparent communication with all stakeholders and provide intuitive access to public information through the Online Services Portal and agency website.
4. Continue resolving complex and challenging industry issues through deliberative collaboration with all stakeholders and the development of creative solutions to ensure reasonable rates for ratepayers.
5. Encourage utilities to build on their proactive workforce planning and align their efforts with statewide workforce development resources and strategies.

In accordance with Indiana Code § 8-1-1-14, the Commission offers to the Indiana General Assembly the suggestion to review the many and varied statutes that require the Commission to submit reports to the Governor and the Indiana General Assembly, and assess which of these requirements are still necessary and whether the reporting requirements should be consolidated to provide one reporting deadline.

Regulatory Responsibility

The Commission was created by and receives its authority from Indiana Code Title 8, which sets forth the types of utilities under the Commission's jurisdiction and the framework for the Commission's determinations.

The Commission regulates various aspects of Indiana public utilities' business including rates and charges, financing, bonding, cost recovery for environmental compliance plans, and service territories. The Commission has regulatory oversight concerning electric generation construction projects, as well as acquisition of additional plant and equipment assets for all utility industries. It also has the authority to initiate investigations of regulated utilities' rates and practices and to promulgate rules governing utility service and various processes and procedures.

The bipartisan Commission consists of five commissioners who are appointed by the Governor to four-year terms. A dedicated and well-educated professional staff who have earned various degrees, including accounting, finance, economics, engineering, and law, advise the Commission regarding regulatory matters and pending cases. The Commission's Pipeline Safety Division oversees compliance with state and federal pipeline safety regulations and the Consumer Affairs Division provides dispute resolution services for customers and utilities.

You can view the Commission's annual budget and the public utility fee budget in *Appendix A*.

LEADERSHIP

The Commissioners

Jim Huston was appointed to the Commission by Governor Pence on Sept. 3, 2014, and reappointed by Governor Holcomb on March 31, 2017. He was named Chairman of the Commission by Governor Holcomb in March 2018. He serves on the National Association of Regulatory Utility Commissioners (NARUC) Committee on Gas and also serves on the Gas Technology Institute's Public Interest Advisory Committee. Before his appointment, Chairman Huston served as chief of staff at the Indiana State Department of Health. During Governor Daniels's administration, he served as executive director of the Office of Faith-Based and Community Initiatives.

Jim Huston
Commission Chair

Chairman Huston worked as the scheduler and traveling aide to Governor Robert Orr and has served as assistant deputy treasurer for the State of Indiana and as deputy commissioner for the Bureau of Motor Vehicles. He also served as deputy chief of staff to Congressman David McIntosh, district director to Congressman Steve Buyer, and deputy chief of staff to Congressman Todd Rokita.

Chairman Huston earned his Bachelor of Science and Master of Arts degrees from Ball State University. He also is a 1987 recipient of the Sagamore of the Wabash Award and is a member of Brownsburg Kiwanis.

Chairman Huston and his wife Christy have been married 31 years and are the proud parents of four boys: John (wife Lauren) of Washington, D.C.; 2nd Lt. Luke, who is based at Fort Bragg, N.C.; David, who is a student at the Indiana University School of Medicine; and Joseph who is at home with mom and dad. The Hustons reside in Brownsburg and are members of Calvary United Methodist Church.

Sarah Freeman was appointed by Governor Mike Pence as Commissioner on Sept. 19, 2016, and reappointed by Governor Eric Holcomb on December 29, 2017. She is a member of the NARUC Committee on Critical Infrastructure and Committee on Telecommunications. Commissioner Freeman also represents the Commission on the Board of Directors for the Organization of MISO States (OMS) and is a member of the Board of Directors for the Universal Service Administrative Company. She previously represented the Commission on the Board of Directors for the Organization of PJM States (OPSI).

Sarah Freeman
Commissioner

Prior to her appointment, Commissioner Freeman served as a senior staff attorney with the nonpartisan Indiana Legislative Services Agency for 16 years, where she drafted utility and transportation legislation and served as counsel to numerous legislative committees. In addition, Commissioner Freeman was a member of the Executive Committee of the National Conference of State Legislatures (NCSL) and the NCSL Task Force on Cybersecurity.

Before joining the legislative branch, Commissioner Freeman served as a deputy attorney general with the Office of the Indiana Attorney General, where she specialized in appellate law, post-conviction relief, and juvenile issues. Commissioner Freeman also served as judicial clerk to the Honorable Frank Sullivan of the Indiana Supreme Court.

A native Hoosier, Commissioner Freeman earned her undergraduate degrees in psychology, French, and political science from Indiana University – Bloomington and her juris doctor degree from the Indiana University Maurer School of Law.

Stefanie Krevda
Commissioner

Stefanie Krevda was appointed Commissioner by Governor Eric Holcomb on May 21, 2018. She is a member of the NARUC Committee on Energy Resources and the Environment. For nearly ten years, Commissioner Krevda has worked in public service and the non-profit sector. Before her appointment as Commissioner, she served as Executive Director of External Affairs at the Commission.

Prior to her role at the Commission, she served as Chief of Staff and Interim Director at the State Personnel Department, which delivers human resources services to state agencies, collectively serving more than 28,000 employees. She also worked as Special Assistant to the CEO/President at Lumina Foundation, and was a legislative and policy gubernatorial aid during the Daniels Administration. She is a 2014 graduate of the Richard G. Lugar Excellence in Public Service Series and a 2011 graduate of the Indiana Leadership Forum.

Commissioner Krevda is a 2009 graduate of Purdue University, and she and her husband reside in Indianapolis, Indiana.

David Ober
Commissioner

David Ober was appointed by Governor Eric Holcomb on April 2, 2018. He is a member of the NARUC Committee on Water and the Mid-America Regulatory Conference. He also serves as a member of the Board of Directors for the Organization of PJM States, Inc. (OPSI).

Prior to his appointment, Commissioner Ober served House District 82 in the Indiana House of Representatives representing Allen, Elkhart, LaGrange, Noble and Whitley counties (2012-2018).

Commissioner Ober has held a variety of leadership positions throughout his career in state government, including service as a member of the House Ways and Means Committee, as Assistant Majority Whip for the House Republican Caucus (2014-2016), and as Chairman of the House Committee on Energy, Utilities and Telecommunications from 2016 to 2018.

Commissioner Ober is a 2009 graduate of Purdue University Northwest. He and his wife Maggie reside in Indianapolis, Indiana and attend Traders Point Christian Church.

David Ziegner
Commissioner

David Ziegner was appointed to the Commission on Aug. 25, 1990, by Governor Evan Bayh and has received continuous reappointments from Governor Frank O'Bannon, Governor Mitch Daniels, and Governor Mike Pence, with the most reappointment occurring in April 2015.

Commissioner Ziegner is the Treasurer of NARUC and a member and former vice-chair of the NARUC Committee on Electricity and is former chair of its Clean Coal and Carbon Sequestration Subcommittee. He is a member of the Mid-America Regulatory Conference.

Additionally, he is a former chairman of the Advisory Council of the Center for Public Utilities at New Mexico State University and of the Consortium for Electric Reliability Technology Solutions Industry Advisory Board. He is a former member of the Advisory Council of the Electric Power Research Institute.

Commissioner Ziegner earned his Bachelor of Arts degree in history and journalism from Indiana University in 1976. He obtained his juris doctor degree from the Indiana University School of Law in Indianapolis in 1979 and was admitted to the Indiana Bar and U.S. District Court in that same year.

Prior to joining the Commission, he served as a staff attorney for the Legislative Services Agency, where he developed his background in both utility and regulatory issues. As the agency's senior staff attorney, he specialized in legislative issues concerning utility reform, local measured telephone service, the citizens' utility board, and pollution control. He also served as the general counsel for the Commission prior to his appointment.

Commissioner Ziegner and his wife Barbara reside in Greenwood and are members of Northminster Presbyterian Church.

LEADERSHIP

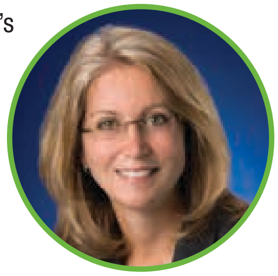
Executive Team

Ryan Heater
Executive Director of External Affairs

Ryan Heater leads the Commission's legislative, media, and stakeholder management strategies and advises the Commission on related issues. He oversees the Consumer Affairs Division, which provides dispute resolution services to customers and utilities. Additionally, he directs the disbursement strategy of the Underground Plant Protection Account fund, intended to raise awareness of Indiana's "Call Before You Dig" law and provide education on safe digging practices. Ryan is a graduate of Purdue University and Indiana University Robert H. McKinney School of Law. He joined the Commission staff in July 2018.

Beth Heline
General Counsel

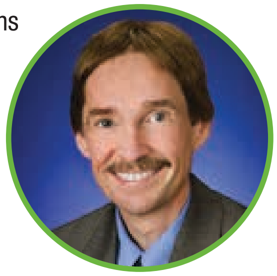
Beth Heline serves as the chief legal advisor to the Commission, as well as the Commission's ethics officer. She manages the Office of General Counsel attorneys and legal assistant, who provide complete legal support for all aspects of the Commission's operations and statutory requirements. Additionally, they conduct legal research on a wide range of issues, participate in matters before the Federal Energy Regulatory Commission (FERC) and Federal Communications Commission (FCC), and oversee Commission rulemakings. Heline earned a Bachelor of Arts degree from Western Michigan University and a juris doctor degree from Valparaiso University School of Law. She has served the Commission for 13 years.



Loraine Seyfried
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. Judge Seyfried earned a Bachelor of Arts degree from Purdue University and a juris doctor degree from Southern Illinois University School of Law. She has served the Commission for 13 years.



Bob Veneck
Executive Director of Technical Operations

Bob Veneck leads the technical operations team and is the senior supervisory authority over the Commission's energy; water/wastewater; communications; research, policy, and planning; pipeline safety; and information technology divisions, providing technical advice to the Commission.
In addition, Veneck is the liaison to the State Utility Forecasting Group at Purdue University for matters requested by the Commission. Veneck earned a Bachelor of Science in Engineering from the University of Nebraska. He has served the Commission for nine years.

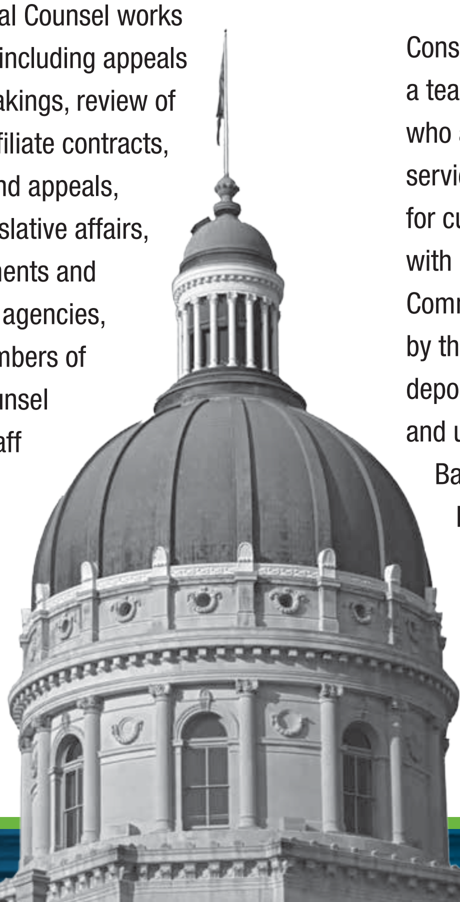
COMMISSION OVERVIEW

Administrative Law Judges

Chief Administrative Law Judge Loraine Seyfried and her team of five judges preside over docketed proceedings before the Commission and provide legal research, advice, and support to the Commissioners in the drafting of orders. The team of administrative law judges have diverse legal backgrounds gained through prior private practice and working for other state and local agencies. This division is supported by two court reporters and two paralegals.

Office of General Counsel

The Commission's General Counsel Beth Heline leads a team of three assistant general counsels and a legal assistant. The Office of General Counsel works on Commission assignments including appeals of Commission orders, rulemakings, review of Commission contracts and affiliate contracts, consumer affairs questions and appeals, pipeline safety violations, legislative affairs, public record requests, comments and filings to regional and federal agencies, and other legal research. Members of the team also act as legal counsel to Commission testimonial staff and provide legal support to the Indiana Underground Plant Protection Advisory Committee.



External Affairs

Executive Director of External Affairs Ryan Heater leads a team that serves to maintain productive and transparent relationships with the media, legislators, customers, sister agencies, and other stakeholders. The team provides neutral policy and legislative analysis, develops internal and external communication and outreach strategies, provides information and educates stakeholders on Commission processes and procedures, engages with customers and utilities to resolve disputes, and advises the Commission regarding external issues. The team works cross-functionally in the organization to effectively respond to and communicate about complex industry matters.

Consumer Affairs Division

Consumer Affairs Division Director Kenya McMillin leads a team of three analysts and an intake coordinator, who are responsible for providing dispute resolution services through reasonable and timely determinations for customers of jurisdictional utilities, in accordance with Indiana Code, Indiana Administrative Code, and Commission-approved tariffs. The types of issues handled by the division include extension of service and credit, deposits, billing, termination of service, customer rights, and utility responsibilities. Director McMillin earned a Bachelor of Science degree from Indiana University-Purdue University Indianapolis and has served the Commission for 18 years.

Technical Operations

Executive Director of Technical Operations Bob Veneck manages the technical operations divisions that monitor and evaluate regulatory, legislative, and policy initiatives that affect the electric, natural gas, water, wastewater, telecommunications, and video industries and their customers. The technical operations divisions perform research, analyze testimony in docketed proceedings, advise the Commission, and address utility issues outside of docketed proceedings.

In addition to working on major rate cases, the technical divisions analyze requests by utilities (with the exception of the telecommunications industry) to adjust their rates and charges through many types of regulatory filings, including fuel adjustment, federal environmental compliance, and infrastructure improvement proceedings. Regulatory cases can span anywhere from three months to almost a year, involving the review of hundreds of pages of evidence submitted by several parties in each case. The technical divisions also administer utilities' 30-day filings. The 30-day filing process is designed to allow certain types of requests, such as changes to reconnect fees and rate adjustment mechanisms, to be reviewed and approved by the Commission in a more expeditious and less costly manner than a formal docketed case. Additionally, staff analyzes the annual reports for all jurisdictional utilities. Staff also conducts a periodic earnings review of each utility with more than 5,000 customers.

Technical operations also includes the Pipeline Safety Division that administers federal and state pipeline safety standards that apply to all intrastate natural gas and hazardous liquid pipeline operators.

Energy Division

Energy Division Director Jane Steinhauer leads a team of 11 employees who assist the Commission in regulating the rates and charges of electricity utilities, natural gas local distribution companies, and intrastate pipelines. Steinhauer earned a Bachelor of Science from Indiana University-Purdue University Indianapolis and a Master in Business Administration from Butler University. She has served the Commission for 33 years.

The Energy Division monitors and evaluates regulatory and policy initiatives affecting the state's electric and natural gas industries. It also reviews and analyzes evidence to advise the Commission on regulatory proceedings initiated by Indiana electric and natural gas utilities involving increases in rates, environmental compliance plans, permission to build or purchase power generation plants, energy-efficiency programs, reliability, fuel cost adjustments, service territories, Commission-initiated investigations, pipeline safety violation appeals, and many other issues.

Research, Policy, and Planning Division

Research, Policy, and Planning Division Director Dr. Brad Borum leads a team of three chief technical advisors. Dr. Borum earned a Bachelor of Science, a Master of Economics, and a PhD in Economics from Michigan State University and has served the Commission for 31 years. The Research, Policy, and Planning Division was established to provide the Commission with an analysis of the electric industry, including monitoring of regional transmission organizations, reviewing regulatory matters at the Federal Energy Regulatory Commission (FERC), and analyzing integrated resource plans. The division provides advice and education to the Commission on a wide variety of topics. Integrated resource planning, because it is related to all aspects of the electric industry, is the primary focus of this division. However, the division also monitors federal and regional electric grid issues and developments, evaluates changes in federal and state regulation, and reviews the economics of the energy industry to understand the impacts on Indiana.

The issues covered by the division are included in the Energy Division – Electricity section, on *pages 30-40* of this report.

Water and Wastewater Division

Water and Wastewater Division Director Curt Gassert leads a team of five analysts who monitor and evaluate regulatory and policy issues affecting the water and wastewater industries. Gassert earned a Bachelor of Science from Indiana University and is a Certified Public Accountant. He has served with the Commission for 12 years.

The majority of the division's time is spent reviewing evidence in regulatory proceedings and advising the Commission. The types of regulatory proceedings include rate increases, acquisitions, financing requests, service territory matters, infrastructure and revenue trackers, and other matters. Division staff also provide assistance with Commission rulemakings and complaints submitted to the Consumer Affairs Division. The division assists in Commission investigations, both formal and informal, that frequently involve the resolution of problems related to at-risk water or wastewater utilities.

Communications Division

Communications Division Director Pamela Taber leads a team of three analysts who manage Indiana-specific issues related to telecommunications and video services, as the Commission is both the sole video franchise authority and the direct marketing authority for video service providers in Indiana. Taber earned a Bachelor of Science in Accounting from Ball State University and is a Certified Public Accountant. She has served the Commission for 35 years.

The division provides 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 advises the Commission on the certification of communications service providers and monitors competition in the communications industry by tracking and storing information about all types of communications providers and the areas where they offer their services. In addition, the division monitors the federal Lifeline Program in Indiana, which provides essential phone service to low-income Hoosiers.

Pipeline Safety Division

The Pipeline Safety Division's primary focus is to ensure compliance with federal and state pipeline safety standards that apply to all intrastate natural gas and hazardous liquid pipeline operators, regardless of whether they are under the Commission's regulatory authority for rates and charges. The Director of Pipeline Safety, Steve Allen, leads a team of 12 pipeline professionals with over 200 years of combined experience. Director Allen earned a Bachelor of Science in Business from Indiana University and a Master of Business Administration from Butler University; he has served the Commission for six years. Director Allen serves on the Gas Pipeline Advisory Committee (GPAC), which reviews the Pipeline and Hazardous Materials Safety Administration's (PHMSA) proposed federal regulatory initiatives to evaluate the cost-benefit analysis and risk assessment, as well as the practicability, feasibility, and reasonableness, of each proposal.

Pipeline safety engineers enforce the safety standards established by the U.S. Department of Transportation (U.S. DOT) as they apply to the design, installation, inspection, testing, construction, extension, operation, replacement, and maintenance of pipeline facilities. The division also enforces the U.S. DOT's anti-drug program for gas operators within Indiana, as well as U.S. DOT's integrity management, operator qualification, and damage prevention regulations. In addition, the division is responsible for investigating possible violations of the "Call Before You Dig" law (Ind. Code chapter 8-1-26).

ACCOMPLISHMENTS

249 ~ Cases adjudicated in the last fiscal year that addressed rates, infrastructure improvements, environmental compliance, financing, service areas, and other issues.

32 ~ Average number of days in which an Order is issued after the case record is closed.

$164 million + ~ Total amount of annual tax reductions to base rates and charges approved by the Commission across all utility industries as of August 31, 2018 (many cases still pending).

$900,000 ~ Amount of fines approved for NIPSCO pipeline safety violations deposited into the state's General Fund, the highest in state history.

ACCOMPLISHMENTS

Highlights

The Commission strives to deliver on its mission to ensure utilities provide safe and reliable service at just and reasonable rates. As articulated in Governor Holcomb's Next Level agenda, over the last fiscal year the Commission worked to provide great government service at great value to ratepayers.

7 ~ Small water utilities that attended the 2017 Small Utility Workshop aimed at improving their technical, financial, and managerial capabilities.

#1 ~ In Common Ground Alliance's 2017 awareness survey, Indiana was ranked number one in the nation for the highest percentage of residents recognizing the "Call Before You Dig" law.

990 ~ Pipeline inspections completed to ensure the safety of the intrastate natural gas and hazardous liquids pipeline system.

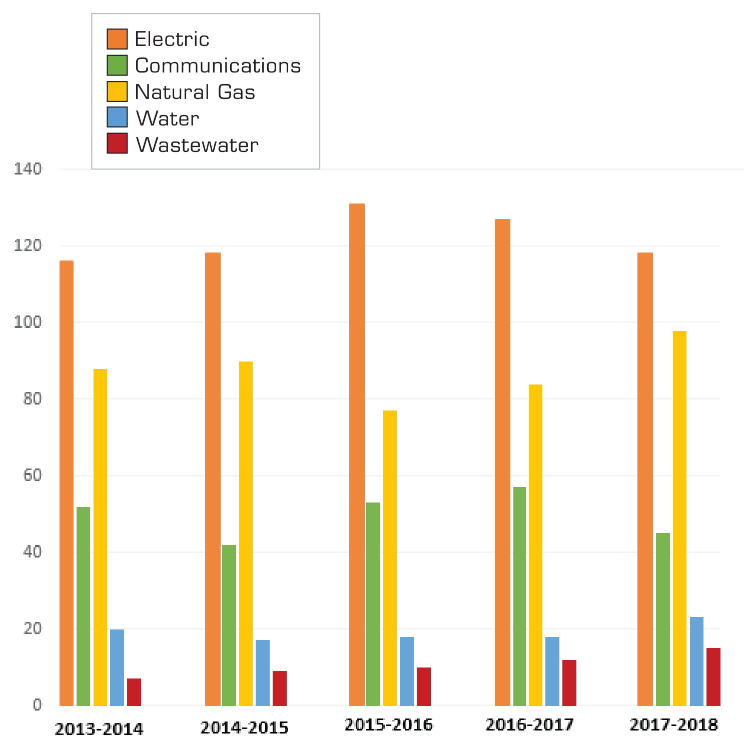
$121,987.10 ~ Amount refunded to utility customers via dispute resolution services provided by the Consumer Affairs Division.

Docketed Cases

During Fiscal Year 2018, more than 300 new petitions were filed with the Commission. Petitions are given a docket number upon receipt and generally assigned both an administrative law judge and a commissioner, who serve as the presiding officers.

To access information pertaining to a docketed case, visit our Online Services Portal at *https://iurc.portal.in.gov/*. Here, you can search for a case by entering the cause number, industry, petition type, case status, petition filing date, or petitioner, and clicking Search. To watch hearings that are live streamed, please visit *www.in.gov/iurc/2624.htm*.

Petitions Filed by Industry (5-Year Comparison)



Tax Legislation and Impact

On January 3, 2018, the Commission issued an Order initiating an investigation of the impact of the newly-signed federal Tax Cuts and Jobs Act of 2017 on jurisdictional, investor-owned utilities in the state. The Tax Cuts and Jobs Act, which was signed into law by President Donald Trump on December 22, 2017, contains provisions reducing the corporate tax rate of 35 percent to 21 percent and revising the federal tax structure. The purpose of the Commission's investigation is to review and consider the impacts from the federal tax legislation and how any resulting benefits may be realized by Hoosier ratepayers.

In the Order, the Commission created a process intended to minimize the regulatory timing and provided the opportunity for quick approval for the pass-through of a majority of the benefits to customers, which are those directly related to the ongoing reduced federal tax burden. On a more traditional regulatory track, supplemental benefits that will occur over a longer time horizon – those related to the deferred tax liability adjustments – are generally being determined through the Commission's standard ratemaking procedure. While there are still pending cases before the Commission involving the tax investigation, **as of August 31, 2018**, the Commission has approved annual reductions to base rates and charges of **more than $164 million** for electric, natural gas, water, and wastewater utility customers.

Additional information about the tax investigation and its impacts can be found within each division section of this report.

NIPSCO Settlement

The Commission's Pipeline Safety Division (PSD) has jurisdiction over intrastate natural gas pipelines operated and maintained by utilities. It is the PSD's charge to ensure compliance with all applicable state and federal pipeline safety regulations. If a violation is identified, the PSD investigates the matter and may recommend penalties. Properly complying with procedures to accurately locate pipelines is critical to avoiding property damage and personal injury potentially resulting from natural gas explosions.

In November 2017, the Commission approved a settlement agreement between the PSD and Northern Indiana Public Service Company (NIPSCO). In the settlement agreement, NIPSCO agreed to pay $900,000 for past violations, which included failures by NIPSCO to keep accurate maps and records of its underground facilities, and failure to locate its pipelines in two days as required by its own pipeline safety procedures. Going forward, NIPSCO is required to provide information and ongoing reporting to the PSD and the Indiana Office of Utility Consumer Counselor (OUCC), and to pay additional civil penalties for violations it may commit going forward. The approved $900,000 in civil penalties is the highest in state history.

In addition to a monetary fine, the settlement agreement also includes additional compliance actions, including reporting performance metrics applicable to locating its facilities, implementing a pipeline safety management system, and requiring additional updates from NIPSCO to the PSD regarding NIPSCO's pipeline safety compliance activities.

Assistance for Small Water and Wastewater Utilities

Due to challenges that small water and wastewater utilities face, such as the replacement of aging infrastructure and small customer bases to share infrastructure improvement costs, the Commission's Water and Wastewater Division provides small water and wastewater utilities with educational assistance. The Commission has focused its educational assistance in two major areas: hands-on training and information on its website. Based on prior successes, the Commission continues to hold workshops on how to complete the Commission's small utility rate application and annual report, the basics of utility accounting, and tools for strategic planning and asset management. The next workshop will be held on November 15, 2018.

To make educational materials more accessible, the Commission continues to find ways to improve its website by providing useful documents to utilities, such as standard operating procedures, generic maintenance plans and forms, best practice guides, emergency response, conservation, and board training. The Commission's website also houses a small utility toolkit that provides Commission-specific regulatory information, infrastructure funding options, and other assistance.

In Fiscal Year 2018, the one utility that completed the rate application for small utilities did so without the use of a consultant, greatly reducing rate case expenses that are ultimately passed along to customers.

Integrated Resource Planning

Consistent with statutory obligations and Commission rules, Indiana's five investor-owned utilities (IOUs), as well as the three wholesale power utilities – Indiana Municipal Power Agency (IMPA), Hoosier Energy, and Wabash Valley Power Association (WVPA) – are required to provide safe and reliable service in an efficient and cost-effective manner. To ensure adequate resources have been planned to meet future obligations, Indiana's largest electric utilities employ state-of-the-art tools and work with their stakeholders to develop integrated resource plans (IRPs). IRPs evaluate a broad range of feasible and economically viable resource alternatives — including traditional resources, energy efficiency, demand response, and customer-owned resources — over a more than 20-year planning period.

These utilities submit an IRP once every three years on a staggered schedule. The Commission's updated IRP and energy efficiency rules are expected to be fully promulgated and in effect before the end of the 2018 calendar year. The Commission is pleased that all utilities and stakeholders agreed to act in accordance with the proposed rule during the rulemaking process. In Fiscal Year 2018, IMPA, Hoosier Energy, and WVPA submitted IRPs.

IRPs are analytically challenging and complex and affect virtually all aspects of utility operations and long-term objectives. To address the inherent complexities of IRPs, the Commission hosts an annual Contemporary Issues Technical Conference to discuss IRPs. The Commission, with the assistance of various stakeholders, invite experts to discuss methods for addressing complex issues. In 2018, the Commission held the Technical Conference on April 24, 2018.

Utility Collaboratives

In their recent electric rate cases, the Commission directed Indianapolis Power & Light (IPL), NIPSCO, and most recently, Indiana Michigan Power (I&M), to participate in public collaborative processes with interested stakeholders, including Commission staff, the OUCC, local communities, and customer and industrial advocacy groups, for the purpose of increasing transparency by developing and implementing performance-based metrics that are reviewed annually. Generally, performance metrics were developed in the areas of public safety, reliability, customer satisfaction, utility operations, and affordability, with more specific metrics established based on the utility. The stakeholders met frequently to develop comprehensive, performance-based metrics for the utilities. This process is ongoing for I&M, and performance-based metrics will be finalized in the coming year. These collaborations are of significant value to the Commission and ratepayers, allowing a better, more transparent assessment of the utility and its performance over time through the required reporting of metrics.

Underground Plant Protection Account

The Underground Plant Protection Account (UPPA) is funded by fines levied by the Commission for violations of Indiana's "Call Before You Dig" law. Funds are used to provide programs designed to reduce damages to buried utility facilities during excavation.

During Fiscal Year 2018, the Commission-administered fund supported nearly $1 million in awareness, training and education initiatives focused on underground utility safety. A sample of these programs included:

- Partnering with the Indiana Broadcasters Association (IBA) to air approximately 57,000 public service announcements across Indiana on broadcast TV, as well as AM and FM radio stations
- Hosting seven Indiana "Call Before You Dig" law-focused safety training sessions across central, northern, and southern Indiana in spring 2018 for approximately 500 excavators, operators, locators, EMS responders, and civic leaders. These sessions were held in Columbus, Evansville, Fort Wayne, Noblesville, Scottsburg, Valparaiso, and West Lafayette. The Commission partnered with training companies Enertech and Baker Peterson, as well as local emergency service providers across Indiana, to provide a day of classroom training focused on Indiana's "Call Before You Dig" law, best practices for safe excavation, and a live, mock line-strike demonstration with emergency response.
- Sponsoring the Midwest Damage Prevention Training Conference and providing admission for the training conference to 115 new attendees who work with underground facilities

Additionally, in August 2017, the Commission launched the first phase of its new, online safety training system for professionals who work in excavation, including, but not limited to, landscapers, plumbers, concrete workers, and heavy construction workers. The free training courses can be accessed at *www.SafeDigIndiana.com* and are open to any individual wanting to learn more about how the "Call Before You Dig" law and 811 system affects them.

Topics currently available include "Indiana Dig Law", which outlines the basics of the Indiana Dig Law, what to do if a jobsite isn't marked, and the consequences of failing to dig safely, and "811 System", which explains what the 811 system is and how to use it most efficiently to save time and prevent excavation delays. More trainings will be added in the coming months.

In November 2017, the Commission expanded its Safe Dig Indiana training to include a new grant for local government employees to attend training and education programs involving underground utility safety practices. The Safe Dig Indiana Local Grant is intended to help ensure local governments can affordably provide quality training to their employees and, through education, facilitate engagement of local governments in broader regional and statewide underground facility safety networks. So far, the Commission has awarded grants to county highway teams, fire and EMS training organizations, and municipal utilities.

Cybersecurity Briefings

Cybersecurity is a fundamental part of a utility's business operations, and cyberattacks on these facilities can lead to disastrous consequences, including physical equipment damage, power outages, and the breach of confidential or proprietary information. Recognizing this, the Commission organized a meeting in March 2018 with the goal of learning more about how utilities and grid operators ensure safety and reliability for Hoosiers.

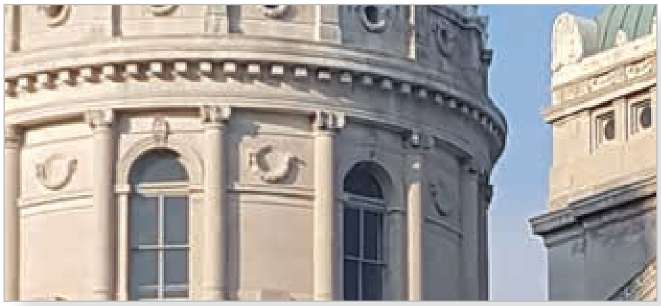
The Commission met with the state's five investor-owned electric utilities – Duke Energy Indiana (Duke), I&M, IPL, NIPSCO, and Vectren, and two regional transmission organizations (RTOs) – Midcontinent Independent System Operator (MISO) and PJM Interconnection, LLC (PJM) – to discuss their ongoing efforts regarding cybersecurity information, planning, and preparedness practices. Representatives from the Indiana Department of Homeland Security and Federal Bureau of Investigation, and members of the Indiana Executive Council on Cybersecurity, were also in attendance.

Field Hearings & IRP Stakeholder Meetings

The Commissioners heard from the public on several important issues before the Commission over the last year, by traveling to 10 field hearings for base rate cases and several IRP stakeholder meetings around the state.

Field hearings are public hearings that give utility customers an opportunity to speak in favor of or against pending cases before the Commission. If a utility seeks an increase in revenue in a base rate case that exceeds $2.5 million, at least one field hearing held in the largest municipality within a utility's service territory is required. Hearings are documented by a court reporter, and testimony is entered in the case as evidence by the OUCC. In Fiscal Year 2018, the Commission held 10 hearings around the state: three for the I&M rate case (South Bend, Muncie, and Fort Wayne), one for the City of South Bend water rate case, three for the NIPSCO gas rate case (Merrillville, South Bend, and Fort Wayne), one for the Lafayette Municipal Water Works rate case, and two in Indianapolis for the IPL rate case.

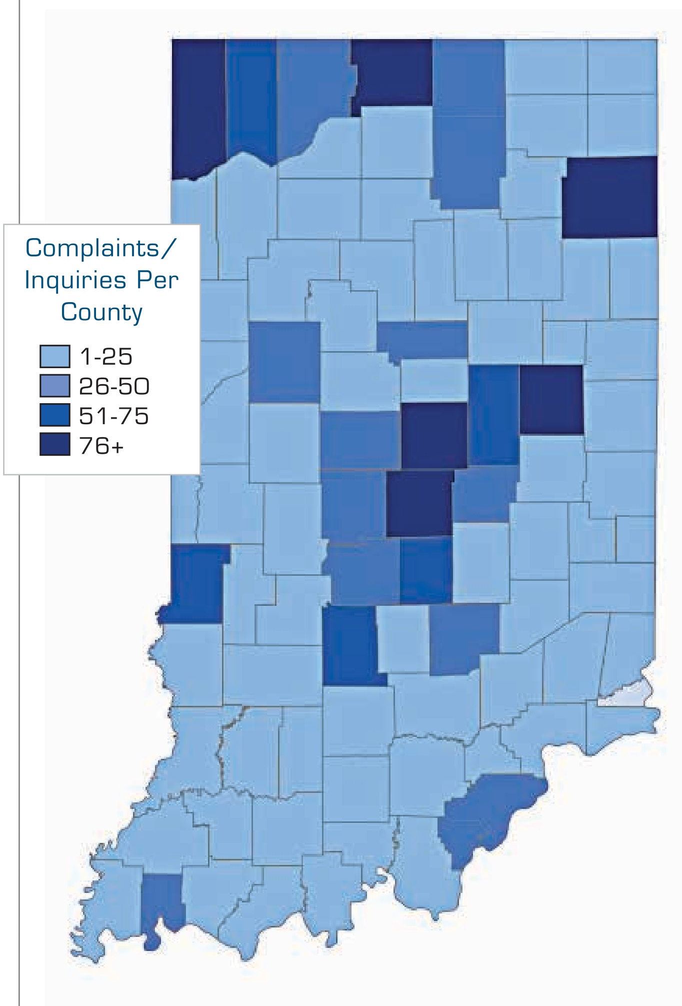
Indiana's IRP process allows open stakeholder participation in a concerted effort to facilitate timely analysis regarding future resources. The Commission has consistently encouraged broad stakeholder participation to ensure a variety of perspectives are considered. Utilities hold at least three public advisory sessions to solicit input into the development of the IRPs. As the importance of the IRPs and the potential costs of resource decisions have increased, utilities have scheduled more meetings to more fully discuss stakeholder concerns. The utilities also provide educational programs for participants in the stakeholder process. This summer, public advisory sessions are being held by Duke, I&M, and NIPSCO.



Consumer Affairs Division

In Fiscal Year 2018, the Commission's Consumer Affairs Division handled 10,777 calls, 823 online complaints, 80 emails, 74 letters, 21 faxes, and 10 walk-ins resulting in 2,778 complaints/inquiries. The complaints/inquiries spanned all industries concerning a wide-ranging list of utility-related issues, but billing was the most common. Billing issues can be complicated, often involving customer confusion over bill formats or questions regarding unexpected increases in bill amounts. $121,987 in billing adjustments were refunded to customers via the Consumer Affairs Division.

Consumer Affairs Division
Complaints/Inquiries by County



Although the Commission does not have jurisdiction over rates and charges for video and telecommunications providers, inquiries about these providers are a significant portion of the division's workload. In fact, more than 38 percent of complaints/inquiries received in Fiscal Year 2018 by the Consumer Affairs Division were related to video and telecommunication providers. Even with limited statutory authority, the Consumer Affairs Division continues to be a resource for customers by connecting with telecommunications providers to come to a resolution. A table with a breakdown of complaints/inquiries by county during Fiscal Year 2018 can be found in *Appendix B*.

If customers cannot resolve their concerns with their regulated utility, they may contact the Commission's Consumer Affairs Division by phone at 1-800-851-4268 or online at *https://iurc.portal.in.gov/*.

Interventions and Comments

In order to ensure Indiana's interests are represented at the federal and regional levels, the Office of General Counsel drafts comments to federal and regional entities. The Office of General Counsel is also responsible for intervening in cases affecting Indiana utilities and ratepayers, in order to monitor and represent the interests of the Commission. In total, the Office of General Counsel acted on behalf of the Commission and intervened or provided comments 11 times since July 1, 2017. These include the following:

- One comment to the Federal Communications Commission (FCC).
- Seven comments and three additional interventions to the Federal Energy Regulatory Commission (FERC), MISO, or PJM.

General Administrative Orders

The Commission issued the following General Administrative Orders (GAOs):

- **GAO 2017-3** – Process for Backup, Maintenance, and Supplemental Power Rate Review, as required in Indiana Code subsection 8-1-2.4-4(h) (SEA 309-2017).
- **GAO 2017-4** – Policy Governing the Interest Rate for Gas Customer Deposits, which set the interest rate gas utilities must credit on customer deposits in 2018.
- **GAO 2018-1** – Implementation Procedure for the Periodic Review of Rates and Charges, pursuant to Indiana Code section 8-1-2-42.5.
- **GAO 2018-2** – Statewide Resource Analysis process and general annual timelines, pursuant to Indiana Code section 8-1-8.5-3.
- **GAO 2018-3** – Process for IUSF-Broadband Study, as required by 2018 HEA 1065.

Rulemakings

Before the Commission can adopt rules or make changes to its existing rules, it must follow the formal rulemaking process. 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 Commission 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. For more information or to access documents and public comments related to these rulemakings, please visit *www.in.gov/iurc/2658.htm*.

The following are rulemakings completed in Fiscal Year 2018:

- **Net Metering (IURC RM #17-04; LSA #17-492):** Updated 170 IAC 4-4.2 to reflect the addition of Indiana Code chapter 8-1-40 as a result of SEA 309-2017. This rulemaking was done as an emergency rulemaking in order to meet the Dec. 31, 2017, statutory deadline.
- **2018 Re-adoptions (IURC RM #18-01; LSA #18-113):** Readopted rules that would have expired on Jan. 1, 2019, including 170 IAC 1-1.1, Practice and Procedure Before the Commission; 170 IAC 1-7, Commission Review of Municipal Utility Rates and Charges; and 170 IAC 17.1, Indiana Voluntary Clean Energy Portfolio Standard Program. These rule re-adoptions became effective on May 9, 2018.

The following are current rulemakings at the Commission:

- **Update to Pipeline Safety Standards (IURC RM #17-02; LSA #17-448):** Updates the rule regarding pipeline safety standards, 170 IAC 5-3-0.6, to incorporate changes to those standards at the federal level through June 1, 2017, which is required under Indiana state law (Indiana Code chapter 8-1-22.5). The Notice of Intent to Adopt a Rule was published on Oct. 11, 2017; the public hearing was held on July 6, 2018; and the Final Rule was approved by the Commission on July 31, 2018. The rule is expected to be effective by October 2018.
- **Integrated Resource Plans (IRPs) and Energy Efficiency Plans (EEPs) (IURC RM #15-06; LSA #18-127):** Rulemaking required after the 2015 legislative session to update the IRP rule and add rules for EEPs. After an extensive stakeholder process, a draft proposed rule was finalized and received approval as an exception to the rulemaking moratorium. The Notice of Intent to Adopt a Rule was published on Mar. 14, 2018; and the public hearing was held on Aug. 20, 2018. The rule is expected to be effective before the end of 2018.
- **Revisions to Procedural Rules (IURC RM #15-02):** Rules will be revised to address the management of electronic filing; this rule also may address inconsistencies in the ex parte rule. The rule development process for this rulemaking was started in 2015 when the Commission started the revision of its database system and has continued as the electronic filing system has developed and additional methods have been found to make the procedural rules more efficient. A draft proposed rule has been circulated to stakeholders for comments and input. The formal rulemaking process is expected to start before the end of 2018.

ENERGY DIVISION– ELECTRICITY

ELECTRICITY

REGULATORY RESPONSIBILITY

There are three types of electric utilities in Indiana—investor-owned utilities (IOUs), municipally-owned utilities, and rural electric membership cooperatives (REMCs). The Commission has full jurisdiction over IOUs, including rates and charges, as well as customer service terms and conditions. In addition, the Commission reviews and approves long-term financing for IOUs, municipals that have not opted out of the Commission's jurisdiction for rates and charges, the Indiana Municipal Power Agency (IMPA), and Wabash Valley Power Association (WVPA). Generally, all Indiana electric utilities wanting to build, buy, or lease new generation facilities must first have their proposals reviewed and approved by the Commission. The Commission also has jurisdiction over all Indiana electric utilities' retail service territories. The electric utilities under the Commission's rate jurisdiction served more than 2.4 million customers and had total revenues of more than $9 billion for Calendar Year 2017 *(see Appendix C)*.

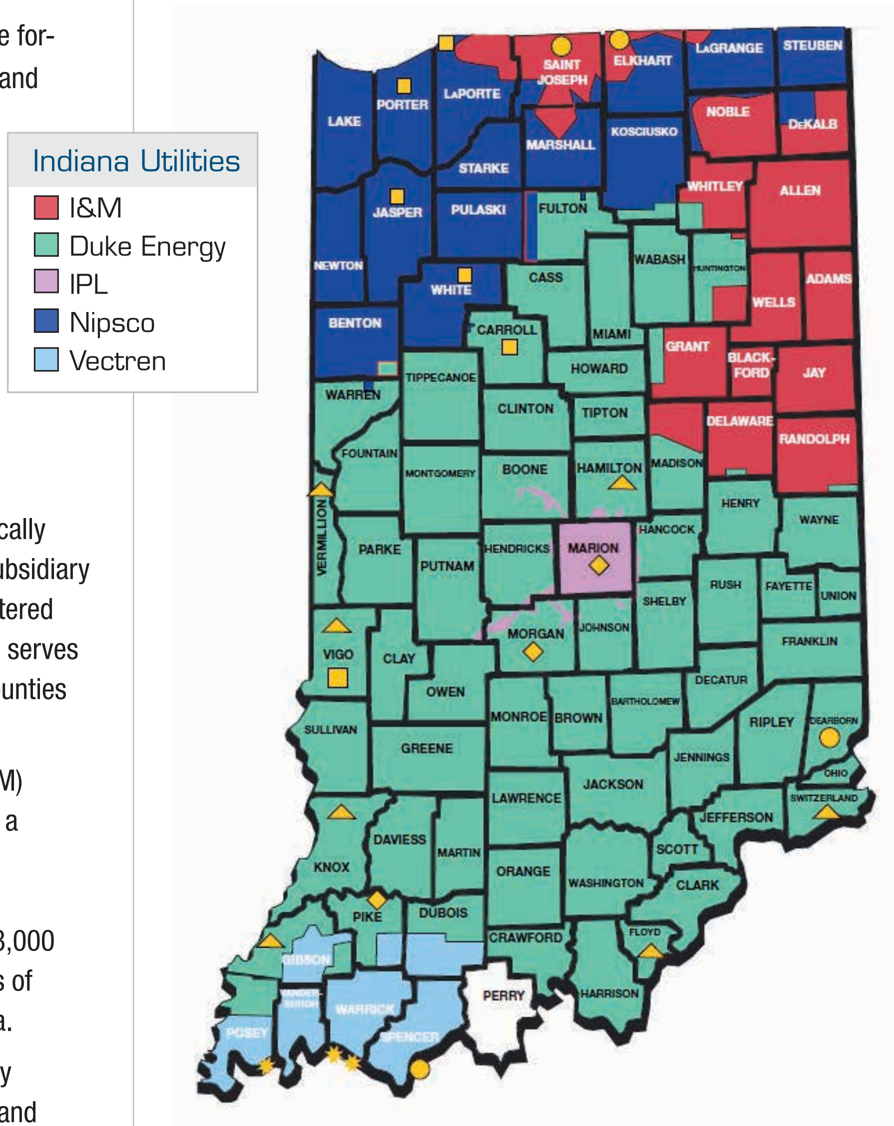
Investor-Owned Utilities

Five major IOUs operate in Indiana and are for-profit enterprises funded by debt (bonds) and equity (stock).

The five IOUs, all of which are fully regulated by the Commission, are listed below. The simplified map (to the right) shows the counties in which the investor-owned electric utilities have service territory. Electric cooperatives serve most of the rural areas *(see map on page 26)*.

- Duke Energy Indiana, LLC (Duke) is locally based in Plainfield, Indiana and is a subsidiary of Duke Energy Corporation headquartered in Charlotte, North Carolina. The utility serves 813,000 customers in 69 of the 92 counties located in Indiana.
- Indiana Michigan Power Company (I&M) is based in Fort Wayne, Indiana and is a subsidiary of American Electric Power Company, Inc. (AEP) headquartered in Columbus, Ohio. The utility serves 463,000 customers in two noncontiguous parts of northeastern and north central Indiana.
- Indianapolis Power and Light Company (IPL) is based in Indianapolis, Indiana and is a subsidiary of the AES Corporation headquartered in Arlington, Virginia. The utility serves 487,000 customers in the greater Indianapolis area.
- Northern Indiana Public Service Company (NIPSCO) is a subsidiary of NiSource Inc., which is headquartered in Merrillville, Indiana. The utility serves 464,000 electric customers in northwestern Indiana.
- Southern Indiana Gas and Electric Company (Vectren) is headquartered and based in Evansville, Indiana. The utility serves 148,000 customers in a small part of southwestern Indiana, including Evansville.

Electric Service Territories



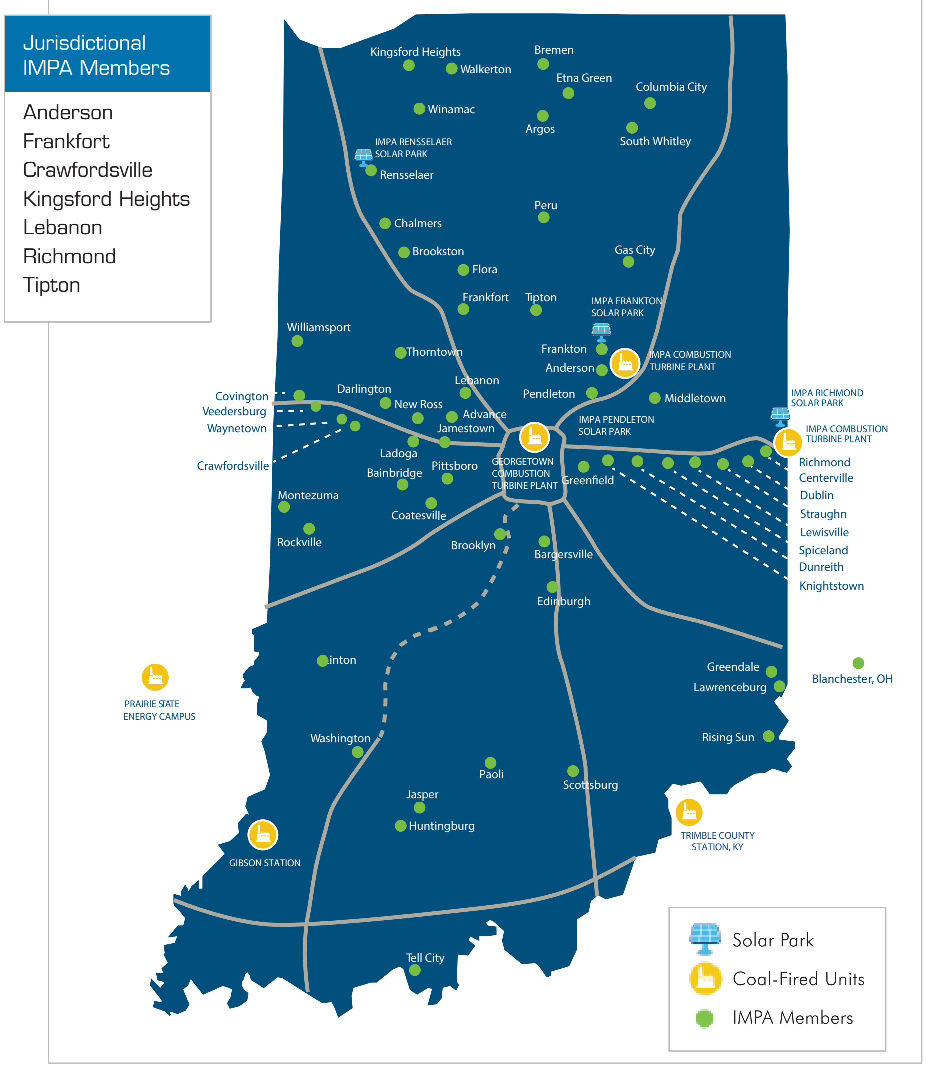
Merger of CenterPoint Energy and Vectren

On April 21, 2018, CenterPoint Energy and Vectren Corporation entered into an agreement to merge, whereby Vectren will become a wholly-owned subsidiary of CenterPoint Energy. The merger is valued at approximately \$6 billion. Assuming the receipt of all regulatory approvals, the merger is expected to close by the first quarter of 2019.

Because this is a holding company-level transaction, the Commission does not have statutory authority regarding the approval of the merger. The merger has been approved by the Federal Communications Commission and the waiting period under the Hart-Scott-Rodino Act has terminated. The proposed merger was approved by Vectren shareholders on August 28, 2018, and must still be approved by the Federal Energy Regulatory Commission (FERC). No parties have intervened in the proceeding at the FERC. If approved, the combined company would serve 4.5 million gas utility customers and 2.5 million electric utility customers in eight states and maintain operations across more than three dozen states, with assets totaling $29 billion.

The companies submitted an informational filing to the Commission about the merger, which does not make any requests for relief or propose any commitments that are typical of merger proceedings in other jurisdictions, such as rate freezes and bill credits. This case is currently pending before the Commission in Cause No. 45109.

Statewide Map of Indiana
Municipal Power Agency Members
and Generating Resources



Municipally Owned Utilities

The municipally owned electric utilities under the Commission's rate jurisdiction are Anderson, Auburn, Crawfordsville, Frankfort, Kingsford Heights, Lebanon, Richmond, and Tipton. In 1980, a group of municipalities created IMPA to jointly finance and operate generation and transmission facilities, as well as meet members' power needs through a combination of member-owned generating facilities, member-dedicated generation, and purchased power. Of the 72 municipally owned electric utilities in the state, 60 are members of IMPA, including seven of the eight municipal electric utilities regulated by the Commission. *See Appendix D*.

Rural Electric Membership Cooperatives

REMCs are customer-owned distribution utilities, most of which are members of either Hoosier Energy, located in the southern part of the state, or WVPA, located in the northern part of the state. Hoosier Energy and WVPA are power generating and transmission cooperatives formed to supply power to the REMCs.

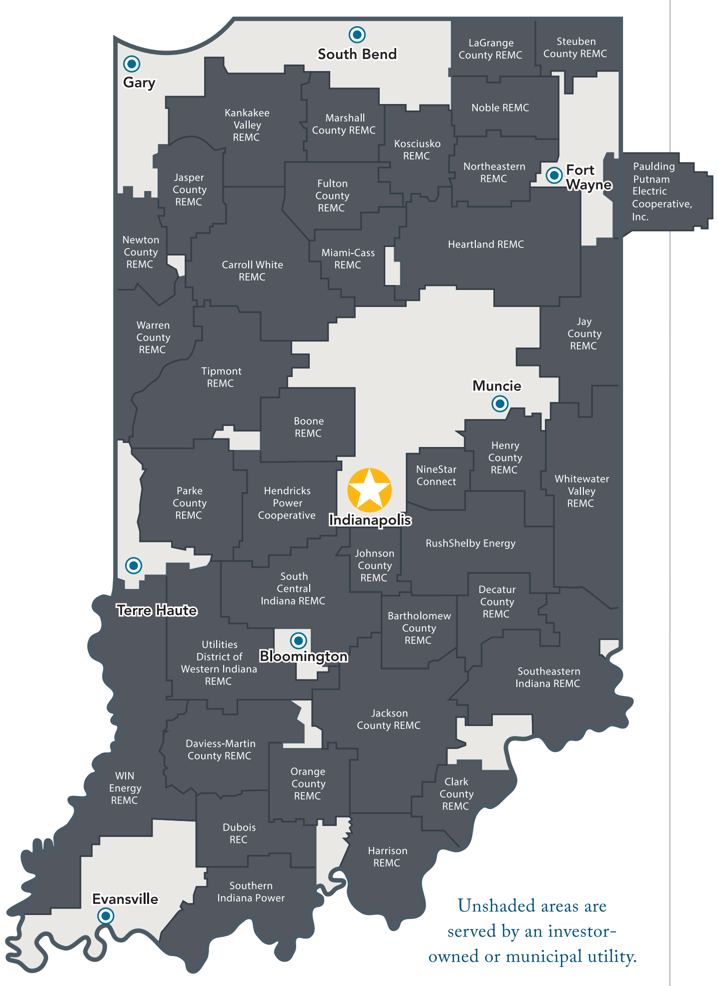
The Commission's regulation of Hoosier Energy and WVPA is primarily limited to decisions to purchase, build, or lease generation facilities, the review of their integrated resource plans (IRPs), and service territory changes. No REMCs remain under Commission authority for rate regulation.

COMPETITIVENESS OF RATES

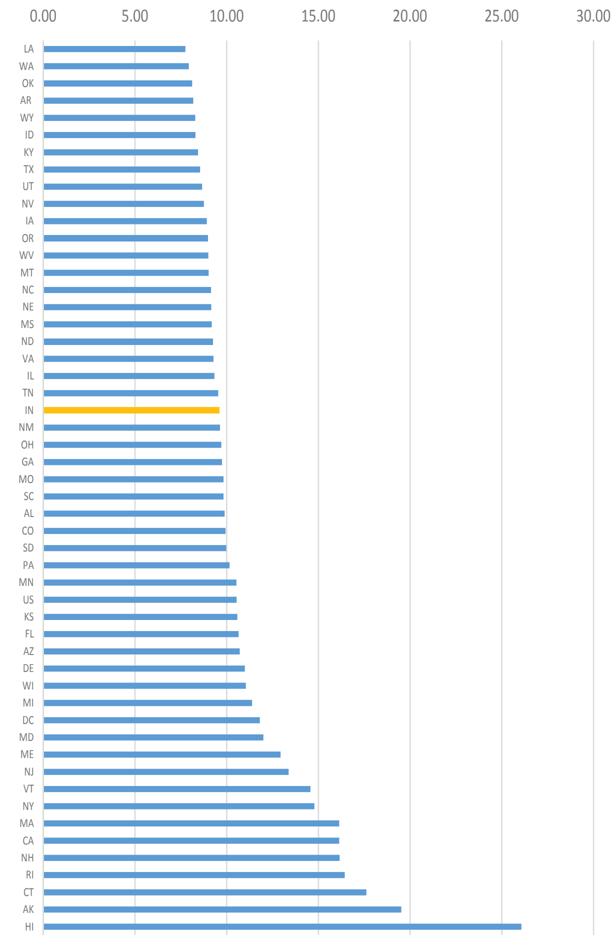
Indiana's average retail prices for electricity continue to be competitive both nationally and regionally. However, the utility rates are not as low as they used to be. State average electricity prices are the composite average price for all rate classes, including residential, commercial, and industrial customers.

Indiana's average total customer retail rates historically have compared favorably to those of the rest of the nation. They ranked as the 4th lowest in 2002 and the 22nd lowest in 2017. The variability in ranking is the result of many factors, including environmental requirements, the timing of rate cases (both in and out of state), required investments

Indiana Electric Cooperatives
Member Cooperatives



2017 State Average Electricity Prices
(includes all rate classes; in cents/kWh)



to maintain infrastructure, and fluctuations in the cost of fuel. Investment costs to address environmental mandates and general trends in coal and natural gas prices have influenced Indiana's relative price advantage.

Neighboring states' total customer retail rate rankings for 2017 are as follows: Kentucky – 7th, Illinois – 20th, Ohio – 24th, and Michigan – 38th. Indiana has a relatively favorable ranking compared to neighboring states in 2017. However, rates and rankings can fluctuate from year to year, depending on environmental regulations and the commodity prices of coal and natural gas.

When focusing solely on rankings, Indiana is still competitive; however, its average electricity price ranking has lost ground to other states in recent years due to changes in the commodity markets and compliance with federal environmental regulations. If Indiana is to remain competitive moving forward, long-term planning and a well-developed, holistic evaluation of potential solutions to address rising costs are critical.

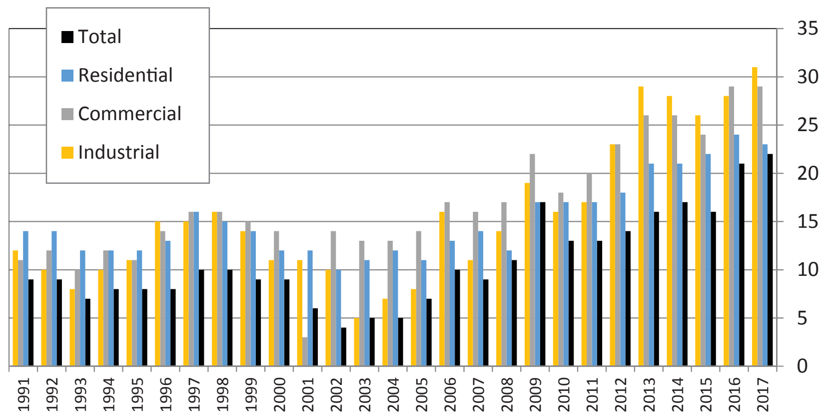
How Indiana Compares

Differences and variations in rates 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. Industrial customers have slipped in ranking more than other customer classes, from 5th least expensive in 2003 to 31st least expensive in 2017.

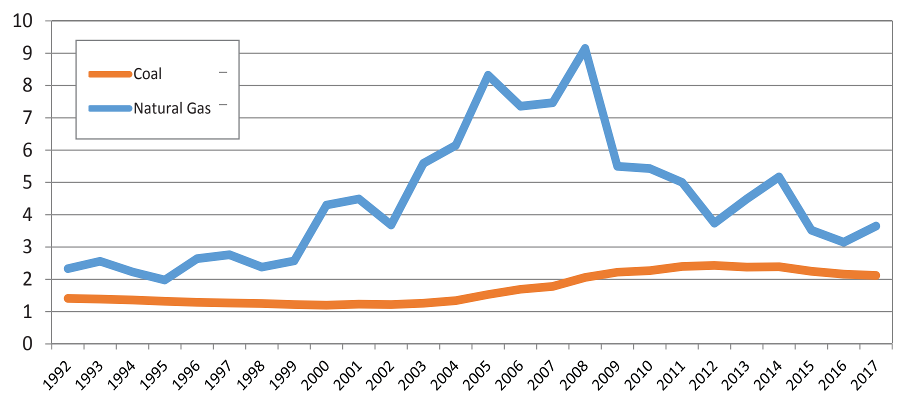
Indiana's dependence on coal as a fuel source for electricity generation has contributed to the state's relatively low-cost electricity, which has historically created an important economic development advantage. However, investment costs to address environmental mandates, the general trending of increased coal prices observed since 2003, decreasing natural gas prices, and the replacement of aging infrastructure have reduced Indiana's relative price advantage.

Some of the factors driving the coal cost increases and natural gas cost decreases include more stringent permitting requirements for coal mining and the emergence of shale gas supply.

Indiana Customer Class Rate National Ranking



Average Cost of Fuel, Electric Utilities, Nationwide ($/mmBTU)



Backup, Maintenance, and Supplemental Power Rate Review (SEA 309)

Senate Enrolled Act (SEA) 309 of the 2017 legislative session directed the Commission to conduct a review regarding the extent to which the electric utilities are offering backup, maintenance, and supplemental power that are cost based, nondiscriminatory, and non-subsidizing. The services are required to be made available to customers with qualifying, privately-owned generation resources that have chosen to provide at least a portion of their own electricity needs.

The Commission directed its staff to undertake an informal, open, and transparent review process with the opportunity for input from all interested stakeholders. The review included a Request for Information to the utilities to determine how the utilities were providing the services, the extent to which they were being used or sought, and at what cost they were based. Stakeholders were then invited to comment on the utility submissions, after which an additional round of comments to reply was afforded to both the utilities and stakeholders. A draft of the report was then circulated for stakeholder comment. While Commission staff provided a few suggestions for improvements, their analysis did find that the current backup, maintenance, and supplemental power rates are just and reasonable and non-discriminatory. The full report can be found on the Commission's website at *https://www.in.gov/iurc/2954.htm*.

CUSTOMER BILLS

The Commission issues a residential electric bill survey annually that compares the rates of Indiana regulated utilities. This information is summarized in *Appendices E-H*.

In addition, the following chart shows a breakdown of how base rates, expense adjustments (e.g., maintenance costs, administrative costs, and fuel costs), and capital adjustments (e.g., investments in facilities, machinery, and equipment) contribute to a residential customer's bill for each of Indiana's electric IOUs. Indiana's regulatory statutes include rate adjustment mechanisms, also known as trackers, for certain expenses and capital investments. Rate adjustment mechanisms provide timelier flow-through of specifically defined and approved costs to retail rates, compared to adjustments that would occur as the result of a rate case. The relative weighting of elements in customer bills varies in part due to the size of a utility's construction program and how much time has passed since its last base rate case.

Residential Bill Components for the Investor-Owned Utilities

Federal Tax Cuts and Jobs Act of 2017

On December 22, 2017, President Donald Trump signed into law the Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA contained provisions reducing the corporate tax rate of 35 percent to 21 percent and revising the federal tax structure.

As a result of the TCJA, the Commission initiated an investigation into the federal income tax embedded in rates of all jurisdictional, investor-owned utilities. While there are still pending cases before the Commission involving the tax investigation, **as of August 31, 2018**, the Commission has approved annual reductions to base rates and charges of **more than $126 million** for electric utility customers.

More information can be found in *Appendix I*.

INFRASTRUCTURE AND TDSIC

Indiana Code chapter 8-1-39, enacted in 2013 as SEA 560, provides incentives for regulated electric and natural gas utility companies to replace aging infrastructure. To encourage investment in transmission and distribution systems, the legislature created a rate adjustment mechanism called the Transmission, Distribution, and Storage System Improvement Charge (TDSIC), which covers projects related to safety, reliability, system modernization, and economic development. Examples of electric utility projects include investments in substations, circuits, underground cables, and breakers/transformers. Absent the TDSIC mechanism, these investments would have to await consideration for cost recovery in a base rate case. Now, utilities can petition for cost recovery on a more timely basis.

TDSIC Update

A utility-specific TDSIC plan includes projects to upgrade infrastructure over a seven-year time period. After the Commission approves the initial plan, utilities file updates to the plans for ongoing review and recovery of investments. The table below shows that current TDSIC plans have been approved to invest a total of $3.18 billion in eligible projects.

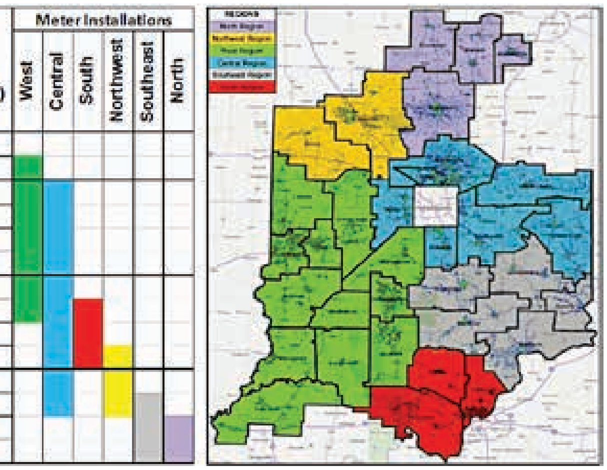
Current TDSIC Utility Plans Approved

Utility Name	7-year Plan Approved Investment Amount	7-year Plan Approved Investments to Date	Percent of Approved Amount in Rates
Duke Energy Indiana	$1,408,300,000	$271,347,943	19.3%
NIPSCO	$1,251,954,035	$250,425,745	20.0%
Vectren	$446,508,000	$31,609,627	7.1%
Total	$3,106,762,035	$553,383,315	17.8%

Duke Energy Indiana Advanced Meter Tariff and Opt-Out Provisions

AMI Meters Neighborhood's Comparison

Quarter	Grid Routers	Electric Meters	Electric Meters (Cumulative)
3Q16	43	6,297	6,297
4Q16	30	30,803	37,100
1Q17	33	35,942	73,042
2Q17	140	64,250	137,292
3Q17	98	69,618	206,910
4Q17	120	70,902	277,812
1Q18	94	70,847	348,659
2Q18	95	76,055	424,714
3Q18	100	70,500	495,214
4Q18	99	69,200	564,414
1Q19	94	70,000	634,414
2Q19	102	72,000	706,414
3Q19	102	72,000	778,414
4Q19	70	69,200	847,614



Source: Duke Energy Indiana

Duke filed a petition in July 2017 requesting approval of its Advanced Meter Opt-Out Rider, Standard Contract Rider No. 59. The proposed Rider would charge residential and small commercial customers who choose to opt out of using Duke's standard advanced metering infrastructure (AMI) meters, sometimes referred to as "smart meters." Duke and the four parties in the case reached a settlement agreement that was approved by the Commission on June 13, 2018. Under the approved settlement agreement, a one-time $75.00 set-up charge and a monthly charge of $17.50 are incurred by customers who choose to opt-out of receiving AMI meters. These charges are waived if the customer notifies Duke of their intent to opt-out of having an AMI meter before it is installed. If the customer already has an AMI meter, the customer could notify Duke of the intent to opt-out within 60 days of June 13, 2018, to avoid the charges. The monthly charge does not take effect until the latter of two dates: September 10, 2018, or when Duke Energy confirms that the AMI meters in the customer's neighborhood are installed and being read remotely.

GENERATION

Indiana's retail electric utilities are required to supply power from an integrated portfolio of resources at the lowest reasonable cost, while providing safe and reliable service. To accomplish this, utilities must strategically plan on both a short-term and long-term basis, a process known as integrated resource planning. Each IOU, IMPA, Hoosier Energy, and WVPA are required to submit an IRP to the Commission.

Integrated Resource Planning

Consistent with statutory obligations and Commission rules, Indiana's five investor-owned utilities (IOUs), as well as the three wholesale power utilities – Indiana Municipal Power Agency (IMPA), Hoosier Energy, and Wabash Valley Power Association (WVPA) – are required to provide safe and reliable service in an efficient and cost-effective manner. To ensure adequate resources have been planned to meet future obligations, Indiana's largest electric utilities employ state-of-the-art tools and work with their stakeholders to develop integrated resource plans (IRPs). IRPs evaluate a broad range of feasible and economically viable resource alternatives - including traditional resources, energy efficiency, demand response, and customer-owned resources - over a more than 20-year planning period.

These utilities submit an IRP once every three years on a staggered schedule. The Commission's updated IRP and energy efficiency rules are expected to be fully promulgated and in effect before the end of the 2018 calendar year. The Commission is pleased that all utilities and stakeholders agreed to act in accordance with the proposed rule during the ratemaking process. In Fiscal Year 2018, IMPA, Hoosier Energy, and WVPA submitted IRPs.

IRPs are analytically challenging and complex and affect virtually all aspects of utility operations and long-term objectives. To address the inherent complexities of IRPs, the Commission hosts an annual Contemporary Issues Technical Conference to discuss IRPs. The Commission, with the assistance of various stakeholders, invite experts to discuss methods for addressing complex issues. In 2018, the Commission held the Technical Conference on April 24, 2018.

Indiana's IRP process allows open stakeholder participation in a concerted effort to facilitate timely analysis regarding future resources. The Commission has consistently encouraged broad stakeholder participation to ensure a variety of perspectives are considered. Utilities hold at least three public advisory sessions to solicit input into the development of the IRPs. As the importance of the IRPs and the potential costs of resource decisions have increased, utilities have scheduled more meetings to more fully discuss stakeholder concerns. The utilities also provide educational programs for participants in the stakeholder process. This summer, public advisory sessions are being held by Duke, I&M, and NIPSCO.

The IRP process requires the utilities to anticipate how they will comply with federal environmental regulations, how they evaluate continued investments in existing plants, and the viability of alternative options to meet customer demand.

Some options include, but are not limited to: 1) retiring existing plants; 2) converting coal-fired plants to natural gas-fired plants; 3) building new generating plants; 4) additional purchases of renewable energy using power purchase agreements (PPAs); and 5) expanding energy efficiency and demand response programs to reduce customers' energy needs.

State law generally requires utilities that intend to construct, own, or lease a generation facility to receive approval from the Commission through the certificate of need process before proceeding. This process provides the Commission and interested parties an opportunity to evaluate the merits of a project before it is undertaken and includes consideration of the utility's IRP. If the Commission approves a project, the utility is granted a certificate of public convenience and necessity (CPCN). SEA 309 (2017) requires the Commission to find that an IOU allowed third parties to submit firm and binding bids in a competitive bidding process for the construction of new generation facilities greater than 80 MW before granting a CPCN. In addition, SEA 309 simplified the approval process for solar, wind and organic waste biomass projects, which are less than 50 MW and selected through a competitive procurement process.

Indiana utilities may purchase incremental electricity through power purchase agreements (PPAs), which are contractual purchases of energy, rather than build their own power plants. The Commission conducts a separate review process for PPAs. Like the CPCN process, a utility files a petition with the Commission seeking approval to determine prudency for the purposes of future cost recovery of the purchases made through the PPA. Petitions for PPA rate recovery are generally filed under Ind. Code chapter 8-1-8.8.

Energy efficiency refers to measures or technologies that reduce the consumption of energy, while demand response refers to measures, technologies, or incentives and pricing programs that reduce or curtail usage during periods of peak demand. Energy efficiency and demand response programs are also examined within the utilities' IRPs.

Indiana's Generation Fuel Mix

In 2008, the fuel sources for electric power generation meeting Indiana's needs were:

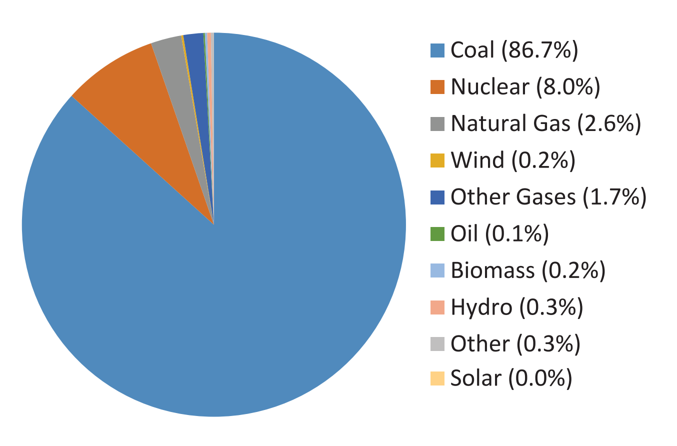
- Coal: 86.7 percent
- Nuclear: 8.0 percent
- Natural gas: 2.6 percent
- Other fuels: 2.7 percent

Since that time, large wind farms harnessing Indiana's abundant wind energy resources have joined the Indiana generation fleet and natural gas prices have decreased. The current U.S. Energy Information Administration (EIA) and FERC data projects Indiana's fuel source mix for 2017 as follows (see the following pie chart):

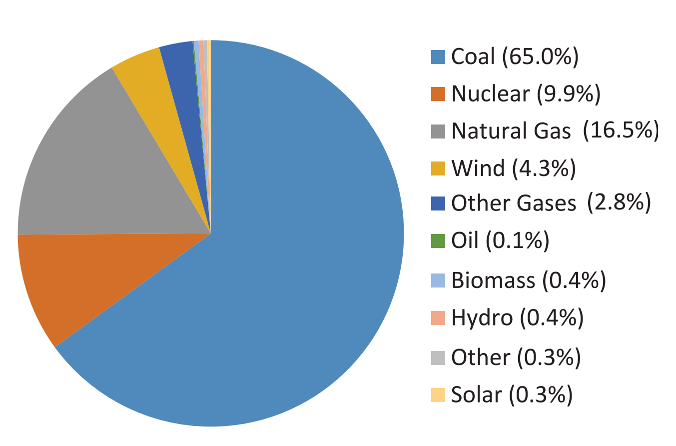
- Coal: 65.0 percent
- Natural gas: 16.5 percent
- Nuclear: 9.9 percent
- Wind: 4.3 percent
- Other fuels: 4.3 percent

Although the majority of Indiana's electrical energy needs are met through coal-fired, natural gas-fired, and nuclear generation at utility-owned facilities, wind and other renewable energy sources are increasingly contributing to the generation of electricity consumed in the state.

Generation of Electricity by Fuel Type for Indiana Consumers in 2008



Generation of Electricity by Fuel Type for Indiana Consumers in 2017



DUKE ENERGY INDIANA

1. Gibson 3,132
2. Wabash River .... Retired
3. Cayuga 1,094
4. Edwardsport 595
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 45

HOOSIER ENERGY

13. Merom 982
14. Holland (IL) 312
15. Ratts .... Retired
16. Lawrence 176
17. Worthington 175

INDIANA MUNICIPAL POWER AGENCY

18. Georgetown 2&3 146
19. Trimble County (KY) 162
20. Anderson 139
21. Richmond 68
22. Whitewater Valley .... Inactive
39. Prairie State 200
0. Other Cities

INDIANA MICHIGAN POWER

23. Rockport 2,600
24. Cook (MI) 2,160
25. Tanners Creek .... Retired

INDIANAPOLIS POWER & LIGHT

18. Georgetown 1&4 150
26. Petersburg 1,715
27. Harding Street 628
28. Eagle Valley 671

NORTHERN INDIANA PUBLIC SERVICE COMPANY

29. Schahfer 1,780
30. Sugar Creek 535
31. Bailly 31
32. Michigan City 469
33. Mitchell .... Retired

VECTREN SOUTH

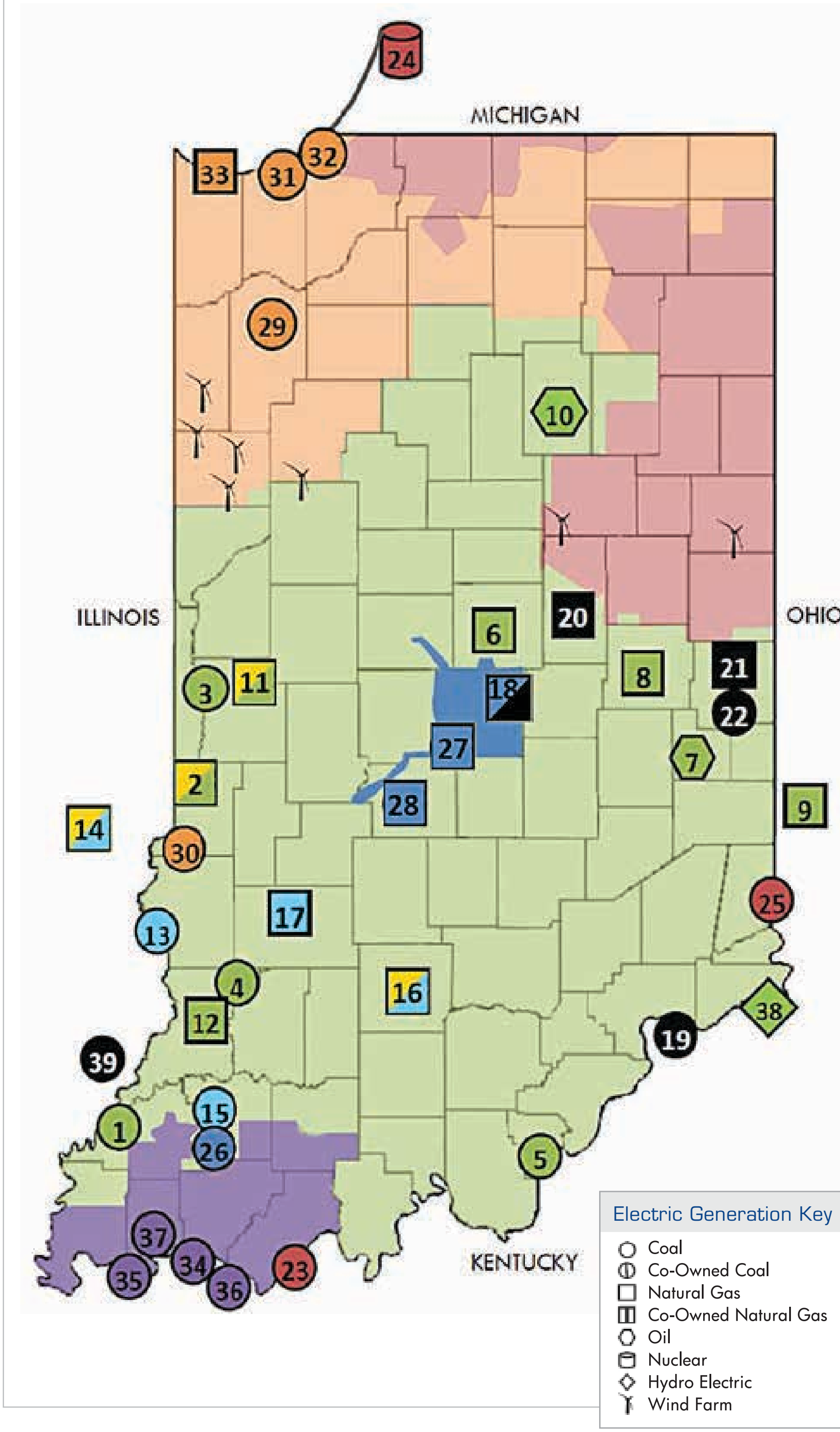
34. Warrick 150
35. Brown 640
36. Culley 360
37. Broadway/Northeast 85

WABASH VALLEY POWER

2. Wabash River Highland . 162
11. Vermilion 6-8 240
14. Holland (IL) 314
16. Lawrence 86

Electric Generation Serving Indiana (Summer MW Ratings)

The following map shows the electric generation plants owned by Indiana's five IOUs, IMPA, WVPA, and Hoosier Energy.



Coal Plant Retirements and Projected Unit Retirements

Indiana has seen a significant number of coal-fired generation units retire from 2010 to 2018. Twenty-five of the 60 coal-fired generation units in Indiana have retired. Of the 25 units to retire, only three of the retiring units were less than 50 years old. Environmental regulations caused a number of these units to retire earlier than might have otherwise been the case, but increasingly these units are retiring because they are no longer competitive in a power market with low natural gas prices.

Based on IRPs and other sources of information, Indiana utilities are planning to retire as many as 18 generation units between 2018 and 2024. Included in this total are seven oil-fired units, three natural gas-fired units, and eight coal-fired units. The oil and gas units all tend to be relatively small. It is important to remember that these are projected retirements, not definite.

Retired Coal Units Since January 1, 2010

Coal Unit (Year In-Service)	Owner	Summer Rating (MW)	Retire Date	Age at Retire Date
Edwardsport Unit 7 (1949)	Duke	45	01-01-10	61
Edwardsport Unit 8 (1951)	Duke	75	01-01-10	59
Mitchell Unit 5 (1959)	NIPSCO	125	09-01-10	51
Mitchell Unit 6 (1959)	NIPSCO	125	09-01-10	51
Gallagher Unit 1 (1959)	Duke	140	01-31-12	53
Gallagher Unit 3 (1960)	Duke	140	01-31-12	52
State Line Unit 1 (1929)	Merchant	197	01-31-12	83
State Line Unit 2 (1929)	Merchant	318	01-31-12	83
Ratts Unit 2 (1970)	Hoosier	121	12-31-14	44
Ratts Unit 1 (1970)	Hoosier	42	03-10-15	45
Tanners Creek Unit 1 (1951)	I&M	145	06-01-15	64
Tanners Creek Unit 2 (1952)	I&M	142	06-01-15	63
Tanners Creek Unit 3 (1953)	I&M	195	06-01-15	62
Tanners Creek Unit 4 (1956)	I&M	500	06-01-15	59
Eagle Valley 3 (1951)	IPL	40	04-15-16	65
Eagle Valley 4 (1953)	IPL	55	04-15-16	63
Eagle Valley 5 (1955)	IPL	61	04-15-16	61
Eagle Valley 6 (1956)	IPL	100	04-15-16	60
Wabash River Unit 2 (1953)	Duke	85	04-15-16	63
Wabash River Unit 3 ((1954)	Duke	85	04-15-16	62
Wabash River Unit 4 (1955)	Duke	85	04-15-16	61
Wabash River Unit 5 (1956)	Duke	95	04-15-16	60
Wabash River Unit 6 (1968)	Duke	318	04-15-16	48
Bailly Unit 7 (1962)	NIPSCO	160	05-31-18	56
Bailly Unit 8 (1968)	NIPSCO	320	05-31-18	50

Projected Coal, Natural Gas, and Oil Fueled Generating Unit Retirements

Generating Unit (Year In-Service)	Owner	Summer Rating (MW)	Fuel	Retire Date	Age at Retire Date
Connersville Units 1 and 2 (1972)	Duke	86.0	Oil	2018	46
Miami-Wabash Units 1-3, 5, 6 (1968)	Duke	80.0	Oil	2018	50
Gallagher Unit 4 (1961)	Duke	140.0	Coal	2022	61
Gallagher Unit 2 (1958)	Duke	140.0	Coal	2022	64
Bailly Unit 10 (1968)	NIPSCO	31.0	Nat. Gas	2023	55
RM Schahfer 17 (1983)	NIPSCO	361.0	Coal	2023	40
RM Schahfer 18 (1986)	NIPSCO	361.0	Coal	2023	37
Broadway Unit 2 (1981)	Vectren South	115.0	Nat. Gas	2024	43
Northeast Units 1 and 2 (1963, 1964)	Vectren South	20.0	Nat. Gas	2024	61
Warrick Unit 4 (1970, Note 1)	Vectren South	150.0	Coal	2024	54
FB Culley Unit 2 (1966)	Vectren South	150.0	Coal	2024	58
AB Brown Unit 1 (1979)	Vectren South	245.0	Coal	2024	45
AB Brown Unit 2 (1986)	Vectren South	245.0	Coal	2024	38
Note 1: 150 MW = SIGECO 50% share of Unit 4					

RENEWABLE ENERGY

Although it is still a small portion of the generation mix in Indiana, electricity generation from renewable energy sources continues to increase. In addition to net metering, utility-scale renewable generation facilities, and utility PPAs, the Commission has approved feed-in tariffs, which allow utilities to pay for renewable energy generated locally and to diversify their generation portfolios.

Renewable Generation Operating in Indiana

Resource Type	Installed MW	Percent of Total Installed MW
Wind	2,023.3	85.9%
Solar	254.1	10.8%
Hydro	58.1	2.5%

The ability to use batteries to store energy is likely to be a significant factor in the continued expansion of renewables. In Fiscal Year 2018, the Commission approved 4 battery projects in Indiana, including two battery projects for Duke and two battery projects for Vectren. IOUs currently operate or have proposed to operate the following battery projects in Indiana:

Duke's Camp Atterbury Project is a microgrid that consists of an approximately 2 MW solar-powered generating facility and an approximately 5 MW battery energy storage facility located on land at Camp Atterbury that is leased to Duke by the State of Indiana. The Camp Atterbury Microgrid will provide backup power to critical customer loads on the base. Duke's Nabb Battery will defer the need for a redundant 34.5 kV feeder, which had been planned to enhance reliability to the community of Nabb. The community of Nabb will be able to use the energy storage facility to provide backup power during an outage event.

Vectren's Highway 41 project includes a 2 MW ground mounted solar array and a 4 MWh battery. The battery will provide voltage support, renewable smoothing to minimize the variability of the solar supply on the grid as well as load shifting capability. Vectren's Urban Living Resource Center project (ULRC) consists of a rooftop solar facility generating approximately 300 kilowatts along with approximately 400 kWh of distributed and shared BESS at the ULRC with the goal of achieving a Net Zero energy building. The battery energy storage system for the ULRC will consist of approximately 25 residential battery storage systems within the living spaces. This project will enable Vectren to evaluate emerging technologies and the evolving needs of customers on an ongoing basis.

Indiana IOU Battery Projects

	Location	Battery Type	Output	Status
I&M	Churubusco, Whitley County	Sodium sulfur	12 MW	Operating
IPL	Indianapolis, Marion County	Lithium ion	20 MW	Operating
Duke	Camp Atterbury, Bartholomew County	Lithium ion	5MW	Operational in 2019
Duke	Naab, Clark/Scott Counties	Lithium ion	5 MW	Operational in 2019
Vectren	Highway 41 Facility, Vanderburgh County	Lithium ion	4 MW	May 2018 Construction Started
Vectren	Evansville, Vanderburgh County	Lithium ion	0.4 MW	Approved

Net Metering

Net metering is a service that allows customers to self-supply a portion of their electric usage by installing renewable energy facilities, such as wind turbines or solar panels, while also 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 of generation from the customer's net metering facility supplied to the utility, the difference is charged to the customer. If the amount the customer receives from the utility is less than the amount of generation delivered to the utility from the customer's net metering facility, the customer receives a credit on their next bill for the excess supply.

In 2011, the Commission revised the net metering rule through the formal rulemaking process. As a result, net metering was made available to all customer classes with energy production facilities with a capacity of 1 megawatt (MW) or less. Additionally, a utility could limit the total capacity under the net metering tariff to 1 percent of its most recent summer peak load. Increased participation followed the 2011 rule revision and continued through 2016. At the end of 2016, participation in net metering exceeded 1,100 customers statewide, with nearly 20 MW of total capacity.

In the 2017 legislative session, the Indiana General Assembly passed, and Governor Holcomb signed into law, SEA 309. The law increased the capacity of Indiana's net metering tariff by 50 percent of a utility's most recent summer peak load, from 1 percent in the Commission's administrative rule to 1.5 percent. Of that 1.5 percent, the law provides a 40 percent capacity reservation for residential customers and 15 percent reservation for organic waste biomass within net metering tariffs. The grandfathering provisions were most favorable to customers who installed net metering facilities before Dec. 31, 2017.

Customers who installed net metering facilities before Dec. 31, 2017, remain a net metering customer until July 1, 2047 (30 years), and customers who install facilities between Jan. 1, 2018, and June 30, 2022, or until the utility reaches 1.5 percent of its summer peak load (whichever is earlier) remain a net metering customer until July 1, 2032. Grandfathered customers will be credited at the retail rate (approximately 12 cents per kilowatt-hour (kWh) on average) for their excess electricity. After the grandfather periods end for qualified customers and for new customers who do not install distributed generation under the grandfather periods, they will be credited at the wholesale level (approximately 3 cents per kWh) plus 25 percent for excess electricity.

In order to assure a smooth process for new net metering customers who wanted to qualify for the first grandfather period, the Commission hosted a technical conference in July 2017 and received comments from stakeholders and business owners. The Commission then issued a general administrative order, GAO 2017-2, providing guidance regarding Indiana Code § 8-1-40-14 and the Commission rules, as well as setting expectations regarding the prompt handling of the net metering interconnection requests by the investor-owned electric utilities. The subsequent activity led to a significant increase in participation in net metering to nearly 2,000 customers statewide by the end of 2017, with over 49 MW of total capacity.

State Utility Forecasting Group

Ind. Code § 8-1-8.8-14 requires the State Utility Forecasting Group (SUFG), based at Purdue University, to conduct an annual study on the use, availability, and economics of using the clean energy resources listed in Ind. Code § 8-1-37-4(a)(1) through Ind. Code § 8-1-37-4(a)(6). The Commission may also direct the SUFG to study the use of additional clean energy resources in the state. The SUFG's 2017 Indiana Renewable Energy Resources Study is available on the SUFG's website at *https://www.purdue.edu/discoverypark/sufg/*.

Voluntary Clean Energy Portfolio Standard Program

Ind. Code chapter 8-1-37 established a voluntary program that provides incentives to participating electricity suppliers that supply specified percentages of clean energy to their Indiana retail electric customers. Each participating utility is required to submit a report on the following:

- Efforts made during the prior year to meet annual clean energy goals
- Amount of clean energy supplied to retail customers

- Amount of clean energy generated by facilities owned or operated by the utility
- Amount of clean energy purchased from other suppliers of clean energy
- Number of clean energy credits purchased by the participating utility

To date, no utilities have sought to participate in the Voluntary Clean Energy Portfolio Standard program.

INDIANA'S ELECTRICITY OUTLOOK

The SUFG was established by statute to provide an independent forecast of Indiana's electricity needs. In its 2017 biennial report, the SUFG projected slower growth in both electricity sales and peak demand compared to the previous forecast, particularly in the residential and commercial sectors. In contrast, industrial electricity sales are anticipated to grow slightly more rapid. The SUFG's Indiana Electricity Projections report is available on the Commission's website at *www.in.gov/iurc/2340.htm*. Indiana's electricity usage is projected to grow at an annual rate of 1.12 percent over the next 20 years, and peak electricity demand is expected to grow at an average rate of 1.01 percent annually, or about 230 MW of increased peak demand per year.

The SUFG's forecast predicts Indiana electricity prices will continue to rise in real (inflation adjusted) terms through 2023 and then slowly decrease afterwards. Construction costs related to new generating facilities and extension of the useful life of existing generating facilities are factors contributing to higher electricity prices. Many aging coal-fired units are facing retirement or earlier-than-expected shutdown in the next several years due to increasingly stringent environmental regulations and market forces. As a result, the current decade (2010 to 2020) is expected to have far greater construction of new generation than either of the prior two decades. Additionally, retrofit work necessary to achieve compliance with rules such as the United States Environmental Protection Agency's (U.S. EPA's) Mercury and Air Toxics Standards (MATS) put significant pressure on electricity prices.

The Statewide Analysis of Future Resource Requirements

The 2018 Report on the Statewide Analysis of Future Resource Requirements for Electricity (Statewide Analysis) was prepared by Commission staff for the Governor and Indiana General Assembly in conformity with Indiana Code § 8-1-8.5-3. The annual reports on the Statewide Analysis will be an ongoing, evolving process that is not a statewide energy plan and does not set policy or make determinations, but rather provides information and the results of modeling and other analysis through reports each year. To develop this year's report, Commission staff reviewed the information provided in Indiana electric utilities' IRPs from 2015 to 2017, the SUFG's 2017 forecast, the EIA, MISO, PJM, and other information sources, to identify trends and major drivers of future electricity needs and resources.

Indiana's electricity needs are projected to increase at a slow rate of between 0.1 percent and 1.12 percent each year over the next 20 years. Electricity demand has shown very low projected growth rates. The low-growth rates are attributed to increasing efficiency of electrical appliances (including LED lighting and improved appliance technologies) and industrial and commercial efficiencies for larger electricity users. Growth is also affected by economic swings and demographic changes.

Taking into account plant retirements, the generation and/or other resources required to meet Indiana's future needs are: 3,600 megawatts (MW) by 2025, 6,300 MW by 2030, and 9,300 MW by 2035. The utilities project adding combinations of natural gas, wind, solar, biomass, and hydro, as well as maintaining and improving customer energy efficiency and demand response programs. Indiana electric utilities have gained efficiencies through membership and participation in RTOs, which provide economic dispatch of generation resources at the wholesale market level and access to resources over a broad region, thereby lowering overall costs to Indiana ratepayers.

Indiana's resource mix is continuing to change. This change is being largely driven by market forces propelled by lower natural gas prices. Other factors influencing the resource mix include cost increases to historical resources driven by federal environmental regulations, lower costs of renewable energy resources, energy efficiency, and demand response. The paradigm change in the natural gas markets caused by hydraulic fracturing (fracking) has resulted in lower prices and reduced price volatility, and future projections show continued significant natural gas reserves. The cumulative effects of federal environmental regulations over decades have imposed significant costs on coal-fired generation while reducing emissions. In the IRPs, it is clear that the ongoing and future environmental costs pale in significance to the projections of low natural gas costs as a driver of future resource decisions. The result is the retirement of some older, smaller, less-efficient coal-fired power plants. Additionally, the lower costs of renewable resources, such as solar and wind, further change Indiana's generation portfolio. Finally, distributed energy resources and new technologies will continue to have an effect on the resource mix composition. The full Statewide Analysis can be found on the Commission's website at *https://www.in.gov/iurc/3011.htm*.

The Impact of Federal Environmental Regulations

The impact of federal environmental regulations is greater in Indiana than in most other states because of Indiana's historical use of coal. Coal-fired power plants generated 65 percent of the projected electric generation by fuel type for Indiana customers in 2017, down from approximately 87 percent in 2008. Nationally, about 30 percent of electricity is generated from coal, down from 45 percent in 2010, according to 2017 EIA data.

Complicating the electric utilities' planning for compliance with federal environmental regulations is the number of newer regulations and uncertainty regarding what the final rules will require. Some of the regulations include:

- The U.S. EPA's Cross State Air Pollution Rule (CSAPR), which was upheld by the U.S. Supreme Court in 2014. The U.S. EPA proposed an update to the CSAPR, and the update became effective May 2017.
- The U.S. EPA's Mercury and Air Toxics Standards (MATS) was promulgated in 2012, upheld by the U.S. Court of Appeals for the District of Columbia Circuit in 2014, and then remanded back to the District of Columbia Circuit by the U.S. Supreme Court in 2015. In April 2016, the U.S. EPA issued a final finding that it is appropriate and necessary to set standards for emissions of air toxics from coal-fired and oil-fired power plants. The EPA's final rule is currently being challenged in the D.C. Circuit; however, the D.C. Circuit Court is holding the proceeding in abeyance pending additional action of the EPA. The MATS rule remains in effect pending the outcome of these proceedings, meaning that all affected sources must continue to meet the rule requirements.
- The implementation of the U.S. EPA's Clean Power Plan was stayed by the U.S. Supreme Court in February 2016 pending judicial review by the U.S. Court of Appeals for the District of Columbia Circuit. In April 2017, the U.S. Court of Appeals for the District of Columbia Circuit granted the U.S. EPA's request to suspend lawsuits against the Clean Power Plan. As of August 1, 2017, it appears the U.S. EPA plans to replace the broadly scoped Clean Power Plan with a narrower rule requiring generators to make plant-specific thermal efficiency improvements to coal-fired facilities. At time of writing this report, the U.S. EPA has proposed to repeal the rule and has issued an advanced notice of proposed rulemaking to collect feedback on what should be included in a replacement rule. The comment period for both actions is closed.

Environmental Compliance Actions of Indiana's Investor-Owned Utilities' Generating Units (2010-2020)	
UTILITY	POLLUTION CONTROL TECHNOLOGY
DUKE	• CPCN granted for dry sorbent injection (DSI) technology at Gallagher Units 2 & 4. Estimated cost $16 million. IURC Cause No. 43873, Sept. '10. • CPCN granted for selective catalytic reduction (SCR) systems at Cayuga Units 1 & 2 and mercury control systems at all five Gibson units and Gallagher Units 1 & 2. Estimated cost $395 million. IURC Cause No. 44217, Apr. '13. • CPCN granted for particulate matter continuous emission monitoring systems, calcium bromide injection systems, and stack improvements at the Gibson and Cayuga Stations. Estimated cost $113 million. IURC Cause No. 44418, Aug. '14. • CPCN granted for CCR compliance projects at Gibson and Cayuga stations. Estimated cost $365 million. IURC Cause No. 44765, May '17.
I&M	• CPCN granted for selective non-catalytic reduction systems at Tanners Creek Units 1, 2, & 3. Estimated cost $36 million. IURC Cause No. 43636, Apr. '09. • CPCN granted for DSI technology at Rockport Units 1 & 2. Estimated cost $258 million. IURC Cause No. 44331, Nov. '13. • CPCN granted for SCR system on Rockport Unit 1. Estimated cost $234 million. IURC Cause No. 44523, May '15.
IPL	• CPCN granted for electrostatic precipitator enhancements/upgrades, flue gas desulfurization upgrades, and monitoring devices at Petersburg Units 1 – 4 and Harding St. Unit 7. Estimated cost $511 million. IURC Cause No. 44242, Aug. '13. • CPCN granted to construct a 550–725 MW combined cycle gas turbine generation facility and to convert Harding St. Units 5 & 6 to natural gas. Estimated cost $667 million. IURC Cause No. 44339, May '13. • CPCN granted for the conversion of Harding St. Unit 7 to natural gas and for various National Pollutant Discharge Elimination System projects. Estimated cost $332 million. IURC Cause No. 44540, July '15. • CPCN granted for National Ambient Air Quality Standards (NAAQS), ELG, and CCR compliance projects at Petersburg station. Estimated cost $76 million. IURC Cause No. 44794, Apr. '17.
NIPSCO	• CPCNs granted for environmental controls at Schahfer Units 14, 15, 17, & 18; Michigan City Unit 12; and Bailly Units 7 & 8. Total estimated cost $798 million. IURC Cause No. 44012, Sept '11 (Phase I), Feb. '12 (Phase II), and Sept. '12 (Phase III). • CPCN granted for environmental controls at Bailly Units 7 & 8 and Michigan City Unit 12; and for MATS compliance at Schahfer Units 14, 15, 17, & 18. Estimated cost $59 million. IURC Cause No. 44311, Oct. '13. • CPCN requested for NAAQS, ELG, and CCR compliance projects. Estimated cost $188 million. IURC Cause No. 44872, Dec. 2017.
VECTREN SOUTH	• CPCN granted for clean energy and compliance projects. Estimated cost $89 million. IURC Cause No. 44446, Jan. '15. • CPCN requested for ELG and CCR compliance projects for Culley Unit 3. Estimated cost $95 million. IURC Cause No. 45052, pending.

- The U.S. EPA's final Disposal of Coal Combustion Residuals from Electric Utilities rule became effective in October 2015. The rule establishes a comprehensive set of requirements for the disposal of coal combustion residuals (CCR), commonly known as coal ash, from coal-fired power plants. On March 1, 2018, the U.S. EPA issued proposed amendments to the CCR rule. In general, the proposed changes would give states more ability to manage coal ash issues and incorporate new legislation titled the Water Infrastructure Improvements for the Nation Act, or WIIN Act. This legislation, passed in December 2016, allows states to establish their own coal ash mitigation plans if the plans are approved by the U.S. EPA and are at least as stringent as the federal rule. The final rule was sent on July 17, 2018, by the EPA to be published in the Federal Register.
- In September 2015, the U.S. EPA finalized its Steam Electric Power Generating Effluent Limitations Guidelines rule (ELG), which includes requirements for wastewater from power plants, including ash handling and scrubber wastewaters. However, in June 2017, the U.S. EPA granted the petitions for administrative reconsideration of the final rule and has postponed impending deadlines until the reconsideration is complete. The U.S. EPA now plans to issue a proposed rulemaking in December 2018 on effluent guidelines with the rule changes finalized in December 2019.

Citing the administrative delay and reconsideration by the U.S. EPA on the ELG rule, NIPSCO withdrew part of its request to install environmental compliance projects to comply with the rule. This could be considered one of the first effects of the Trump Administration's regulatory rollback. The final Commission order was issued December 13, 2017, in Cause No. 44872.

TRANSMISSION

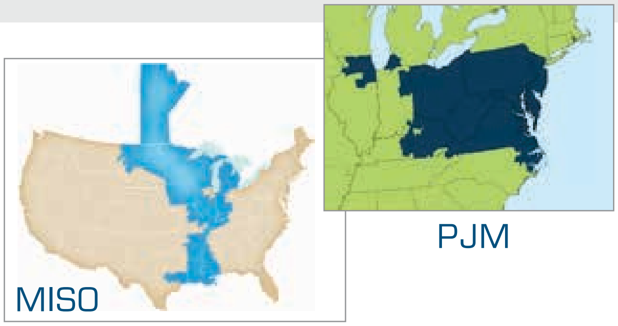
Participation in regional transmission organizations (RTOs) by Indiana electric utilities provides a number of benefits for Indiana's electric customers. In addition to greater reliability, RTOs provide lower costs through more efficient regional transmission planning than is possible when individual utilities act alone. The vast regional scope of 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 Wisconsin has more moderate weather, which allows a portion of Indiana's demand to be satisfied with relatively lower-cost and available Wisconsin resources.

In addition, RTOs operate markets to achieve their reliability goals. These markets enable customers to realize the lowest possible wholesale energy prices while ensuring reliability. Two RTOs operate in Indiana: the Midcontinent Independent System Operator, Inc. (MISO) and PJM Interconnection, LLC (PJM). FERC regulates these organizations, and Commission staff closely monitors developments in each RTO's stakeholder processes.

Characteristics of the Regional Transmission Organizations Serving Indiana

RTO Characteristics	MISO	PJM
Participating Indiana Utilities	Duke, NIPSCO, IPL, Vectren, Hoosier Energy, IMPA, and WVPA	AEP (including its Indiana subsidiary I&M), IMPA, and WVPA
Transmission Lines	65,800 miles	84,042 miles
Generation Capacity	173,793 MW	178,563 MW
Annual Billings	$25.3 billion	$40.17 billion
Headquarters	Carmel, Indiana	Audubon, Pennsylvania

Regional Transmission Organizations



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 range of 15 percent to 20 percent. However, with the development of RTOs, the necessary level of reserve margins has fallen compared to what individual utilities would have to maintain if they were not in an RTO. The comparatively reduced reserve margins reflect one of the benefits of more efficient regional coordination.

Electric Grid Resiliency

On September 29, 2017, U.S. Department of Energy (DOE) Secretary Rick Perry proposed a new rule to require the organized wholesale electric markets to develop and implement reforms that would fully price select generation resources necessary to maintain the reliability and resiliency of the nation's electric grid. According to the DOE, its proposed rule was designed to ensure the diversity and reliability of generation supply, boost the resilience of our grid against outages, and maximize reserve resource capacity for times of unusually high demand, including severe weather events. Under U.S. law, the disposition of DOE's proposed rule was up to FERC.

On January 8, 2018, FERC terminated the proceeding it had initiated to consider the DOE proposed resilience rule, and began an administrative docket (Docket No. AD18-7-000) on grid reliability and resilience pricing. This docket will holistically examine the resilience of the bulk power system. FERC stated that it recognized that it must remain vigilant with respect to resilience challenges, because affordable and reliable electricity is vital to the country's economic and national security. FERC's action directed the operators of the regional wholesale power markets to provide information as to whether FERC and the markets need to take additional action on resilience of the bulk power system. The goals of this proceeding are to develop a common understanding among FERC, industry and others of what resilience of the bulk power system means and requires, to understand how each regional transmission organization and independent system operator assesses resilience in its geographic footprint, and to use this information to evaluate whether additional FERC action regarding resilience is appropriate.

ENERGY DIVISION–NATURAL GAS

NATURAL GAS

REGULATORY RESPONSIBILITY

In Indiana, the Commission regulates the rates, charges, and terms of service for intrastate pipelines and local gas distribution companies (LDCs). The Commission reviews gas cost adjustments (GCAs), financial arrangements, and 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.

The Commission has full regulatory authority over 17 natural gas distribution utilities in Indiana whose 2017 annual operating revenues total $1.6 billion *(See Appendix J)*. These utilities maintain plants in service of approximately $5.7 billion and serve roughly 1.8 million customers. Of the utilities regulated by the Commission, one is a not-for-profit, one is a municipality, and 15 are investor-owned utilities (IOUs). Citizens Gas, Northern Indiana Public Service Company (NIPSCO), Indiana Gas Company, Inc. (also known as Vectren North), and Southern Indiana Gas and Electric Company (also known as Vectren South), represent the four largest natural gas utilities in the state and collectively serve 95 percent of the state's natural gas customers. *See Appendix K* for lists of gas utilities under Commission rate jurisdiction.

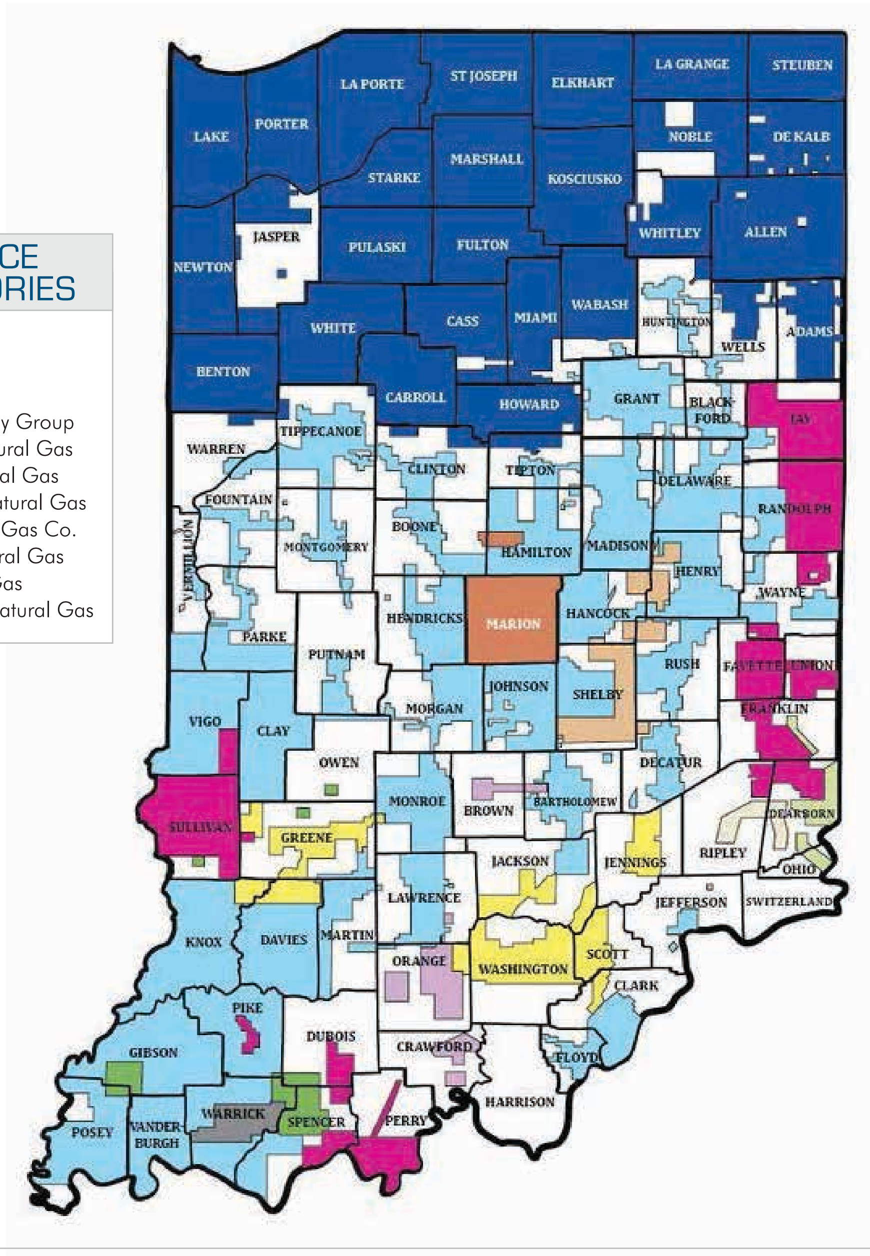
Investor-Owned Utilities

IOUs are for-profit enterprises funded by debt (bonds) and equity (stock). The largest natural gas IOUs regulated by the Commission are NIPSCO and Vectren Corporation.

- NIPSCO is a subsidiary of NiSource, Inc., headquartered and based in Merrillville, Indiana. The natural gas utility serves 736,800 customers in northern Indiana.
- Vectren Corporation is headquartered and based in Evansville, Indiana and operates two separate entities: Vectren North and Vectren South. The natural gas utility serves 596,100 customers in central and southern Indiana through Vectren North and an additional 112,000 customers in southwestern Indiana through Vectren South.

The Commission has jurisdiction over a number of smaller LDCs that serve Indiana residents. For a complete listing, see *Appendix K*.

Natural Gas Service Territories



SERVICE TERRITORIES

- NIPSCO
- Vectren
- Sycamore
- Citizens Energy Group
- Boonville Natural Gas
- Indiana Natural Gas
- SE Indiana Natural Gas
- Fountaintown Gas Co.
- Midwest Natural Gas
- Ohio Valley Gas
- Community Natural Gas

Merger of CenterPoint Energy and Vectren

On April 21, 2018, CenterPoint Energy and Vectren Corporation entered into an agreement to merge, whereby Vectren will become a wholly-owned subsidiary of CenterPoint Energy. The merger is valued at approximately $6 billion. Assuming the receipt of all regulatory approvals, the merger is expected to close by the first quarter of 2019. Because this is a holding company-level transaction, the Commission does not have statutory authority regarding the approval of the merger. The merger has been approved by the Federal Communications Commission and the waiting period under the Hart-Scott-Rodino Act has terminated. The proposed merger was approved by Vectren shareholders on August 28, 2018, and must still be approved by the Federal Energy Regulatory Commission (FERC). No parties have intervened in the proceeding at the FERC. If approved, the combined company would serve 4.5 million gas utility customers and 2.5 million electric utility customers in eight states and maintain operations across more than three dozen states, with assets totaling $29 billion.

Municipal Utilities

Citizens Gas is a public charitable trust that is treated as a municipality for regulatory purposes and serves 270,800 customers primarily in the Indianapolis metropolitan area. The remainder of the municipal gas utilities have elected to withdraw from Commission jurisdiction over their rates and charges and the issuance of stocks, bonds, and other evidence of indebtedness under Ind. Code § 8-1.5-3-9. However, the withdrawn utilities still remain under the jurisdiction of the Commission's Pipeline Safety Division.

SUPPLY AND DEMAND

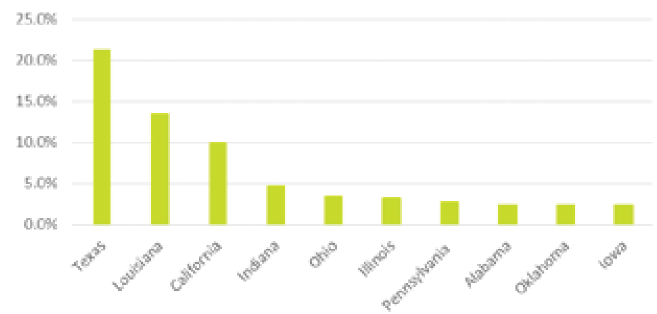
Indiana's LDCs serve three types of customers: residential; commercial; and industrial. In 2017, Indiana's residential customers consumed slightly less than 124 million dekatherms (Dth) – about 17% of the state's total gas consumed by all customers, according to the U.S. Energy Information Administration (EIA). Commercial customers used in excess of 75 million Dth in 2017 (10% of total gas consumed). Industrial customers consumed 369 million Dth in 2017 (about 50% of gas consumed in Indiana) and the third most in the nation. Electric utilities used 152 million Dth in 2017 which is about 21% of the total natural gas delivered to customers in Indiana. Out of the 24,794 million Dth consumed in the United States in 2017, Indiana ranked fourth (behind Florida, New York, and Michigan) with slightly less than 720 million Dth, according to the EIA.

In 2017, information from the EIA suggests residential and industrial customers used slightly less natural gas than in 2016. Residential use decreased from 125 million Dth in 2016 to 124.6 million Dth in 2017 while industrial customers' usage declined from 371 million Dth in 2016 to 369 million Dth in 2017. Natural gas used by electric utilities declined from 158 million Dth in 2016 to 152 million Dth in 2017. In contrast, commercial customers slightly increased their natural gas use in 2017 to 75.4 million Dth from 74.1 million Dth in 2016. Natural gas for vehicles also increased their use from 99 million Dth in 2016 to 102 million Dth in 2017. Nationally, total natural gas consumption decreased slightly from 27,486 million Dth in 2016 to 27,090 million Dth in 2017.

Drivers of Demand

The complex interactions of national and global natural gas and oil prices, economic growth, and weather are the primary factors driving demand for natural gas. Because natural gas today is less expensive than coal, natural gas-fired generation is displacing some of the primarily older, smaller, and less efficient coal-fired fleet as a fuel source for electric generation. The price difference between coal and natural gas is projected to remain, which may result in a significant shift in Indiana's resource mix as well as the resource mix for the region and the nation.

Top 10 States for Industrial Consumption Percentage of Total National Industrial Consumption (2016)



*Information from EIA for 2016. Information for 2017 was not available for Texas.

In 2017, overall demand for natural gas decreased by 1.4%. This was one of only two years in the last 10 years that natural gas consumption has decreased. Overall, natural gas demand has increased 24% from 2005 to 2017. The growth was primarily due to increased sales to electric utilities, according to EIA. Nationally, according to EIA's Annual Energy Outlook (AEO 2018), the industrial sector is expected to be the largest consumer of natural gas. Natural gas used for electric power generation generally increases over the projection period but at a slower rate than in the industrial sector. This growth is supported by the scheduled expiration of renewable tax credits in the mid-2020s. Natural gas consumption in the residential and commercial sectors remains largely flat because of efficiency gains and population shifts that counterbalance demand growth. Although natural gas use rises in the transportation sector, particularly for freight and marine shipping, it remains a small share of total natural gas consumption, and natural gas remains a small share of transportation fuel demand.

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) in the last decade. While coal-bed methane continues to decline through 2050 because of unfavorable economics, off-shore gas production is projected to stay nearly flat over the 50-year horizon as production from new discoveries generally offset declines in current fields. Finally, technological advancements in industry practices are expected to lower costs and increase the volume of oil and natural gas. Taken as a whole, these production factors will continue to overwhelm swings in demand leading to relatively stable and low prices relative to coal, according to the EIA's AEO 2018.

Other developments affecting the supply in the long term include FERC approvals for liquefied natural gas (LNG) facilities including LNG export terminals which, according to EIA, will result in the United States becoming a net exporter of natural gas. After 2030, EIA is projecting a rapid increase in LNG exports and increased imports from Mexico to displace the LNG exports. Canadian imports are expected to remain stable for a few more years before declining.

LNG Exports

As stated previously, EIA projects the United States will be a net exporter of natural gas by about 2040. Again, it is important to be mindful that the price and demand dynamics for natural gas, both domestically and internationally, are very complex and nuanced (e.g., subject to changes in public policy, international trade policies, economic conditions, etc.), which makes it difficult to project future conditions.

Historically, most liquefied natural gas (LNG) was traded under long-term, oil price-linked contracts, in part because oil could substitute for natural gas in industry and for power generation. However, as the LNG export market expands, contracts are expected to change with weaker ties to oil prices, especially in the United States. Thus, LNG exports will increasingly be less sensitive to the oil-to-natural gas price relationship. If the current price discrepancies between the U.S. and European Union markets persists, the price differences gives U.S. natural gas producers the opportunity to increase profits by exporting LNG.

According to FERC, which regulates LNG export facilities under Section 3 of the Natural Gas Act, U.S. LNG exports jumped from virtually zero in 2015 to an average of 635 million cubic feet per day (MMcfd) in 2016. As of July 2, 2018, there are three LNG export terminals. Construction is underway at five LNG export terminals, and there are four additional LNG export terminals that have been approved by FERC as of July 2, 2018.

PRICING AND ECONOMICS

Over the last 10 years, Indiana has consistently performed well in comparison with other states for residential and commercial delivered (bundled) gas prices. Gas moves through the transmission system to 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 the city gate to the customer's facilities).

Based upon the most recent data from the EIA, Indiana had the 6th lowest average residential gas prices nationally and

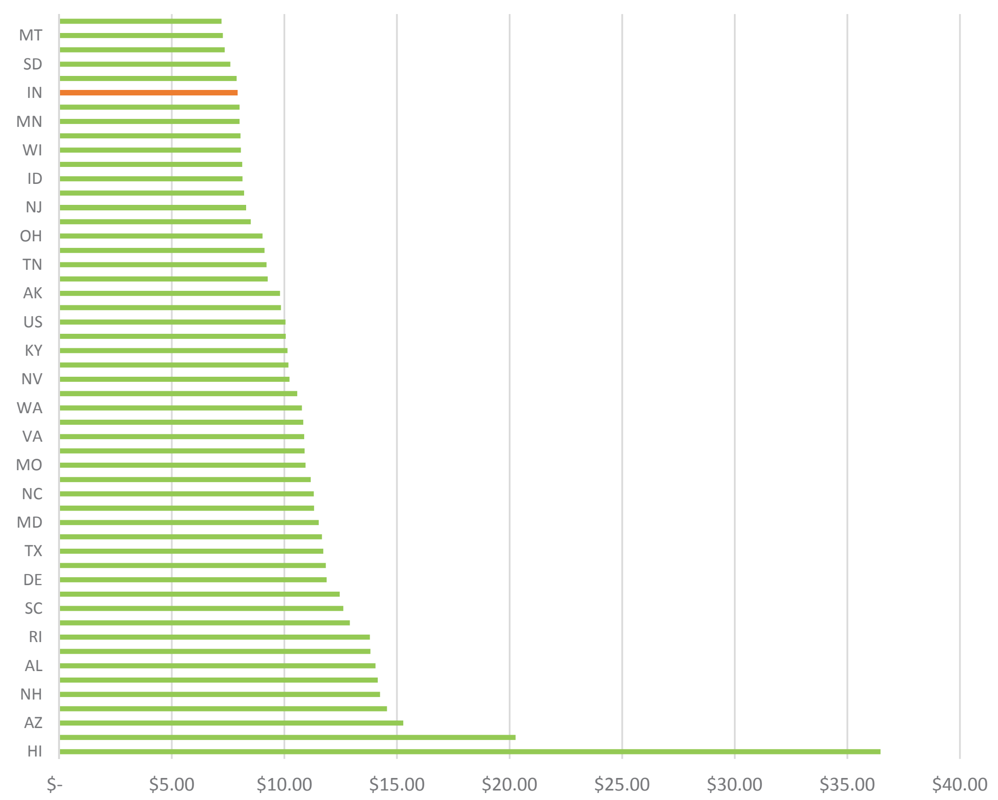
4th lowest average residential gas prices in the Midwest (i.e., Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin) in 2016. The state average residential gas price decreased from $8.92 per thousand cubic feet in 2015 to $7.92 per thousand cubic feet in 2016. These prices are higher than the commonly referenced Henry Hub commodity cost of approximately $2.49/Mcf because they are retail prices which include costs for pipeline transportation, storage, and local delivery in addition to the basic commodity charge for natural gas. Neighboring states' average residential retail rates per thousand cubic feet for 2016 are as follows: Illinois – $7.88, Kentucky – $10.14, Michigan – $8.21, and Ohio – $9.03.

Indiana had the 12th lowest average commercial natural gas prices nationally and 8th lowest average commercial natural gas prices in the Midwest for 2016. Indiana's 2016 average commercial price was $6.55 per thousand cubic feet, which is lower than the 2015 average price of $7.61 per thousand cubic feet. Neighboring states' average commercial retail rates for 2016 were as follows: Illinois– $7.14, Kentucky – $7.89, Michigan – $6.90, and Ohio – $5.74 per thousand cubic feet.

In 2016, Indiana average industrial gas prices decreased to $4.99 per thousand cubic feet from $6.36 per thousand cubic feet in 2015. Neighboring states' average industrial retail rates for 2016 were as follows: Illinois – $5.03, Kentucky – $3.77, Michigan – $5.75, and Ohio – $4.81 per thousand cubic feet.

Note that the data used in this section was the most recent complete data available as of July 1, 2018. Therefore, the analysis is based on 2016 statistics. Once the information is updated by the EIA, 2017 data will be available at the EIA's website for residential, commercial, and industrial prices at *www.eia.gov*.

2016 State Residential Gas Prices
($/thousand cubic ft.)



Impact of the Tax Cuts and Jobs Act of 2017

On December 22, 2017, President Donald Trump signed into law the Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA contained provisions reducing the corporate tax rate of 35 percent to 21 percent and revising the federal tax structure.

As a result of the TCJA, the Commission initiated an investigation into the rates of all jurisdictional, investor-owned utilities. The Commission received 17 filings from natural gas utilities to change rates due to the TCJA. While there are still pending cases before the Commission involving the tax investigation, **as of August 31, 2018**, the Commission has approved annual reductions to base rates and charges of **more than $26 million** for natural gas utility customers. More information can be found in *Appendix L*.

Rate Adjustment Mechanisms

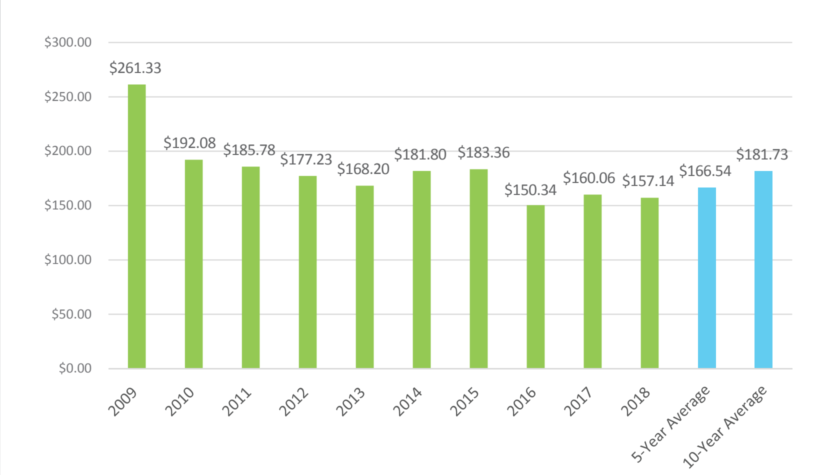
When natural gas utilities incur costs beyond their control (e.g., federal regulations and market price volatility), they typically occur outside the timeframe of a rate case. For natural gas utilities to recover these costs in a timely manner, state law allows them to petition the Commission for approval of a rate adjustment mechanism to recover costs incurred beyond their control.

A rate adjustment mechanism assists in the timely recovery of costs, which improves the financial health of the utility. Before costs are passed on to customers, the Indiana Office of Utility Consumer Counselor reviews the underlying support for the requested rate adjustment and may provide evidence supporting or contesting the request in proceedings. The Commission considers the evidence submitted by all parties before rendering a decision.

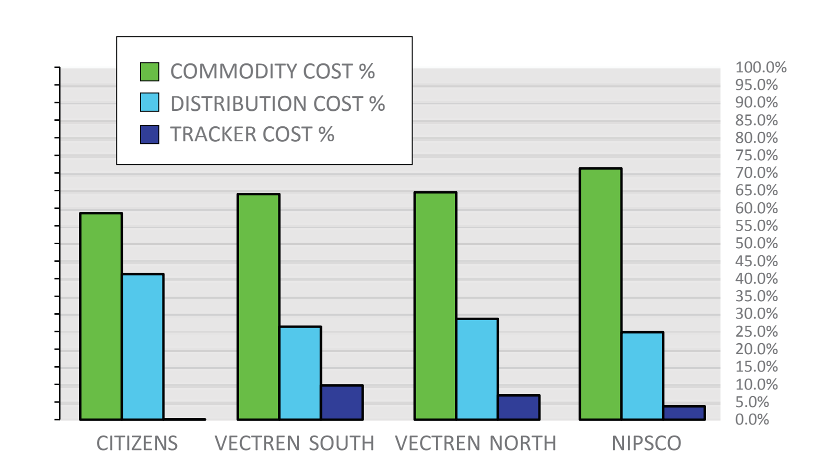
Residential Gas Bills

Natural gas residential customers typically paid slightly lower prices for natural gas in 2018 than in 2017. In 2017, a residential customer using 200 therms would have received a bill for $160.06. In 2018, this bill would have decreased slightly to $157.14. Bills in 2018 are lower than the five-year industry average of $166.54. In addition to the following chart, residential natural gas bill survey information is located in *Appendices M and N*.

Residential Gas Bill Comparison 2009-2018



Breakdown of Residential Billing Components for the Four Largest Natural Gas Utilities



The cost of the actual natural gas commodity accounts for a majority of a customer's bill. On average, gas usage accounts for approximately 65 percent, while distribution costs account for approximately 30 percent. Rate adjustment mechanisms approved by the Commission account for approximately 5 percent of a customer's monthly gas bill.

Utilities do not profit from the gas commodity portion of customers' bills because the cost of gas is a dollar-for-dollar pass-through. 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 that its purchases were prudent. This means utilities must make reasonable efforts to mitigate price volatility, which includes having a program that considers current and forecasted market conditions and the price of natural gas. One way to achieve this is by having a diversified portfolio (i.e., a balance of purchases such as fixed, spot market, and storage gas).

INFRASTRUCTURE

To transport natural gas to end-use customers, utilities maintain thousands of miles of transmission 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 needs to be replaced, the type of material used (e.g., bare steel, cast iron, or 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 includes 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 when they were installed decades ago. Consequently, corrosion and leaks have developed over time. To enhance reliability and safety, many utilities now use plastic pipe for their distribution systems.

Age Profile

Indiana's natural gas infrastructure consists of more than 75,000 miles of intrastate pipelines, which have been placed in service over the past 80-plus years. Included in this total are more than 41,000 miles of distribution mains that transport gas within a given service area to points of connection with pipes serving individual customers. Slightly more than 50 percent of the state's distribution mains are at least 30 years old. Also included in the state's infrastructure are approximately 1,800 miles of transmission lines that transport gas from a source(s) 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 connections. Just over 61 percent of the state's transmission mains are at least 40 years old.

Federal guidelines for integrity management require that operators, including LDCs, and pipeline companies make every effort to assess threats to their pipelines. The replacement of aging infrastructure continues to be a focus, as demand for service connections continues to increase. Enacted in 2013, Senate Enrolled Act 560 provides for the costs of replacing aging gas transmission and distribution pipelines, as well as the expansion of gas pipelines to certain unserved areas. These costs are to be recovered through a rate adjustment mechanism called the transmission, distribution, and storage system improvement charge (TDSIC).

As a result of the TDSIC filings, the Commission has approved the replacement of a significant amount of aging infrastructure.

Transmission Lines vs. Distribution Lines Comparison

Age	Transmission Lines		Distribution Mains	
Years Old	Miles	% of Total	Miles Mains	% of Total
80+	0.09	0.01%	519	1.25%
70-80	14	0.77%	318	0.77%
60-70	260	14.69%	2,310	5.58%
50-60	605	34.23%	7,498	18.10%
40-50	200	11.31%	4,237	10.23%
30-40	212	11.98%	5,921	14.30%
20-30	235	13.29%	7,734	18.67%
10-20	161	9.09%	5,484	13.24%
0-10	66	3.74%	3,252	7.85%
Unknown	16	0.90%	4,144	10.00%
Total	**1,768**	**100.00%**	**41,415**	**100.00%**

TDSIC Update

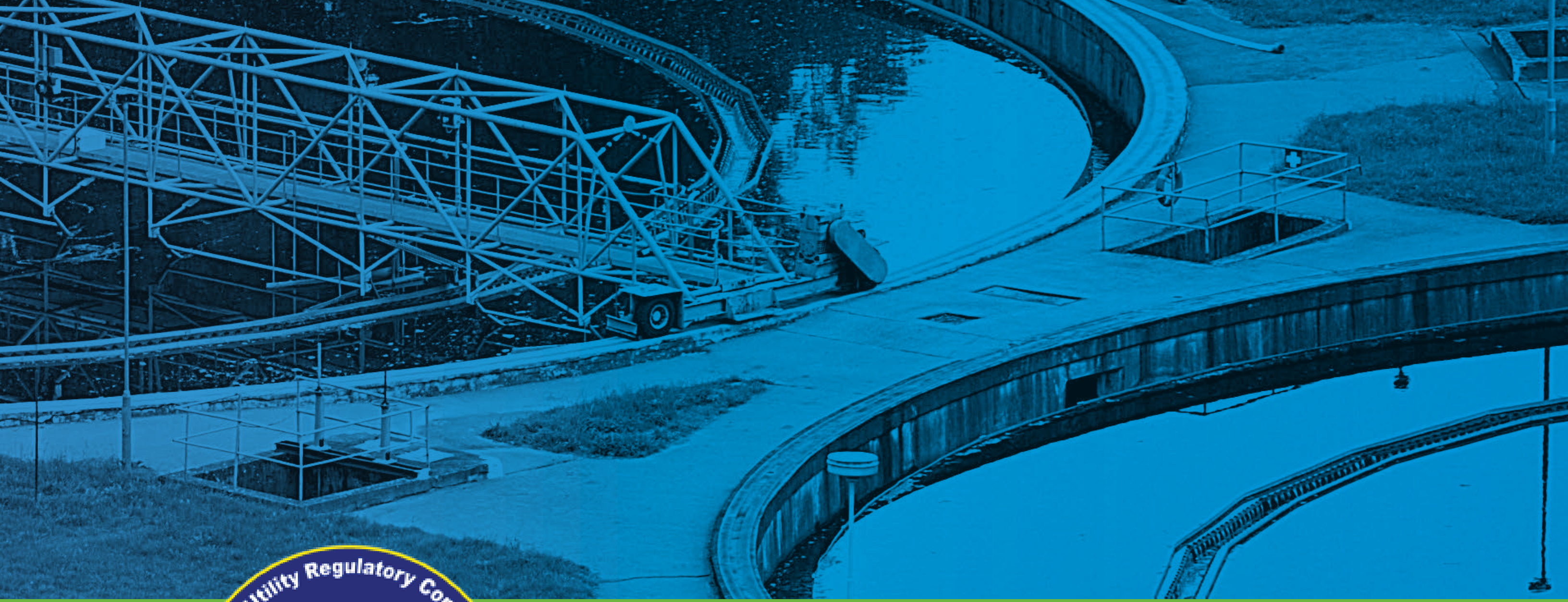
TDSIC plans include projects to upgrade infrastructure over a seven-year time period. After the Commission approves the initial plan, utilities file updated plans for additional review. The table below shows that current TDSIC plans have been approved to invest a total of $1.1 billion in eligible projects.

TDSIC Currently Approved Plans

Utility Name	7-year Plan Approved Investment Amount*	Investment Amount Included in Rates to Date	Percent of Approved Amount in Rates
NIPSCO	$849,563,985	$405,150,049	47.7%
Vectren North*	$240,909,077	$146,154,344	60.7%
Vectren South*	$35,057,083	$18,506,626	52.8%
Community Natural Gas	$2,766,924	$1,995,824	72.1%
Midwest Natural Gas	$2,305,807	$0	0.00%
Total	$1,130,602,876	$571,806,843	50.6%

*The numbers for Vectren North and Vectren South differ from last year's numbers because the numbers last year included non-TDSIC costs that are also recovered through the TDSIC rider. The numbers for this year only include TDSIC costs.

WATER AND WASTEWATER DIVISION



WATER AND WASTEWATER DIVISION

REGULATORY RESPONSIBILITY

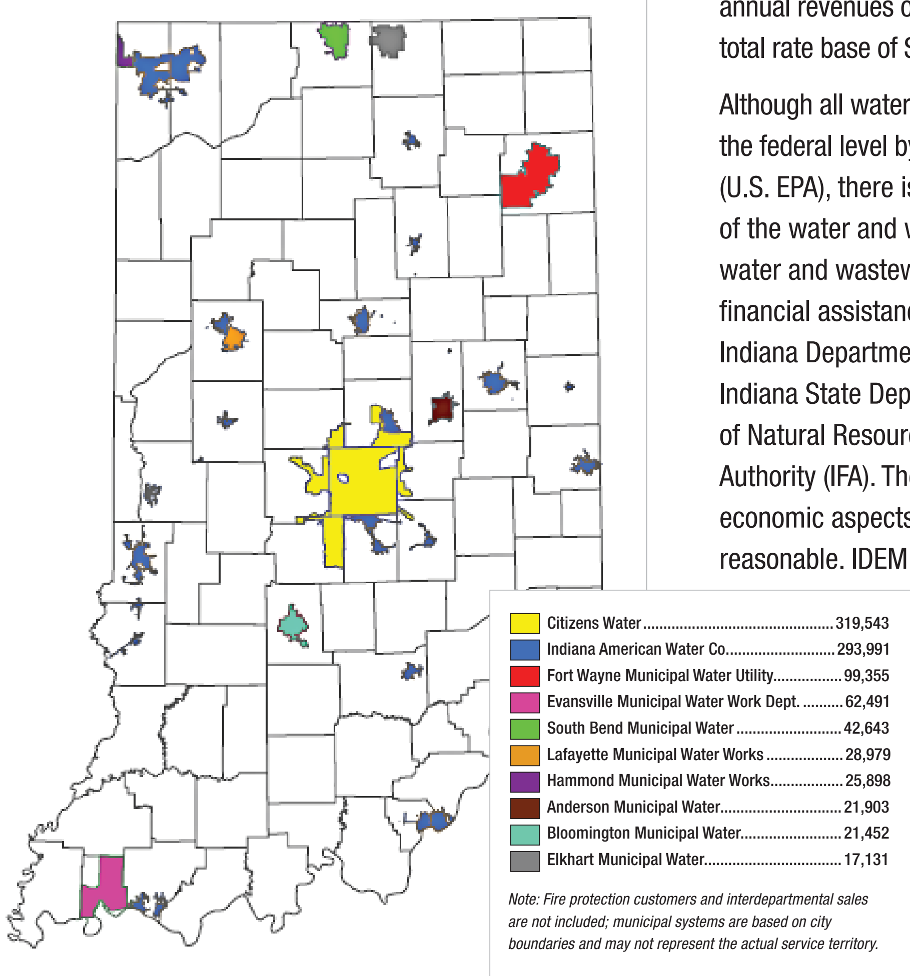
The Commission regulates only a fraction of the state's water and wastewater utilities (as of July 1, 2018, 77 of the 527 water utilities and 33 of the 551 wastewater utilities). As shown below, regulated water and wastewater utilities exhibit a variety of legal forms. The legal form of a utility determines the existence and extent of the Commission's regulatory authority. Although many water and wastewater utilities initially were fully regulated, state statute allows certain utility types to withdraw from the Commission's rate jurisdiction. For other water and wastewater utilities, the Commission has limited or no regulatory authority.

Jurisdictional Water & Wastewater Utilities

Type of Utility	Number of Jurisdictional Utilities
Municipal Water	27
Not-For-Profit Water	25
Investor-Owned Water	4
Conservancy District Water	6
Water Authority	3
Not-For-Profit Wastewater	6
Investor-Owned Wastewater	15
Not-For-Profit Water/Wastewater	3
Investor-Owned Water/Wastewater	9

The 77 water utilities that are regulated by the Commission provide service to approximately 45 percent of Indiana's water customers. This is because the largest rate regulated water utilities serve primarily urban areas that are more densely populated. Most water utilities whose rates are not regulated by the Commission serve only a small number of customers.

Largest Regulated Water Utilities and the Number of Customers



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

The 33 wastewater utilities that are regulated by the Commission provide service to about 15 percent of Indiana's wastewater customers. This is because most customers are served by municipal wastewater systems, which are not fully regulated by the Commission. Based on data reported in 2017, only four regulated wastewater utilities serve more than 5,000 customers:

- CWA Authority, Inc. (241,792 customers)
- Hamilton Southeastern Utilities, Inc. (21,700 customers)
- Aqua Indiana, Inc. (15,104 customers)
- Citizens Wastewater of Westfield (12,127 customers)

From data reported to the Commission in 2017, which includes utilities not currently under Commission rate jurisdiction, regulated water systems have $5.2 billion of utility plant in service, annual revenues of $643.1 million *(see Appendix O)*, and a total rate base of $2.89 billion. Regulated wastewater utilities have $3.9 billion of utility plant in service, annual revenues of $308.2 million *(see Appendix P)*, and a total rate base of $1.77 billion.

Although all water and wastewater utilities are overseen at the federal level by the U.S. Environmental Protection Agency (U.S. EPA), there is no single state agency that regulates all of the water and wastewater utilities in the state. Indiana's water and wastewater utilities are regulated or provided financial assistance by five state agencies: the Commission, Indiana Department of Environmental Management (IDEM), Indiana State Department of Health (ISDH), Department of Natural Resources (DNR), and the Indiana Finance Authority (IFA). The Commission mainly regulates the economic aspects of a utility, ensuring that its rates are reasonable. IDEM and ISDH oversee water quality, and DNR has oversight on well construction and monitors Indiana's groundwater levels. The IFA manages the Wastewater and Drinking Water State Revolving Fund (SRF) Loan Programs, and provides low-interest loans to Indiana communities for projects that improve wastewater and drinking water infrastructure.

Recent legislation changed the Commission's statutory authority over investor-owned and not-for-profit utilities. Under Senate Enrolled Act (SEA) 362 (2018), investor-owned and not-for-profit utilities organized after June 30, 2018, cannot withdraw from the Commission's rate jurisdiction until 10 years have passed from the utility's organization date. Prior to SEA 362, certain investor-owned and not-for-profit utilities were allowed to withdraw from the Commission's rate jurisdiction immediately after organization.

State Agency Jurisdiction over Water and Wastewater Utilities

Type of Utility	IDEM					IURC								DNR			ISDH
	NPDES Permitting[1]	Construction Permits	Operator Certification	Monthly Report of Operation	Oversee Entity Start-up	Rates and Charges	Rules and Regulations	Territory Authority (CTA)	Annual Report	Annual Water Resources Report	Ability to Withdraw from Jurisdiction	No Jurisdiction	Oversee Entity Start-up	Significant Water Withdraw Reporting	Dam/Levee Permitting (if applicable)	Oversee Entity Start-up	Permitting On -site Sewage Systems (if applicable)
Investor-Owned Water		✓	✓	✓		✓	✓		✓	✓	✓[2]		✓	✓	✓		
Investor-Owned Wastewater	✓	✓	✓	✓		✓	✓	✓	✓		✓[2]		✓				✓
Not-for-Profit Water		✓	✓	✓		✓	✓		✓	✓	✓[3]		✓	✓	✓		
Not-for-Profit Wastewater	✓	✓	✓	✓		✓	✓	✓	✓		✓[3]		✓				✓
Water Authority		✓	✓	✓		✓	✓		✓	✓	✓			✓	✓		
Municipal Water		✓	✓	✓		✓			✓	✓	✓		✓	✓	✓		
Municipal Wastewater	✓	✓	✓	✓								✓					
Regional Water District		✓	✓	✓	✓					✓		✓		✓	✓		
Regional Sewer District	✓	✓	✓	✓	✓							✓[4]					
Conservancy Water District		✓	✓	✓		✓[5]			✓[5]	✓	✓			✓	✓	✓	
Conservancy Sewer District	✓	✓	✓	✓								✓				✓	✓

[1] A majority of wastewater utilities utilize a treatment system where effluent is discharged into an open stream and an NPDES permit is required. A small number of wastewater utilities use an onsite treatment system permitted by ISDH.

[2] Investor-owned utilities with 300 or fewer customers can opt out of the IURC's jurisdiction, per I.C. § 8-1-2.7-1.3. If organized after June 30, 2018, the utility cannot opt out until 10 years have passed from its organization date.

[3] Not-for-profit utilities organized after June 30, 2018 cannot opt out until 10 years have passed from the organization date.

[4] 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 I. C. § 13-26-11-2.1.

[5] IURC has jurisdiction over water 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 I. C. § 8-1-2.7-1.3. The IURC has jurisdiction over wastewater conservancy district's rates for customers outside the District's boundaries.

Note: This table provides an overview of state agency jurisdiction over water and wastewater utilities to offer a concise presentation. Thus, limitations exist. For instance, many wastewater utilities send their effluent to another utility for treatment and are not required to obtain an NPDES permit. Similarly, many water utilities purchase their entire water supply and would not be required to report significant water withdraws to DNR. Also, the table does not identify every aspect of each agency's jurisdiction.

SERVICE AREAS

Indiana statutes regulate service areas for the water and wastewater industry differently. Investor-owned and not-for-profit wastewater utilities must obtain a Certificate of Territorial Authority (CTA), which prevents other utilities from serving customers within the same territory. As economic and population growth has occurred in certain parts of Indiana, wastewater utilities have requested expansion of their CTAs. Municipal water and wastewater utilities are not granted a CTA; however, municipal water and wastewater utilities have the authority to serve any customer inside the municipal boundaries and up to four miles outside of their boundaries.

In 2014, the state legislature gave the Commission authority under Ind. Code chapter 8-1.5-6 to approve municipal ordinances that establish exclusive water or wastewater territory outside municipal boundaries. Since then, eleven municipalities have filed petitions:

- Chandler
- Elberfeld
- Greenfield
- Huntertown
- Logansport
- Michigan City
- Nashville
- New Albany
- Santa Claus
- Muncie
- Georgetown

Although customer growth enables utilities to generate economies of scale and provides rate stability, competition for new territory can lead to service area disputes. Service area disputes arise out of one utility's actions to claim territory in areas near another utility's territory.

Examples of such actions include the following:

- Extension of water mains to serve areas where service is marginally feasible at best, in an effort to discourage another utility from providing service.
- More than one utility installs infrastructure in the same area to serve customers.
- When one utility providing 100 percent of a neighboring system's water supply seeks to limit the supply provided or, in extreme cases, to completely shut off the water. When water supply is limited, a provider hopes to gain a competitive advantage to be the sole supplier to future customers.

In the first two examples, customer rates in the area might increase due to inefficient expansion of infrastructure or the duplication of facilities such as underground pipes.

Acquisition, Consolidation, and Distressed Utilities

Acquisitions and consolidations can take many forms. For water and wastewater utilities, the most prevalent acquisition and consolidation situations involve investor-owned utilities buying smaller investor-owned utilities, investor-owned utilities buying municipal utilities (called privatization), and municipalities buying investor-owned utilities (called municipalization). Acquisitions and consolidations can create efficiencies, lower costs, and reduce the number of poor performing water and wastewater utilities. Poor performance by water or wastewater utilities can lead to increased health risks to customers and environmental degradation.

Indiana has enacted laws to incentivize the acquisition of poor performing water and wastewater utilities and municipal utilities serving fewer than 5,000 customers. House Enrolled Act (HEA) 1319, passed in 2015, created a new chapter (8-1-30.3) in the Indiana Code to address the acquisition of distressed water or wastewater utilities, which are generally smaller utilities that do not have the financial, managerial, or technical expertise to provide long-term safe and reliable water or wastewater service.

Passed in 2016, Senate Enrolled Act (SEA) 257 provided a further incentive for acquisition of distressed utilities. Prior to the adoption of SEA 257, an acquiring utility was not allowed to earn a return on an acquired utility's Contributions in Aid of Construction (CIAC). Generally, CIAC refers to the pipes, mains, and other infrastructure that is built and paid for by the developer of an area (e.g., a subdivision) and is then donated to the utility for connection of service. The inability to earn a return on CIAC often reduced the amount most utilities were willing to spend when acquiring utilities. SEA 257 allowed an acquiring utility to now earn a rate of return on the CIAC.

SEA 411, passed in 2018, modified the acquiring utility's requirement to notify its customers when it acquires distressed utilities. The utility must notify its customers that a petition has been filed and provide the assigned cause number. Prior to SEA 411, the acquiring utility did not have to notify its current customers unless the proposed acquisition would increase rates by more than one percent.

One outcome of the distressed utility legislation is the increased cost per customer paid by the large investor-owned utility. In 10 cases prior to the passage of the recent distressed legislation from 2002 - 2015, the average cost per customer was $2,736. Since the legislation passed, the actual or proposed average cost per customer is $5,125. An increase in the cost per customer can be attributed, at least in part, as a result of the inclusion of the CIAC in the purchase price. With rate base rate-of-return regulation, the increase in cost is ultimately borne by customers.

Report Required by Ind. Code §8-1-30.3-7

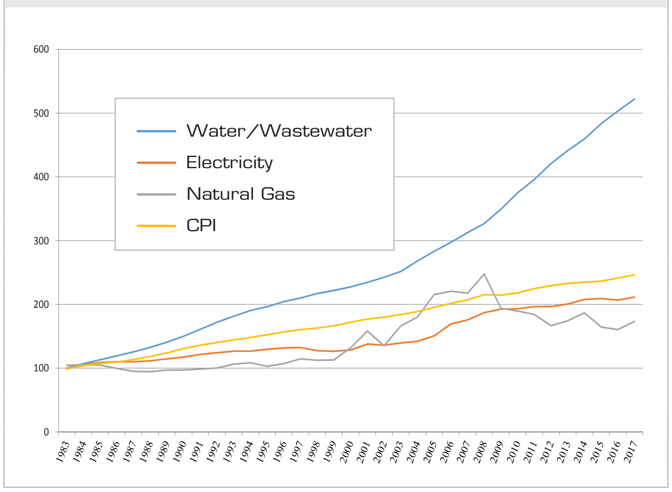
As of September 1, 2018, three cases before the Commission utilizing the distressed utilities statutes have been decided – Georgetown (IURC Cause No. 44915), Charlestown (IURC Cause No. 44976), and Lake Station (IURC Cause No. 45041) all acquired by Indiana-American Water Company, Inc. – and one more is in progress – Sheridan (IURC Cause No. 45050), also an acquisition by Indiana-American Water Company, Inc. All of the cases were initiated prior to the passage of SEA 411. All of the cases involve a large investor-owned utility acquiring a municipal utility with less than 5,000 customers. Details of the three cases are below:

The Commission anticipates more acquisition filings in the foreseeable future utilizing the distressed utility statutes.

PRICING AND ECONOMICS

Nationally, water and wastewater rates are increasing more rapidly than energy rates and outpacing inflation and the overall consumer price index (CPI), which is a measure of the average change over time in the prices paid by customers. For example, from 2008 to 2017, water and wastewater rates rose 5.27 percent per year, but the CPI rose at a slower pace of 1.75 percent per year. Water and wastewater rates are increasing in Indiana for several reasons: replacement of aging infrastructure, compliance with the U.S. EPA standards (e.g., water quality and wastewater effluent), increases in expenses (e.g., labor, chemical, and power), maintenance projects to uphold the quality of service, and the relocation of facilities.

Comparison of Utility Prices From 1983 to 2017



Details of the Three Cases as of August 31, 2018

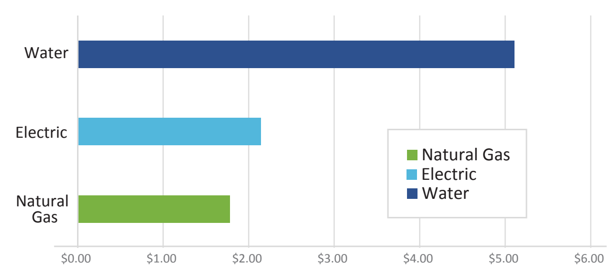
Entity Acquired	Commission Cause Number	Purchase Price + Transaction Costs to be included in Net Original Cost Rate Base	Number of Customers	Commission Order Date
Georgetown Water Utility	44915	$6.529 million	1,309	10/11/2017
Charlestown Water Utility	44976	$13.584 million	2,898	3/14/2018
Lake Station Water Utility	45041	$20.199 million	3,443	8/15/2018

Financial Profile of Water Sector

One of the reasons for the general increase in water/wastewater rates compared to electricity or natural gas rates is the water sector remains extremely capital intensive. For Commission regulated utilities, in 2016, investor-owned water utilities invested more capital-per-dollar of revenue generated than investor-owned electric or natural gas utilities. The ratio for the water utilities is higher due to the need for large capital investments, coupled with relatively lower revenues. Consequently, water utilities typically seek to increase general rates to replace necessary infrastructure.

Capital Investment per Dollar of Revenue in 2016

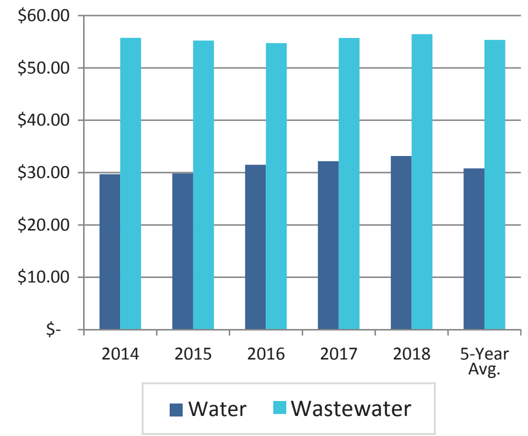
Amount of utility investment in utility facilities relative to each dollar earned



Rate Increases

Overall, in 2017, the number of general rate increase requests, which excludes rate adjustment mechanisms, was similar to those made in 2016. In 2017, seven water utilities were approved for general rate increases averaging 34 percent and two wastewater utilities were approved for general rate increases averaging 9 percent. To date in 2018, six water utilities were approved for rate increases. As of January 1, 2018, the average water and wastewater rates approved by the Commission were relatively low at $33.16 per 5,000 gallons for water *(see Appendix Q)* and $56.44 per 5,000 gallons for wastewater *(see Appendix R)*.

Water/Wastewater Residential Bill Comparison for 5,000 Gallons Consumption 2014 – 2018



Affordable Service

With rising water and wastewater rates, national organizations and Indiana are looking at affordability. Two papers in American Water Works Association journals in 2018 show that the low-income customer is devoting a higher percentage of their total income to pay for water and wastewater service. One study showed that nationally the percentage of households in single-family buildings that paid 3 percent or more of their income for water and wastewater service increased, from 7.4 percent in 1990 to 10.5 percent in 2015. Another study showed that a low-middle class four-person household in Indianapolis would pay 13.5 percent of their disposable income on water and wastewater service (7th highest out of 25 largest cities).

The Indiana legislature has taken note of the affordability issue in a few ways. First, Indiana Code specifically mentions protecting affordability of utility service for present and future generations of Indiana citizens. Second, based on legislation passed in 2017, a Commission-regulated water or wastewater utility is allowed to establish a low-income customer assistance program for qualified customers to receive discounted rates. Lastly, the recently created Water Infrastructure Taskforce, explained in a later section, is tasked with looking at affordability, among other issues.

Rate Disparity

Customers in some parts of the state pay significantly more for water and wastewater service than customers in other areas of the state *(see Appendix P and S)*. In fact, of all the utility sectors, water and wastewater utilities exhibit the greatest disparity in rates. This disparity 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 costs being spread over a smaller number of ratepayers. Small wastewater systems, for example, typically serve a single subdivision and do not experience customer growth. Therefore, when significant upgrades are required, the cost is spread over a small customer base, resulting in significant rate increases. When large investments are part of a rate case, the Commission has granted phase-in rates, which help mitigate bill shock. Additionally, costs incurred to maintain infrastructure is a factor in increasing rates. If a system is not well maintained, it is more expensive to repair.

Alternative Regulatory Plan

On March 14, 2013, in IURC Cause No. 44203, the Commission approved an Alternative Regulatory Plan (ARP) for small water and wastewater utilities as part of a settlement agreement between Commission testimonial staff and the Indiana Office of Utility Consumer Counselor (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 annual increases will allow utilities to avoid large, one-time 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 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.

Although a few utilities have inquired about the program, no utility has requested an annual rate increase under the ARP. On March 7, 2018, the Commission reopened Cause No. 44203 to consider continued implementation of the ARP program and whether any changes should be made, including whether it should be expanded to utilities with 3,000 to 5,000 customers. An order is expected later in 2018.

Impact of the Tax Cuts and Jobs Act of 2017

On December 22, 2017, President Donald Trump signed into law the Tax Cuts and Jobs Act of 2017 (TCJA). The TCJA contained provisions reducing the corporate tax rate of 35 percent to 21 percent and revising the federal tax structure.

As a result of the TCJA, the Commission initiated an investigation into the rates of all jurisdictional, investor-owned utilities. The Commission received 32 filings from water or wastewater utilities to change rates due to the TCJA. Of the 32 filings, 25 rate tariffs did not change because the tax rate embedded in current rates is less than the new 21% tax rate. While there are still pending cases before the Commission involving the tax investigation, as **of August 31, 2018**, the Commission has approved annual reductions to base rates and charges of **more than $12 million** for water and wastewater utility customers. *Appendix S* lists the monthly rate impacts for a residential water customer based on an average usage of 5,000 gallons of water and *Appendix T* lists the impact on wastewater customers.

SUPPLY

Because utility rates are based on cost of service, the traditional forces of supply and demand do not determine pricing. However, as more water will be needed to keep up with demand, the cost of developing and obtaining that water requires additional investment, which is ultimately reflected in rates. Although water use is believed to be declining, peak use is largely believed to be either consistent or increasing. Unless peak uses can be mitigated, additional investment may be required to meet peak demands.

In 2014, the Commission's Water Utility Resource Report found that northern Indiana's groundwater resources are considered good to excellent, with access to many surface water sources, including Lake Michigan. Central Indiana's groundwater resources are fair to good, and its access to surface water includes many rivers and streams, along with several reservoirs. Southern Indiana has a limited supply of groundwater and has access to several rivers for surface supply, but streams do not have a hydraulic connection to ground water. Reservoirs exist, but drinking water supplies are not fully utilized. This may be attributed to the higher cost of treatment and delivery associated with surface water facilities.

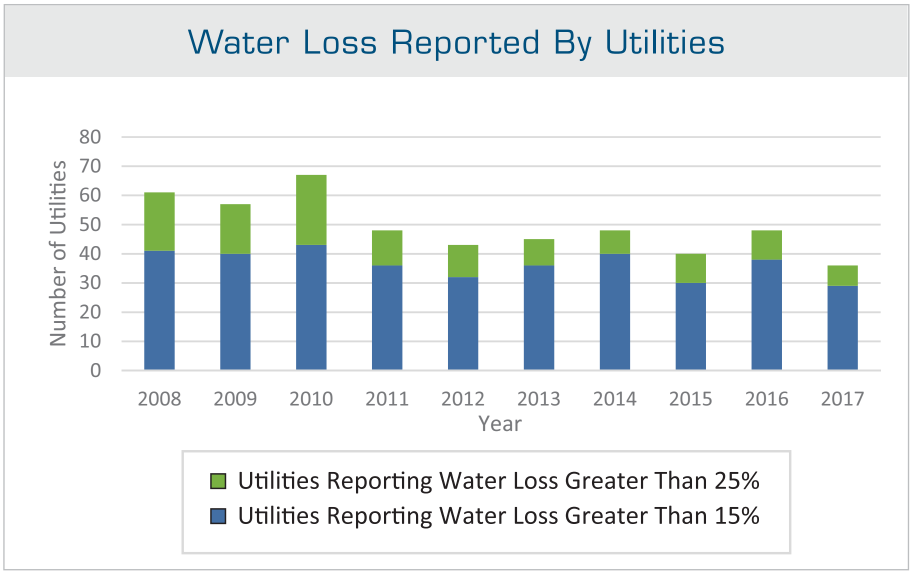
IFA's 2018 "Southeastern Indiana Regional Water Supply Feasibility and Cost Analysis" examines the water supply challenges within 14 specific counties in southern Indiana. While the report states that existing supplies are adequate for this part of the region, it recommends a targeted regional system consisting of utilization of an aquifer in Charlestown State Park for supply and construction of a pipeline that would supplement the existing supply to utilities in eight of the counties within the 14 county study area. The estimated "build-out" construction costs would be approximately $219 million.

Development of Future Sources of Supply

In addition to addressing low-income customer assistance programs and replacement of customer-owned lead service lines (discussed later), HEA 1519 (2017) authorized a public water utility to petition the Commission for approval of a plan to develop a future source of water supply. The utility's plan must include a variety of components, including a timetable for the completion and in-service date of the new future source of supply. If the Commission approves the plan, the utility is allowed to earn a rate of return on the cost of developing the future source of supply, although it is not yet considered "used and useful" for providing water service. By allowing a rate of return on a utility facility not yet serving customers, HEA 1519 departs from the traditional regulatory model. To date, the Commission has not received a petition to approve a plan under HEA 1519.

Water Loss

Because the cost of obtaining water resources and making that water potable is expensive, the water industry is focusing its efforts on reducing water loss to mitigate additional costs. Nationally, the American Water Works Association has an extensive program for water utilities to complete water audits, which reveal water loss. The



Commission includes a section on water loss in its Annual Reports forms and requires utilities with water loss greater than 15 percent to report what efforts they are taking to reduce water loss. These efforts appear to be successful because the Commission continues to see a downward trend in the number of utilities reporting a high percentage of water loss. For example, as the previous table shows, in 2008, more than 40 water utilities reported water loss greater than 15 percent, but the number fell to less than 30 in 2017. A similar downward trend can be seen for utilities reporting more than 25 percent water loss.

Based on the regulated water utilities' annual reports to the Commission, more than 166 billion gallons of water were pumped or purchased in Calendar Year 2017, and 140.7 billion gallons of water were either sold to customers or used for firefighting or system maintenance, which is a 15.52 percent water loss. As water utilities focus efforts on improving infrastructure, covered in a later section, water loss should continue to decrease.

WATER EFFICIENCY

Water efficiency programs are being developed by individual utilities and at the state and national levels in an effort to manage customer usage. For example, the two largest water utilities under Commission jurisdiction have had plans approved to use water more efficiently. At the state level, DNR has developed water conservation goals and objectives, as required by the Great Lakes Compact. At the national level, the U.S. EPA has developed the WaterSense program. This program labels water efficiency appliances, products, services, and practices (e.g., low-flow shower heads, low-water washing machines, and low-flow irrigation systems). 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 approximately $120 per year. For many ratepayers, the wastewater bill is based on water usage, so a decrease in water consumption also reduces the wastewater bill.

INFRASTRUCTURE

Much of the nation's infrastructure will need full-scale replacement over the next few decades. In order to have adequate, Indiana-specific data regarding infrastructure, the Indiana General Assembly instructed the IFA to review utility management and funding for infrastructure replacement, among other topics, in a series of reports. The published reports, found on the Commission's Water and Wastewater Division webpage, highlight a need for more utilities to develop asset management and infrastructure replacement schedules, and invest in the replacement of critical infrastructure at a quicker pace.

Age Profile of Water Mains

Aging infrastructure is one of the most critical issues in the water and wastewater industry today because it is costly to replace infrastructure that is largely underground. Water systems are comprised of wells (for groundwater), treatment facilities, water tanks, and distribution systems. Distribution systems are composed of pipes, valves, and pumps that move water from the treatment plant or water tanks to end users. Throughout Indiana, these pipes vary in age and material. Many older systems built during the turn of the last century consist of cast iron and even wood piping that would not be used today. More modern pipe materials have failed to achieve expected life expectancies such as asbestos cement (transite) and "gray" cast iron, which are now being actively targeted for replacement. Utilities have become more aggressive in their capital planning strategy, moving toward increasing investment in water infrastructure replacement that takes into account the life expectancy of the pipe currently in the ground. Although this increased investment will have an immediate upward impact on rates, reliability of the system will improve as infrastructure replacement approaches a pace that is sustainable.

Due to the age of their water systems, Indiana's oldest communities are experiencing an increase of breaks in water mains made of cast iron pipe manufactured and installed in the 1940s and early 1950s. This particular generation of cast iron has become more brittle with age and is beginning to fail. 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 represent the majority of their distribution systems.

Newer systems rely on polyvinyl chloride (PVC), high-density polyethylene (HDPE), and ductile iron piping. Modern plastic pipes such as PVC and HDPE have strong corrosion resistance properties but generally have weaker structural properties. This requires utilities to place greater emphasis on alteration of ground conditions and proper installation to achieve the desired longevity of the infrastructure. In many cases, utilities may prefer a structurally stronger pipe such as ductile iron at a greater material cost to mitigate the risk associated with installation errors, especially municipal utilities who are obligated to accept the lowest bid when procuring construction services.

Projected Infrastructure Costs

In terms of wastewater needs, the U.S. EPA ranked Indiana 8th in the country for the highest documented need for combined sewer overflow (CSO) correction at $3.2 billion. Although this number is staggering, the need has decreased from $5.0 billion reported in 2008. The Commission regulates Indiana's largest CSO system (CWA Authority, a separate nonprofit corporate subsidiary of Citizens Energy Group in Indianapolis); however, the number of remaining combined systems are municipal utilities located in cities, such as Evansville, Fort Wayne, Jeffersonville, Kokomo, and Lafayette, and are regulated by their elected local governments. These combined systems are engaged in a variety of CSO control projects ranging from storage tunnels to other forms of offsite storage and satellite treatment. The most complex and expensive CSO is the Deep Rock Tunnel Connector Project in Indianapolis, which is being built by CWA Authority.

In March 2018, the U. S. EPA released its sixth report to Congress for drinking water infrastructure needs (2015 Report). Drinking Water State Revolving Fund capitalization grants for fiscal years 2018 through 2021 are allocated to states based on the 2015 Report findings. The state of Indiana's 20-year eligible needs increased when compared to the 2011 Assessment from $7.3 billion to $7.5 billion. As shown in the table below, "Transmission and Distribution Main" is by far the largest project needs category at $5.1 billion.

Project Category Comparison

Project Category	**20-Year Eligible Need** (in billions January 2015 dollars)
Transmission and Distribution Main	$5.1
Treatment	1.2
Storage	0.7
Source	0.4
Other	0.1
Total	$7.5

Out of 38 states that fully participated, 23 reported greater needs than Indiana. The IFA's Evaluation of Indiana's Water Utilities Report in 2016 indicated the need for initial infrastructure costs of $2.3 billion and $815 million annually to maintain the infrastructure. The U.S. EPA and IFA figures are estimates, and they did not use the same methodology to determine cost, which makes a comparison difficult.

State Mechanisms to Fund Infrastructure

Water and wastewater utilities have two specific mechanisms designed to recover the cost of distribution and collection infrastructure, the distribution system improvement charge and the system integrity adjustment. Water and wastewater utilities in Indiana can seek to recover costs for the replacement of distribution and collection infrastructure through a distribution system improvement charge (DSIC), which is a surcharge added to a customer's bill. The DSIC mechanism allows a utility to recover its costs outside of a general rate case, thereby receiving cost recovery more quickly. The water or wastewater utility must receive approval from the Commission before establishing a DSIC surcharge.

SEA 177, passed in 2015, increased revenues from the DSIC to a maximum of 10 percent (originally five percent) of the utility's total revenue approved by the Commission in its last general rate case. In addition, HEA 1132, passed in 2014, expanded the DSIC to include wastewater utilities and SEA 516, passed in 2015, expanded the DSIC to include municipal and nonprofit utilities.

Indiana Code chapter 8-1-31.5 allows an eligible water or wastewater utility to petition the Commission to establish a system integrity adjustment mechanism used to recover or credit an adjustment amount based on the eligible utility's Commission-approved revenues. A utility may collect a system integrity adjustment up to 48 months after the establishment of the system integrity adjustment mechanism or the date on which the Commission issues an order in the utility's next general rate case. The revenues from the system integrity adjustment must fund new water or wastewater utility distribution or collection infrastructure.

In 2017, CWA Authority filed for a system integrity adjustment of approximately $0.26 per month, which the Commission granted in Cause No. 44990. With the system integrity adjustment, CWA Authority will collect approximately $6.1 million in additional revenue annually that it will use for eligible infrastructure improvements.

Lead Service Lines

Water quality issues related to lead service lines have been addressed recently by both the Indiana General Assembly and the Commission. In the 2017 legislative session, the General Assembly addressed lead service line replacement in HEA 1519. Traditionally, utilities typically only maintain and operate facilities and equipment that the utilities own. Through the traditional regulatory model, utilities are given an opportunity to earn a fair rate of return on the utility-owned infrastructure that is "used and useful" for the provision of safe and reliable service. Utilities do not replace or maintain (thus do not receive a rate of return on) customer-owned infrastructure (e.g., service lines). In addition to the existing ability of a utility to earn a fair rate of return on utility-owned equipment, HEA 1519 allows a utility to earn a rate of return on customer-owned lead service lines that a utility has replaced through a Commission-approved plan. This allows the utility to recoup its costs for replacing the customer-owned lead service lines from all customers within its service territory. The utility may or may not own or maintain that service line in the future, depending on the utility's approved plan. A water utility can include its approved plan for replacing customer-owned lead service lines under the DSIC mechanism. The costs associated with replacing customer-owned lead service lines, however, do not count against the 10 percent DSIC revenue limitation.

In January of 2018, Indiana American Water filed Cause No. 45043, which was Indiana's first lead service line replacement program petition. The Commission approved the plan on July 25, 2018, which entails replacing approximately 51,000 lead service lines at an approximate cost of $178 million in 2017 dollars with a completion time between 10 and 24 years.

Government Program Funding

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 include the State Revolving Loan Fund, U.S. Department of Agriculture Rural Development loans and grants, the Community Focus Fund, and private activity bonds. In 2014, the federal Water Infrastructure Finance and Innovation Act (WIFIA) was enacted, which provides low interest rate financing for the construction of water and wastewater infrastructure. In 2016, the Water Infrastructure Improvements for the Nation (WIIN) was enacted. The WIIN includes the Water Resources Development Act, which authorizes $100 million for communities facing drinking water emergencies, including helping communities recover from lead contamination.

In 2018, Indiana received $468 million from the U.S. EPA through the WIFIA program, which was one of twelve requests that the EPA granted through its first round of financing through the program, and Indiana's State Revolving Fund was the only state revolving fund program to apply. Some of these funds will be used to clean up lead contamination in northwest Indiana.

The Indiana office of the U.S. Department of Agriculture Rural Development reported that, in 2018, Indiana received four times its normal funding in loans and two times its normal funding in grants for water and wastewater projects, for a total of approximately $125 million.

Water Infrastructure Taskforce

As a result of reports completed by the IFA and by the Commission, in 2018, HEA 1267 created a Water Infrastructure Taskforce (Taskforce). The Taskforce is required to:

- Examine recommended standards and best practices for the maintenance and life cycle management of drinking water systems, wastewater management systems, and storm water systems (collectively "systems") and analyze whether these systems are achieving the standards;
- Assess sources of funding and, if necessary, identify additional sources of funding for the maintenance and life cycle management of these systems;
- Evaluate whether regionalization of water infrastructure could improve performance and ratepayer value; and
- Assess water infrastructure improvement and the impact on economic development.

The Taskforce will also create an empirical decision making tool that will allow policy makers to prioritize water infrastructure projects based on several factors.

HEA 1267 also requires the Taskforce to develop a long-term plan for addressing the systems needs in Indiana and must include recommendations that include:

- Outcomes that must be achieved in order to overcome challenges facing Indiana's water infrastructure;
- Metrics used in assessing the current status of these systems and tracking the progress made toward accomplishing all goals, benchmarks, and recommended standards;
- Funding and financing mechanisms that should be used to achieve necessary systems improvements;
- A determination of who should bear the financial burden of systems improvements and how the financial burden should be apportioned, taking into account the affordability of water and wastewater rates; and
- Appropriate legislation for the 2019 legislative session based on the recommendations.

A report is due on the long term plan by December 1, 2018.

COMMUNICATIONS DIVISION

COMMUNICATIONS DIVISION

REGULATORY RESPONSIBILITY

The Commission's Communications Division monitors communications-related regulatory proceedings and policy initiatives at the federal, state, and local levels that could affect the interests of Indiana communications service providers (CSPs) and their customers. The division determines the possible impacts of those policies and whether comments should be filed in those proceedings or whether the information should be forwarded to other state agencies for review. Additionally, the division implements a state universal service program and provides recommendations to the Commission on matters, including numbering issues, carrier-to-carrier disputes, applications for certificates of territorial authority (CTAs) for CSPs and certificates of franchise authority (CFAs) for video service providers (VSPs). The division also implements the Commission's role as the sole franchise authority for the provision of video service in the state of Indiana and the direct marketing authority for video service providers wanting to conduct direct marketing activities in the state.

All CSPs must receive a CTA from the Commission to offer any telecommunications services, information services, or video services in Indiana. Providers of video service must hold a video service franchise from the Commission. Additionally, the Commission designates all eligible telecommunications carriers (ETCs) in the state, which enables those carriers to obtain support from the federal Universal Service Fund (USF). Federal USF support is aimed at expanding the availability of both telephone and broadband services and networks and also supports discounted phone service to eligible low-income households. The Commission is also responsible for making determinations regarding a successor provider of last resort (POLR), in the event a current POLR withdraws from a given area of the state. Although the Commission has no jurisdiction over the approval of retail rates and charges of CSPs, the Commission continues to approve intrastate access rates and charges for local exchange carriers in Indiana. From time to time, the Commission also approves changes in the monthly surcharges on customer bills for the Indiana Universal Service Fund and the Indiana Telephone Relay Access Corporation (InTRAC).

The Commission also resolves carrier-to-carrier disputes, manages policies regarding telephone numbering resources (pursuant to federal and state law), and protects customers from unauthorized changes to their service (cramming) and unauthorized changes in their service providers (slamming).

Communications issues under consideration at the federal level are regularly tracked and considered by 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 Commission about possible Commission participation in federal rulemakings and cases. This ensures that the concerns and needs of Indiana are heard by federal agencies such as the Federal Communications Commission (FCC), the National Telecommunications and Information Administration, and the Rural Utilities Service within the U.S. Department of Agriculture, among others. Additionally, the division has brought issues under discussion at the federal level to the attention of other Indiana state agencies that would possibly be affected by action on those issues, including the Indiana Office of the Attorney General, the Statewide 911 Board, the Indiana Family and Social Services Administration, and the Indiana Department of Correction.

Video Franchise Authority

In 2006, the Commission became the sole franchise authority for the issuance of new video service franchises. Before this time, VSPs were subject to exclusively held local franchises. Since 2006, 62 VSPs have applied for and been granted state-issued franchises. The number of providers by county varies, with some locations being more competitive than others. The industry also has seen some consolidation over the last few years, and it is likely that trend will continue as current and future mergers are approved. The technologies used to provide video service to Indiana customers include: coaxial cable, hybrid fiber coax, fiber to the premise (FTTP), fiber to the node (FTTN), very-high- bit-rate digital subscriber line (VDSL), and asymmetric digital subscriber line (ADSL). The Commission does not regulate the rates and charges for video service and does not collect or maintain programming and pricing options offered by VSPs to Indiana customers. Through its Consumer Affairs Division, the Commission does enforce the federal customer service standards established by the FCC.

Designation of Eligible Telecommunications Carriers (ETCs)

A CSP must be designated as an eligible telecommunications carrier (ETC) to receive support from the federal universal service high-cost or Lifeline program. Under the Telecommunications Act of 1996, states are given sole authority to designate communications companies as

ETCs (unless a state cedes this authority to the FCC). ETCs receive federal support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. In the case of the Lifeline program, ETCs are reimbursed for providing a monthly discount on service for eligible low-income subscribers.

There are three types of ETCs in Indiana:

1. Incumbent Local Exchange Carriers (ILECs): These carriers are all eligible for high-cost support (a.k.a. Connect America Fund or CAF support). These providers became ETCs after the passage of the federal Telecommunications Act of 1996. There are currently 42 ILECs that are ETCs.
2. Competitive Facilities-based Carriers: Wireless or Local Exchange Carriers that wish to receive high-cost support to build and maintain their networks. There are currently 4 competitive carriers that are ETCs.
3. Lifeline-only Wireless ETCs: These carriers state they will only seek funding from the Lifeline fund, not the high-cost fund. Most of these ETCs do not have their own facilities-based network even though it's a requirement in the Telecommunications Act. The FCC found that it was in the public's interest to forbear this requirement for wireless ETCs that only provide Lifeline. There are currently 10 Lifeline-only wireless ETCs.

Relinquishments of Eligible Telecommunications Carriers Designations

Some companies that are designated as ETCs in Indiana have requested to relinquish that designation. The Commission's role in areas served by more than one ETC is to require that the remaining ETCs ensure that all customers served by the relinquishing ETC will continue to have service, and to require sufficient notice to permit the purchase or construction of adequate facilities to meet increased demand, if needed.

On April 24, 2017, Indiana Bell Telephone Company Incorporated, d/b/a AT&T Indiana, ("AT&T") filed a petition to relinquish its ETC designation in portions of its Indiana service territory (IURC Cause No. 41052-ETC 39S1). This case differs from the other cases mentioned because AT&T Indiana is an Incumbent Local Exchange Carrier (ILEC) and a POLR. AT&T has an obligation to provide voice telephony service, which includes (but is not limited to) Lifeline service, to any customer in its ILEC service territory that requests service. In exchange for accepting this obligation, the company is eligible to receive support from the federal USF in areas where support is available. On November 21, 2017, the Commission issued an Order that granted AT&T's requested relief. The Commission's order allowed AT&T to relinquish its ETC designation in those portions of its local service territory in which it had elected not to accept federal USF support in either CAF I (Round I) or CAF II (Round I). The specific census blocks where AT&T has retained its ETC designation were included as an attachment to AT&T's original petition in Cause No. 41052-ETC-39S1. The effective date for the relinquishment of AT&T Indiana's non-retained census blocks was March 16, 2018. AT&T will continue to offer Lifeline service in the retained census blocks. AT&T is required to file a petition with the Commission in the event it seeks to either increase or decrease the boundaries of its retained ETC designated service area.

Furthermore, AT&T has stated that it is not discontinuing any service by virtue of its April 24, 2017, petition in Cause No. 41052-ETC39S1. AT&T elaborated that it "will continue to offer and provide legacy voice services in all of its service territory (including in the relinquishment area), and it will continue to comply with applicable service obligations of federal and state law in its service territory including in the relinquishment area, unless and until it separately obtains any necessary permission to stop providing retail legacy voice service." Notwithstanding these reassurances, this partial relinquishment of AT&T's ETC designation could still have significant implications for Hoosiers living in the ETC relinquishment areas. AT&T could relinquish its POLR status, altogether, in these areas, through a simple notice to the Commission under Indiana Code chapter 8-1-32.4 and to the FCC under 47 U.S.C. 214(a). If that were to occur, the Commission would have the statutory responsibility to find a replacement or successor provider pursuant to 47 U.S.C. 214(e)(3). It may be difficult for the Commission to find another provider with sufficient network facilities and technical capabilities to serve all of the service areas in which AT&T might relinquish its POLR status. It is also unclear whether the Commission has the legal authority to force some types of CSPs to assume that role.

Prior to AT&T's relinquishment, the only Indiana-designated ETCs that had sought to relinquish their ETC designation were wireless providers, most of which held ETC designations for the limited purpose of providing Lifeline service. The Lifeline program provides one monthly discount per qualified, low-income household, which means a household can get the discount for one mobile phone or landline connection (but not both). In the last three and a half years, the Commission has approved relinquishments of Lifeline-only ETC designations for T-Mobile Central, LLC; Cricket Communications, Inc.; NEXUS Communications, Inc.; and Budget Prepay, Inc. – all mobile wireless providers.

COMPETITION AND PRICING

The Commission is statutorily charged with analyzing the effects of competition and technological change on universal service and the pricing of all telecommunications services offered in Indiana. Because detailed information on the effects of competition and technology changes on pricing of telecommunications services offered in Indiana is unavailable, this section is focused on efforts to provide telecommunications service availability in Indiana. This is often referred to as universal service, which has been a key factor in reaching areas that are difficult to serve. In addition to various programs within the FCC's federal USF, the Commission oversees a state program called the Indiana Universal Service Fund (IUSF).

Indiana Universal Service Fund

The IUSF was established by Commission Order in 2007 in response to revenue reductions caused by changes to the FCC rules that affected small rural ILEC territories. The Commission found that the fund would be competitively neutral and promote just, reasonable, and affordable rates for telephony-based services, as required by the federal Telecommunications Act of 1996.

The Commission oversees the IUSF through the IUSF Administrator (currently Solix) and in consultation with the Commission Oversight Committee, which consists of representatives of various segments of the communications industry, as well as the Indiana Office of the Utility Consumer Counselor (OUCC).

The IUSF is funded by a small surcharge on intrastate retail telecommunications revenue. The IUSF Oversight Committee has recommended the IUSF maintain a balance of $2 million; however, billed intrastate retail telecommunications revenue has been steadily decreasing since the establishment of the fund. In 2008, billed intrastate retail telecommunications revenue was $2.96 billion. In 2017, total revenue declined to $1.63 billion, which is an average decrease of 7.41 percent each year. As a result, the Oversight Committee has recommended, and the Commission has approved, five increases in the IUSF monthly surcharge on retail customers' bills – from 0.538% of billed Indiana telecommunications revenue at the inception of the IUSF in October 2007, to 1.09%, effective April 1, 2018.

Triennial Review

When the IUSF was established, the Commission determined it should be reviewed every three years to:

- Ensure that the operations of the IUSF are meeting the Commission's objectives of preserving and advancing universal service within the state; and
- Ensure that the processes, funding levels, size, and operation and administration of the IUSF remain adequate and sufficient, among other considerations.

The last triennial review of the IUSF was completed in 2018. Notwithstanding the financial pressures on the IUSF described above and similarly in previous triennial reviews since the IUSF's inception in 2007, stakeholders entered into a settlement agreement in the 2018 Triennial Review proceeding to preserve the status quo of the fund; that is, no changes to funding mechanism, qualifications test, or any changes regarding the existing structure of the fund. The settling parties' rationale for maintaining the status quo was that the FCC had adopted comprehensive reforms to the federal USF and intercarrier compensation systems to accelerate broadband build-out, and the full impact of these reforms had not been completely realized. The Commission concluded its review, approved the settlement agreement, and implemented no changes to the fund at the time of its order.

Rural Broadband

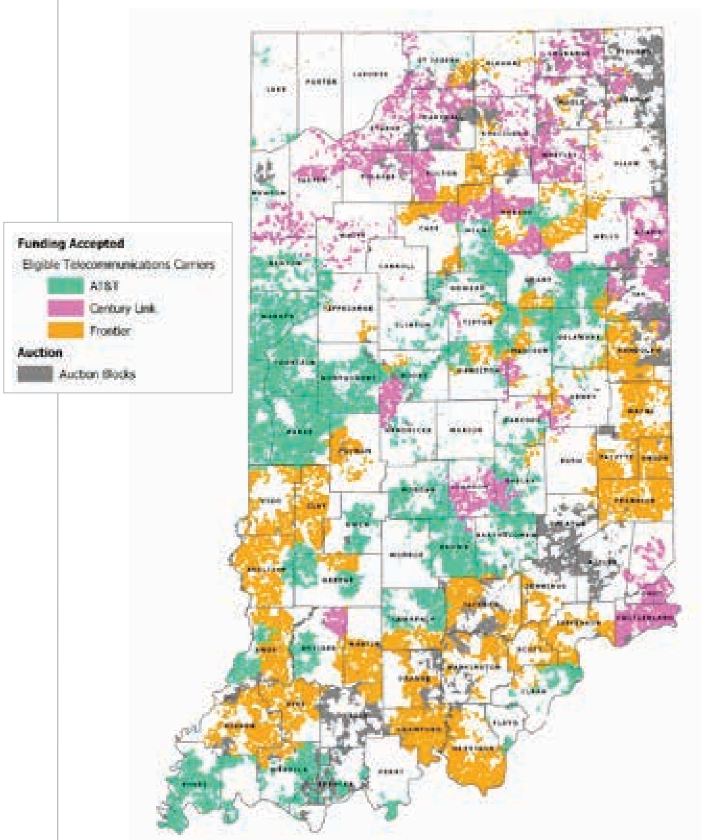
Hoosiers are familiar with the dramatic rise of the internet's importance in their daily lives over the last two decades as an enabler of commerce, a resource for information, and as a way for individuals to interact with each other, and with their employers, schools, and government agencies. In order to gain access to the internet, it is generally necessary for a customer to have some sort of broadband connection – either a fixed connection such as fiber, DSL, cable, fixed wireless, Wi-Fi, or satellite, etc., or a mobile connection (i.e., mobile wireless), which can be used to access the internet from smartphones, tablets, laptops, etc. Some of the most vexing problems facing the industry involve finding ways to deploy sufficient broadband networks in rural and high-cost areas and to low-income customers regardless of where they live, particularly when a business case cannot otherwise be made to deploy such broadband facilities in a particular location.

At the federal level, efforts by the FCC have been implemented under certain circumstances to provide financial support, through a program under the federal USF (i.e., the Connect America Fund (CAF)), to provide incentive for companies to deploy broadband in rural areas.

AT&T, Frontier, and CenturyLink, Indiana's three largest ILECs, have all elected to receive CAF II funding from the FCC's universal service program to increase broadband availability in rural areas where no other provider is already receiving the subsidy. The first round of CAF II support will be distributed over six years.

The map on page 72 shows the locations by census block where AT&T Indiana, Frontier, and CenturyLink has each accepted the first round of CAF II support in its respective service areas in the state. The FCC has granted carriers some flexibility to make changes in the census blocks where funds have been accepted. This could result in changes to the map in the future. The map also shows census blocks in Indiana where carriers may bid in the FCC's CAF II "reverse auction" (designated as FCC Auction 903) to provide broadband service in census blocks where AT&T, Frontier, and CenturyLink elected not to accept an offer of support (and, hence an obligation to provide broadband service) in the first round. These carriers are permitted to bid to serve some of the "auction blocks" in their own territories that they previously elected not to serve; however, it is expected that other broadband providers will submit the majority of bids in those auction census blocks. Bidding in the CAF II Reverse Auction began on July 24, 2018, and concluded on August 21, following 18 rounds of bidding, spread out over 19 days. Six winning bidders were selected for Indiana. Orange County REMC, Perry-Spencer Rural Telephone Cooperative, Inc., and RTC Communications Corp. are already certified by the Commission to provide either electric utility service or

Broadband Funding Accepted from FCC's Connect America Fund II (CAF), Round 1; and CAF II, Round 2 Auction-Eligible Census Blocks



certain communications services. Benton Ridge Telephone Company, Mercury Wireless, and Wisper ISP, Inc. are new companies that do not currently have a CTA from the Commission. The Commission will continue to monitor the impact of this auction on these six providers and on their customers, as a result of the CAF II reverse auction.

The FCC is also currently working on developing an incentive mechanism for small, rural local exchange carriers to obtain support for deployment of broadband in rural areas. Because the FCC has not yet finalized the list of census blocks in FY 2018 where these small companies may be eligible for support, a comparable map for small ILEC broadband deployment is not yet available.

At the state level, Indiana policymakers have enacted legislation establishing streamlined programs for communities to become broadband ready, created a state-level grant program, and evaluated and studied broadband expansion and adoption. Several companies have already begun deploying fiber optic, wireless, and other technologies to offer broadband services to some of their customers in rural areas. However, not all of the rural areas in Indiana have been served; the Commission is aware of reports that some areas do not have any access to broadband. These variations in the level of broadband availability can be partially explained by the fact that some parts of the state are more costly to serve and will not provide a short enough payback period or a sufficient return on investment for providers to deploy (e.g., due to low population density or challenging terrain).

IUSF-Broadband Study

HEA 1065 (2018) created a grant program administered by the Indiana Office of Community and Rural Affairs (OCRA) to award grants to qualified broadband providers to support the deployment of broadband service into unserved and underserved areas of Indiana. Qualified broadband projects must be projects that can provide internet speeds of at least 10 megabits per second (mbps) download and 1 mbps upload. OCRA is required to follow certain guidelines when awarding broadband projects to maximize the amount of people served by each project.

HEA 1065 also directed the Commission to conduct a study on the IUSF and broadband services in Indiana. The report will be presented to the Interim Study Committee on Energy, Utilities, and Telecommunications and be available on the Commission's website by October 1, 2018.

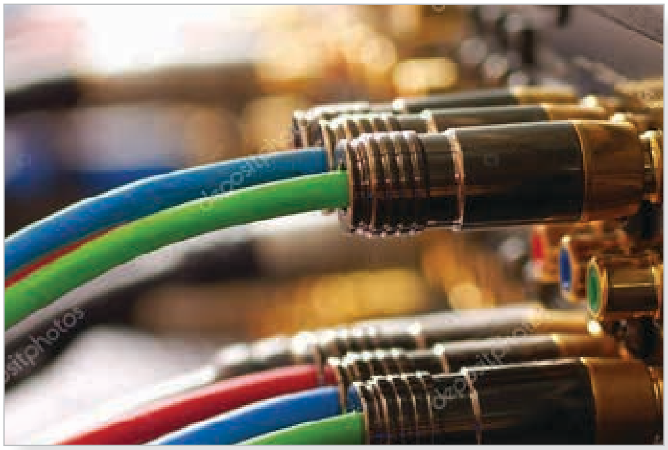
Small Cell Facilities

Traditionally, mobile wireless phone service has been served by large cell towers that provide relatively large geographical coverage. Although the breadth of coverage is wide, the signal can only go so far and can be blocked or weakened by weather and physical barriers such as buildings, trees, glass, etc. Additionally, the capacity (i.e., the number of devices able to be connected to a large, traditional cell tower) can be relatively low. To accommodate the rapid adoption of mobile devices connecting to the internet and the interconnection of everyday objects (the "Internet of Things"), it is anticipated that even more capacity will be necessary. This has led to small cell technology becoming increasingly prevalent for 5G wireless technology, especially in densely populated areas. Although they provide a small coverage area, small cell facilities provide greater capacity, which allows more devices to be simultaneously connected than is possible when connecting to a traditional cell tower.

After Senate Enrolled Act 213 (2017) was passed and signed into law, which attempted to streamline permitting processes and reduce barriers at the local level for small cell wireless facilities being deployed for 5G wireless technology, many municipalities passed ordinances or resolutions to designate their municipalities as "underground or buried utilities only." HEA 1050, enacted in 2018, limited municipal ordinances passed between April 14, 2017, and May 2, 2017, and restricted the designation of areas as strictly for underground or buried utilities to geographic areas that are zoned residential and where all existing utility infrastructure is already buried.

VIDEO FRANCHISE FEE REPORT

In 2012, the Indiana General Assembly passed legislation that requires the Commission to gather information from local government units that receive video franchise fees under a certificate issued by the Commission or an unexpired local franchise issued by the unit before July 1, 2006. In 2017, the Commission received responses from 134 local government units, which is down from the 174 units reporting for 2016 (176 units responded for 2015). Of those 134 local units responding for 2017, two indicated that no franchise fees were collected. Two hundred and nine video franchises were reported as providing service



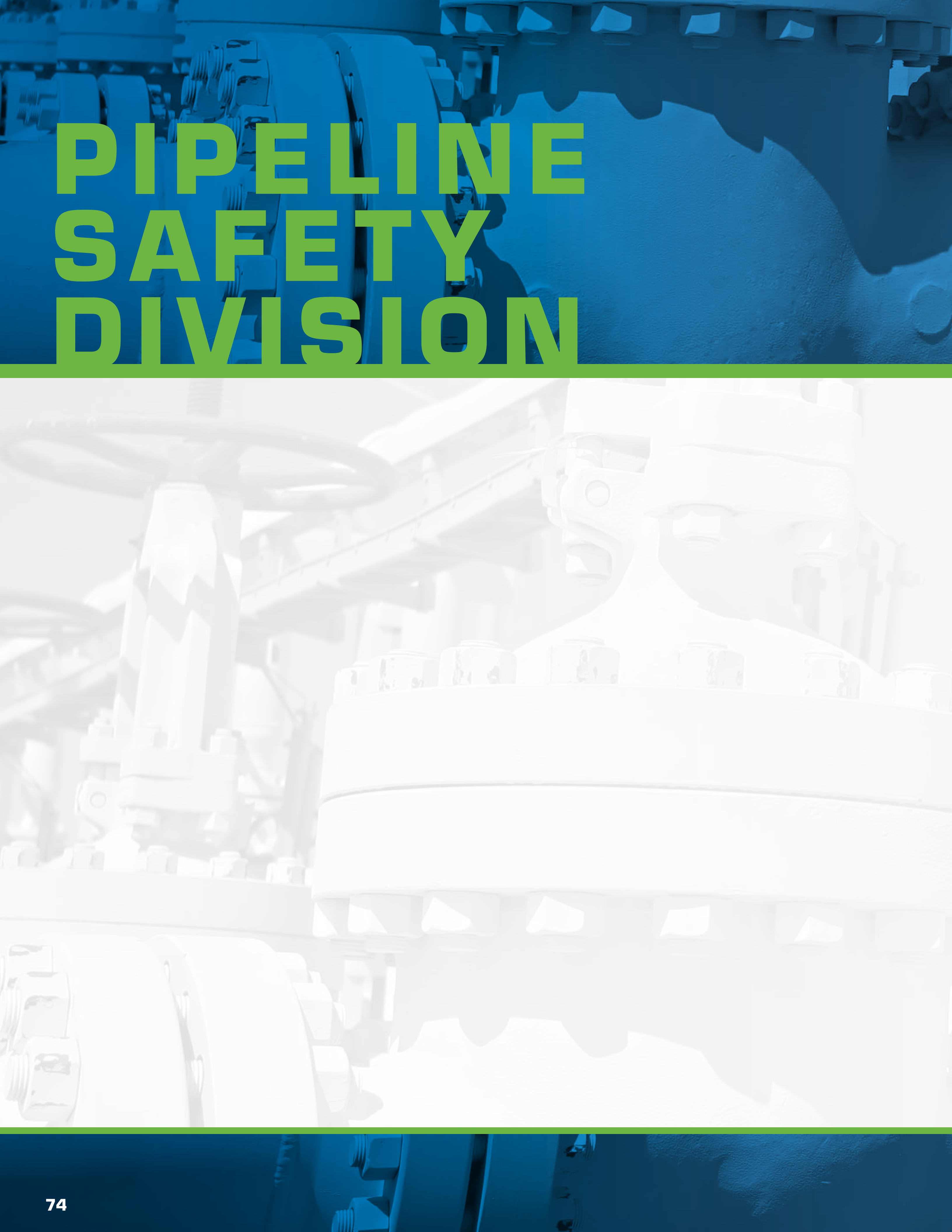
and paying franchise fees in the remaining 132 reporting units. Of those 209 franchises, 199 were providing service under a state-issued franchise and 10 were providing service under a local franchise. The responding units reported payments of franchise fees totaling approximately $14.4 million.

The following is a broad analysis of the data reported for 2017:

- Responses were received from 11 of the 92 counties in Indiana; those responses are included in the 134 total responses received in 2017 and described above.
- 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.
- One hundred and eight units reported the franchise fee rate. Those rates vary from one to five percent, with the majority set at either three percent (41 percent of respondents) or five percent (48 percent of respondents).
- Many units did not provide the requested information about the rate charged, how the rate was established, and the date the rate was set. Conversations with some clerk-treasurers in previous years indicated that turnover in the office makes it difficult to provide that type of information in a timely fashion.

To view the Video Franchise Fee Report, see *Appendix U*.

PIPELINE SAFETY DIVISION



PIPELINE SAFETY DIVISION

REGULATORY RESPONSIBILITY

The Commission's Pipeline Safety Division is responsible for enforcing state regulations, which incorporate federal safety regulations for Indiana's intrastate gas pipeline facilities, as established under Indiana Code chapter 8-1-22.5.

The Pipeline Safety Act of 1968 established the federal pipeline safety program. This program establishes a framework and organizational structure for federal certification of state pipeline safety programs (49 U.S.C. chapter 601). This framework promotes pipeline safety through exclusive federal authority for the regulation of interstate pipeline facilities and federal certification of participating states for responsibility over all or part of 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 reimburse in part a state agency's personnel, equipment, and activity costs. Grant amounts (up to 80 percent of program costs) are primarily determined through annual evaluations of the state's program, its annual reporting, and the availability of federal grant dollars. Indiana's program, as established by state statute (Ind. Code chapter 8-1-22.5), has historically received high marks from the annual federal evaluations.

Indiana's Pipeline Safety Program

The Pipeline Safety Division's primary mission is to ensure the safe and reliable operation of Indiana's intrastate pipeline transportation system. This is largely accomplished through inspections, as well as training, outreach programs, enforcement through injunctions and monetary sanctions, and investigations of pipeline accidents. During Fiscal Year 2017, the division conducted 990 inspections of 72 operators and 113 associated inspection units, safely resolving 237 probable violations.

The Pipeline Safety Division operates in partnership with the U.S. Department of Transportation's (U.S. DOT) Pipeline and Hazardous Materials Safety Administration's (PHMSA) under a certification agreement. PHMSA provides a grant on a calendar year basis designed to provide reimbursement of up to 80 percent of the costs of operating the program. The actual reimbursement amount of the grant is determined by the levels of funding available to PHMSA and the program's overall annual performance score. The annual performance score is based on the results of an annual visit and review of the program by PHMSA evaluators, as well as the level of compliance with certification requirements reported in the Annual Progress Report, which is provided to PHMSA. For Calendar Year 2017, the program received an overall score of 96 percent. Two percent of the reduction in the overall score was due to the state legislature not adopting higher maximum civil penalty levels as prescribed in the certification agreement.

Additionally, the division is responsible for tracking and investigating all alleged violations of the state's "Call Before You Dig" law and is active in a variety of damage prevention efforts. In Fiscal Year 2018, the division investigated 2,116 excavation damage cases. As a result of these investigations, the Commission ordered the issuance of 455 warning letters and required training in 409 instances for pipeline safety violations, as recommended by the Underground Plant Protection Advisory Committee (UPPAC). In addition, UPPAC recommended and the Commission approved 736 civil penalties, totaling more than $1,427,500.

For calendar year 2017, PHMSA awarded Indiana a perfect score on its "Call Before You Dig" program and a perfect score on its Excavation Damage Evaluation. Indiana's program continues to serve as a model for other states to create and/or refine their damage prevention programs.

On August 4, 2017, the Commission's Pipeline Safety Division and Northern Indiana Public Service Co. (NIPSCO) filed a settlement agreement for $900,000 in civil penalties for past pipeline safety violations, which included failures by NIPSCO to keep accurate maps and records of its underground facilities, and failure to locate its pipelines in two days as required by its own pipeline safety procedures. In the settlement agreement, NIPSCO also agreed to provide information and ongoing reporting to the Pipeline Safety Division and the Indiana Office of Utility Consumer Counselor (OUCC), and to pay additional civil penalties for violations it may commit going forward. The civil penalties associated with this settlement are the highest in state history. In addition to a monetary fine, the settlement agreement also includes additional compliance actions, including reporting performance metrics applicable to locating its facilities, implementing a pipeline safety management system, and requiring additional updates from NIPSCO to the Pipeline Safety Division regarding NIPSCO's pipeline safety compliance activities.

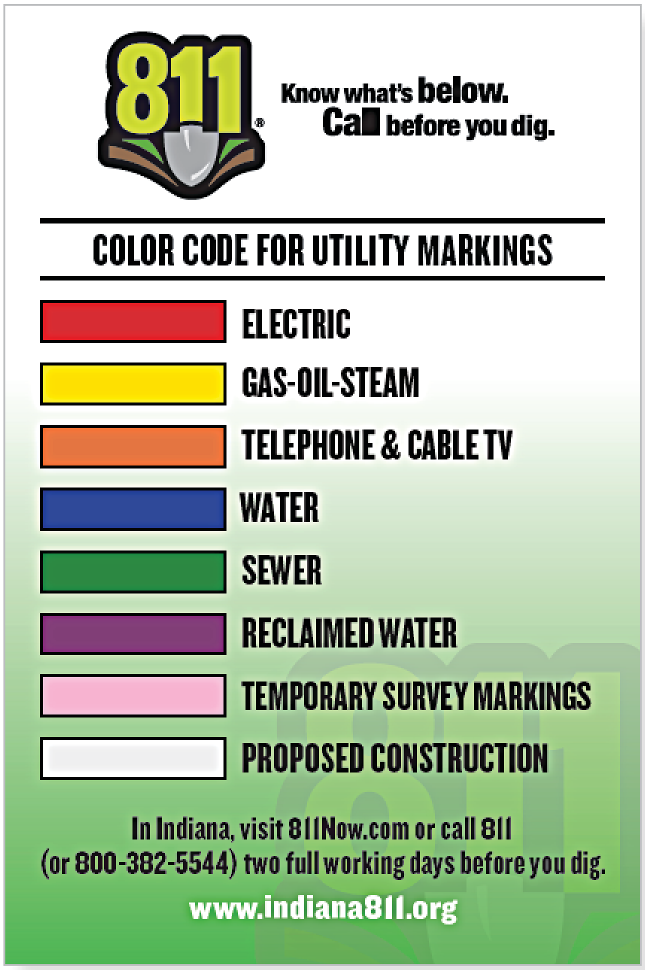
On May 14, 2018, the Commission's Pipeline Safety Division and Vectren Energy Delivery of Indiana, Inc. (Vectren) filed a settlement agreement for $736,000 in civil penalties for past pipeline safety violations, including the Camby house explosion in November 2017. In the settlement agreement, Vectren also agreed to provide information and ongoing reporting to the Pipeline Safety Division and to the OUCC, and to pay additional civil penalties for violations is may commit going forward. If approved by the Commission, the civil penalties associated with this settlement are the second highest in state history. In addition to a monetary fine, Vectren is also subject to additional compliance actions, including reporting performance metrics applicable to locating its facilities, the continuing implementation and improvement of its pipeline safety management system, and maintaining closer coordination with the Pipeline Safety Division in carrying out its pipeline safety compliance activities. The Commission will make a decision on whether to approve, reject, or modify the settlement based on all evidence presented.

Because both of the NIPSCO and Vectren cases were filed under Indiana Code chapter 8-1-22.5, all funds collected from approved civil penalties go directly to the state's General Fund.

INDIANA'S "CALL BEFORE YOU DIG" LAW

Excavation damages pose the single greatest risk to safe operations of natural gas and hazardous liquid pipeline systems throughout the country. To help address this risk, Indiana's Damage to Underground Facilities Law (Ind. Code chapter 8-1-26), also known as the state's "Call Before You Dig" law, establishes requirements that both excavators and underground facility owners must follow regarding excavation projects. The law also establishes an enforcement process that includes possible civil penalties of up to $10,000 for each violation of the law.

The Underground Plant Protection Advisory Committee (UPPAC) was established by Ind. Code chapter 8-1-26 and is comprised of representatives from various stakeholder groups appointed by the Governor. The UPPAC acts in an advisory capacity and makes penalty recommendations to the Commission after reviewing the findings of the Pipeline Safety Division's investigations of alleged violations.



The Pipeline Safety Division is actively engaged with various damage prevention stakeholder groups through Damage Prevention Councils, which are comprised of underground facility owners, locating firms, individual excavators, and Indiana 811. These councils are designed to facilitate open communication and transparency and foster industry relationships. They provide an open forum for stakeholders to offer ideas for improvement, express concerns, and discuss matters concerning their performance with damage prevention.

Additionally, in 2017, the Pipeline Safety Division continued to host stakeholder meetings designed to facilitate additional discussions and open communication among the various stakeholder groups including pipeline operators, excavators, locators, Indiana 811, etc. These meetings resulted in the identification of several areas of mutual concern and the development of potential solutions. These stakeholder meetings are continuing in 2018.

Senate Enrolled Act 125

Senate Enrolled Act (SEA) 125 (2018) created a new chapter in Indiana law (Ind. Code chapter 8-1-26.5) that requires certain criteria be met by contractors that are planning an excavation or demolition. Certain contractors (i.e., contractors that qualify as “filing entities” under Ind. Code chapter 23-0.5-1.5) must submit a signed statement with the Indiana Secretary of State’s office stating that it and its employees will comply with the “Call Before You Dig” law, and provide this documentation to a communications service provider or utility before entering into a contract with the provider or utility. Additionally, the Commission or its Pipeline Safety Division may request once per calendar year a list of contractors operating in Indiana on behalf of a utility or a communications service provider. The request may be made more frequently if the request is related to an investigation under the “Call Before You Dig” law.

DEPTH STUDY

In 2009, the Indiana General Assembly mandated a report for best practices concerning the vertical location of underground facilities for purposes of Ind. Code chapter 8-1-26, specifically looking at the viability and economic feasibility of technologies used to locate underground facilities.

In March 2011, the Common Ground Alliance (CGA), a national, member-driven association dedicated to public and environmental safety and the prevention of damage to underground facilities, completed a study sponsored by the U.S. DOT. This study identified 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.

The CGA, equipment manufacturers, and the Commission’s Pipeline Safety Division all strongly recommend hand digging, air cutting, or vacuum excavation to expose underground pipe for visual verification.

The Pipeline Safety Division further recommends that all operators of locator equipment be certified by an accredited organization, thus ensuring that only qualified individuals are allowed to perform this important service. This serves to protect underground facilities and Hoosiers working around them.

Emerging technologies, such as new mapping techniques using utility marker balls and cell phones for mapping facilities in Geographic Information Systems (GIS), are being developed to help reduce excavation damages and improve operator facility maps. Marker balls also allow locators to more easily and accurately identify the location of underground facilities in certain situations. Although new technology continues to be explored to address problems associated with difficult-to-locate gas lines and determining the depth of such lines, providing pipeline depth information to those performing excavation activities could result in unintended consequences, such as the over-reliance on pipeline depth information and the use of mechanical equipment within specified tolerance zones where hand digging would be a safer alternative. Therefore, the division does not recommend providing excavators a linear elevation of underground facilities.

UNDERGROUND PLANT PROTECTION ACCOUNT

UNDERGROUND PLANT PROTECTION ACCOUNT

The Underground Plant Protection Account (UPPA) fund was established in 2009 under Ind. Code chapter 8-1-26. The fund is the accumulation of civil penalties that were levied and collected due to violations of Indiana's Damage to Underground Facilities law—also known as the 811 or "Call Before You Dig" law. Civil penalties from "Call Before You Dig" law violations are approved by the Commission.

PERMITTED USE OF UPPA FUNDS

UPPA funds are used to provide programs designed to reduce damages to buried facilities during excavation and violations of Indiana's "Call Before You Dig" law. Per Indiana law, uses of UPPA funds must fall into at least one of three categories:

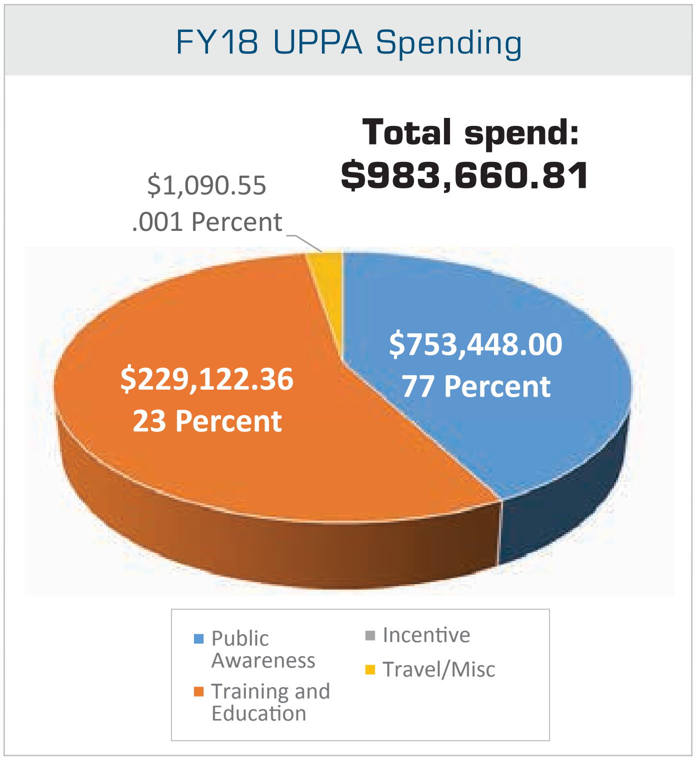
- Public awareness programs concerning underground plant protection
- Training and educational programs for contractors, excavators, locators, operators, and other persons involved in underground plant protection
- Incentive programs for contractors, excavators, locators, operators, and other persons involved in underground plant protection to reduce the number of "Call Before You Dig" law violations

All uses of UPPA funds strictly follow state of Indiana procurement guidelines. UPPA funds are overseen by a committee of Commission representatives, which includes:

- Commission Chair
- Commissioner
- Chief Administrative Law Judge
- Executive Director of External Affairs
- Executive Director of Technical Operations
- General Counsel
- Director of Pipeline Safety
- UPPA Fund Project Manager

The following list summarizes several uses of the UPPA fund during Fiscal Year 2018.

- Through the Commission's renewal of the Indiana Broadcasters Association's (IBA) Public Education Program (PEP), the Commission has continued to run significant "Call Before You Dig" messaging on AM radio, FM radio, and broadcast television stations based in Indiana. Approximately 57,000 spots have run across the state during Fiscal Year 2018.
- The Commission supported the 2017 Indiana State Fair to increase public awareness of the "Call Before You Dig" law. The sponsorship included safety messaging on all hand sanitizer dispensers, as well as on 40 Skyride carts. During the fair, the safety-branded hand sanitizers were used more than 400,000 times and the Skyride was used over 75,000 times.
- UPPA funded seven Indiana "Call Before You Dig" law-focused safety training sessions across central, northern, and southern Indiana for excavators, operators, locators, and other stakeholders in utility safety. These sessions were held in Columbus, Evansville, Fort Wayne, Noblesville, Scottsburg, West Lafayette, and Valparaiso, and included both dig law education as well as a live, mock line-strike demonstration.
- August 11, 2017, was marketed as "8/11 Day" statewide with 811 safety marketing and events at all minor league baseball games occurring on August 11.
- The UPPA fund sponsored 115 attendee scholarships to the Midwest Damage Prevention Training Conference in French Lick, Indiana.
- The Commission partnered with Indiana University and Purdue University to sponsor safety marketing at all football games and men's and women's basketball games.
- The Commission launched a new grant program called Safe Dig Indiana Local as part of the UPPA Fund program focused on providing safety training and trainers to assist local governments to improve their utility safety programs. Communities that have applied for and have received these grants include Boonville, Rensselaer, Porter County, and Osgood.
- The Commission launched the first phase of its new, online safety training system for professionals who work in excavation, including, but not limited to, landscapers, plumbers, concrete workers, and heavy construction workers. The training program has educated more than 440 professional excavators on safe digging best practices and using the 811 system since its launch.



Total investment in safety programs through the UPPA fund in Fiscal Year 2018 was $983,660.81.

The Commission maintains a dedicated UPPA fund website at *www.in.gov/iurc/2847.htm*, where current account balances, spending and deposit history, training opportunities, and awarded grants and contracts are regularly updated. UPPA-specific spending can be tracked on an interactive spending map that can be viewed at *www.in.gov/iurc/2950.htm*.

UPPA funds are statutorily dedicated to training, education, and public awareness and do not revert to the state's General Fund at the end of a fiscal year.

Those interested in creating a project focused on increasing underground facility safety can apply for a grant from the UPPA fund or contact the UPPA Fund Manager at *www.in.gov/iurc/2854.htm*.

The Commission hosted Safety Days across the state in March and April, which featured a gas mock line-strike demonstration to show the importance of damage prevention.

The Underground Plant Protection Account fund supported the 2017 Indiana State Fair to increase public awareness of the "Call Before You Dig" law.

APPENDICES

APPENDICES

Commission's Budget and 2018-2019 Public Utility Fee Calculation

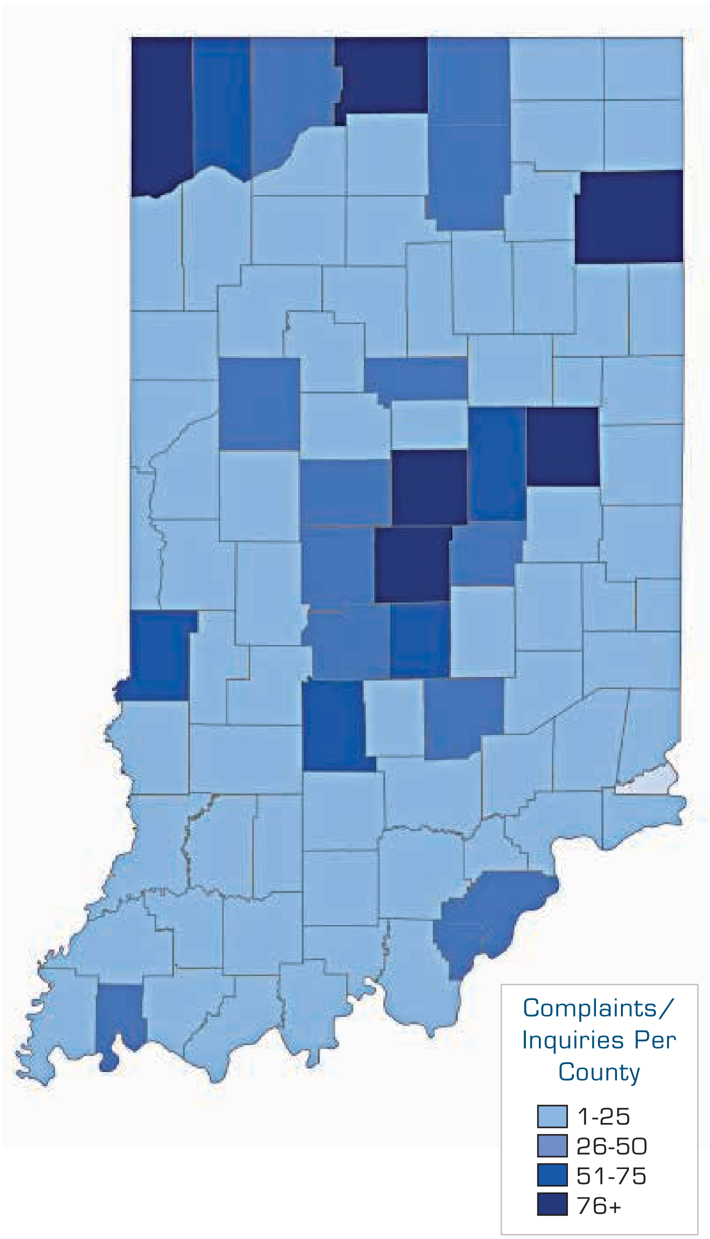
2018-2019 Public Utility Fee Calculation

BILLABLE PORTION OF THE BUDGET		
2018-2019 (FY19) BUDGET AS PASSED		
Utility Regulatory Commission	$ 9,406,819.00	
Utility Consumer Counselor	$ 6,512,777.00	
Expert Witness Fund	$ 839,678.00	
Contingency Fund	$ 250,000.00	
Total 2018-2019 Budget		$ 17,009,274.00
2017-2018 (FY18) BUDGET AUGMENTATIONS		
Utility Regulatory Commission	$ ----	
Utility Consumer Counselor	$ ----	
2016-2017 (FY17) REVERSIONS		
Utility Regulatory Commission	$ 294,734.31	
Utility Consumer Counselor	$ 207,098.00	
Expert Witness Fund	$ 989,939.83	
Contingency Fund	$ 250,000.00	
Bond Fee Collections	$ 99,100.00	
Municipal Fee Collections	$ 284,671.18	
Other Revenue (FY16 PUF Fees received in FY17)	$ 1,842.29	
Total 2016-2017 (FY17) Reversions		$ 2 ,127,385.61
PRIOR YEAR ADJUSTMENTS		
Expert Witness Fund Reversion	$ ----	
Pre-FY2017 Purchase Orders reduced in FY2017	$ 48,627.51	
Pipeline Safety Grant Revenue	$ ----	
Total Adjustments		$ 48,627.51
Billable Portion of the 2018-2019 (FY19) Budget		$ 14,833,260.88
2017 UTILITY INTRA-STATE REVENUES		
Electric Utilities (44)	$ 8,827,606,651.48	
Gas Utilities (20	$ 1,358,090,825.57	
Sewer Utilities (22)	$ 79,831,520.84	
Telecommunication Utilities (189)	$ 1,831,699,275.18	
Water Utilities (30) $ 242,839,240.43		
Total Utility Intra-State Revenues		$ 12,340,067,513.50
2018-2019 PUBLIC UTILITY FEE BILLING RATE		
Billable Portion of the 2018-2019 Budget	$ 14,833,260.88	
Divide by: Total 2017 Utility Intra-State Revenues	$ 12,340,067,513.50	
2018-2019 Public Utility Fee Billing Rate		0 .001202040

CAD Complaints/Inquiries by County

County	Count of Case #	County	Count of Case #
Adams	8	Madison	60
Allen	158	Marion	790
Bartholomew	26	Marshall	16
Benton	5	Martin	4
Blackford	11	Miami	17
Boone	29	Monroe	62
Brown	20	Montgomery	8
Carroll	2	Morgan	27
Cass	13	Newton	3
Clark	42	Noble	8
Clay	7	Orange	5
Clinton	2	Owen	4
Crawford	5	Parke	3
Daviess	3	Perry	3
De Kalb	8	Pike	5
Dearborn	17	Porter	58
Decatur	9	Posey	8
Delaware	87	Pulaski	7
Dubois	6	Putnam	7
Elkhart	42	Randolph	16
Fayette	9	Ripley	10
Floyd	31	Rush	6
Fountain	1	Scott	2
Franklin	11	Shelby	23
Fulton	3	Spencer	8
Gibson	7	St. Joseph	94
Grant	25	Starke	2
Greene	5	Steuben	2
Hamilton	124	Sullivan	4
Hancock	30	Switzerland	2
Harrison	8	Tippecanoe	50
Hendricks	40	Tipton	2
Henry	19	Union	1
Howard	26	Vanderburgh	36
Huntington	20	Vermillion	3
Jackson	13	Vigo	53
Jasper	11	Wabash	14
Jay	5	Warren	1
Jefferson	11	Warrick	15
Jennings	5	Washington	6
Johnson	74	Wayne	20
Knox	12	Wells	9
Kosciusko	26	White	5
La Porte	40	Whitley	5
Lagrange	11		
Lake	208		
Lawrence	17	**GRAND TOTAL**	**2778**

Note: CAD received two out-of-state complaints.



Revenues for Jurisdictional Electric Utilities

Revenues for Year Ending December 31, 2017

Rank	Utility Name	Operating Revenues	% of the Total Revenues
1	Duke Energy Indiana, Inc.	$3,029,519,885	33.20%
2	Indiana Michigan Power Co.	$2,051,641,009	22.48%
3	Northern Indiana Public Service Co.	$1,791,329,813	19.63%
4	Indianapolis Power & Light Co.	$1,331,107,837	14.59%
5	Vectren South	$569,675,124	6.24%
6	Anderson Municipal	$86,408,126	0.95%
7	Richmond Municipal	$81,908,003	0.90%
8	Citizens Thermal	$71,175,282	0.78%
9	Auburn Municipal	$41,504,687	0.45%
10	Crawfordsville Municipal	$36,179,556	0.40%
11	Frankfort Municipal	Not Available	
12	Lebanon Municipal	$22,831,041	0.25%
13	Tipton Municipal	$12,995,776	0.14%
14	Greenfield Mills, Inc.	$15,409	0.00%
	Total	$9,126,291,548	100.00%

Jurisdiction Over Municipal Electric Utilities

Municipal Utilities Under the Commission's Jurisdiction		
Anderson	Frankfort	Lebanon
Auburn	Kingsford Heights	Richmond
Crawfordsville		Tipton

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

Residential Electric Bill Survey

July 1, 2018

	Kwh Consumption			
Municipal Utilities	500	1,000	1,500	2,000
Anderson Municipal	$ 65.44	$ 111.16	$ 156.88	$ 202.61
Auburn Municipal	45.91	84.83	123.74	162.65
Crawfordsville Municipal	60.58	106.16	151.74	197.32
Frankfort Municipal	55.06	102.11	149317	196.23
Kingsford Heights Municipal	53.08	102.65	152.23	201.80
Lebanon Municipal	59.04	108.30	153.77	199.23
Richmond Municipal	56.74	97.94	139.15	178.62
Tipton Municipal	52.66	99.33	143.70	188.07

Investor - Owned Utilities	500	1,000	1,500	2,000
Duke Energy Indiana	$ 71.95	$ 122.84	$ 168.92	$ 215.00
Indiana Michigan Power d/b/a AEP	71.32	132.14	192.95	253.77
Indianapolis Power & Light Co.	72.27	117.07	161.87	206.67
Northern Indiana Public Service Co.	73.21	132.43	191.64	250.85
Vectren South	82.74	153.54	224.33	295.12

All Jurisdictional Utilities	500	1,000	1,500	2,000
Average for 2018 Survey	$ 63.08	$113.11	$162.31	$211.38
Average for 2017 Survey	$ 63.50	$114.68	$164.76	$214.40
% Change from 2016 Survey to 2017 Survey	-0.67%	-1.37%	-1.48%	-1.41%

Residential Electric Bill Survey Year-to-Year Comparison

(Based on 1,000 Kwh)

Municipal Utilities	2018	2017	% Change
Anderson Municipal	$111.16	$115.45	-3.7%
Auburn Municipal	$84.83	$87.95	-3.6%
Crawfordsville Municipal	$106.16	$110.39	-3.8%
Frankfort Municipal	$102.11	$112.70	-9.4%
Kingsford Heights Municipal	$102.65	$105.85	-3.0%
Lebanon Municipal	$108.30	$113.81	-4.8%
Richmond Municipal	$97.94	$104.39	-6.2%
Tipton Municipal	$99.33	$104.73	-5.2%
Municipal Averages	**$101.56**	**$106.91**	**-5.0%**

Investor - Owned Utilities	2018	2017	% Change
Duke Energy Indiana	$122.84	$120.46	2.0%
Indiana Michigan Power d/b/a AEP	$132.14	$116.47	13.4%
Indianapolis Power & Light Co.	$117.07	$110.72	5.7%
Northern Indiana Public Service Co.	$132.43	$138.57	-4.4%
Vectren South	$153.54	$153.06	0.3%
Investor - Owned Averages	**$131.60**	**$127.86**	**2.9%**

Residential Electric Bill 10-Year Comparison

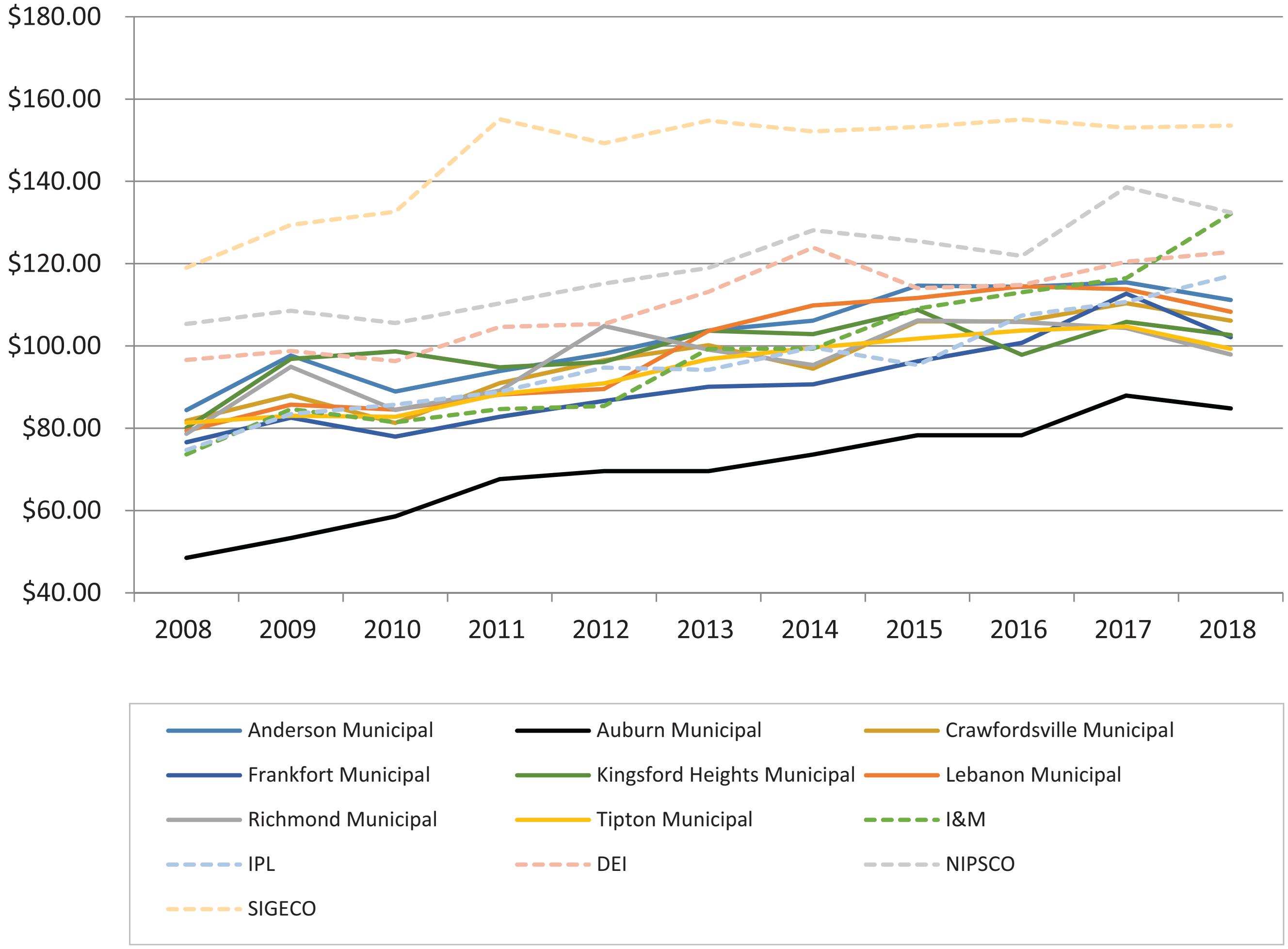
(RS Bill for 1,000 Kwh Usage, 7/1 of Each Year)

Municipal Utilities	2008	2018	Change	% Change
Anderson Municipal	$84.41	$111.16	$26.75	32%
Auburn Municipal	$48.50	$84.83	$36.33	75%
Crawfordsville Municipal	$81.85	$106.16	$24.31	30%
Frankfort Municipal	$76.60	$102.11	$25.51	33%
Kingsford Heights Municipal	$80.08	$102.65	$2257	28%
Lebanon Municipal	$79.39	$108.30	$28.91	36%
Richmond Municipal	$78.65	$97.94	$19.29	25%
Tipton Municipal	$81.32	$99.33	$18.01	22%

Investor-Owned Utilities	2008	2018	Change	% Change
Indiana Michigan Power d/b/a AEP	$73.66	$132.14	$58.47	79%
Indianapolis Power & Light Co.	$74.72	$117.07	$42.35	57%
Northern Indiana Public Service Co.	$105.37	$132.43	$27.06	26%
Duke Energy Indiana	$96.62	$122.84	$26.22	27%
Vectren South	$119.04	$153.54	$34.50	29%

Yearly Residential Electric Bill Comparison Chart
10-Year Comparison for 1,000 kWh

(RS Bill for 1,000 kWh usage, 7/1 of each year)



Tax Legislation Impact of Rates – Electric Utilities

As of August 31, 2018

Utility Name	Impact on Avg. Customer's Monthly Bill
Duke Energy	– $ 3.10
I&M (1)	
IPL (2)	– $ 1.52
NIPSCO	– $ 3.67
SIGECO	– $ 5.26

(1) Due to the rate case for I&M at the initiation of the Commission's investigation into the impacts of the tax law, I&M was able to resolve the impacts in its pending rate case. The rate case was resolved via a Settlement Agreement which provided a $4 million credit to customers to account for the impact of the TCJA on I&M existing rates. Also, I&M reduced the test year revenue deficiency by approximately $85 million.

(2) The Revenue Change for IPL is representative of the amount proposed in the Settlement in Cause No. 45032-S1. As of now, the case is pending before the Commission.

Revenues of Jurisdictional Natural Gas Utilities

Operating Revenues for Year Ending December 31, 2017

Rank	Utility Name	Operating Revenues	Percentage of Total Revenues
1	Northern Indiana Public Service Co - Gas	$626,885,442	38.83%
2	Indiana Gas Company, Inc. - Vectren	$564,995,404	34.99%
3	Citizens Gas	$241,600,991	14.96%
4	Southern Indiana Gas and Electric Co - Gas	$93,219,608	5.77%
5	Ohio Valley Gas Corporation	$27,237,178	1.69%
6	Midwest Natural Gas Corporation	$14,265,760	0.88%
7	Sycamore Gas Company	$8,753,759	0.54%
8	Indiana Natural Gas Corporation	$7,082,679	0.44%
9	Community Natural Gas Co., Inc.	$6,632,351	0.41%
10	Ohio Valley Gas, Inc.	$4,510,534	0.28%
11	Citizens Gas of Westfield	$4,397,621	0.27%
12	Boonville Natural Gas Corporation	$3,993,382	0.25%
13	Indiana Utilities Corporation	$3,958,599	0.25%
14	Fountaintown Gas Company, Inc.	$3,774,540	0.23%
15	South Eastern Indiana Natural Gas Co., Inc.	$1,706,911	0.11%
16	Switzerland County Natural Gas Co.	$1,133,953	0.07%
17	Valley Rural Utility Company	$363,695	0.02%
	Total Operating Revenues	**$1,614,512,407**	**100.00%**

Jurisdiction Over Natural Gas Utilities

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

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

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

Municipal Utilities under the Commission's Jurisdiction
Citizens Gas (for regulatory purposes only)

Tax Legislation Impact on Rates – Natural Gas Utilities

As of August 31, 2018

Utility	Impact on Avg. Customers Monthly Bill
Boonville Natural Gas Corporation	– $ 2.96
Citizens Gas*	---
Citizens Gas – Westfield*	---
Community Natural Gas Company, Inc.	– $ 3.92
Fountaintown Gas Company, Inc.	– $ 3.20
Indiana Natural Gas Corp.	– $ 1.47
Indiana Utilities Corp.	– $ 2.13
Midwest Natural Gas Corp.	– $ 1.93
NIPSCO	– $ 1.21
Ohio Valley Hub	– $ 0.11
Ohio Valley Inc. & Co.	– $ 3.31
South Eastern Indiana Natural Gas Company	– $ 0.91
Switzerland County Natural Gas Company, Inc.	$ 0.42
Sycamore Gas Company	– $ 2.63
Vectren North	– $ 2.96
Vectren South	– $ 1.63
Heartland*	---

** Due to the tax structure of these entities, the cases were dismissed from the Commission investigation.*

Residential Natural Gas Bill Survey

Comparison by 200 Therm Usage (January 1, 2018)

Utility Name	Ownership	Cause No. of Last Rate Case	150 Therms	200 Therms	250 Therms
Ohio Valley Gas Corp. (TXG) (1)	IOU	44891	$ 147.32	$ 191.51	$ 235.70
Indiana Utilities	IOU	44062	$ 143.46	$ 184.57	$ 225.69
Ohio Valley Gas, Inc. (1)	IOU	44891	$ 142.01	$ 184.43	$ 226.85
Boonville Natural Gas	IOU	44129	$ 142.49	$ 183.30	$ 224.12
Ohio Valley Gas Corp. (ANR) (1)	IOU	44891	$ 136.04	$ 176.47	$ 216.90
Sycamore Gas Company	IOU	43090	$ 132.98	$ 168.28	$ 203.58
South Eastern Indiana Natural Gas Co.	IOU	44128	$ 126.12	$ 162.01	$ 197.90
Community Natural Gas	IOU	44768	$ 126.08	$ 158.79	$ 191.59
Valley Rural Utility Company (3)	NFP	42115	$ 122.28	$ 158.08	$ 193.88
Switzerland County Natural Gas	IOU	44293	$ 117.88	$ 151.77	$ 185.65
Citizens Gas of Westfield	IOU	43624	$ 120.63	$ 151.39	$ 182.14
Midwest Natural Gas	IOU	44880	$ 118.21	$ 150.80	$ 183.39
Indiana Natural Gas	IOU	44453	$ 113.42	$ 146.36	$ 179.31
Fountaintown Gas	IOU	44292	$ 107.90	$ 138.28	$ 168.65
Indiana Gas Company (Vectren North)	IOU	43298	$ 108.64	$ 138.38	$ 168.13
Citizens Gas	MUN	43975	$ 106.78	$ 136.88	$ 166.97
Southern Indiana Gas and Electric Co. (Vectren)	IOU	43112	$ 104.48	$ 132.62	$ 160.76
Northern Indiana Public Service Co. (NIPSCO) (2)	IOU	43941	$ 88.73	$ 114.64	$ 140.56
Industry Average			**$ 122.53**	**$ 157.14**	**$ 191.77**

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

Rates do not include NTA.

(1) See last page for areas served.

(2) See last page for notes.

Residential Natural Gas Bill 5-Year Comparison (2014-2018)

Bills Calculated Based on Rates in Effect January 1 of each year

Rank	Utility Name	Consumption of 200 Therms					
		5-Year Average	2018 Bills	2017 Bills	2016 Bills	2015 Bills	2014 Bills
1	Ohio Valley Gas Corp. (TXG)	$ 195.49	$ 191.51	$ 182.26	$ 177.50	$ 214.30	$ 211.90
2	Indiana Utilities	193.05	184.57	178.65	199.70	199.59	202.75
3	Boonville Natural Gas	192.46	183.30	180.40	176.10	221.37	201.11
4	Ohio Valley Gas, Inc.	189.70	184.43	175.14	170.38	210.20	208.34
5	Valley Rural Utility Company	187.24	158.08	187.85	195.03	198.83	196.42
6	Sycamore Gas Company	180.61	168.28	181.84	170.16	187.98	194.80
7	Ohio Valley Gas Corp. (ANR)	180.11	176.47	167.14	162.38	198.96	195.60
8	Citizens Gas of Westfield	174.90	151.39	160.75	144.15	208.37	209.83
9	South Eastern Indiana Natural Gas Co.	170.37	162.01	153.71	168.26	178.54	189.31
10	Switzerland County Natural Gas	160.74	151.77	146.29	148.01	181.67	175.97
11	Community Natural Gas	159.34	158.79	165.24	135.16	162.97	174.55
12	Midwest Natural Gas	156.80	150.80	166.15	128.27	165.75	173.01
13	Indiana Natural Gas	156.43	146.36	158.94	138.65	170.02	168.19
14	Fountaintown Gas	155.55	138.28	137.65	139.28	185.35	177.18
15	Citizens Gas	151.02	136.88	144.54	129.02	170.54	174.14
16	Indiana Gas Company (Vectren North)	145.26	138.38	143.56	121.07	158.42	164.85
17	Southern Indiana Gas and Electric Co. (Vectren South)	135.97	132.62	131.58	106.85	150.03	158.76
18	Northern Indiana Public Service Co. (NIPSCO)	125.41	114.64	119.31	96.20	155.02	141.88
	Industry Average	**$ 167.05**	**$ 157.14**	**$ 160.06**	**$ 150.34**	**$ 183.36**	**$ 181.80**

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

Rates do not include NTA.

Revenues for Jurisdictional Water Utilities

Revenues for Year Ending December 31, 2017

Rank	Utility Name (Utility) (Account)	Operating Revenues	% of Total Revenues
1	Indiana-American Water Company, Inc.	$ 212,023,493	32.97%
2	Citizens Water	193,082,079	30.02%
3	Fort Wayne Municipal Water	9,622,182	7.72%
4	Evansville Municipal Water	3,960,462	3.73%
5	South Bend Municipal Water	5,039,043	2.34%
6	Bloomington Municipal Water	4,389,608	2.24%
7	Hammond Municipal Water	2,854,251	2.00%
8	Anderson Municipal Water	10,209,625	1.59%
9	Citizens Water of Westfield	8,386,389	1.30%
10	Elkhart Municipal Water	7,695,280	1.20%
11	Michigan City Municipal Water	7,584,423	1.18%
12	Lafayette Municipal Water	7,466,942	1.16%
13	Schererville Municipal Water	6,087,521	0.95%
14	Columbus Municipal Water	5,026,498	0.78%
15	East Chicago Municipal Water	4,927,833	0.77%
16	Marion Municipal Water Works	4,145,852	0.64%
17	Jackson County Water Utility, Inc.	3,587,155	0.56%
18	Stucker Fork Conservancy District	3,579,098	0.56%
19	Brown County Water Utility, Inc.	3,410,600	0.53%
20	Chandler Municipal Water	2,972,256	0.46%
21	Silver Creek Water Corporation	2,962,750	0.46%
22	Edwardsville Water Corporation	2,540,798	0.40%
23	Martinsville Municipal Water	2,497,138	0.39%
24	Princeton Municipal Water	2,306,546	0.36%
25	Auburn Municipal Water	2,271,855	0.35%
26	Community Utilities of Indiana	2,097,233	0.33%
27	Eastern Heights Utilities, Inc.	2,013,602	0.31%
28	Morgan County Rural Water Corporation	1,944,739	0.30%
29	Eastern Bartholomew Water Corporation	1,662,424	0.26%
30	East Lawrence Water Authority	1,659,166	0.26%
31	Boonville Municipal Water	1,651,630	0.26%
32	Ellettsville Municipal Water	1,637,333	0.25%
33	Gibson Water	1,581,511	0.25%
34	Floyds Knobs Water Company, Inc.	1,395,913	0.22%
35	Southwestern Bartholomew Water Corporation	1,394,907	0.22%
36	German Township Water District, Inc.	1,351,702	0.21%
37	Southern Monroe Water Authority	1,162,267	0.18%
38	Corydon Municipal Water	1,061,713	0.17%
39	Cedar Lake Municipal Water	1,011,798	0.16%
40	Tri-Township Water Corporation	70,870	0.15%
41	Fortville Municipal Water	827,132	0.13%
42	North Dearborn Water Corporation	80,994	0.12%

(continued)

Revenues for Jurisdictional Water Utilities

Revenues for Year Ending December 31, 2017

Rank	Utility Name (Utility) (Account)	Operating Revenues	% of Total Revenues
43	Van Buren Water, Inc.	$ 67,123	0.12%
44	Marysville Otisco Nabb Water Corporation	62,166	0.12%
45	Charlestown Municipal Water	50,137	0.12%
46	Washington Township Water Corporation of Monroe County	82,645	0.11%
47	Posey Township Water	68,560	0.10%
48	LMS Townships Conservancy District	67,156	0.10%
49	Sullivan-Vigo Rural Water Corp.	53,565	0.10%
50	Aqua Indiana, Inc.	49,493	0.10%
51	B & B Water Project, Inc.	59,480	0.09%
52	Cataract Lake Water Corporation	70,349	0.07%
53	Clinton Township Water	26,970	0.07%
54	Tri-County Conservancy District	405,490	0.06%
55	Fayette Township Water Association, Inc.	12,330	0.05%
56	Knightstown Municipal Water	10,732	0.05%
57	St. Anthony Water Utilities, Inc.	304,919	0.05%
58	Everton Water Corporation	79,236	0.04%
59	Ogden Dunes Municipal Water	48,686	0.04%
60	Kingsbury Utility Corporation	44,345	0.04%
61	Painted Hills Utilities Corporation	31,413	0.04%
62	Mapleturn Utilities, Inc.	207,715	0.03%
63	Pioneer Water, LLC	202,199	0.03%
64	Waldron Conservancy District	7,295	0.01%
65	Apple Valley Utilities, Inc.	4,858	0.01%
66	Libertytree Campground Owners and Members Assoc.	2,550	0.01%
67	Pleasantview Utilities, Inc.	8,992	0.01%
68	J.B. Waterworks, Inc.	1,114	<0.001
69	Wastewater One dba River's Edge Utility, Inc.	5,881	<0.001
70	Shady Side Drive Water Corporation	6,858	<0.001
71	Wells Homeowners Association, Inc.	3,190	<0.001
72	Hancock Rural Telephone Corporation d/b/a Ninestar Connect	2,014	<0.001
73	Pence Water Works	8,130	<0.001
74	Country Acres Property Owners Association	5,880	<0.001
75	Bluffs Basin Utility Company, LLC	5,869	<0.001
76	Hessen Utilities, Inc.	Did Not Report	<0.001
77	Kingsford Heights Municipal Water	Did Not Report	<0.001
78	New Castle	Did Not Report	<0.001
79	Philadelphia Waterworks	Did Not Report	<0.001
80	Van Bibber Lake Water Conservancy District	Did Not Report	<0.001
	Total Revenues	$ 643,071,951	100.00%

Revenues for Jurisdictional Wastewater Utilities

Revenues for Year Ending December 31, 2017

Rank	Utility Name	Operating Revenues	% of Total Revenues
1	CWA Authority, Inc.	$ 232,075,008	75.31%
2	Sanitary District of Hammond	28,956,489	9.40%
3	Hamilton Southeastern Utilities, Inc.	13,397,106	4.35%
4	Citizens Wastewater of Westfield, LLC	9,799,548	3.18%
5	Aqua Indiana	9,395,175	3.05%
6	Aqua Indiana South Haven	4,120,715	1.34%
7	American Suburban Utilities, Inc.	3,120,625	1.01%
8	Community Utilities Inc.	2,278,214	0.74%
9	Eastern Richland Sewer Corporation	1,024,037	0.33%
10	Driftwood Utilities, Inc.	830,940	0.27%
11	L.M.H. Utilities Corporation	720,251	0.23%
12	Indiana-American Water Company, Inc.	451,870	0.15%
13	Mapleturn Utilities, Inc.	441,060	0.14%
14	Kingsbury Utility Corporation	413,891	0.13%
15	Apple Valley Utilities, Inc.	229,887	0.07%
16	Doe Creek Sewer Utility, Inc.	222,691	0.07%
17	Howard County Utilities, Inc.	182,272	0.06%
18	Aqua Indiana Sani Tech, Inc.	107,812	0.03%
19	Pleasantview Utilities, Inc.	92,975	0.03%
20	Aqua Indiana Southeastern Utilities, Inc.	73,547	0.02%
21	JLB Development, Inc.	54,283	0.02%
22	Hillview Estates Subdivision, Inc.	41,738	0.01%
23	Lakeland Lagoon Corp.	29,125	<0.01%
24	Wastewater One dba River's Edge Utility, Inc.	28,600	<0.01%
25	Hancock Rural Telephone Corporation d/b/a Ninestar Connect	27,921	<0.01%
26	Country Acres Property Owners Association	23,521	<0.01%
27	Bluffs Basin Utility Company, LLC	12,391	<0.01%
28	Anderson Lakes Estates Homeowners Association, Inc.	9,233	<0.01%
29	Webster Development, LLC	3,672	<0.01%
30	Devon Wood Utilities Inc.	Did Not Report	<0.01%
31	Gutting Environmental	Did Not Report	<0.01%
31	Hessen Utilities, Inc.	Did Not Report	<0.01%
31	South County Utilities	Did Not Report	<0.01%
31	Sugar Creek Utility Company	Did Not Report	<0.01%
	Total Revenues	$ 308,164,597	100.00%

Residential Water Bill Survey

Comparison by Gallon Usage (January 1, 2018)

Utility Name	Ownership	Last Rate Case	Order Date	5,000 gal.	7,500 gal.
Anderson Municipal	MUN	44510	3/4/15	$27.88	$35.89
Apple Valley	IOU	44551-U	4/6/16	$25.72	$25.72
Aqua Indiana	IOU				
Montgomery County Water Division	IOU	43609	6/10/09	$49.82	$66.77
Lake County Water Division	IOU	43962	7/27/11	$45.49	$63.74
St. Joseph County Water Division	IOU	44814	12/28/16	$31.15	$41.75
Auburn*	MUN	41414	9/22/99	$22.31	$28.54
B&B Water Project	NFP	44755	10/13/16	$36.22	$52.11
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	439 39	3/9/11	$23.19	$30.97
Bluffs Basin	IOU	42188	3/5/03	$28.15	$38.15
Boonville*	MUN	43477	4/8/09	$34.14	$49.44
Brown County	NFP	44648	11/18/15	$65.62	$97.09
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
Chandler, Town*	MUN	43658	1/6/10	$29.62	$38.84
Charlestown	MUN	42878	8/16/06	$18.30	$27.45
Citizens Water	MUN	44644	4/20/16	$33.23	$45.51
Citizens Water of Westfield	IOU	44273	11/25/13	$33.41	$43.09
Clinton Township	NFP	43696	10/14/09	$38.59	$49.15
Columbus*	MUN	39425	3/29/94	$10.69	$14.72
Community Utilities of Indiana	IOU	44724	1/24/18	$43.38	$56.18
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
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
Edwardsville Water	NFP	44642	12/27/ 15	$45.89	$64.97
Elkhart	MUN	43191	7/11/07	$12.84	$16.13
Ellettsville	MUN	44670	4/13/16	$28.13	$40.51
Evansville, Inside City*	MUN	44760	10/5/16	$28.54	$38.37
Evansville, Outside City*	MUN	44760	10/5/16	$29.59	$39.42
Everton	NFP	44744	8//2/2016	$42.0 8	$58.73
Floyds Knobs	NFP	44416 -U	11/25/14	$40.40	$57.90

(continued)

Residential Water Bill Survey

Comparison by Gallon Usage (January 1, 2018)

Utility Name	Ownership	Last Rate Case	Order Date	5,000 gal.	7,500 gal.
Fort Wayne, Inside City	MUN	44162	12/18/13	$25.55	$32.46
Fort Wayne, Outside City	MUN	44162	12/18/13	$29.44	$37.43
Fortville	MUN	43551-U	10/7/09	$27.15	$37.42
Fortville, Outside City*				$35.40	$45.67
German Township	NFP	42282	3/26/03	$28.05	$41.48
Gibson Water	NFP	43918	11/4/10	$37.33	$55.56
Hammond	MUN	37653	6/5/85	$2.20	$3.28
Hancock Rural Telephone Corporation d/b/a Ninestar Connect	NFP	44776	8/24/16	$44.40	$44.40
Hessen Utilities	IOU	30805	7/30/65	$6.00	$6.00
Indiana-American Water Company, Inc.	IOU				
Area One					
Burns Harbor*, Chesterton*, Clarksville, Crawfordsville*, Farmersburg*, Franklin*, Gary*, Greenwood*, Hobart*, Jeffersonville*, Kokomo*, Marion Heights*, Merrillville*, Merom*, Muncie*, New Albany*, Newburgh*, Noblesville*, Portage*, Porter*, Richmond*, Russiaville*, Seymour, Shelbyville*, South Haven*, Sullivan*, Summitville, Terre Haute*, Wabash Valley*, Warsaw*, Waveland*	IOU	44450	1/28/15	$42.61	$54.67
Yankeetown*	IOU	44450 & 44400	1/28/2015 & 3/26/14	$52.81	$65.07
West Lafayette*	IOU	44450	1/28/15	$41.16	$53.19
Area Two					
Mooresville*, Winchester*	IOU	44450	1/28/15	$39.63	$50.14
Wabash*	IOU	44450	1/28/15	$42.61	$54.67
J.B. Waterworks	IOU	44115	5/9/12	$27.43	$39.91
Jackson County	NFP	44461	12/9/15	$53.75	$79.65
Kingsbury	IOU	44589 -U	3/9/16	$48.23	$62.66
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.	44224 -U	3/27/13	$25.16	$35.69
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
Marysville -Otisco -Nabb	NFP	4247 6-U	1/14/04	$38.10	$51.00
Michigan City*	MUN	44538	5/27/15	$27.05	$36.14
Morgan County Rural	NFP	42993	5/14/08	$52.83	$78.73

(continued)

Residential Water Bill Survey

Comparison by Gallon Usage (January 1, 2018)

Utility Name	Ownership	Last Rate Case	Order Date	5,000 gal.	7,500 gal.
Morgan County Rural, Western Exp.	NFP	42993	5/14/08	$62.57	$88.47
New Castle	MUN	42984	9/13/06	$27.14	$34.33
North Dearborn	NFP	43736	10/1/09	$34.25	$55.20
Ogden Dunes	MUN	44384-U	4/9/14	$35.47	$51.27
Painted Hills	IOU	37017	10/17/83	$27.75	$37.00
Pence	NFP	44051	2/1/12	$35.00	$35.00
Pioneer	IOU	44309-U	1/15/14	$40.85	$46.69
Pleasant View	IOU	44352-U	3/12/14	$48.45	$72.68
Posey Township	NFP	43875	12/7/10	$38.63	$52.88
Princeton	MUN	43652	3/3/10	$39.36	$55.46
Schererville*	MUN	42872	12/14/05	$27.11	$38.64
Shady Side Drive	NFP	44431 -U	4/16/14	$41.79	$62.34
Silver Creek*	NFP	37734	6/5/85	$30.00	$44.23
South Bend, inside*	MUN	44250	2/12/13	$15.34	$20.32
South Bend, outside*	MUN	44250	2/12/13	$18.01	$23.98
Southern Monroe	NFP	43952	5/11/11	$32.15	$46.40
Southwestern Bartholomew	NFP	44754	8/24/16	$48.64	$71.72
St. Anthony	NFP	39193	10/19/91	$38.50	$56.08
Stucker Fork Conservancy Dist. (City of Austin customers)	C.D.	44164	10/2/13	$28.08	$36.36
Stucker Fork Conservancy Dist.	C.D.	44687	12/14/16	$23.40	$32.05
Sullivan -Vigo	NFP	42599	6/23/04	$72.35	$105.70
Tri-County Conservancy District	CD	Conference Minutes	6/11/08	$39.85	$52.70
Tri-Township	NFP	40327	4/17/96	$19.85	$27.61
Van Bibber Lake	C.D.	42549 -U	11/18/04	$23.40	$23.40
Van Buren Water	NFP	44566	8/26/15	$33.15	$47.93
Waldron	C.D.	42376	2/11/04	$25.98	$37.93
Washington Twp. Of Monroe	NFP	44469	6/25/14	$44.97	$64.23
Wastewater One, LLC dba River's Edge Utility, Inc.	IOU	43115	8/25/10	$39.85	$59.78
Wedgewood Park	IOU	44369	11/6/13	$31.15	$41.75
Wells Homeowners Association	NFP	40056	4/12/95	$30.00	$30.00

** Fire protection surcharge for 5/8 inch meter included.*

Residential Wastewater Bill Survey

Comparison by Gallon Usage (5,000 gallons or 668.4028 cu. ft. – January 1, 2018)

Utility Name	Ownership	Last Rate Case	Order Date	Average Monthly Bill
American Suburban Utilities, Inc.	IOU	44676	11/30/2016	$48.89
Anderson Lake Estates Homeowners Association Inc.	NFP	42478	7/7/2004	$42.35
Apple Valley Utilities, Inc.	IOU	44551	4/4/2016	$49.40
Aqua Indiana, Inc.				
Lake County Wastewater Division (formerly Consumers Indiana Water Company)	IOU	42190	6/19/2002	$61.23
Southern Hills Wastewater Division (formerly Heir Industries, Inc.)	IOU	43949	7/27/2011	$70.11
Aboite Wastewater Division - Unmetered (formerly Utility Center, Inc.)	IOU	44752	1/18/2017	$63.85
Aboite Wastewater Division - Metered (formerly Utility Center, Inc.)	IOU	44752	1/18/2017	$58.65
Wildwood Wastewater Division (formerly Wildwood Shores Utilities Corporation)	IOU	43699-U	5/19/2010	$80.00
Wymberly Wastewater Division (formerly Wymberly Sanitary Works, Inc.)	IOU	42877-U	3/22/2006	$80.00
Floyd County (formerly Wastewater One, LLC - Galena WWTP)	IOU	44607	12/30/2015	$80.00
Crawford County (Formerly White Oak Sewage Treatment, LLC)	IOU	44811	1/4/2017	$45.00
Bluffs Basin Utility Company, LLC	IOU	42188	3/5/2003	$46.88
Citizens Wastewater of Westfield	IOU	44835	5/31/2017	$55.80
Citizens Wastewater of Westfield (Unmetered)	IOU	44835	5/31/2017	$86.38
Community Utilities of Indiana, Inc.	IOU	44724	1/24/2018	$62.24
CWA Authority, Inc. (Metered)	NFP	44990	12/28/2017	$54.46
Damon Run Conservancy District (outside district)	CD	44146	6/19/2013	$97.73
Devon Woods Utilities, Inc.	IOU	40234-U	1/31/1996	$41.88
Doe Creek Sewer Utility	IOU	43530-U	6/10/2009	$48.00
Driftwood Utilities, Inc.	NFP	43790-U	6/3/2010	$38.10
Eastern Richland Sewer Corporation	NFP	44271-U	6/26/2013	$42.46
Gutting Real Estate, LLC	IOU	44387	4/29/2015	$50.00

(continued)

Residential Wastewater Bill Survey

Comparison by Gallon Usage (5,000 gallons or 668.4028 cu. ft. – January 1, 2018)

Utility Name	Ownership	Last Rate Case	Order Date	Average Monthly Bill
Hamilton Southeastern Utilities, Inc.	IOU	44683	11/9/2016	$35.04
Hancock Rural Telephone Corporation dba Ninestar Connect	COOP	44776	8/24/2016	$48.27
Harbor Town Sanitary Sewage Corporation	IOU	35455	6/3/1987	$26.00
Hessen Utilities, Inc.	IOU	30805	7/30/1965	$4.00
Hillview Estates Subdivision Utilities, Inc.	IOU	38737-U	5/31/1989	$30.00
Howard County Utilities, Inc.	IOU	43294	1/23/2008	$69.00
Indiana American Water Company -Muncie & Somerset	IOU	44450	1/28/2015	$76.50
JLB Development, Inc.	IOU	39868	4/28/1995	$65.53
Kingsbury Utility Corporation	IOU	44590	3/2/2016	$37.45
Kingsbury Utility Corporation (unmetered)	IOU	44590	3/2/2016	$36.93
Lakeland Lagoon Corp.	NFP	41597-U	12/5/2012	$73.14
LMH Utilities Corporation	IOU	43431	1/21/2009	$46.59
Mapleturn Utilities, Inc.	NFP	44843-U	2/1/2017	$65.03
Pleasantview Utilities, Inc.	IOU	44351-U	3/26/2014	$45.77
Sani Tech, Inc.	IOU	43793-U	9/8/2010	$76.00
Sanitary District of Hammond	NFP	43307	1/4/2008	$13.38
South County Utilities, Inc.	IOU	43799-U	6/16/2010	$64.85
South Haven	IOU	43974	10/19/2011	$76.86
Southeastern Utilities, Inc.	IOU	43794-U	4/7/2010	$61.71
Wastewater One, LLC dba Rivers Edge	IOU	43115	8/25/2010	$39.85
Webster Development, LLC (w/out meter)	IOU	44244-U	5/22/2013	$98.60
Webster Development, LLC (w/meter)	IOU	44244-U	5/22/2013	$100.60

Tax Legislation Impact of Rates – Water Utilities

As of August 31, 2018

Utility	Impact on Avg. Customer's Monthly Bill (5,000 gallons)
Aqua Indiana, Inc. – Darlington	– $ 3.13
Aqua Indiana, Inc. – Lake County Water Division	– $ 1.62
Indiana-American Water Company, Inc.	---
Area One Rate Class	– $ 2.33
Area One – West Lafayette Only	– $ 2.26
Area One – Seymour Only	– $ 2.30
Area One – Yankeetown only	– $ 2.84
Area Two – (Mooresville & Winchester)	– $ 2.18
Community Utilities of Indiana	– $ 2.51

Tax Legislation Impact of Rates – Wastewater Utilities

As of August 31, 2018

Utility	Impact on Avg. Customer's Monthly Bill (5,000 gallons)
American Suburban Utilities, Inc	– $ 3.18
Aqua Indiana, Inc. – Aboite Wastewater (Metered)	– $ 3.25
Aqua Indiana, Inc. – Aboite Wastewater (Flat rate)	– $ 3.52
Aqua Indiana, Inc. – Lake County Sewer Division	– $ 1.85
Aqua Indiana, Inc. – Southern Hills	– $ 2.54
Aqua Indiana, Inc. – South Haven	– $ 3.16
Aqua Indiana, Inc. – Wildwood Shores	– $ 3.20
Aqua Indiana, Inc. – Wymberly	– $ 2.52
Indiana-American Water Company, Inc.	– $ 3.92
Community Utilities of Indiana, Inc.	– $ 1.18
LMH Utilities Corporation	– $ 2.86

Video Franchise Fee Report

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

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Change	Date Set	Establishment Method
Akron, Town of							
Comcast	State	$ 1,147	101 -General Fund; 101-604 Revenue General Cable Franchise Fee	The cable franchise fees the Town of Akron receipts in a calendar year are used to help the general fund expenditures. These expenditures include telephone, cable and computer/internet fees.	3%	5/7/85	Ordinance No. 7-85
Rochester Telephone Company	State	$ 2,031				7/18/00	Ordinance No. AMC2-1A 1-9
Albany, Town of							
Comcast	State	$ 20,110	General Fund	Police Salaries			
Albion, Town of							
Mediacom LLC	State	$ 8,850	General Fund	Franchise fees are receipted into and expended out from the General Fund which includes the Town of Albion's Corporation General Fund, Police Department, and Fire Department	3%	12/30/96	Ordinance No. F96-26, Pg. 6 (franchise fee)
Allen County	***No report submitted						
Anderson, City of							
AT&T	State	$ 113,235	Cable TV Franchise		5%	9/13/02	Cable Communications Ordinance ORD 37-02
Comcast	State	$ 573,412					
Angola, City of							
Mediacom Communications Corp.	State	$ 46,818	General Fund - Cable TV Receipts (101-000.00-00364.00	Support the Information Technology Department	5%	2/18/03	Ordinance No. 1107-2003
Arcadia, Town of							
Comcast	State	$ 4,453	Town of Arcadia General Fund	Governmental Expenditures	N/A		
Atlanta, Town of							
Comcast	State	$ 3,769	General Fund	Governmental Expenditures		2007	
Endeavor Communications	State	$ 1,108				2015	
Attica, City of	***No report submitted						
Auburn, Civil City of							
Mediacom Communications Corp.	State	$ 34,708	General Fund	The fees are used to supplement the maintenance of the Right-of-way. Mowing, weed spraying, tree/shrub trimming. This includes the cost of labor and equipment required to perform these maintenance tasks. It is imperative to have this supplemental income so that local utility rates are not subject to increases.	3%	4/29/04	Ordinance 2004-05
Auburn Essential Services	State	$ 34,216					
Avon, Town of							
Indiana Bell	State	$ 75,204	General Fund	Governmental Expenses as approved by the Town Council	2%	11/30/1995, 3/21/1996	Ordinance 95-5, Ordinance 96-12
Charter Communications	State	$ 113,474			5%	9/10/2015	Ordinance 2015-16
Bartholomew County	***No report submitted						
Batesville, City of	***No report submitted						
Bedford, City of	***No report submitted						
Berne, City of							
Comcast of Illinois/ Indiana/ Ohio, LLC	State	$ 22,618	General Fund	To help fund the General Fund expenses	5%	7/9/1990	Ordinance #379
Benton Ridge Telephone Company	Local	$ 1,901				7/8/2002	Amended Ordinance #379 with Ordinance #519
Bicknell, City of							
NewWave Communications	State	$ 7,314	General Fund	Operating Expenses	2%		
Cable One	Local	$ 2,338	General Fund	Operating Expenses	2%		
Bluffton, City of	***No report submitted						
Boonville, City of							
Time Warner/Spectrum	State	$ 39,488	General		5%	10/13/04	Ordinance 2004-24
Wide Open West	State	$ 27,941				12/19/05	Ordinance 2005-11
Bourbon, Town of							
Mediacom	State	$ 25	***	Not really a Franchise Fee - Rent for building partially located on our property		4/28/17	Amendment to Lease per Attorney Mark Wagner
Bremen, Town of							
Mediacom Communications Corp.	Local	$ 45,181	General Fund	Funding utilized in General Operations in serving our community such as sidewalk replacement programs and other Town Property Improvements	5%	8/25/05	Council Approved on 11/22/2004
Bristol, Town of	***No report submitted						

(continued)

Tax Video Franchise Fee Report

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Change	Date Set	Establishment Method
Brown County							
NewWave Communications	State	$ 1,245	County General	Probably went unknown that the money was there, it just rolled at the year end and still in County General Fund.	1.5%		
Cable One	State	$ 409					
Smithville Communications	State	$ 122					
Brownsburg, Town of							
AT&T Video Franchise	State	$ 85,669	101.639 Video	Franchise fees are deposited into the general fund to fund department budgets and lower tax rates	5%	2/10/1994	Ordinance 93-54
Comcast T.V. Franchise	State	$ 134,880	101.640 T.V.				
Brownstown, Town of							
Comcast of Illinois/Indiana/Ohio, LLC	State	$ 24,644	General Fund - Cable TV Franchise Fees	Support local law enforcement and services provided by the Town of Brownstown	3%	9/14/1981	Franchise Agreement (Ordinance #2000-04)
Bruceville, Town of							
Avenue Broadband Communications	State	$ 3,112	General Fund - Cable TV Franchise Fee	These monies were used to fund our general fund budget	3%	7/14/98	By Contract
Burlington, Town of							
NewWave Communications	State	$ 800	General Fund: Revenue Name - Cable TV Franchise	To aid in the maintaining of alleyways and curbs to ensure access to cable lines	2%	4/2/85	Ordinance 85-1 A
Cable One, Inc.	State	$ 283				4/16/01	Ordinance 2-2001 (Renewal & Extension)
Burns Harbor, Town of							
Comcast Cable Communications Group	State	$ 25,410	General Fund	The Town of Burns Harbor uses franchise fees to assist in the payment of general service expenditures that pertain to the maintenance and policing of the public right-of-way property.	5%	4/11/07	Town Ordinance No. 200-2007
Cambridge City, Town of	***No report submitted						
Campbellsburg, Town of							
Charter Communications	State	$ 985	General Fund	General fund appropriations for 2017			
Cannelton, City of	***No report submitted						
Carbon, Town of	***No report submitted						
Cayuga, Town of							
Comcast	State	$ 2,801		The fees were deposited into the General Fund of the town. The franchise fees were used to pay lawfully incurred bills of the Town of Cayuga.			
Cedar Lake, Town of							
Comcast	State	$ 159,236	Fund #0101 General Fund	Maintenance of easments (grass mowing, weed control), street light maintenance	5%	11/26/02	15-YR AGMT Amendement w/ Lake County Cable TV Consortium
Chandler, Town of							
Wide Open West	State	$ 14,273	General	Town operations	5%	9/19/05	Ordinance 2005-10
Charter Communications	State	$ 15,181					
Chesterfield, Town of							
Comcast Television	State	$ 21,639	General Fund/Public Safety	All monies help to maintain our Security/Police Officers. It helps with salaries, up to date training for our officers and necessary equipment to ensure our residents are safe as well as our officers.	5%	1983	Ordinance #111.11 State Code 26-36-1-1
Indiana Bell Telephone Company	State	$ 6,015					
Chesterton, Town of							
Comcast Cable Communications Group	State	$ 197,504	General Fund	The Town of Chesterton uses franchise fees to assist in the payment of general service expenditures that pertain to the maintenance and policing of the public right-of-way property	5%	8/14/95	Ordinance 95-17
Cicero, Town of							
Comcast	State	$ 34,316	General	Operations			
Clinton, City of							
New Wave Communications	State	$ 12,504	General	Spend on any legal expense for the city	3%		
Cable One	Local	$ 3,838					
Cloverdale, Town of							
Clay County Rural Telephone (Endeavor)	State	$ 6,526	Gen/Cable TV Franchise 101640		3%	3/15/05	Ordinance 1995-5
Coatesville, Town of							
Endeavor Communications	State	$ 1,678	General	This money was deposited in the General Fund to keep property taxes down.			
Cable One	Local	$ 479					
Columbus, City of							
Comcast Financial Agency Corp	State	$ 357,313	General	Information Services, telephone, internet, maintenance agreements, machinery and equipment with the IT Department	5%	10/19/93	Ordinance No. 44, 1993
Indiana Bell Telephone Company	State	$ 118,825					
Smithville Telecom	State	$ 303					
Converse, Town of	***No report submitted						
Corydon, Town of	***No report submitted						

(continued)

Video Franchise Fee Report

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Change	Date Set	Establishment Method
Covington, City of							
NewWave Communications	State	$ 9,142	City of Covington Electric Fund	Pole Maintenance	4%	11/1/93	Ordinance #93-15
Cable One	Local	$ 2,864					
Crawfordsville, City of				***No report submitted			
Crown Point, City of							
Comcast Cable	State	$ 388,369	General Fund	This revenue is helpful with public safety and/or any legal use of it.			
Indiana Bell Telephone Company	State	$ 126,765					
Culver, Town of							
Mediacom	State	$ 7,331	General Fund	The funds support the efforts of the local fire department, emergency medical services and police department as well as the clerk's office.			
Dale, Town of				***No report submitted			
Daleville, Town of				***No report submitted			
Danville, Town of							
Indiana Bell Telephone Co.	State	$ 18,903	General Fund - Franchise Fees 101-4-2718	They were deposited into our general operating and used for general operating expenses			
Comcast	State	$ 48,069					
Dearborn County				***No report submitted			
Decatur, City of							
Mediacom Communications Corp.	State	$ 20,575			3%	5/20/14	Ordinance No 2014-3
Benton Ridge Telephone Company	Local	$ 262					
Dublin, Town of							
Comcast Cable	State	$ 8,928	General Fund	To help offset costs of police, fire and park expenses	3%	11/17/80	Ordinance
					5%	11/14/95	Ordinance
Dubois County							
Time Warner Cable	State	$ 10,594	County General	General operations of the county	3%	5/15/06	Ordinance
PSC	State	$ 3,752				4/4/16	
East Chicago, City of							
Indiana Bell Tel. Co.	State	$ 29,814	City of East Chicago General Fund 0101 - Cable TV Franchise Acct. No. 364000	The cable franchise fees were used to fund the city's general fund public safety budget 2017 - $15880745.00	5%	7/13/04	EC Ordinance No. 03-0025
Comcast Financial Agency Corp.	State	$ 162,466					
Ellettsville, Town of							
Comcast	State	$ 47,908	General Fund	Police and fire protection and administrative services	3%	8/4/80	by Ordinance 80-8-1
Smithville Communications	State	$ 8,439			5%	7/12/10	by Ordinance 10-11
Etna Green, Town of							
Comcast	State	$ 2,471	General Fund	Municipal Expenses			
Evansville, City of							
Time Warner Cable Enterprises, LLC	State	$ 985,141	Time Warner Cable Enterprises - Fund (0101), Finance (1011301), Time Warner (364000) - 1011301-364000	These funds are not predesignated, they serve the general operational needs of the City of Evansville	5%	9/9/98	By Ordinance G-98-35
Wide Open West Finance, LLC	State	$ 521,306	Wide Open West Finance - Fund (0101), Finance (1011301), WOW (364000) - 1011301-364001		5%	9/21/98	By Ordinance G-98-31
Ferdinand, Town of							
Perry-Spencer Communications	State	$ 9,162	General Fund - Franchise Fees		3%	7/1/06	Ordinance No. 13-02 Based on franchise fee prior to 7/1/06
Fishers, Town of				***No report submitted			
Flora, Town of							
New Wave Communications	State	$ 3,883	Cable Television Receipts 60% ($2,329.66), Flora Electric Utility 40% ($1,553.10)	Maintain the street lights (Cable TV Portion), Maintain electric utility poles that the cable service uses to provide their services to our residents	5%	5/7/01	Ordinance #2001-2 Original agmt 7/18/80; updated agmt 5/28/1998 & on 5/7/01 renewed for 15 years ***Need to review - expired 5/7/2016
Fort Branch, Town of							
Time Warner Cable/Spectrum	State	$ 6,141	General Fund	Fees are put into the General Operating Fund which supports the police department			
Fort Wayne, City of							
Comcast Cablevision	State	$ 1,979,375	General Fund, Cable Fund	General Fund deposits are used for current general operations of the city. Cable Fund deposits are used for local cable access providers and content producers.	5%	11/14/95	Local Ordinance G-27-95
Frontier Communications	State	$ 782,738				7/20/95	Master Agreement
Fremont, Town of				***No report submitted			

(continued)

Tax Video Franchise Fee Report

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Change	Date Set	Establishment Method
Grandview, Town of	No franchise fees collected						
Greendale, City of							
Comcast	State	$ 22,986	General Fund	Operating Costs (Personnel, Supplies and Services)	3%	3/5/96	By Contract/Agreement
Greene County	***No report submitted						
Greenfield, City of							
Comcast	State	$ 162,613	Info Tech Franchise Fees	Used to fund our information technology department	5%	5/23/85	Ordinance 1985-10
Indiana Bell	State	$ 55,670					
Central Indiana Communications	State	$ 4,362					
Hammond, City of							
Indiana Bell/AT&T	State	$ 93,022	Cable Receipts/General Fund	Operating expenses for general fund	5%	4/14/80	Ord#4612
Wide Open West	State	$ 186,377					
Comcast	State	$ 654,432					
Hanover, Town of	***No report submitted						
Hebron, Town of	***No report submitted						
Huntingburg, City of							
Charter Communications	State	$ 52,222	City of Huntingburg General Fund	Police protection, fire department services, safety, general administration-property tax replacement	5%	12/6/06	State automatically terminated local agreements by operation of law on 12/6/2006. Rate is same as negotiated by city.
Perry Spencer Communications	State	$ 57					
Huntington, City of	***No report submitted						
Hymera, Town of	***No report submitted						
Jasonville, City of	***No report submitted						
Jasper, City of							
Charter Communications/Spectrum/Time Warner Cable	State	$ 315,589	General Fund	City of Jasper's government, police, fire, and street departments	5%	6/7/03	Ordinance 2003-25
Perry Spencer Communications	State	$ 560					
Smithville Fiber	State	$ 5,886					
Johnson County							
Comcast	State	$ 392,620	County General Fund	Help fund the county general budget	5%	7/8/2013	Ordinance 2013-09 (amended 95-22)
AT&T (Indiana Bell)	State	$ 128,600					
CMN-RUS	State	$ 15,885					
Central Indiana Communications	State	$ 755					
Kentland, Town of							
Mediacom Communications	State	$ 7,789	Cable TV Franchise Fee	Storm Water Project - $51,203.03			
Town Square Properties (reimbursement for loan)	State	$ 18,756	Franchise Fee - Repayment of Loan				
Kingman, Town of	***No report submitted						
Kirklin, Town of							
Swayzee Telephone	State	$ 5,000	General	General town expenses	3%	2/9/98	Ordinance# 2-98-1 (phoenix concept cablevision)
Knightsville, Town of	***No report submitted						
Knox, City of	***No report submitted						
Kosciusko County							
Comcast	State	$ 85,030	County General/Cable TV Fees	The fees are receipted into the General Fund to help sustain the State approved General Fund budget			
Kouts, Town of							
Mediacom Cable	State	$ 7,852	General Fund	Miscellaneous Daily Operations	5%	6/20/05	Ordinance 2005-6
LaCrosse, Town of	***No report submitted						
LaGrange, Town of	***No report submitted						
Lakeville, Town of							
Mediacom Communications Corporation	State	$ 3,576	101-640 General Cable Franchise Fees	General town expenses	3%	8/4/86	Town of Lakeville Ordinance #1986-3
Lanesville, Town of							
Charter (Spectrum)	State	$ 8,071	General - Cable Franchise Fees	Street, sidewalk repair, supplies, maintenance	5%	3/30/99	Negotiation and agreement (Currently working with Charter as they have been paying only 3% rather than 5% as stated in agreement)
LaPorte, City of							
Comcast	State	$ 288,500	General	Operating expenses for general fund			

(continued)

Video Franchise Fee Report

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Change	Date Set	Establishment Method
Lawrence County							
Comcast Financial	State	$ 13,185	County General Franchise Fees	County Government General Expenditures	5%	unknown	Set By State
RTC Communications	State	$ 6,255			unknown	unknown	unknown
Smithville Communications	State	$ 201			unknown	unknown	unknown
Lawrenceburg, City of							
Comcast	State	$ 18,723	Municipal Development Fund	To help supplement payments for our city's community center, special crimes unit, school text books, senior citizen programs, etc.	3%	4/1/96	Ordinance 4-1996
Ligonier, City of							
Mediacom LLC	State	$ 1,190	General Fund	Revenue is used to help offset the decline in tax revenue due to property tax caps	3%	8/9/99	Resolution 08-09-99
Loogootee, City of							
New Wave Communications	State	$ 5,932	General Fund		3%	9/1/11	
McCordsville, Town of							
AT&T	State	$ -	General Fund	Fees supported all General Fund appropriations	3%	various	Contract
Comcast	State	$ 22,280					
NineStar Connect	State	$ 6,740					
Charter Communications	State	$ 960					
Mentone, Town of							
Comcast	State	$ 8,421	General	Operating costs			
Michiana Shores, Town of							
Comcast Financial Agency Corp (Comcast Cable)	State	$ 10,150					
Michigan City, City of	***No report submitted						
Middletown, Town of							
Comcast of Illinois/Indiana/Ohio, LLC	State	$ 14,889	General	General (Police, Fire Department, EMS, Dispatch)	5%	7/18/97	Franchise Agreement
Milford, Town of	***No report submitted						
Monon, Town of							
Comcast	State	$ 6,054	Town of Monon - General Fund	TV Cable	2%	5/3/88	Agreement/Resolution with the Monon Town Council on 5/3/88
Monroe City, Town of							
Cable One, Inc.	State	$ 2,761	General Fund	General Operating	3%	4/6/11	Agrement with Cable Company
Monroe County							
Comcast Communications	State	$ 461,092	2502 User Fees - Cable Franchise	Emergency responder radio upgrades, AT&T phone service, Community access television contract, copier lease payments, County employee cell phones	5%	4/1/09	Cable Franchise Agreement
AT&T	State	$ 27,791					
Smithville Communications	State	$ 184,961					
Montezuma, Town of							
New Wave Communications	State	$ 1,738	General Fund	Supplemented the General Fund Balance for various appropriations within the General Fund Budget	3%	1/1/13	Contract
Montincello, City of							
Comcast of Indiana	State	$ 44,696	Fund 205-Sidewalk & Curb	The City of Monticello uses the franchise fee for annual sidewalk and curb maintenance. Our street commissioner provides a list of sidewalks and curbs that need replaced annually to the mayor and council for consideration. This has been a great program for the city. Annually, we are able to repair and install new sidewalks.	5%	11/1/05	State Issued Ordinance 2015-06
Lightstream	State	$ 978				7/1/15	
Montgomery County	***No report submitted						
Mooresville, Town of							
Indiana Bell	State	$ 37,391	General Fund	Reported as revenue source for the purpose of funding the town's General Fund Budget			
Comcast	State	$ 63,571					
Morgan County							
Endeavor	State	$ 43,343	Fund# 1000 (GENERAL FUND)	Revenue for funding the General Fund			
AT&T	State	$ 89,774					
Comcast (Insight) & Comcast	State	$ 74,153					
Cable One	State	$ 10,354					
Muncie, City of	***No report submitted						
Munster, Town of							
Comcast	State	$ 313,641	Fund 247 Technology	Video franchise fees have been used in 2017 to fund all technology personnel, equipment, software, and maintenance of said equipment	5%	12/20/82	Ordinance #727
Indiana Bell Telephone	State	$ 103,346					

(continued)

Tax Video Franchise Fee Report

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Change	Date Set	Establishment Method
Nashville, Town of	***No report submitted						
New Carlisle, Town of							
Comcast	State	$ 14,856	General Fund	Purposed for the general fund include operation and maintenance of the Clerk's office, Police Department, Town Council, Parks Department, Fire Department and Ambulance Service	4%	10/27/97	Ordinance #949
New Harmony, Town of							
NewWave Communications	State	$ 3,088	General Fund	Police and fire protection			
New Haven, City of							
Comcast Cablevision	State	$ 108,735	General	This money will help fund our Emergency Services such as Police, Fire, EMS, and the Dispatch Center	5%	6/24/97	Ordinance G-97-07
Frontier	State	$ 51,975				1/8/12	rate reaffirmed through Ordinance G-12-15
New Palestine, Town of	***No report submitted						
New Pekin, Town of							
Spectrum (Charter Communications)	State	$ 7,927	General Fund		5%	10/19/99	Resolution #1999-06
New Whiteland, Town of	***No report submitted						
Newport, Town of							
NewWave Communications	State	$ 2,045	General Fund	Miscellaneous expenses			
North Liberty, Town of							
Mediacom	State	$ 5,712	Town of North Liberty - General Fund	Franchise fees are added to the other revenues of the Town of North Liberty General Fund to pay public safety expenses, street lights, town hall expenses and wages	3%	7/30/81	Ordinance 1981-5 North Liberty Cable Television Franchise
North Manchester, Town of							
Mediacom Communications Corp	State	$ 2,940	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 and is required to pay for half the labor to install the sidewalk. The town uses franchise fees to pay the other half of the labor and all of the cost of the concrete.	3%	10/1/03	Through franchise agreement
MetroNet, Inc.	State	$ 4,011					
Ogden Dunes, Town of	***No report submitted						
Oolitic, Town of							
Indiana Bell	State	$ 363			3%	12/6/06	
Comcast	State	$ 9,361					
Orleans, Town of				***No report submitted			
Osceola, Town of							
Comcast of Indiana/ Michigan, LLC	State	$ 12,935	General Fund - 101640.000 Cable Franchise Fees	The franchise fees are appropriated into the budget each year to help pay for telephone, internet, and misc. communication expenditures	3%	11/5/01	Per agreement signed by Town Council 11/5/01
Owensville, Town of							
Charter Communications	State	$ 13,058	General Fund	The Town of Owensville uses these funds to pay for internet and IT services.			
Palmyra, Town of							
Time Warner Cable	State	$ 4,857					
Paoli, Town of							
Avenue Broadband Communication (NewWave)	State	$ 430	General Fund - Cable TV Franchise	These fees are deposited into our General Fund to be used for the following year to help fund our budget for the police, volunteer fire dept and town needs.	$1.00 per subscriber or 1%	9/4/96	Contract w/Grantee passed in a Town Council Meeting and documented in the minutes
Paragon, Town of							
New Wave Communications	State	$ 133	General	Supplies			
Cable One	Local	$ 38					
Petersburg, City of	***No report submitted						
Plainfield, Town of	***No report submitted						
Plymouth, City of							
Comcast Financial Agency Corp.	State	$ 30,830	General Fund	Help offset property taxes and fund departments of the General Fund, including police and fire departments	3%	9/24/90	Public Hearing
Porter, Town of							
Comcast	State	$ 85,568	General Fund		5%	9/5/95	Ordinance 95-13
Portland, City of	***No report submitted						
Poseyville, Town of							
Time Warner Cable	State	$ 10,737	General Fund	The funds were deposited into the general fund of the town. The franchise fees were used to pay lawfully incurred bills of the town of Poseyville.			
Prince's Lakes, Town of							
NewWave Communications	State	$ 2,698	General Fund	These funds contribute to our General Fund. We are a very small town with limited resources and these funds would be greatly missed if not received.	3%	10/15/84	Ordinance #144

(continued)

Video Franchise Fee Report

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Change	Date Set	Establishment Method
Randolph County							
Comcast Cable	State	$ 2,164	County General/Cable TV Receipts	General Income	5%	11/25/91	Ordinance 91-18
Time Warner Cable/Charter Communications	State	$ 1,765			3%	3/21/05	Ordinance 2005-7
Remington, Town of							
Comcast	State	$ 6,483	General Fund	General fund expenditures are used on office supplies, repair/maintenance, supplies/service on equipment, insurance and fuel for vehicles, Utility payments, and improvements to buildings.			
Reynolds, Town of							
Comcast	State	$ 1,724	General and Water	Savings and for everyday supplies needed for water			
Rockport, City of							
Charter Communications	State	$ 17,910	General/Other	This money is included in our revenue that we submit to the DLGF each year to establish our budget			
Rockville, Town of				***No report submitted			
Rome City, Town of							
Mediacom	State	$ 7,787	General	Maintenance for town	3%	8/1/06	Franchise Agreement
Rossville, Town of				***No report submitted			
Rushville, City of							
Comcast of Montana/Indiana/ Kentucky/Utah	State	$ 32,175	General Fund/ Cable Franchise Fee	The funds are used for broadband related expenditures, governmental programming, and education	3%	5/25/05	Per agreement dated 5/25/05
Salem, City of							
Charter Communications	State	$ 29,112	General Fund	Operation of City Services (fire, police, & other services)	3%	5/5/80	Ordinance #392
Saltillo, Town of				***No report submitted			
Santa Claus, Town of							
PSC (Perry Spencer Communications)	State	$ 9,516	Fund #101640.000 Gen/cable TV Franchise	The income from the franchise fee helps offset expenditures in the general budget that are not funded through property taxes and other misc. revenue	3%	12/20/04	Agreement between the town of Santa Claus and PSC
Avenue Broadband Communication Inc	State	$ -					
Schneider, Town of							
Mediacom Communications Corp.	State	$ 1,186	General Fund	Governmental activities	3%	1/1/09	Ordinance #1989
Selma, Town of				***No report submitted			
Shelburn, Town of							
NewWave Communications	State	$ 3,680		The fees were deposited into the General Fund of the town. The franchise fees were used to pay lawfully incurred bills of the Town of Shelburn			
Shelbyville, City of							
Comcast	State	$ 98,986	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 Building and Planning Department. The specific monies from the franchise fees are not distinguished from other monies after entering the General Fund.	5%	7/1/06	I.C. 8-1-34-24
Indiana Bell	State	$ 27,604					
Sheridan, Town of							
Swayzee Telephone Co.	State	$ 2,595	Cable TV Franchise	No specific purpose other than miscellaneous expenses	3%	7/9/80	Ordinance No. 1980-1
Silver Lake, Town of							
Comcast Communications	State	$ 2,501	General Fund	Expenditures approved by the Department of Local Government and Finance (DLGF)	5%	10/4/98	Ordinance 98-10-04
South Bend, City of				***No report submitted			
Speedway, Town of				***No report submitted			
Stilesville, Town of							
New Wave Communications	State	$ 211	General Fund	All monies were used for bills at the time in which it was deposited			
Communication Corp. of Indiana	State	$ 2,321					
Straughn, Town of							
Comcast Cable	State	$ 466	General	Any expense payable from this fund approved by the state board of accounts			
Sweetser, Town of				***No report submitted			
Switz City, Town of				***No report submitted			
Tell City, City of							
Comcast Cable Communications, Inc.	State	$ 30,147	General Fund		5%	7/7/85	Ordinance 617
Perry-Spencer Communications, Inc. d/b/a PSC	State	$ 27,561			5%	1/1/14	Ordinance 617

(continued)

Tax Video Franchise Fee Report

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Change	Date Set	Establishment Method
Terre Haute, City of							
Time Warner	State	$ 546,635	General Fund	General Fund operating costs	5%	2/6/06	Special Ordinance #72, 1983
NewWave Communications	State	$ 8,988			5%	2/6/06	Special Ordinance #72, 1983
Tipton County	***No report submitted						
Tipton, City of							
Comcast	State	$ 44,362	General Fund 101640	Funds are receipted into the City General Operating Fund	5%	8/12/02	Addendum to franchise agreement of 1987
Tipton Telephone Company	State	$ 18,941			5%	8/8/15	State of Indiana Cause No. 44614 VSP 01
Troy, Town of							
PSC	State	$ 1,259	Fund# 101640 General/Cable TV Franchise	The income from the franchise fees helps offset expenditures in the general budget that are shortfalls from tax revenue	3-5%	2/1/17	Agreement between the Town of Troy/Troy Utilities and PSC
Union City, City of							
City of Union City	State	$ 20,272	General Fund	This money is used for necessary video equipment to televise our Council meetings as well as other public meetings. The remainder of the fees are used for general expenses, as needed.	3%	9/11/00	Resolution 00-R-4 (?)
Uniondale, Town of							
Mediacom Communications Corp.	Local	$ 301					
Vanderburgh County							
Charter Communications dba/Spectrum	State	$ 455,191	General Fund	Helps support budget for General Fund	5%		I.C. 8-1-34-24 State Issued Franchise
Wide Open West (WOW)	State	$ 277,390				10/12/98 & 9/2/2006	Agreement/Resolution
Veedersburg, Town of							
NewWave Communications	State	$ 2,337	General - Franchise Fees	Town Operations	2%	1/19/82	By Ordinance #02-82
Wakarusa, Town of	***No report submitted						
Walkerton, Town of							
Mediacom	State	$ 1,551	Electric	Needed supplies or maintenance of poles	3%	8/8/96	Signed Agreement between town and Mediacom
Wanatah, Town of							
Mediacom Communications Corp.	State	$ 1,145	General Fund/Cable Franchising Fee	All fees are deposited into the general fund and used for accounts payable	3%	8/8/96	By town council
Warsaw, City of							
Comcast	State	$ 55,432	General Fund	Maintenance and improvements of sidewalks and curbing	3%	12/17/99 and June of 2006	Ordinance No. 99-12-2 & State Agreement
Mediacom	State	$ 1,276				8/1/13	State Agreement
Waterloo, Town of	***No report submitted						
Wayne County							
Comcast Financial	State	$ 28,925	County General	To help fund local public access TV Station WCTV ($18,000) and balance in general fund to support maintenance of infrastructure used by cable company	4%	3/1/04	Negotiated as part of Revenue
New Lisbon Telephone	State	$ 2,271			5%	10/1/16	Contact with Commissioners' office by NL rep
Wells County							
Mediacom	State	$ 1,842	Cable Fees	General County Business	3%	11/29/93	Follow the Regulations of the FCC Ordinance# 1993-10
Comcast	State	$ 4,072					
Craigville Telephone	State	$ 4,982					
West Lafayette, City of							
Comcast	State	$ 73,400	General Fund	City operations including services for maintenance of rights of way (Engineering), City administration, and public safety (Police and Fire)	3%	2/5/96	Ord #34-95; converted in 2006 to State Franchise
CMN-RUS, Inc. (aka MetroNet)	State	$ 120,215				2012-related Redev com TIF Bond	State Franchise
Mulberry Coopoerative Telephone Co	State	$ 646					
Westville, Town of							
Mediacom Communications Corp.	State	$ 1,718	General Fund	To help fund General Fund operations (Police Dept., Fire Dept. Contract, Salaries, General Operations)			
Acme Communications	State	$ 205					
Whiteland, Town of							
Comcast	State	$ 17,796	General Fund	General Expenses to run local government	3%	1/1/81	Ordinance 81-1 w/ Town council
Metronet	State	$ 20,745			5%	1/1/06	Indiana Communications Act

(continued)

Video Franchise Fee Report

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Change	Date Set	Establishment Method
Wilkinson, Town of							
Central Indiana Cable	State	$ 858	General Fund	General Fund	3%		
Comcast	State	$ 974					
Winamac, Town of	**No franchise fees collected**						
Winchester, City of							
Comcast of Illinois/ Indiana/ Ohio	State	$ 39,189	General Fund	Technology	5%	3/20/00	Ordinance No. 2000-2
Winfield, Town of							
Comcast	State	$ 59,817	General Fund	The Town of Winfield utilizes video franchise fees to repair and maintain the public right of ways along the roadways.	5%	6/15/04	Contract
AT&T (Indiana Bell)	State	$ 12,408					
Winona Lake, Town of							
Comcast Cable Communication	State	$ 11,683	General Fund	Any expenditure deemed necessary	3%	5/13/86	Ordinance No. 86-5-1
Wolcott, Town of							
Comcast	State	$ 2,801	Town of Wolcott, General Fund	Salaries, employee benefits, municipal and street operating expenses, etc. The franchise fees are deposited in the Town's General Fund, which are monies to operate the municipality	2%	8/1/95	State of Indiana Wolcott Ordinance #95-2
Woodlawn Heights, Town of							
Indiana Bell (ATT Uverse)	State	$ 448	Town of Woodlawn Heights, IN, General Fund	Insurance, Payroll Tax, Bond, Forms, Legal adv.			
Yorktown, Town of							
Comcast	State	$ 69,301	General Fund	These funds were used to offset the cost of the police department expenses	3%	1997	Ordinance
Indiana Bell/AT&T	State	$ 8,866			5%	1997	Ordinance
Zionsville, Town of							
Communications Corporation of Indiana	State	$ 7,117	General	Any legal purpose (General Fund cash reserves)	3%	4/5/82	Ordinance #82-03 (Omega Cable of Zionsville)
Indiana Bell Telephone Company Incorporated	State	$ 32,472					
Charter Communications	State	$ 19,017					
Taxconnex LLC	Local	$ 2,657					
TOTAL FEES COLLECTED		$ 14,386,509					

Indiana Utility Regulatory Commission

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