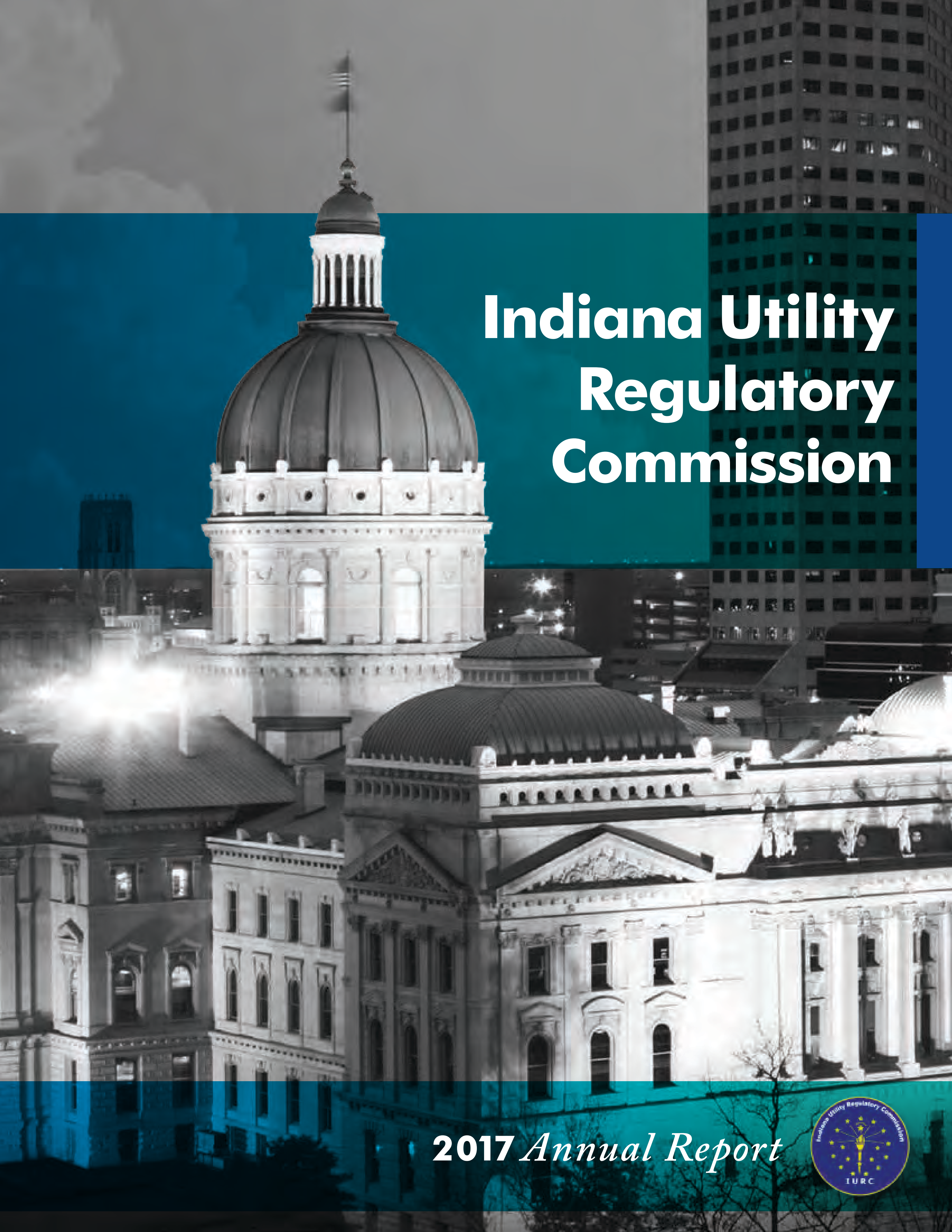
Indiana Utility Regulatory Commission



2017 *Annual Report*

Dear Governor Holcomb and Members of the General Assembly,

On behalf of the Indiana Utility Regulatory Commission, we are pleased to present the Fiscal Year 2017 Annual Report. The report summarizes the Commission's work and accomplishments, provides updates on the implementation and impact of recent legislation, and explains developments and trends in each industry regulated by the Commission.

The Commission and its staff takes the responsibility and trust granted to us by the Indiana General Assembly and the public seriously. 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 fulfilling our mission, we 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 five pillars, which help take Indiana to the Next Level.

The utility industry, however, faces many challenges in this unprecedented era of aging infrastructure and environmental compliance mandates. In the coming years, we believe policymakers will have to thoughtfully navigate a rising cost environment, address Indiana's aging utility infrastructure, and examine the changing environmental regulatory atmosphere. As policymakers tackle these issues, the Commission stands ready to be a resource by providing information regarding Indiana's utilities and the regulatory process in a non-partisan fashion.

Thank you for your continued service to our great state. Please don't hesitate to contact us if you have any questions or if the Commission can be of help. Our door is always open to you.

Sincerely,

James D. Atterholt

Chairman James D. Atterholt

Sarah E. Freeman

Commissioner Sarah E. Freeman

Commissioner James F. Huston

Angela Rapp Weber

Commissioner Angela Rapp Weber

Commissioner David E. Ziegner

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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 to 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. **To meet the statutory deadlines for all reports, and written orders issued by the Commission, and provide procedural consistency in Commission processes**

2. **To serve as a resource to both customers and utilities to expeditiously resolve disputes through the consumer complaint processes**

3. **To ensure utility investments are prudent and implemented cost effectively in an unprecedented era of aging infrastructure and environmental compliance mandates**

4. **To enable the continued development of Commission staff to maintain utility industry subject matter expertise, and knowledge of best practices**

5. **To encourage utilities to address their human capital needs as they consider the challenges of replacing retiring skilled workers, locating new talent with the required knowledge and abilities, and addressing the need for their workforces to reflect the communities they serve**

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, environmental compliance plans, and service territories. The Commission has regulatory oversight concerning construction projects as well as acquisition of additional plant and equipment assets. It also has 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 also includes the Pipeline Safety Division, which oversees compliance with state and federal pipeline safety regulations. In addition, the Commission has a Consumer Affairs Division, which 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*.

The Commissioners

Jim Atterholt
Commission Chair

Jim Atterholt was appointed Chairman of the Indiana Utility Regulatory Commission by Governor Eric J. Holcomb on Feb. 9, 2017. Governor Mitch Daniels originally appointed Atterholt as Chairman of the Commission, and he served from 2010 to 2014. Chairman Atterholt had a break in his service at the Commission to serve as chief of staff to Governor Mike Pence from 2014 through 2016.

Chairman Atterholt has dedicated much of his life to public service. Before coming to the Commission, he was the State Insurance Commissioner under Governor Daniels for more than four years, where he also served as a member of the Governor's Cabinet. He was elected and served two terms as a member of the Indiana General Assembly from 1998 to 2002. As a State Representative, he served on the House Commerce, Economic Development and Technology Committee, which had jurisdiction over all utility-related legislation. Chairman Atterholt also was a member of the Environmental Affairs Committee, as well as the Labor Committee. Atterholt worked as Director of Government Affairs for AT&T-Indiana from 2003 to 2004.

A native of Fort Wayne, Indiana, Chairman Atterholt received his bachelor's degree from the University of Wisconsin in 1986. He also has worked as chief of staff in Washington, D.C., and later as district director in Indiana for a member of the United States Congress where his responsibilities included energy issues. Chairman Atterholt is a member of the National Association of Regulatory Utility Commissioners (NARUC). He previously served as a member of the board of directors for the Organization of MISO States and the Organization of PJM States.

Married for 30 years to his wife, Brenda, they are blessed with three children and currently reside in Indianapolis.

Sarah Freeman
Commissioner

Sarah Freeman was appointed by Governor Mike Pence as Commissioner on Sept. 19, 2016. She is a member of NARUC's Committee on Critical Infrastructure and Committee on Telecommunications. Commissioner Freeman also represents the Commission on the Organization of PJM States' Board of Directors.

Prior to her appointment, Commissioner Freeman served as a senior staff attorney with the nonpartisan Indiana Legislative Services Agency for 16 years. In that capacity, she drafted utility and transportation legislation and served as counsel to numerous legislative committees, including the House Utilities, Energy, and Telecommunications Committee and the Senate Utilities Committee. 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.

Jim Huston
Commissioner

Jim Huston was appointed to the Commission by Governor Pence on Sept. 3, 2014 and reappointed by Governor Holcomb on March 31, 2017. He serves on the NARUC Committee on Energy Resources and the Environment and also serves on the Gas Technology Institute's Public Interest Advisory Committee. Before his appointment, Commissioner 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.

Commissioner 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.

Commissioner Huston earned his Bachelor of Science (1986) and a Master of Arts (2016) 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.

Commissioner 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.; Lt. Luke, who is based at Fort Sill in Lawton, Oklahoma; David, who is a senior at Ball State University, and Joseph. The Hustons reside in Brownsburg and are members of Calvary United Methodist Church.

Angela Weber
Commissioner

Angela Weber was appointed to the Commission by Governor Mike Pence on March 10, 2014, and reappointed by Governor Pence to a full term on April 1, 2014. Prior to her appointment to the Commission, she practiced law for the Indianapolis law firm Ice Miller, LLP, as a member of the firm's Environmental Law Group; worked as an administrative law judge for the Indiana Utility Regulatory Commission; and worked as a Marion County Deputy Prosecuting Attorney in Indianapolis.

A U.S. Army veteran, Commissioner Weber served from 1996 to 2000 as a Russian linguist/voice-intercept operator. She was a member of SFOR 7, the NATO-led peacekeeping mission in Bosnia and Herzegovina. She was honorably discharged in 2000.

Commissioner Weber earned a Bachelor of Arts from Indiana University in Bloomington in 1996. She received her juris doctor from the Indiana University Maurer School of Law in 2006.

She is currently the President of the Organization of MISO States, a member of NARUC's Committee on Gas, the Vice Chair of NARUC's Subcommittee on Supplier and Workforce Diversity, and an advisory board member of the Financial Research Institute. She is a past Chairperson of the Utility Law Section of the Indiana State Bar Association and an alumna of the Richard G. Lugar Excellence in Public Service Series, Class of 2010-2011.

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.

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.

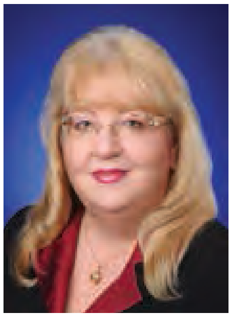
Additionally, he is a former chairman of the Advisory Council of the Center for Public Utilities at New Mexico State University and of the Consortium for Electric Reliability Technology Solutions Industry Advisory Board. He is a former member of the Advisory Council of the Electric Power Research Institute.

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 the Northminster Presbyterian Church.

Executive Team



Beth Heline
General Counsel

Beth Heline (formerly Beth Roads) 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 from Valparaiso University School of Law. She has served at the Commission for 12 years.

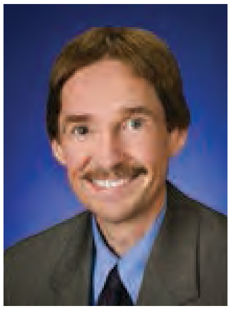
Stefanie Krevda
Executive Director of External Affairs

Stefanie Krevda leads the Commission's legislative, media, and stakeholder management strategies. She oversees the Consumer Affairs Division, which provides dispute resolution services to customers and utilities. Additionally, she directs the disbursement strategy of the Underground Plant Protection Account fund, intended to raise awareness of Indiana's "Call Before You Dig" law and educate on safe digging practices. Krevda earned a Bachelor of Arts degree from Purdue University. She joined the Commission staff in April 2017.

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 from Southern Illinois University School of Law. She has served the Commission for 12 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. 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 eight 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 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 a paralegal.

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 **Stefanie Krevda** 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, and engages with customers and utilities to resolve disputes. 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 four analysts and an intake coordinator 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. McMillin earned a Bachelor of Science degree from Indiana University-Purdue University Indianapolis and has served the Commission for 16 years. The types of issues handled by the division include extension of service and credit, deposits, billing, termination of service, customer rights, and utility responsibilities.

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, 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 reviews the 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 12 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 32 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.

The division also works closely with the Commission's Pipeline Safety Division and Research, Policy, and Planning Division. The Pipeline Safety Division ensures the infrastructure that transports natural gas throughout the state complies with state and federal regulations, and the Commission's Research, Policy, and Planning Division monitors regional transmission organizations, integrated resource planning, and demand-side management initiatives.

Research, Policy, and Planning Division

Research, Policy, and Planning Division Director **Dr. Brad Borum** leads a team of two 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 30 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 and natural gas industries, 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.

Water and Wastewater Division

Water and Wastewater Division Director **Curt Gassert** leads a team of five analysts who monitor and evaluate regulatory 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 the Commission for 11 years.

The majority of the division's time is spent advising the Commission on technical matters, as well as reviewing evidence in pending regulatory filings. Division staff also provides assistance with utility investigations, 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 created by at-risk water or wastewater utilities. The division also participates in any rulemakings relating to water and wastewater issues.

Communications Division

Communications Division Director **Pamela Taber** leads a team of three analysts who manage Indiana-specific issues related to telecommunications and video services and serve as 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 33 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

Pipeline Safety Division Director **Steve Allen** oversees a division of 12 employees who administer and 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 over rates and charges. 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 five years. Allen is the past Chairman of the National Association of Pipeline Safety Representatives.

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

ACCOMPLISHMENTS

350 Rate, infrastructure improvement, environmental compliance, gas cost adjustment, and other types of cases adjudicated in the last fiscal year

4-6-3 New area code for the greater Indianapolis area activated November 15, 2016

13 Small water utilities that attended the 2016 Small Utility Workshop aimed at improving their technical, financial, and managerial capabilities

$1,080,458.31 Amount invested from fines levied by the Commission for pipeline safety violations toward awareness, education, and training programs to support the Indiana "Call Before You Dig" law

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.

$192,880.75 Amount refunded to utility customers via dispute resolution services provided by the Consumer Affairs Division

802 Pipeline inspections completed to ensure the safety of the intrastate gas line system

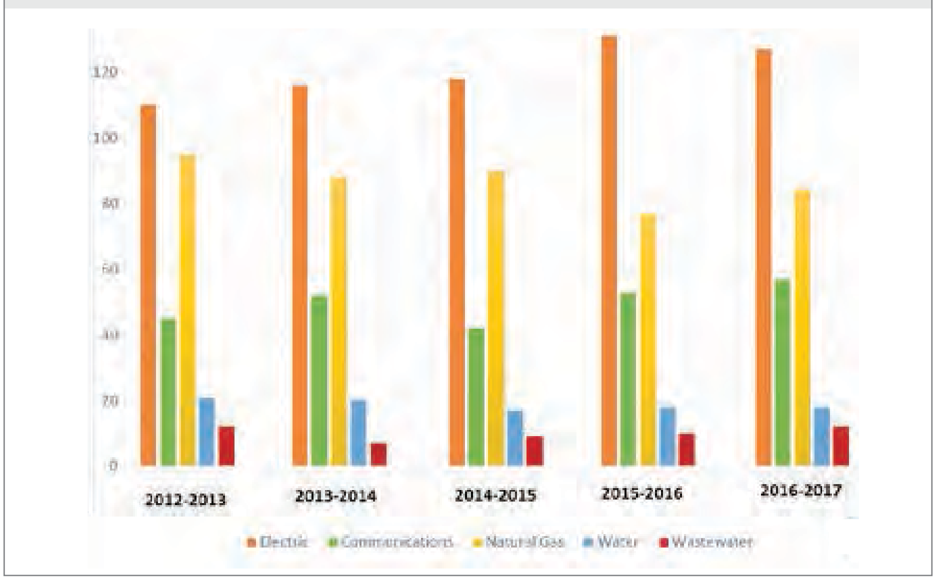
1,214 Number of new Swiveloc (locking) manhole covers installed in downtown Indianapolis as a result, in part, of a Commission investigation

Docketed Cases

During Fiscal Year 2017, nearly 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)



Integrated Resource Planning

Indiana's Commission-regulated electric utilities are required to supply power at the lowest reasonable cost while providing safe and reliable service. To do so, utilities develop integrated resource plans (IRPs), in which they evaluate available resource alternatives to meet their future electricity requirements on both a short-term and long-term basis. Each investor-owned utility, the Indiana Municipal Power Association, Hoosier Energy Rural Electric Cooperative, Inc. (Hoosier Energy), and Wabash Valley Power Association submit an IRP once every three years on a staggered schedule. A draft rule formalizing the process is in the rule promulgation process, but all of the involved utilities have agreed to and currently follow the proposed rule. In Fiscal Year 2017, Indianapolis Power & Light (IPL), Northern Indiana Public Service Company (NIPSCO), and Vectren filed their IRPs with the Commission, and Hoosier Energy submitted an update to their 2014 IRP.

Consistent with the draft IRP rules, investor-owned utilities are encouraged to enable broad participation of stakeholders in the formulation of their IRPs. Utilities have demonstrated considerable ingenuity and have made significant efforts to enhance their stakeholder process. The utilities generally have held at least three public advisory sessions when an IRP is being developed, which are often supplemented with many one-on-one meetings. This year, IPL held four public meetings, NIPSCO held five public meetings, and Vectren held three public meetings and one webinar in the development of their respective IRPs.

Each year, the Commission hosts its Integrated Resource Planning Contemporary Issues Technical Conference to invite experts to facilitate in-depth discussions of the difficult and complex development of an IRP. In Fiscal Year 2017, the Commission held its annual Technical Conference on April 25, 2017, to review issues and best practices in the development process.

Investigation into Downtown Indianapolis Underground Network

In the months leading up to Super Bowl XLVI hosted in Indianapolis, there were a number of manhole cover explosions that resulted in the Commission launching a series of investigations. On March 16, 2016, the Commission issued a final Order on its investigation into the safety, maintenance, and investment in IPL's network facilities, as well as IPL's request for a rate increase. The Commission retained independent consultant experts, and the experts, along with the Commission, ultimately found that IPL's network is sound. However, the Commission noted continued investments will be necessary to ensure a safe and reliable system. An example of such an investment is the installation of Swiveloc covers on all manholes in the downtown area, which IPL completed in an expedited fashion in 2015. If there is an explosion or pressurized event, the Swiveloc covers will rise up a few inches and lock to release pressure. This demonstrably decreases the danger to the public should there be a disruption. IPL also integrated a state-of-the-art asset management system to better coordinate with the City of Indianapolis and Citizens Energy Group regarding improvements to the underground network. For example, IPL and Citizens Energy Group regularly conduct thermal imaging of the downtown network to determine if there are any steam leaks that may cause IPL's equipment to overheat. In addition, the Commission directed IPL to establish a unique collaborative with the Commission's technical staff, the Indiana Office of Utility Consumer Counselor (OUCC), and stakeholders who participated in the case to establish clear performance metrics. A description of the collaborative is explained next.

Commission Collaborations

In their latest electric rate cases, the Commission directed IPL and NIPSCO to participate in collaborative processes with interested stakeholders, including Commission staff, the OUCC, cities, 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. For instance, the IPL Collaborative developed objectives to provide transparency to IPL's performance and improve its asset management processes. This was done through:

- Tracking and reporting progress of IPL in implementing its asset management process for the downtown underground network
- Periodic reporting of metrics focusing on areas of safety, reliability, and customer satisfaction
- Establishing metrics that will be useful over time to measure the performance of IPL, and to facilitate comparisons to other utilities

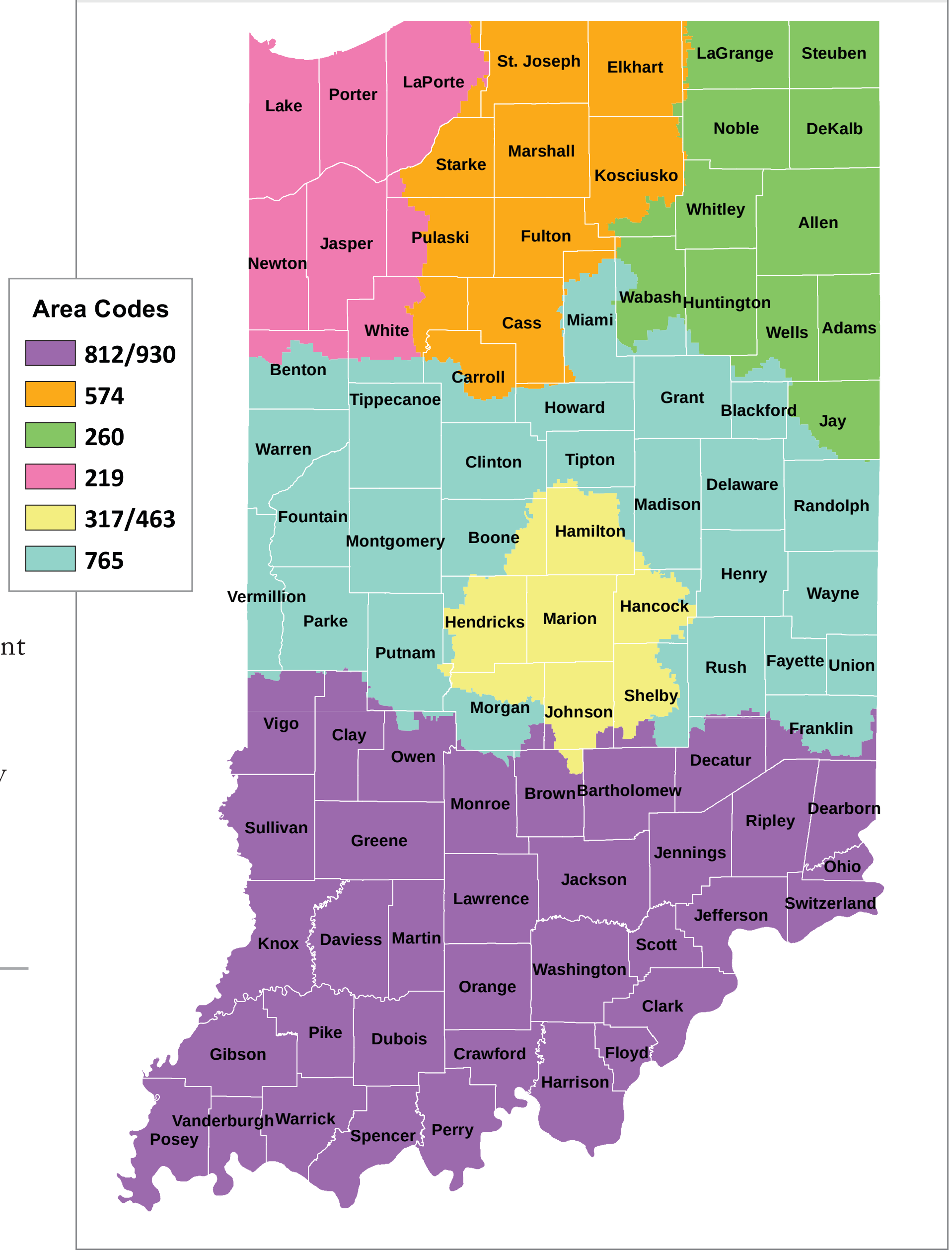
Courtesy of Indianapolis Power & Light.

The NIPSCO Collaborative established performance metrics based upon NIPSCO's internal metrics, the JD Power Customer Satisfaction categories, and standardized comparative metrics that can be applied to all electric investor owned utilities. NIPSCO's metrics were proposed in the following areas:

- Public safety
- Reliability
- Customer satisfaction
- Operational efficiency
- Affordability
- Staffing

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 metrics.

Indiana Area Codes



Area Code 317/463

The 317 area code, which serves the greater Indianapolis area, was projected to run out of telephone numbers (or exhaust) in the 4th quarter of 2016. The Indiana telecommunications industry and the OUCC recommended to the Commission an area code overlay to address this issue. This means existing customers don't have to change their telephone numbers and new customers get assigned a new area code, but everyone must dial the area code + seven digit number for a local call. In April 2015, the Commission approved an all-services distributed overlay with a 13-month implementation schedule for this area code. The North American Numbering Plan Administration (NANPA) assigned 463 (which spells I-N-D on a dialing keypad) as the new area code to overlay the existing 317 area code.

The Commission, OUCC, and the industry proactively contacted customers and businesses to ensure readiness for the overlay and mandatory 10-digit dialing. This outreach included news releases sent to the media, chambers of commerce, trade associations, local governments, and all state agencies.

In addition, the Commission presented the topic at a meeting of the Electronic Security Association and the Indianapolis Northeast Rotary Club. At these meetings, Commission staff also answered questions and provided handouts to the attendees.

During the implementation schedule, an Indiana alarm association notified the Commission that a substantial number of alarm companies would not be able to reprogram all of their customers' equipment in time to meet the mandatory 10-digit dialing deadline. Due to concerns about the health, safety, and property of affected alarm customers, the Commission issued an emergency order in August 2016 extending the mandatory 10-digit dialing and new code activation deadlines by one month. The implementation schedule proceeded as follows:

- Network preparation began on Sept. 19, 2015
- Permissive 10-digit dialing began on March 19, 2016
- Earliest date central office codes in the new area code may be ordered through NANPA was Aug. 12, 2016
- Mandatory 10-digit dialing began on Oct. 15, 2016
- New 463 area code activated on Nov. 15, 2016

The Commission did not receive reports of any significant problems following the completion of area code relief.

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 spread infrastructure improvement costs, the Commission's Water and Wastewater Division developed educational workshops to assist small water and wastewater utilities. The Commission has focused its educational training in two major areas: hands-on training and information on its website. Based on the success of earlier workshops, 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 2016 workshop had the second highest attendance since it began in 2008. The next workshop will be held on Sept. 28, 2017.

In Fiscal Year 2017, three utilities completed the rate application for small utilities without the use of a consultant. By completing the rate application in-house, utilities eliminate one expense in a rate case, reducing the costs passed along to customers. One utility that completed its rate application in-house presented the Commission's Water and Wastewater Division staff with an award to recognize the continuing work it does with small water and wastewater utilities.

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.

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. Per Indiana law, uses of UPPA funds must fall into at least one of three categories:

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

During Fiscal Year 2017, because of the good work done by the Pipeline Safety Division in investigating violations, the Commission has levied more than $1 million in fines that goes toward underground utility safety programs. A sample of these programs included:

- Partnering with the Indiana Broadcasters Association (IBA) to provide approximately 50,000 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 for approximately 500 excavators, operators, locators, EMS responders, and civic leaders. These sessions were held in Columbia City, Evansville, Noblesville, Scottsburg, South Bend, Terre Haute, and Valparaiso and included classroom training as well as live, mock line-strike demonstrations 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 utility facilities

During the spring of 2017, the Commission began the second year of the Safety Day training program. The Commission partnered with training companies Enertech and Baker Peterson, as well as local emergency services 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 with emergency response. This training day and exercise demonstrated the possible repercussions of damaging a gas pipeline.

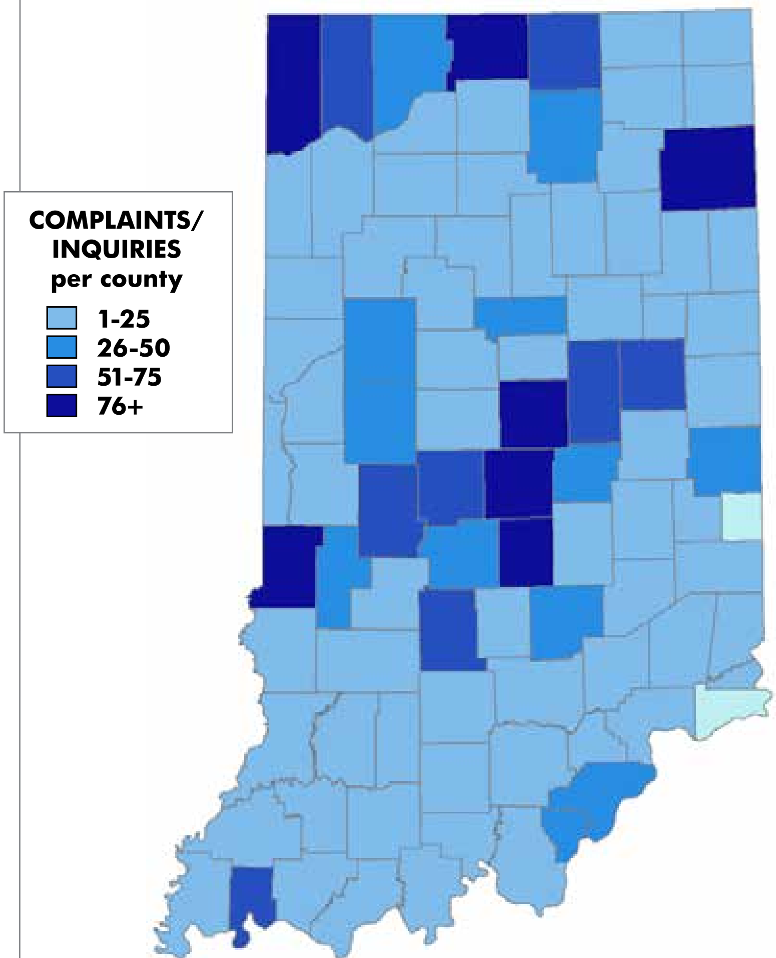
During the mock line-strike portion of the event, participants showed how utility location errors, combined with excavation mistakes, could cause serious incidents. A pipeline rupture was simulated and a participant was "injured" during the mock rupture, necessitating emergency response and an emergency rescue operation. This event allowed local fire, medical, and police personnel to practice their response procedures and demonstrated to stakeholders the seriousness of a pipeline strike.

Consumer Affairs Division

In Fiscal Year 2017, the Commission's Consumer Affairs Division handled 7,127 calls, 929 online complaints, 224 emails, 138 letters, 16 faxes, and 13 walk-ins resulting in 3,137 complaints/inquiries. The complaints/inquiries spanned all industries concerning a wide-ranging list of utility-related issues, but billing was the most common issue. Billing issues can be complicated, often involving customer confusion over bill formats or questions regarding unexpected increases in bill amounts. $192,880.75 in billing adjustments was refunded to customers via the Consumer Affairs Division.

Although the Commission does not have jurisdiction over rates and charges for video and

Consumer Affairs Division Complaints/ Inquiries by County



telecommunications providers, inquiries about these providers are a significant portion of the division's workload. In fact, more than 37 percent of complaints/inquiries received in Fiscal Year 2017 by the Consumer Affairs Division regarded video and telecommunication providers. Even with limited statutory authority, the Consumer Affairs Division continues to be a resource for customers by connecting customers with telecommunications providers to come to a resolution. A table with a breakdown of complaints/inquiries by county during Fiscal Year 2017 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, one of the duties the Office of General Counsel undertakes is drafting comments to federal and regional entities. The Office of General Counsel is also responsible for intervening in cases where the Commission or state of Indiana's interests should be represented. In total, the Office of General Counsel acted on behalf of the Commission and intervened or provided comments 67 times since July 1, 2016. These include the following:

- **To the Federal Energy Regulatory Commission (FERC), Midcontinent Independent System Operator (MISO), or the D.C. Circuit Court of Appeals:**
  - **— 8 interventions**
  - **— 4 comments**
  - **— 2 settlement proceedings (comments in support)**
  - **— 1 case before the D.C. Circuit Court of Appeals**
  - **— 5 comments to MISO**
- **As a member of the Organization of MISO States:**
  - **— 16 interventions**
  - **— 8 comments**
  - **— 4 hot topic responses to MISO**
  - **— 5 staff comments to MISO in 2016**
  - **— 5 staff comments to MISO in 2017**
- **As a member of the Organization of PJM States, Inc.:**
  - **— 2 Board of Director resolutions to PJM**
  - **— 3 comments**

General Administrative Orders

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

- **GAO 2016-2 –** Procedures for Submitting Documents Electronically, approved Sept. 14, 2016, which set out the procedures for parties filing through the Commission's new electronic filing system
- **GAO 2016-3 –** Guidelines Regarding a Public Hearing under Ind. Code chapter 8-1-26 approved Sept. 21, 2016, which set out the procedures for requesting a public hearing and the procedures for the hearing
- **GAO 2016-7 –** Policy Governing the Interest Rate for Gas Customer Deposits approved Dec. 28, 2016, which set the interest rate gas utilities must credit on customer deposits
- **GAO 2017-1 –** Updating Rates for IURC Court Reporter Transcripts adjusted the cost of requested transcript fees
- **GAO 2017-2 –** Guidance Regarding Indiana Code Section 8-1-40-14 and Commission Rules, which provided additional clarity after the Commission received questions on the implementation of Senate Enrolled Act 309, specifically the Dec. 31, 2017, deadline to be grandfathered under the existing net metering framework until 2047

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 2017:

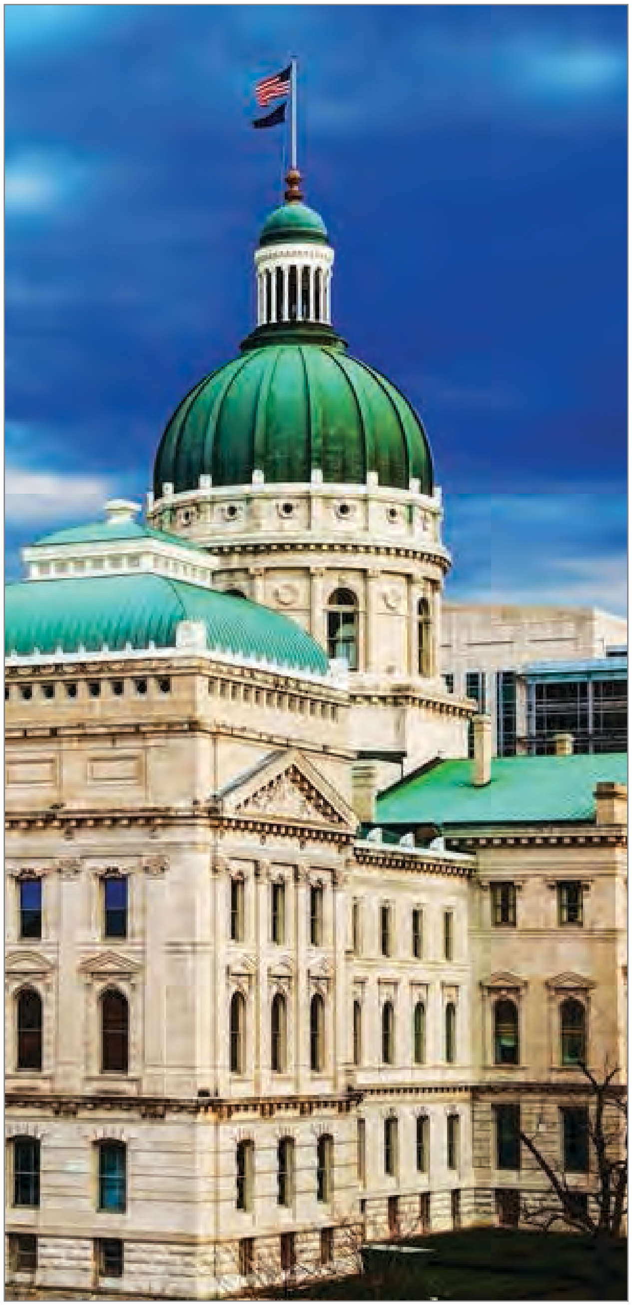
- **2016 Re-adoptions (IURC RM #16-01):** Readopted rules that would have expired on Jan. 1, 2017, including 170 IAC 7, telephone utilities; 170 IAC 15, landlord distributing water or sewer disposal service; and 170 IAC 16, customer complaints. These rule re-adoptions became effective on August 11, 2016
- **2017 Re-adoptions (IURC RM #17-01):** Readopted a rule, 170 IAC 5-5: Damage to Underground Facilities, which would have expired on Jan. 1, 2017. This rule re-adoption became effective on May 10, 2017

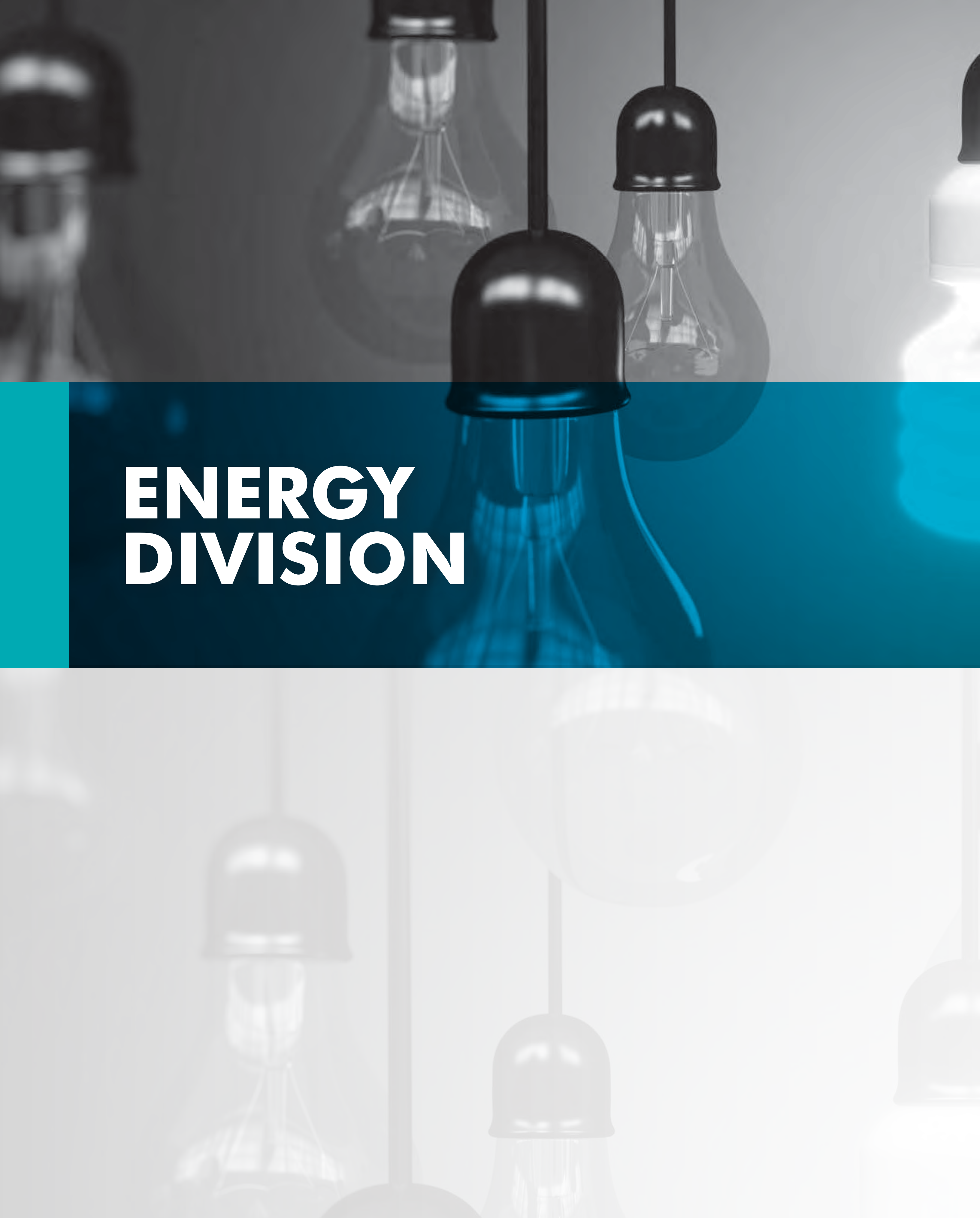
The following are current rulemakings at the Commission:

- **Integrated Resource Plans (IRPs) and Energy Efficiency Plans (EEPs) (IURC RM #15-06):** Rulemaking required after the 2015 legislative session to update the IRP rule and add rules for EEPs. The rule development stakeholder process was started in July 2015 and continued through 2016. A draft proposed rule has been finalized and will be submitted for approval as an exception to the rulemaking moratorium, after which the steps in the statutory rulemaking process will be followed.
- **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 a draft proposed rule has been circulated to stakeholders for comments and input.
- **Update to Pipeline Safety Standards (IURC RM #17-02):** Will update the rule regarding pipeline safety standards, 170 IAC 5-3-0.6, to incorporate changes to those standards at the federal level, which is required under Indiana state law (Indiana Code chapter 8-1-22.5). This rulemaking was started in 2017.
- **Net Metering (IURC RM #17-04):** Will update 170 IAC 4-4.2 to reflect the addition of Indiana Code chapter 8-1-40 as a result of Senate Enrolled Act 309. This rulemaking will be done as an emergency rulemaking in order to meet the December 31, 2017 statutory deadline.

The following rulemaking was discontinued:

- **211 Administration (IURC RM #15-05):** Rulemaking required after the 2015 legislative session to administer newly appropriated funding for 211 services. This rulemaking was started in Fiscal Year 2015 and continued through Fiscal Year 2016. It was discontinued in Fiscal Year 2017 after the authority to provide the grant under Ind. Code § 8-1-19.5-11 was transferred from the Commission to the Indiana Housing and Community Development Authority under House Enrolled Act 1471.





ENERGY DIVISION

ENERGY DIVISION

ELECTRICITY
Regulatory Responsibility and Jurisdiction

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, 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 2016 *(see Appendix C)*.

Investor-Owned Utilities

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

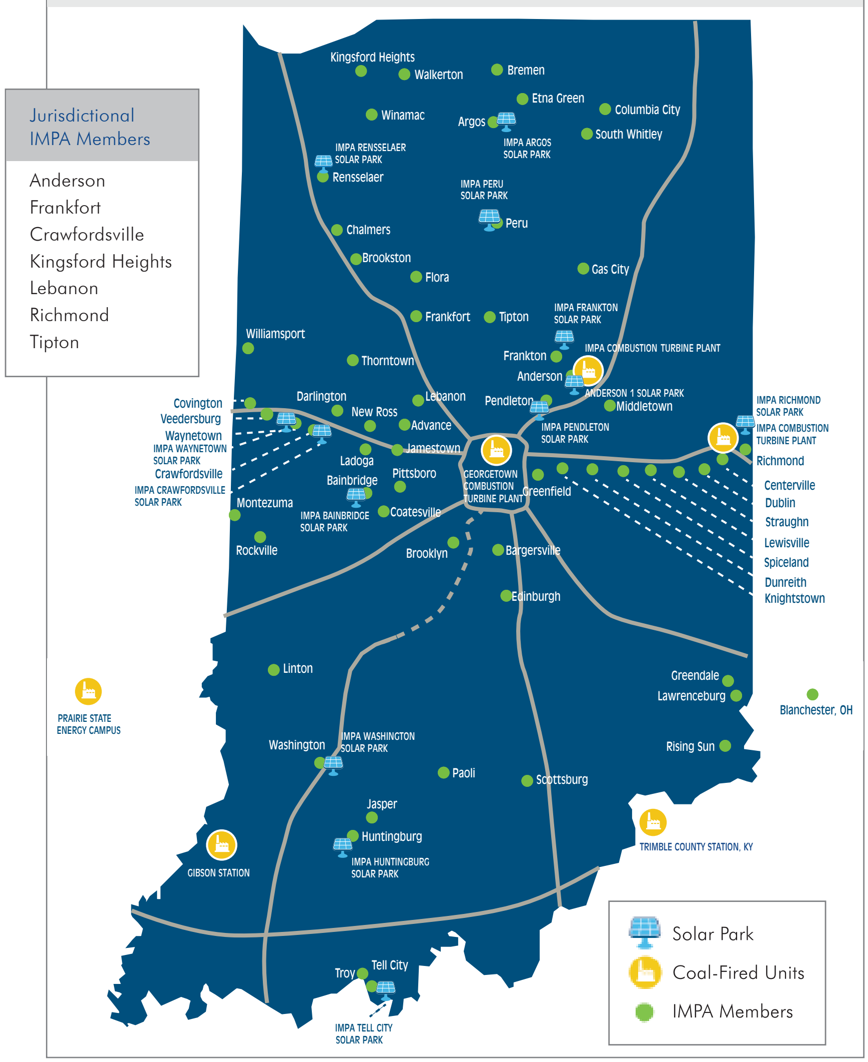
The five IOUs, all of which are fully regulated by the Commission, are listed below.

- 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.

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 7 of the 8 municipal electric utilities regulated by the Commission. *(See Appendix D)*.

Statewide Map of Indiana Municipal Power Agency Members and Generating Resources

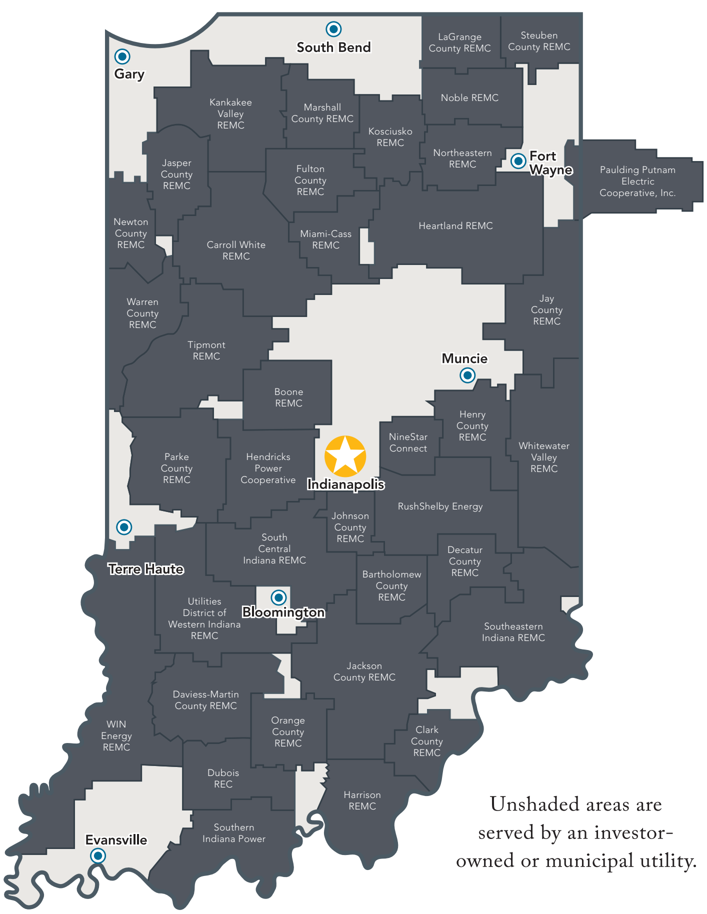


Update to IMPA Statute

IMPA's enabling statute was updated with the enactment of Senate Enrolled Act (SEA) 2, passed by the Indiana General Assembly and signed by Governor Holcomb during the 2017 legislative session. SEA 2 modifies IMPA's membership structure to allow an out-of-state municipality that is part of IMPA to be a voting member. The bill also allows for a two-way transaction of advances or contributions from IMPA funds between IMPA and its members. Previously, IMPA's members could provide advances or contributions to IMPA, but IMPA could not provide such funds to its members.

Rural Electric Membership Cooperatives

Indiana Electric Cooperatives
Member Cooperatives



Unshaded areas are served by an investor-owned or municipal utility.

REMCs are customer-owned distribution utilities, most of which are members of either Hoosier Energy Rural Electric Cooperative, Inc. (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 and the review of their integrated resource plans (IRPs). No REMCs remain under Commission authority for rate regulation.

Update to REMC Statute

Passed in 2017, SEA 105 allows any director who sits on either Hoosier Energy's or WVPA's board of directors to assign a proxy to vote on his or her behalf. The proxy must be another member of the REMC board of directors that the director represents.

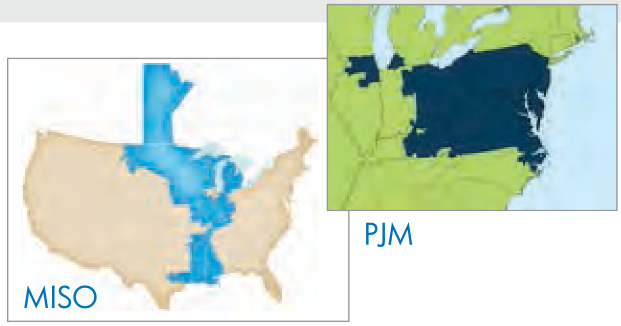
In addition, SEA 376 was passed by the Indiana General Assembly during the 2017 legislative session. SEA 376 updates the governance statutes of REMCs to permit electronic notice of meetings. It authorizes an REMC to allow votes that are cast after notice is given and before the meeting begins to be counted towards the quorum.

Importantly, SEA 376 also allows REMCs to petition the Commission to begin water or wastewater service. NineStar Connect, located in Greenfield, Indiana, is the first utility in the country to offer four utility services: electric, communications, water, and wastewater services.

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 Montana has more moderate weather, which allows Indiana's demand to be satisfied with relatively lower-cost Montana resources.

Regional Transmission Organizations



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	82,546 miles
Generation Capacity	174,724 MW	176,569 MW
Annual Billings	$25.3 billion	$39.05 billion
Headquarters	Carmel, Indiana	Audubon, Pennsylvania

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). The Federal Energy Regulatory Commission (FERC) regulates these organizations, and Commission staff closely monitors developments in each RTO's stakeholder processes.

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, reflecting the benefits of more efficient regional coordination.

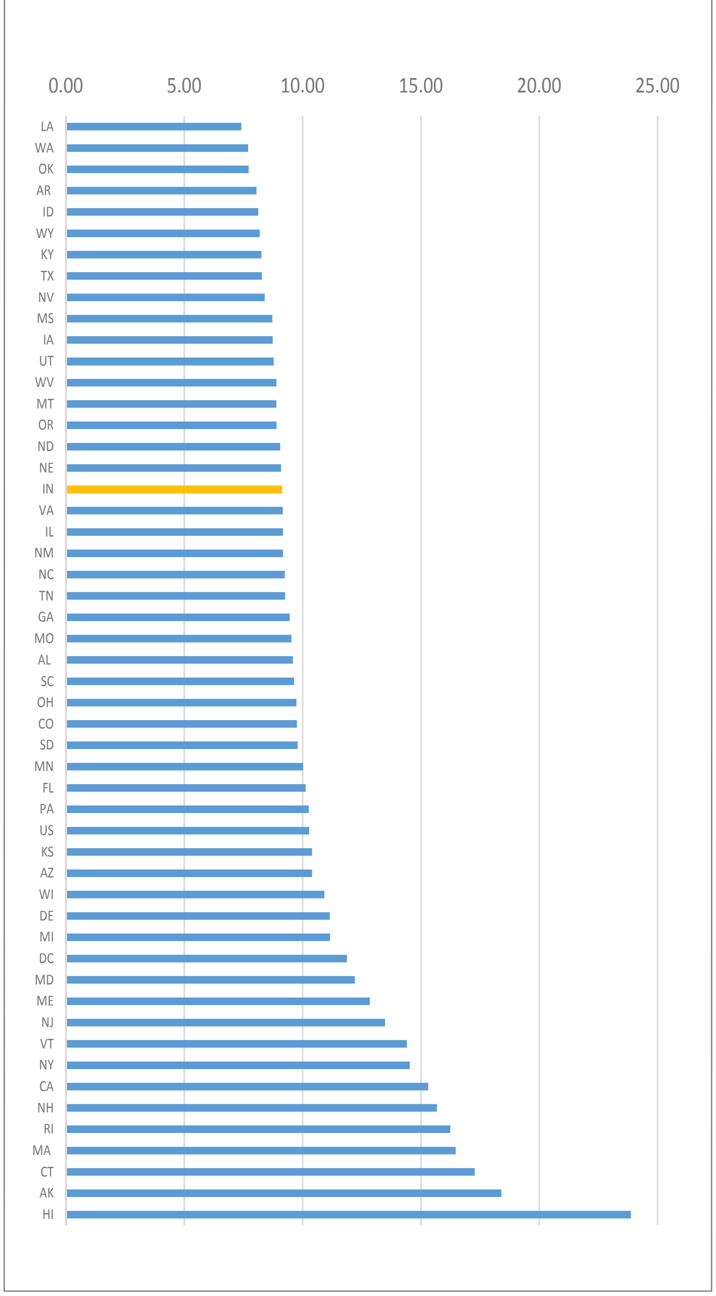
Competitiveness of Rates

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 18th lowest in 2016. 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 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 2016 are as follows: Kentucky –7th, Illinois – 20th, Ohio – 28th, and Michigan – 38th. Indiana, at 18th, has a relatively favorable ranking compared to neighboring states in 2016. However, rates can fluctuate from year to year. Should new environmental regulations go into effect, Indiana's relative price advantage could decline.

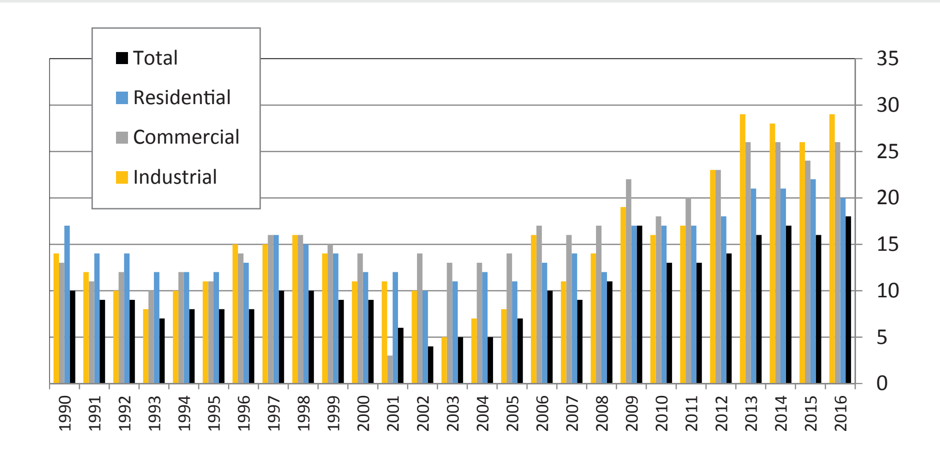
2016 State Average Electricity Prices (includes all rate classes; in cents/kWh)



How Indiana Compares

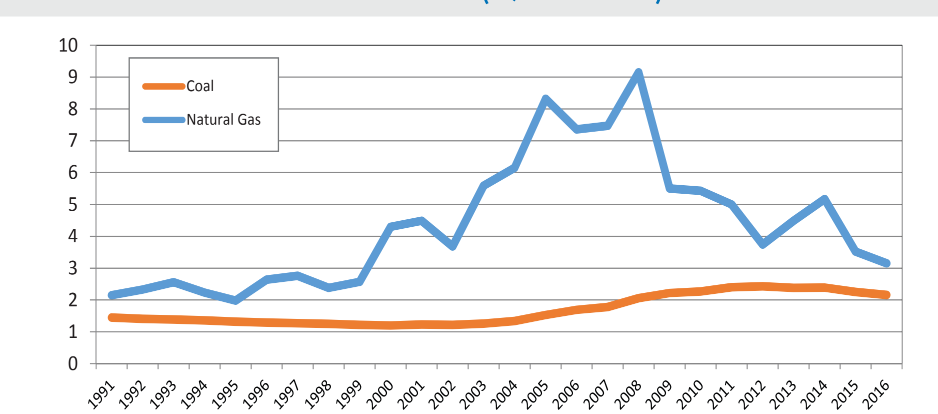
Differences can be seen between the various customer classes—residential, commercial, and industrial. Due to a number of factors, each class has been affected differently from a ranking standpoint. Industrial customers have slipped in ranking more than other customer classes, from 5th cheapest in 2003 to 29th cheapest in 2016.

Indiana Customer Class Rate National Ranking
Residential rates in Indiana in 2016 had the 20th cheapest rates in the country



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, and decreasing natural gas prices have reduced Indiana's relative price advantage.

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



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

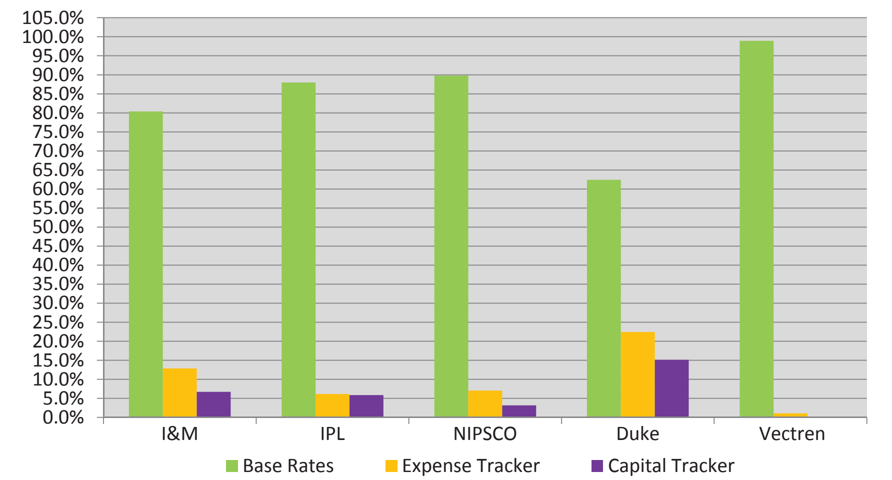
When focusing solely on rankings, Indiana is still competitive; however, its average electricity price ranking has lost ground to other states in recent years due to changes in the commodity markets and compliance with new federal environmental regulations. If Indiana is to remain competitive moving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

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

Residential Bill Components for the Investor-Owned Utilities



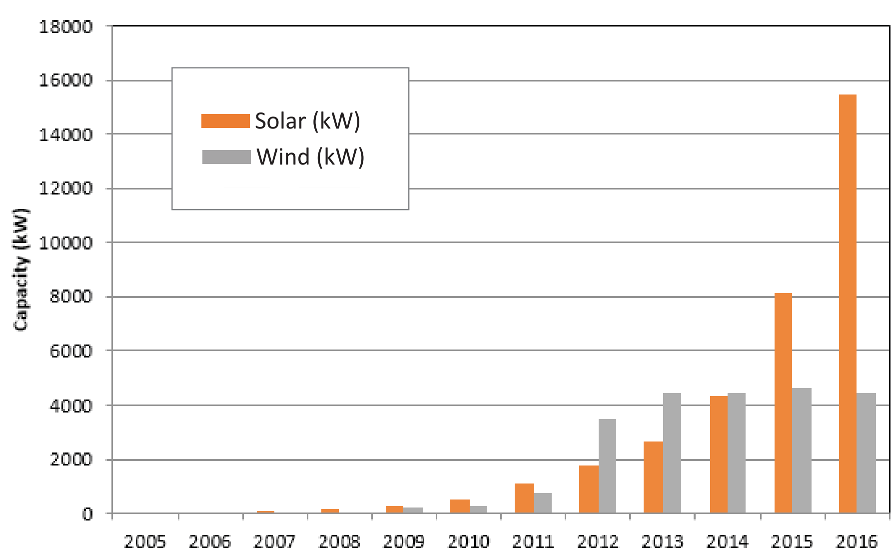
costs to retail rates, compared to adjustments that would occur as the result of a rate case. The relative weighting of elements in customer bills varies in part due to the size of a utility's construction program and how much time has passed since its last base rate case.

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 delivered to the utility, the difference is charged to the customer. If the amount the customer receives from the utility is less than the amount delivered to the utility, the customer receives a credit on 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 maximum 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.

Net Metering Capacity (kW) and Participation in Indiana



Update to Net Metering

In the 2017 legislative session, the Indiana General Assembly passed, and Governor Holcomb signed into law, SEA 309. Among other components, SEA 309 modifies Title 8 of the Indiana Code establishing a new chapter on distributed generation (Indiana Code chapter 8-1-40) and sunsetting Indiana's net metering rules over the next 30 years.

SEA 309 does not change the maximum size and eligibility requirements for net metering *(e.g., net metering is offered to all customers in good standing who installed eligible net metering facilities of 1 MW or less that is interconnected with their electric IOU)*, and customers are able to continue to offset their usage produced by their net metering facility. The law increases 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.

Customers who have or install 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) remains a net metering customer until July 1, 2032 (10-14 years). During the grandfathering periods, excess electricity continues to be credited at the retail rate (approximately 12 cents per kilowatt-hour (kWh) on average). Subsequent property owners of a grandfathered net metering facility will continue to be served under the existing net metering framework until the end of the grandfather period.

After the grandfather period ends for qualified customers and for new customers who install distributed generation equipment after July 1, 2022, or after the utility reaches 1.5 percent of its most recent summer peak load, excess electricity sent back to the grid will be credited at the wholesale rate (currently approximately 3 cents per kWh) plus 25 percent.

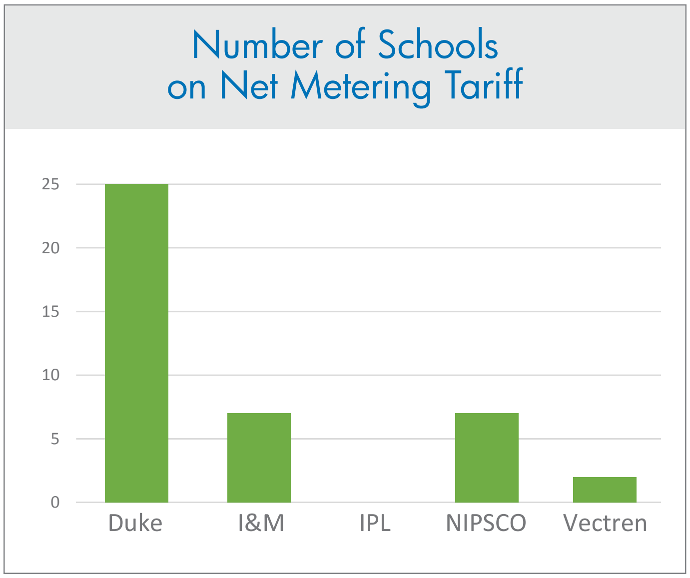
SEA 309 also establishes customers' rights-to-know regarding installation and ownership of distributed generation equipment and allows the Office of Attorney General to enforce those protections.

SEA 309 Technical Conference

In response to questions, comments, and concerns from stakeholders about the implementation of SEA 309 and the Dec. 31, 2017, deadline to have existing net metering facilities grandfathered for 30 years, the Commission hosted a Technical Conference on July 20, 2017, to bring stakeholders together to discuss the issue. Before the date of the Technical Conference, stakeholders were invited to present their questions and comments in writing to the Commission. Questions and concerns that were discussed at the Technical Conference included:

- An overview of the Interconnection Rule (170 IAC 4-4.3)
- The meaning of the words "installs" and "participation", as used in SEA 309
- The ability of customers to repair, replace, or upgrade existing net metering facilities
- Complaints to the Commission's Consumer Affairs Division

As a result of the Technical Conference, the Commission issued a General Administrative Order (GAO) on August 9, 2017, which provided guidance on the Commission's interpretation of the meaning "installs" and "participating", as used in SEA 309. In addition, the GAO provided a recommended deadline of Oct. 19, 2017, for customers to begin the interconnection agreement process to assure customers have the ability to interconnect before Dec. 31, 2017, when taking into account the maximum deadlines in the interconnection rule.



Modernization and the Creation of the 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 timelier basis.

It also directed the IOUs to prepare to handle an increase in the amount of interconnection requests and communicate effectively with customers regarding their application. A copy of the GAO can be found in *Appendix I*.

Self-Generation by School Corporations

In addition, SEA 309 assigned the topic of electricity self-generation by school corporations to the Interim Study Committee on Energy, Utilities, and Telecommunications. SEA 309 may impact schools that are served by an IOU in the state and are looking to install net metering facilities of less than 1 MW. In the 2016 Net Metering Report, IOUs reported 41 schools (K-12 and higher learning institutions) were currently participating in their net metering tariffs.

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 for electric utilities have been approved to invest a total of $2.7 billion in eligible projects.

Current TDSIC Utility Plans Approved

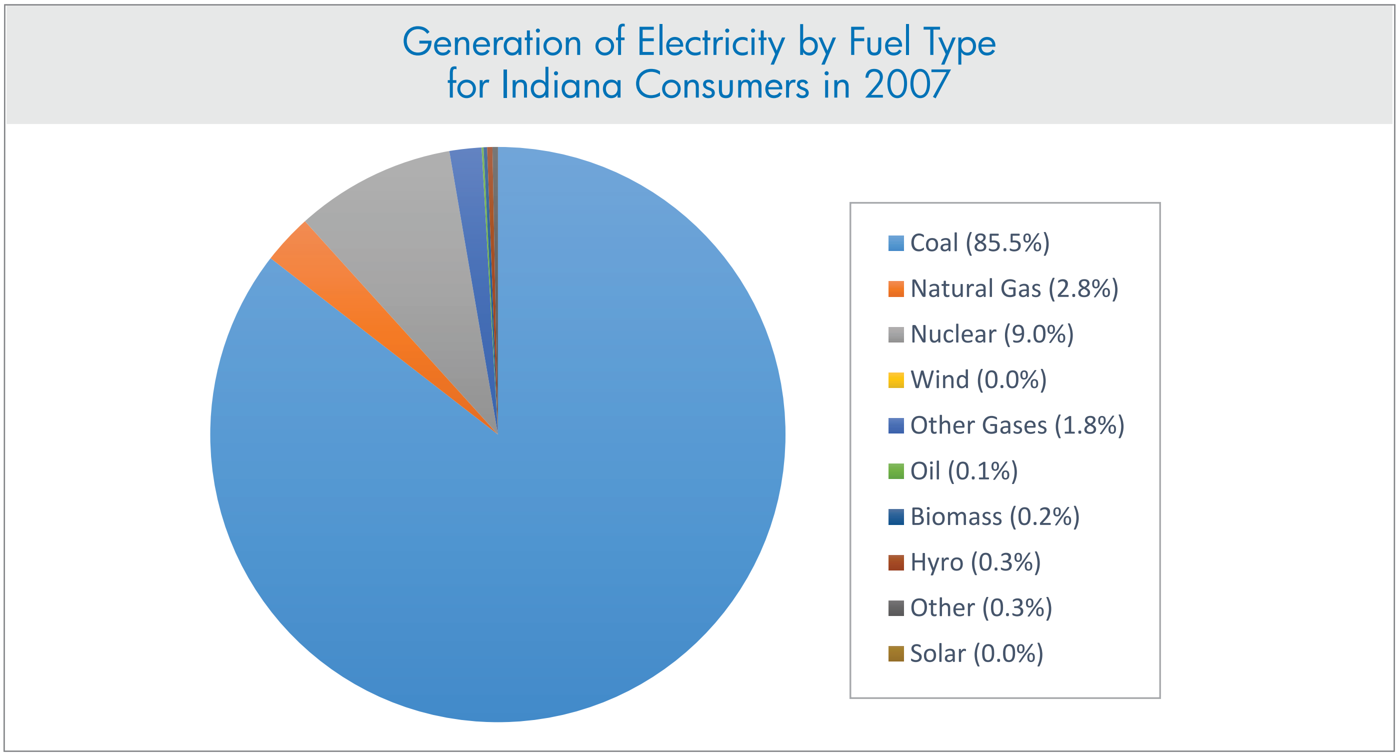
Utility Name	7-year Plan Approved Investment Amount	7-year Plan Approved Investments to Date	Percent of Approved Amount in Rates
Duke Energy Indiana	$1,408,031,856	$22,562,306	1.60%
NIPSCO	$1,321,836,315	$45,541,849	3.45%
Vectren *	N/A	N/A	N/A
Total	$2,729,868,171	$68,104,155	2.49%

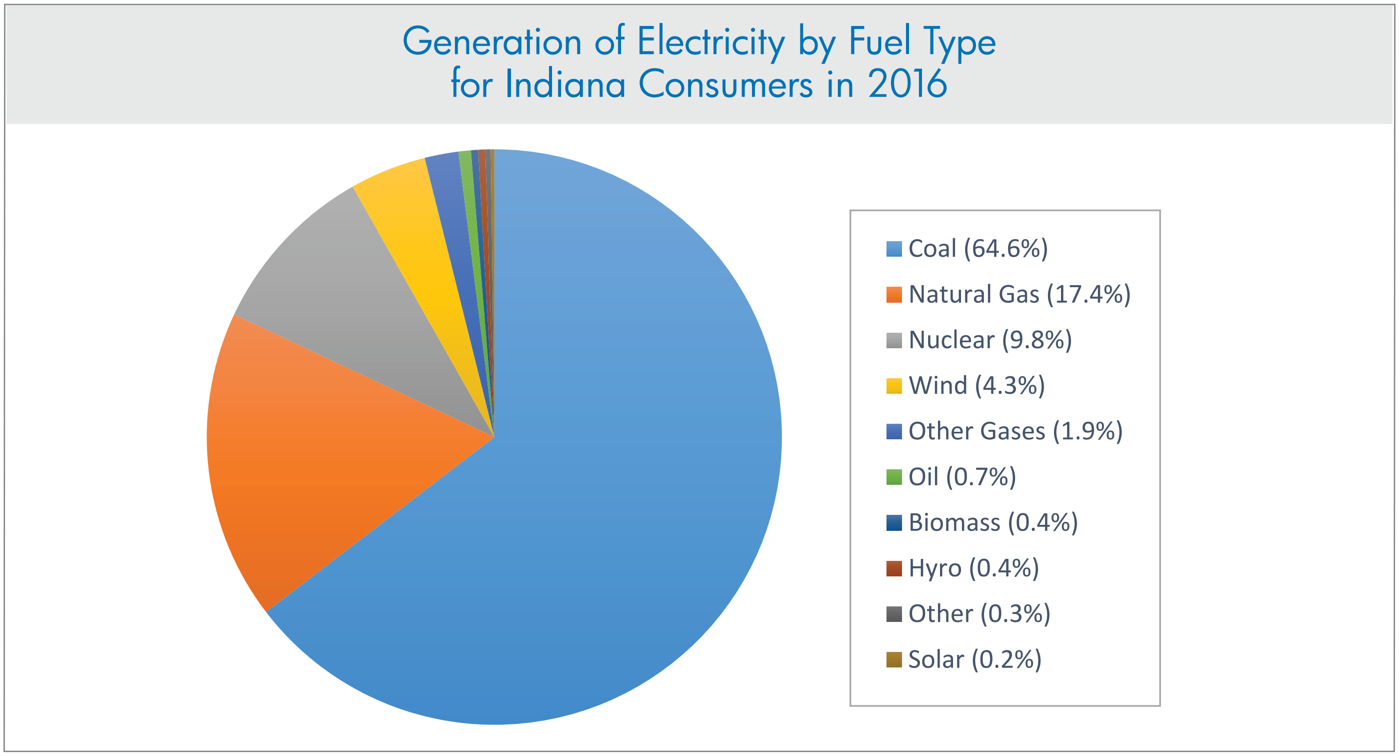
**As of July 1, 2017, Vectren request for approval of its plan is pending before the Commission.*

Generation

Indiana's Commission-regulated 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.

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.

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 load during periods of peak demand. Energy efficiency and demand response programs are also examined within utilities' IRPs.

State law generally requires utilities that intend to construct, own, or lease a generation facility 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).
In addition to net metering, SEA 309 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 PPAs, which are contractual purchases of energy, rather than building 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

Courtesy of Visit Lafayette/West Lafayette.

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.

In 2007, the fuel sources for electric power generation meeting Indiana's needs were:

- **Coal 85.5 percent**
- **Nuclear 9.0 percent**
- **Natural gas 2.8 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 Energy Information Administration (EIA) and FERC data projects Indiana's fuel source mix for 2016 as follows (see the previous pie chart):

- **Coal 64.6 percent**
- **Natural gas 17.4 percent**
- **Nuclear 9.8 percent**
- **Wind 4.3 percent**
- **Other fuels 3.9 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.

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 .... Retired
39. Prairie State 200

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...(under construction)

NORTHERN INDIANA PUBLIC SERVICE COMPANY

29. Schahfer 1,780
30. Sugar Creek 535
31. Bailly 511
32. Michigan City 469
33. Mitchell .... Retired

VECTREN SOUTH

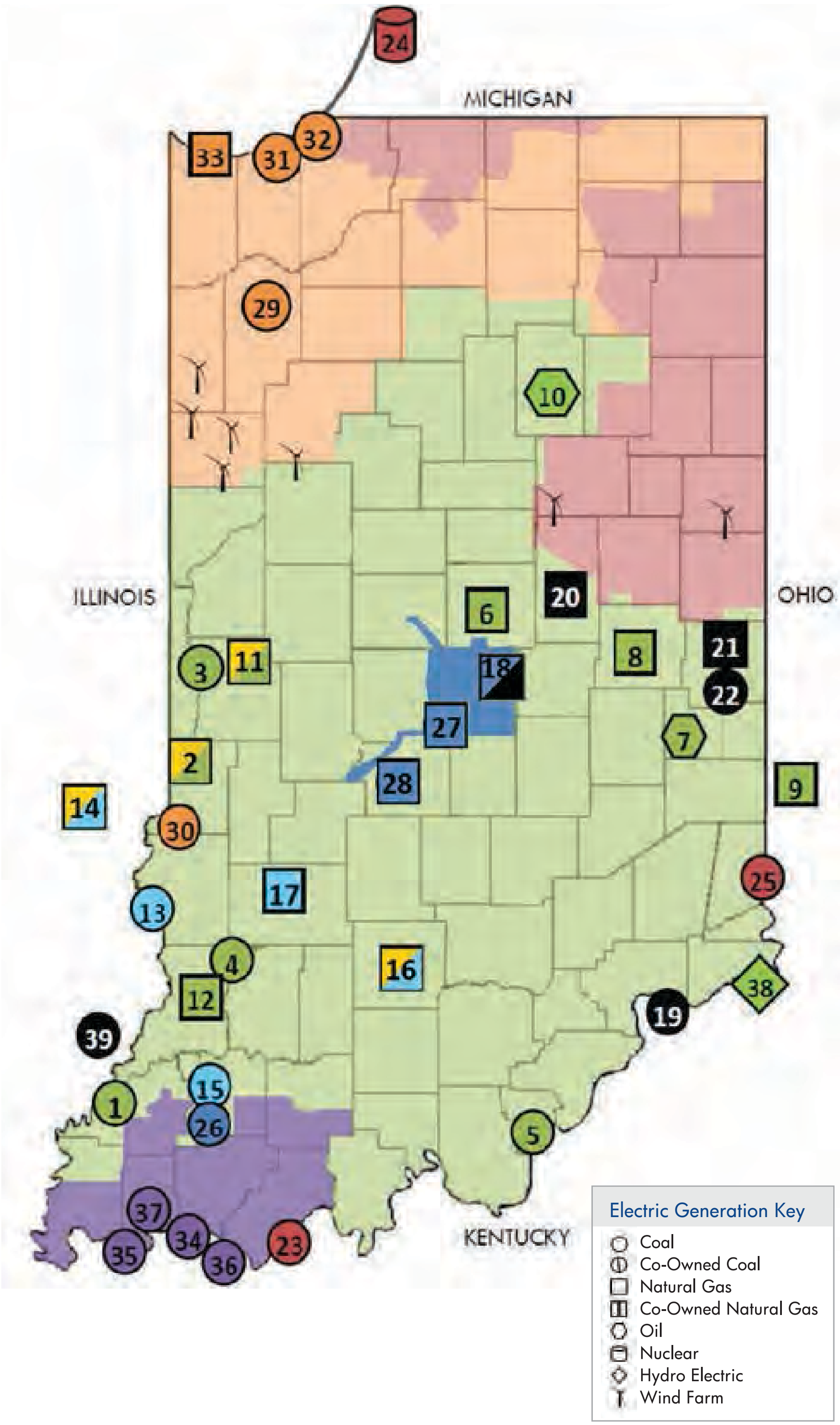
34. Warrick 150
35. Brown 640
36. Culley 360
37. Broadway/Northeast 85

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.



In May 2017, Lt. Governor Suzanne Crouch joined representatives from Naval Support Activity Crane and Duke Energy Indiana to cut the ribbon on a new solar array at Crane Naval Base in southwestern Indiana.

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.

The ability to use batteries to store energy is likely to be a significant factor in the continued expansion of renewables. IOUs currently operate or have proposed to operate the following battery projects in Indiana (see below graphic).

Renewable Generation Operating in Indiana

Resource Type	Installed MW	Percent of Total Installed MW in State
Wind	2,023.3	87.4%
Solar	220.1	9.5%
Hydro	58.1	2.5%
Biomass Digesters	14.3	0.6%

Indiana IOU Battery Projects

	Location	Battery Type	Output	Status
I&M	Churubusco, Whitley County	Sodium sulfur	2 MW	Operating
IPL	Indianapolis, Marion County	Lithium ion	20 MW	Operating
Vectren	Evansville, Vanderburgh County	Lithium ion	4 MW	Proposed in IURC Cause No. 44909

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 2016 Indiana Renewable Energy Resources Study is available on the SUFG's website at *www.purdue.edu/discoverypark/energy/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:

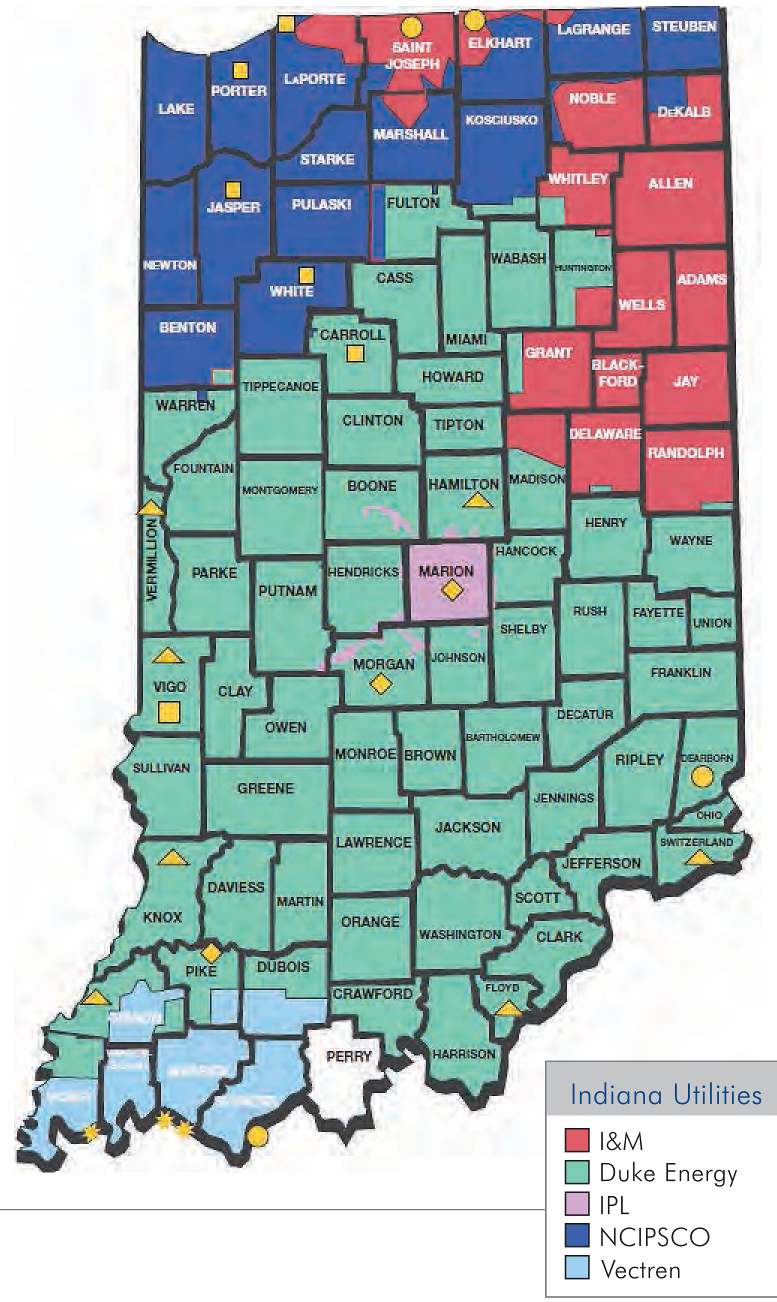
- Efforts made during the prior year to meet annual clean energy goals.
- Amount of clean energy supplied to retail customers.
- Amount of clean energy generated by facilities owned or operated by the utility.
- Amount of clean energy purchased from other suppliers of clean energy.
- Number of clean 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 2015 biennial report, the SUFG projected slower growth in both electricity sales and peak demand compared to previous forecasts, particularly in the residential and commercial sectors. The SUFG's Indiana Electricity Projections report is available on the Commission's website at *www.in.gov/iurc/2340.htm*. Electricity usage is projected to grow at an annual rate of 1.17 percent over the next 20 years, and peak electricity demand is expected to grow at an average rate of 1.13 percent annually, or 235 MW of increased peak demand per year.

Electric Service Territories



The SUFG's forecast predicts Indiana electricity prices will continue to rise in real (inflation adjusted) terms through 2021 and then slowly decrease until 2027. 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 15 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 completed 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 Impact of Federal Environmental Regulations

The impact of federal environmental regulations is greater in Indiana than in most other states because of Indiana's heavy dependence on coal. Coal-fired power plants generated 65 percent of the projected electric generation by fuel type for Indiana customers in 2016, down from 83 percent in 2010. Nationally, about 30 percent of electricity is generated from coal, down from 45 percent in 2010, according to 2016 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 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- and oil-fired power plants. The U.S. EPA also stated the finding responds to a decision by the U.S. Supreme Court that the U.S. EPA must consider costs in the appropriate and necessary finding supporting the MATS.
- The implementation of the 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.
- 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.
- 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.

In the energy and environmental arena, President Donald Trump campaigned on preserving and enhancing the role of coal and fossil fuels in the American energy resource portfolio, reducing environmental regulations, and limiting the role of the U.S. EPA. President Trump promised to eliminate regulations seen as burdensome on the energy industry, and has taken action in the form of Executive Orders asking agencies to conduct a review of any existing regulations that potentially burden the development or use of domestically produced energy resources. In response, the U.S. EPA has begun reviewing some of its rules. Overall, it remains to be seen how the actions of the new Administration regarding federal regulations will impact Indiana's utilities.

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. Although the case is still pending before the Commission, this could be considered one of the first effects of the Trump Administration's regulatory rollback.

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

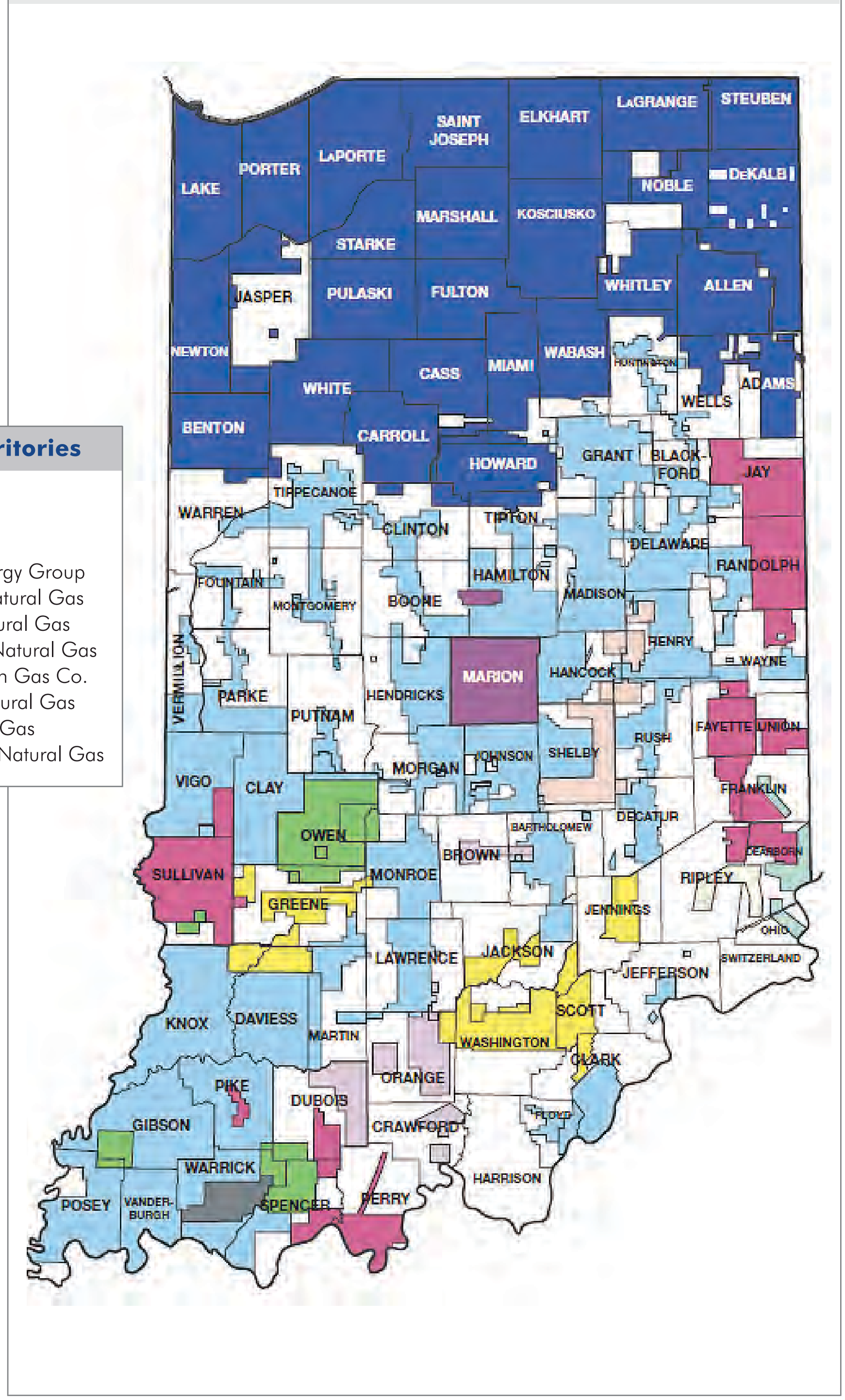
Utility	Pollution Control Technology	Retirements, etc.
Duke	• CPCN granted for dry sorbent injection (DSI) technology at Gallagher Units 2 & 4. Estimated cost $16 million. IURC Cause No. 43873, Sept. '10. • CPCN granted for selective catalytic reduction (SCR) systems at Cayuga Units 1 & 2 and mercury 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.	Gallagher Units 1 and 3 (280 MW) on 1/31/12. Wabash River Units 2 – 5 (350 MW) on 4/16/16. Wabash River Unit 6 (318 MW) on 12/7/16.
I&M	• CPCN granted for selective non-catalytic reduction (SNCR) 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.	Tanners Creek Units 1 – 4 (982 MW) on 4/16/15.
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 NAAQS, ELG, and CCR compliance projects at Petersburg station. Estimated cost $76 million. IURC Cause No. 44794, Apr. '17.	Eagle Valley Units 1 – 6 (338 MW) and Harding St. Units 3 and 4 (70 MW) in 2013 – 2016. Harding St. Units 5-7 (628 MW) Convert-ed to Natural Gas in 2015 and 2016
NIPSCO	• CPCNs granted request 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 $184 million. IURC Cause No. 44872, (Pending).	MISO has approved the May 2018 retirement of Bailly 7&8 (480 MW)
Vectren South	• CPCN granted for clean energy and compliance projects. Estimated cost $89 million. IURC Cause No. 44446, Jan. '15.	N/A

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 2016 annual operating revenues total $1.5 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.

Natural Gas Service Territories



Investor-Owned Utilities

IOUs are for-profit enterprises funded by debt (bonds) and equity (stock). The largest 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*.

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.

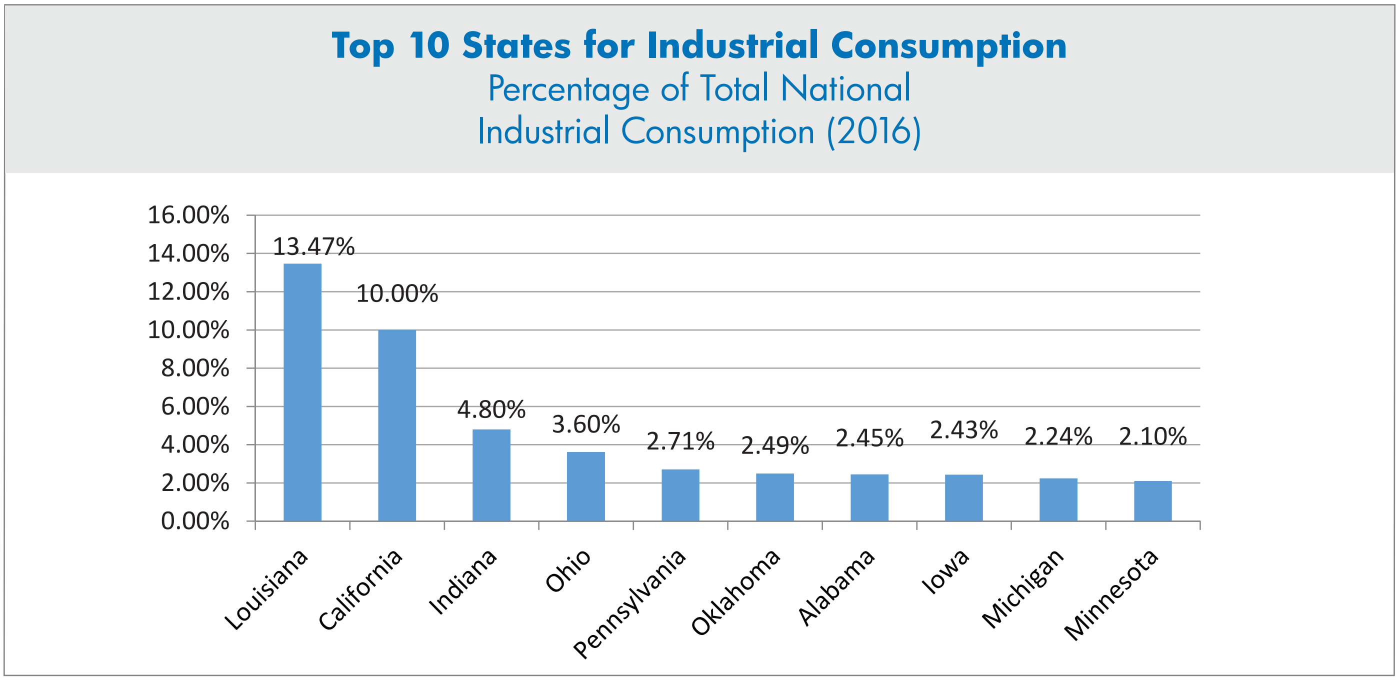
Supply and Demand

Indiana's LDCs serve three types of customers: residential, commercial, and industrial. In 2016, Indiana's residential customers consumed more than 125 million dekatherms (Dth) of natural gas, which accounts for approximately 17 percent of the state's total volumes delivered to customers, according to the Energy Information Administration (EIA) data as of July 1, 2017. The EIA also found that Indiana's commercial customers consumed about 10 percent of the state's total volumes delivered to customers, or more than 74 million Dth of natural gas in 2016.

Industrial customers accounted for about 51 percent, or 370 million Dth, of the state's total natural gas volumes delivered, making Indiana the third highest state in the United States for industrial natural gas consumption. Electric power customers accounted for approximately 158 million Dth, or 21 percent, of Indiana's total consumption. In 2016, the residential, commercial, industrial, and vehicle fuel sectors' consumption decreased, while the electric power sector's consumption increased as an overall percentage of Indiana's total consumption compared to 2015 values. Nationwide, total natural gas consumption increased slightly by approximately one percent, or 188,563 million Dth, from 2015 to 2016 according to the EIA data as of July 1, 2017.

Drivers of Demand

Natural gas and oil prices, economic growth, and weather are the primary factors driving demand for natural gas, according to the EIA. Because natural gas is a cleaner burning fuel and the abundance in supply is making it cheaper than coal, it is often used as an alternative fuel source for electric generation. However, the increased usage of natural gas for electric generation and potential changes in federal regulations can increase natural gas prices in the future.



*According to the EIA data as of July 1, 2017.

In 2016, overall demand of natural gas rose, driven by the industrial sector and exports. According to EIA data, natural gas was the primary source of electric generation output on a national level for the first time. Industrial natural gas demand fell slightly, while residential and commercial gas demand fell by two percent. The report concludes that above average temperatures in the 2015-2016 winter limited natural gas heating demand through the beginning of 2016, which led to reduced demand for summer storage injections. In 2016, the average Henry Hub spot price for natural gas was five percent lower ($2.48/MMBtu) than the 2015 average price. Prices rose through the second half of the year, driven by steady domestic demand, rising exports, and a drop in production. All major U.S. natural gas delivery points experienced lower natural gas prices on average.

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. Tapping formerly unrecoverable sources of gas contributed significantly to supply, which continues to overwhelm swings in demand. According to the EIA, the main factors influencing supply include:

- **Variations in natural gas production levels**
- **Net imports**
- **Storage levels**

Although natural gas production fell for the first time since 2005, flat demand due to above average winter temperatures at the start of the year and high natural gas storage inventories contributed to the low prices. Other developments impacting supply in the long term include Federal Energy Regulatory Commission (FERC) approvals for liquefied natural gas (LNG) facilities. FERC is responsible for authorizing the siting and construction of onshore and near-shore LNG import or export facilities. There are more than 110 LNG facilities operating in the United States performing a variety of services. Some facilities export natural gas from the United States, some provide natural gas supply to the interstate pipeline system or LDCs, while others are used to store natural gas for periods of peak demand.

LNG Exports

Given the availability of natural gas supply within shale formations, the United States is shifting from being a net importer to a net exporter of LNG. According to the EIA, in 2015, U.S. natural gas prices were approximately $2.49/Dth. The annual average European Union price for natural gas was approximately $4.56/Dth.

The price discrepancy between the U.S. and European Union markets gives natural gas producers the opportunity to increase profits by exporting LNG. The lack of exporting facilities and federal regulation of LNG exports have prevented natural gas producers from becoming LNG exporters.

U.S. LNG exports jumped from virtually zero in 2015 to an average of 635 million cubic feet per day (MMcfd) in 2016. Construction is underway at five U.S. LNG export terminals, including a combined liquefaction capacity of more than eight billion cubic feet per day (Bcfd), with expected in-service dates ranging from August 2017 to 2021.

Pursuant to the Natural Gas Act of 1938, authorization is required from the Department of Energy (DOE) for companies seeking to export LNG to a foreign country. There are two types of approval: Free Trade Agreements (FTAs) and non-FTA approval. FTA approval is the authorization to export LNG to countries with which the United States has a free trade agreement, and non-FTA is the authorization to export LNG to countries with which the United States does not have an FTA. FTA applications receive the quickest approval from the DOE. Non-FTA applications, on the other hand, receive more scrutiny and take longer to approve because these types of applications must be deemed to be in the public's interest. According to the DOE, it has approved a combined total of 73 FTA and non-FTA applications to export approximately 105 Bcf/d in 2016.

Shale Gas Production Concerns

Consumer and environmental groups have raised concerns about the production of shale gas, which is natural gas trapped in shale formations. To extract shale gas, shale formations must be drilled or fractured. Well fracturing is water intensive and can affect the availability of water for other uses. Additionally, the wastewater produced by hydraulic fracturing (fracking) contains potentially hazardous chemicals. As such, it is important to prevent contamination of surrounding areas and find safe methods of treatment and disposal of wastewater. In states where drilling has taken place, concerns regarding possible air pollution and contaminated drinking wells has encouraged the federal government to review hydraulic fracturing.

The U.S. Environmental Protection Agency issued a Final Report on its hydraulic fracturing drinking water impact study in December 2016. It concluded that hydraulic fracturing can impact drinking water resources under some circumstances. If new federal regulations are imposed or if legislation is passed restricting drilling techniques and practices, the price of natural gas could increase.

In July 2017, the Interior Department's Bureau of Land Management (BLM) proposed to completely repeal the 2015 rule governing hydraulic fracturing of federal lands. Originally, the rule set standards in areas such as disclosure of fracking chemicals and the integrity of well casing. It appears BLM does not plan to replace the rule at this time.

Pricing and Economics

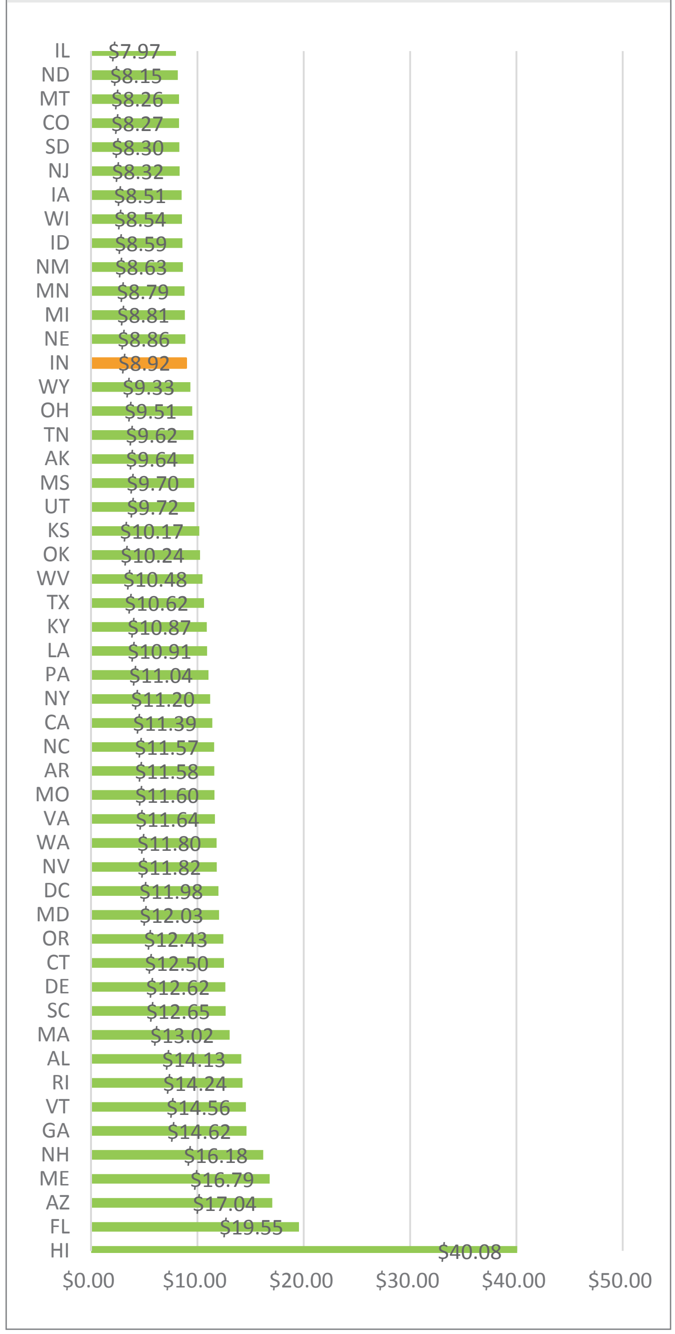
Over the last 10 years, Indiana has consistently performed well in comparison with other states for residential and commercial delivered (bundled) gas prices. Gas moves through the transmission system to the distribution system, where LDCs deliver gas to customers on either a bundled basis (i.e., commodity 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 data from the EIA, Indiana had the 14th lowest average residential gas prices nationally and 9th 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 2015. The state average residential gas price decreased from $9.02 per thousand cubic feet in 2014 to $8.92 per thousand cubic feet in 2015. These prices are higher than the commonly referenced Henry Hub commodity cost of approximately $3.12/Mcf because they are bundled prices. Neighboring states' average residential retail rates per thousand cubic feet for 2015 are as follows: Illinois – $7.97, Kentucky – $10.87, Michigan – $8.81, and Ohio – $9.51.

Indiana had the 15th lowest average commercial natural gas prices nationally and 10th lowest average commercial natural gas prices in the Midwest for 2015. Indiana's 2015 average commercial price was $7.61 per thousand cubic feet, which is lower than the 2014 average price of $8.19 per thousand cubic feet. Neighboring states' average commercial retail rates for 2015 were as follows: Illinois – $7.29, Kentucky – $8.75, Michigan – $7.51, and Ohio – $6.39 per thousand cubic feet.

In 2015, Indiana average industrial gas prices decreased to $6.36 per thousand cubic feet price from $7.32 per thousand cubic feet. Neighboring states' average industrial retail rates for 2015 were as follows: **Illinois – $5.47,**

2015 State Residential Gas Prices ($/thousand cubic ft.)



Kentucky – $4.45, Michigan – $6.60, and Ohio – $5.35 per thousand cubic feet.

Note that the data used in this section was the most recent data available as of July 1, 2017. Therefore, the analysis is based on 2015 statistics. Once the information is updated by the EIA, 2016 data will be available at the EIA's website for residential, commercial, and industrial prices at *www.eia.gov*.

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 (OUCC) 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.

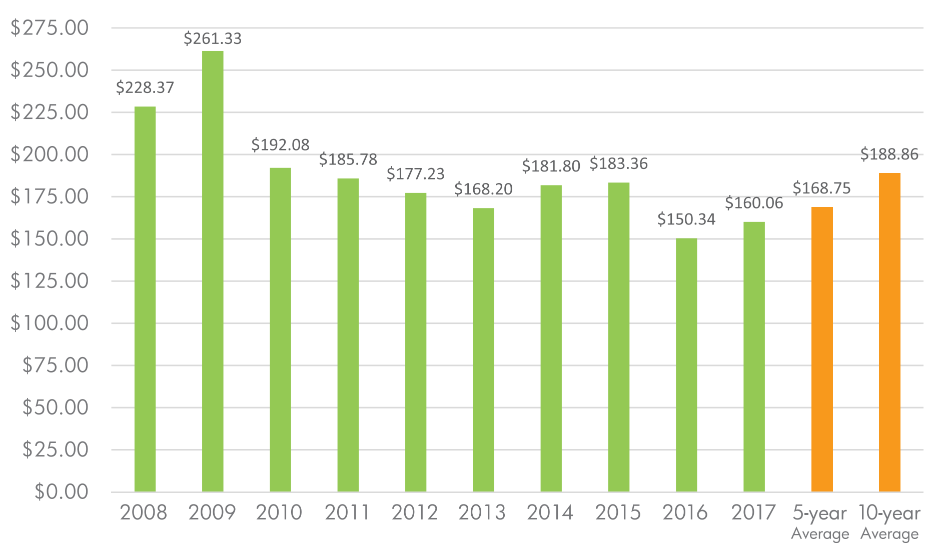
Residential Gas Bills

Natural gas residential customers typically paid higher prices for natural gas in 2017 than in 2016. In 2016, a residential customer using 200 therms would have received a bill for $150.34. In 2017, this bill would have increased slightly to $160.06. However, bills in 2017 are lower than the five-year industry average of $168.75. In addition to the following chart, residential natural gas bill survey information is located in *Appendices L and M*.

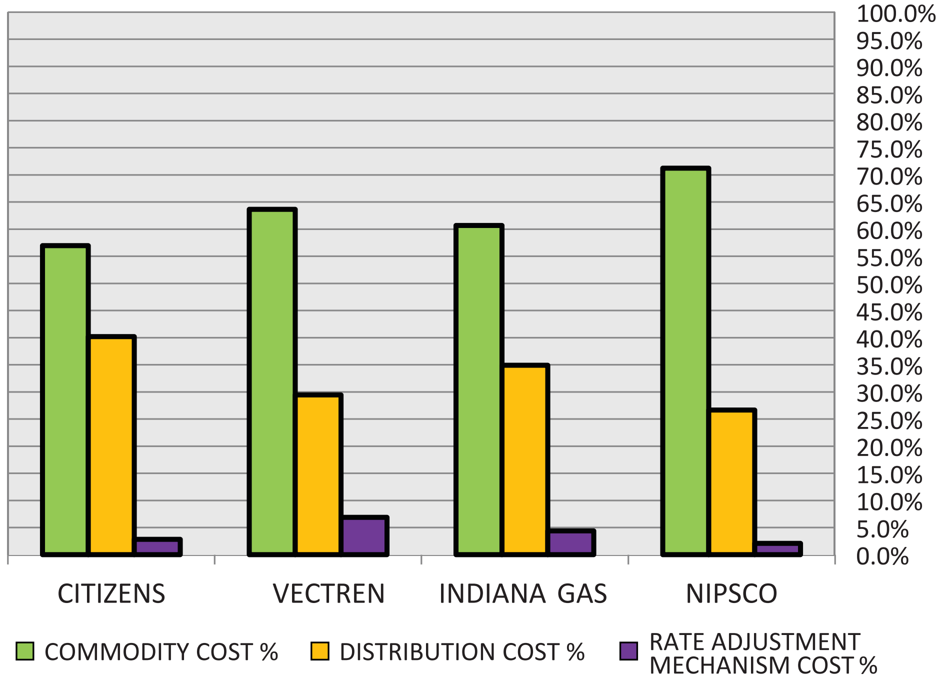
The cost of the actual natural gas commodity accounts for a majority of a customer's bill. On average, gas usage accounts for approximately 63 percent, while distribution costs account for approximately 33 percent. Rate adjustment mechanisms approved by the Commission account for approximately 4 percent 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)*.

Residential Gas Bill Comparison 2008 to 2017



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



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 40,000 miles of distribution mains that transport gas within a given service area to points of connection with pipes serving individual customers. More than 51 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. More than 62 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 provided for the costs of replacing aging gas transmission and distribution pipeline, as well as the expansion of gas pipeline 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.

Age Profile of Jurisdictional Transmission Lines and Distribution Mains

Age	Transmission Lines		Distribution Mains	
Years Old	Miles	% of Total	Miles Mains	% of Total
80+	0	0.00%	494	1.21%
70-80	21	1.15%	321	0.79%
60-70	264	14.41%	2,315	5.66%
50-60	650	35.46%	7,343	17.97%
40-50	205	11.16%	4,433	10.85%
30-40	217	11.83%	5,983	14.64%
20-30	252	13.74%	7,655	18.73%
10-20	162	8.82%	5,489	13.43%
0-10	43	2.36%	2,538	6.21%
Unknown	19	1.06%	4,299	10.52%
Total	1,834	100.00%	40,871	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 for gas utilities have been approved to invest a total of $1.7 billion in eligible projects.

Utility Name	7-year Plan Approved Investment Amount	Investment Amount Included in Rates to Date	Percent of Approved Amount in Rates
NIPSCO	$845,015,508	$273,583,441	32.38%
Vectren North	$701,551,659	$264,353,048	37.68%
Vectren South	$245,482,583	$76,232,737	31.05%
Community Natural Gas	$2,766,924	$935,893	33.82%
Midwest Natural Gas*	N/A	N/A	N/A
Total	$1,794,816,674	$615,105,119	34.27%

*As of July 1, 2017, Midwest's plan is pending before the Commission.

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, 2017, 78 of the 535 water utilities and 35 of the 551 wastewater utilities).

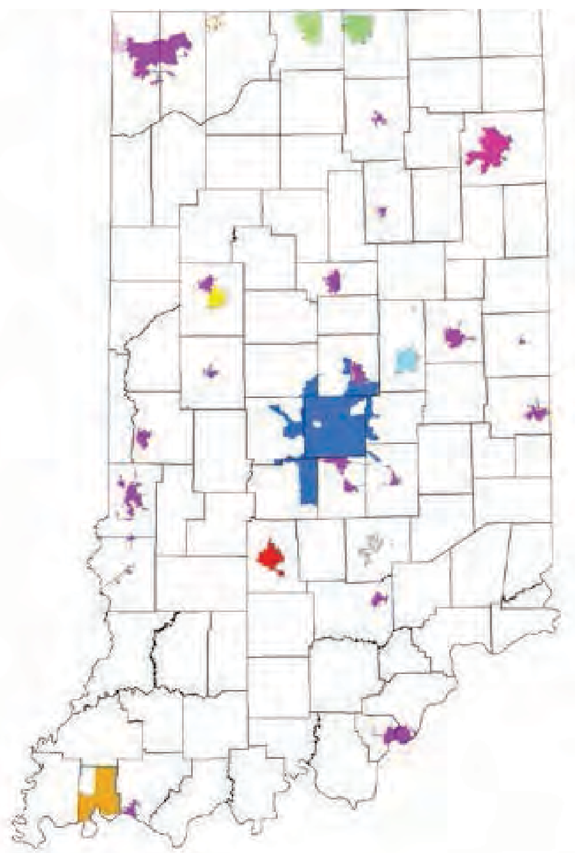
As shown in the adjacent, regulated water and wastewater utilities exhibit a variety of legal forms. The legal form of a utility determines the existence and extent of the Commission's regulatory authority. Although many water and wastewater utilities initially were fully regulated, state statute allows 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	28
Not-For-Profit Water	25
Investor-Owned Water	4
Conservancy District Water	6
Water Authority	3
Not-For-Profit Wastewater	6
Investor-Owned Wastewater	17
Not-For-Profit Water/Wastewater	3
Investor-Owned Water/Wastewater	9

The 78 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



Citizens Water	313,080
Indiana American Water Co.	288,728
Fort Wayne Municipal Water	84,082
Evansville Municipal Water	61,567
South Bend Municipal Water	42,883
Lafayette Municipal Water	28,781
Hammond Municipal Water	25,897
Bloomington Municipal Water	24,700
Anderson Municipal Water	21,621
Elkhart Municipal Water	17,895
Columbus Municipal Water	16,214
Michigan City Municipal Water	12,716

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 35 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 not fully regulated by the Commission. Based on data reported in 2016, only five regulated wastewater utilities serve more than 5,000 customers:

- CWA Authority, Inc. (238,561 customers)
- Sanitary District of Hammond (34,399 customers)
- Hamilton Southeastern Utilities, Inc. (20,635 customers)
- Aqua Indiana, Inc. (15,048 customers)
- Citizens Water of Westfield (11,363 customers)

From data reported to the Commission in 2016, which includes utilities not currently under Commission rate jurisdiction, regulated water systems have \$4.9 billion of utility plant in service, annual revenues of \$608.2 million *(see Appendix N)*, and a total rate base of \$2.85 billion. Regulated wastewater utilities have \$3.6 billion of utility plant in service, annual revenues of \$285.3 million *(see Appendix O)*, and a total rate base of \$1.67 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.

Largest Regulated Water Utilities and the Number of Customers

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		✓	✓	✓		✓	✓		✓	✓	✓		✓	✓	✓		
Not-for-Profit Wastewater	✓	✓	✓	✓		✓	✓	✓	✓		✓		✓				✓
Water Authority		✓	✓	✓		✓	✓		✓	✓	✓			✓	✓		
Municipal Water		✓	✓	✓		✓			✓	✓	✓		✓	✓	✓		
Municipal Wastewater	✓	✓	✓	✓								✓					
Regional Water District		✓	✓	✓	✓					✓		✓		✓	✓		
Regional Sewer District	✓	✓	✓	✓	✓				✓			✓[3]					
Conservancy Water District		✓	✓	✓		✓[4]			✓[4]	✓	✓			✓	✓	✓	
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 withdraw in part from the Commission's authority, per Ind. Code §§ 8-1-2.7-1.3 and 8-1-2.7-2.

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

[4]The Commission has authority over water conservancy districts that make an election to provide water service under Ind. Code § 14-33-20 in its District Plan. Water conservancy districts with fewer than 2,000 customers can opt out of the Commission's jurisdiction, per Ind. Code §§ 8-1-2.7-1.3 and 8-1-2.7-2. The Commission has authority over a wastewater conservancy district's rates for customers outside the district's boundaries.

Note: This table provides an overview of state agency authority 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 authority.

Territorial Competition

Competition in the water and wastewater industries is practically nonexistent with respect to price and quality of service. However, competition does exist for service territory. 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.

In 2014, the state legislature gave the Commission authority under Ind. Code chapter 8-1.5-6 to approve regulatory ordinances that established exclusive water or wastewater territory for municipalities. Since then, nine municipalities have filed petitions:

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

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 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.

As of July 1 2017, a pending case before the Commission is the first acquisition case utilizing HEA 1319 and SEA 257. In IURC Cause No. 44915, a large investor-owned utility is proposing to acquire a municipal utility with less than 5,000 customers. It is anticipated that there will be an increase in acquisition filings in Fiscal Year 2018 utilizing the distressed utility statute.

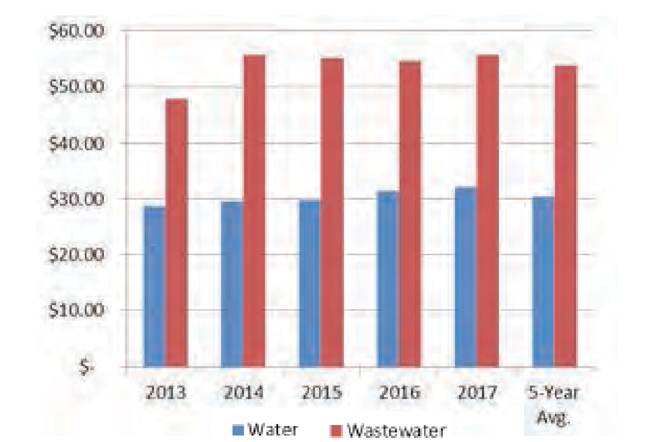
Pricing and Economics

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 2007 to 2016, water and wastewater rates rose 5.63 percent per year, but the CPI rose at a slower pace of 1.83 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.

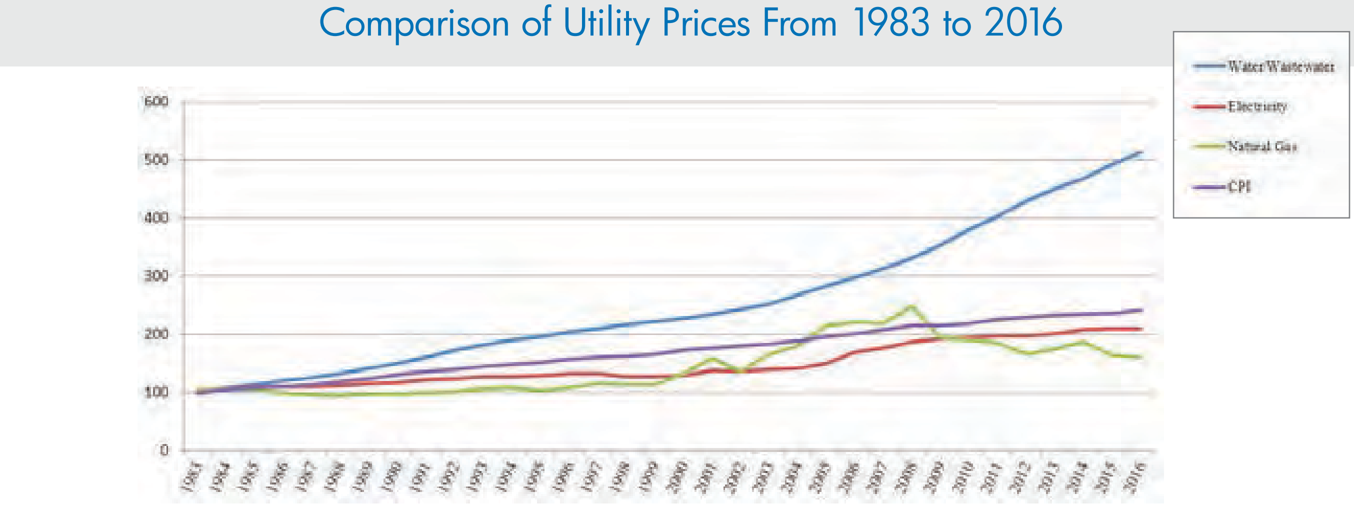
Rate Increases

Overall, in 2016, the number of general rate increase requests, which excludes rate adjustment mechanisms, was similar to those made in 2015. In 2016, eight water utilities were approved for general rate increases averaging 31 percent and three wastewater utilities were approved for general rate increases averaging 42 percent. To date in 2017, five water utilities, one wastewater utility, and two water/wastewater utilities were approved for rate increases. As of Jan. 1, 2017, the average water and wastewater rates approved by the Commission were relatively low at $32.18 per 5,000 gallons for water and $55.70 per 5,000 gallons for wastewater.

Water/Wastewater Residential Bill Comparison for 5,000 Gallons Consumption 2013 – 2017



Comparison of Utility Prices From 1983 to 2016



Affordable Service

To mitigate the effects of rate increases to low-income customers, the Indiana General Assembly passed and Governor Holcomb signed HEA 1519 and SEA 416, which allow a Commission-regulated water or wastewater utility to establish a low-income customer assistance program for qualified customers to receive discounted rates.

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. 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.

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 is needed to keep up with demand, the cost of developing and obtaining that water requires additional investment, which is ultimately reflected in rates.

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.

Development of Future Sources of Supply

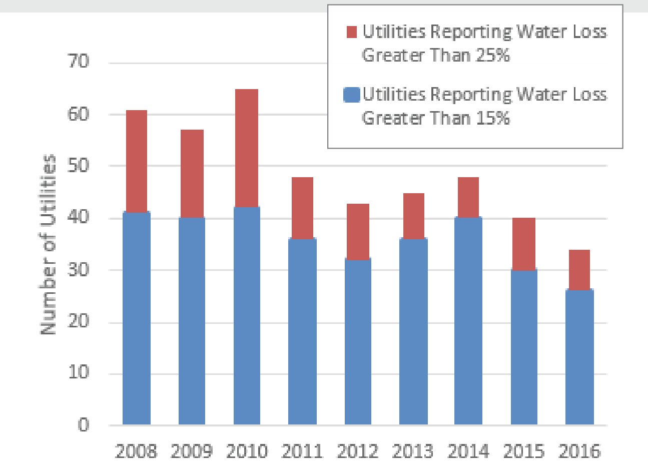
In addition to providing a low-income customer assistance program and a plan for replacement of customer-owned lead service lines (discussed later), HEA 1519 authorizes a public water utility to petition the Commission for approval of a plan to develop a future source of water supply. The utility's plan 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.

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 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 following table shows, in 2008, approximately 40 percent of the water utilities reported water loss greater than 15 percent, but the number fell to approximately 25 percent in 2016. A similar downward trend can be seen for utilities reporting over 25 percent water loss.

Based on the regulated water utilities' reports to the Commission, more than 187 billion gallons of water were pumped or purchased in Calendar Year 2016, and 153.6 billion gallons of water were either sold to customers or used for firefighting or system maintenance, which is a 17.9 percent water loss. As water utilities focus efforts on improving infrastructure, covered in a later section, water loss may continue to decrease.

Water Loss Reported by Utilities 2008 – 2016



Water Efficiency

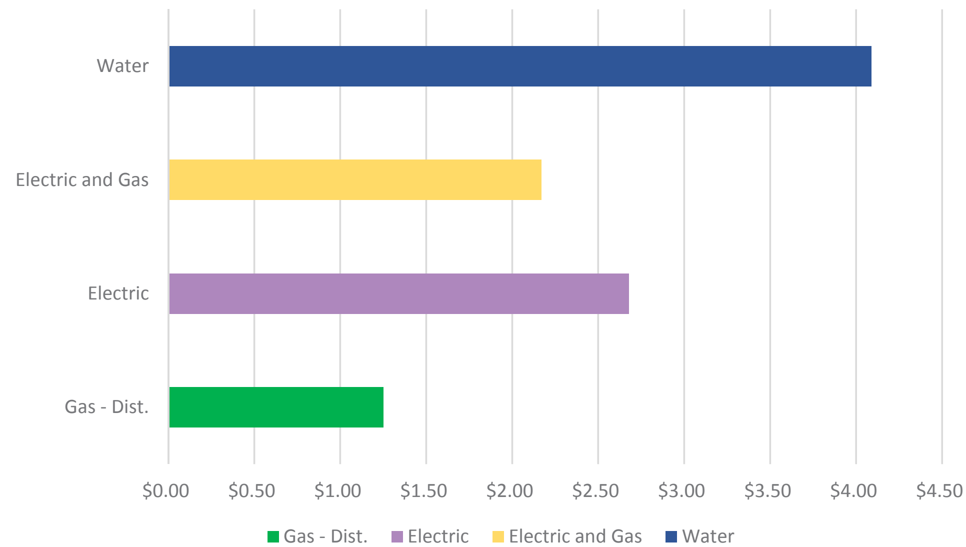
Water efficiency programs are being developed by individual utilities and at the state and national levels in an effort to manage customer usage. At the state level, DNR has developed water conservation goals and objectives, as required by the Great Lakes Compact. At the national level, the U.S. EPA 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.

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 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. The latest report published in November 2016 cited a need for $2.3 billion in immediate infrastructure needs with an additional $815 million needed annually thereafter. The issue of aging infrastructure is discussed in more detail in the section below.

Aging infrastructure is problematic because the water sector remains extremely capital intensive. In 2014 (the last year for which data is available), the water sector invested more capital-per-dollar of revenue generated than any other industry. The ratio for the water sector is higher due to the need for large

Capital Investment per Dollar of Revenue in 2014
Amount of utility investment in utility facilities relative to each dollar earned



Source: AUS Utility Report – 2015

investments, coupled with relatively lower revenues. Consequently, water utilities typically seek to increase general rates to replace necessary infrastructure.

Water and wastewater utilities in Indiana can seek to recover costs for the replacement of distribution and collection lines 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 their 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.

Recent legislation has expanded revenues from the DSIC to a maximum of 10 percent (originally 5 percent) of the utility's total revenue approved by the Commission in its last general rate case. In addition, HEA 1132 (2014) and SEA 516 (2015) expanded the DSIC to include wastewater utilities and municipal and nonprofit utilities, respectively.

Age Profile

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. 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.

Lead Service Lines

Water quality issues related to lead service lines have been addressed recently by both the Commission and the Indiana General Assembly. In IURC Cause No. 44826, the Commission approved a settlement that provided the City of East Chicago with the opportunity to obtain additional funding for the replacement of customer-owned lead service lines in its service territory. The SRF provided a loan to East Chicago at an interest rate below what the SRF would normally provide to utilities, which allowed East Chicago to issue more debt without increasing rates. In addition, the Indiana General Assembly addressed concerns with East Chicago's water supply in HEA 1344. Although this bill primarily deals with contaminated soil, IDEM was also directed to test East Chicago's water supply for elevated levels of lead.

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 utility owns. 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.

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); 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.

As of July 1, 2017, the U.S. EPA has not released its 2015 report for drinking water infrastructure. However, according to the IFA's Evaluation of Indiana's Water Utilities Report completed in November 2016, Indiana water utilities reported an immediate need estimated at $2.3 billion. After the initial infrastructure replacement, an additional $815 million annually is the estimated need to maintain adequate systems in the state. Although the U.S. EPA's 2011 Report indicated 69 percent of the total need is associated with transmission and distribution pipe replacement, the IFA report suggests the primary needs in Indiana are in hydrants, meters and treatment plants, with transmission and distribution pipe replacement ranking 4th.

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, community focus fund, and private activity bond. 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. To date, $25 million has been appropriated to WIFIA for projects. In April 2017, the IFA sent a Letter of Interest (LOI) to the EPA indicating its interest in receiving funds from WIFIA. The LOI included a list of 28 water projects with a Preliminary Engineering Report totaling more than $66 million and a list of 10 wastewater projects with a Preliminary Engineering Report totaling more than $660 million. The majority of funding for the wastewater projects was combined sewage overflow projects in Indianapolis.

COMMUNICATIONS DIVISION

COMMUNICATIONS DIVISION

Regulatory Responsibility

The Commission's Communications Division monitors regulatory proceedings and policy initiatives at the federal, state, and local levels to determine the impact of those policies and whether comments should be filed in those proceedings. Additionally, the division implements a state universal service program and provides recommendations to the Commission on matters including applications for certificates of territorial authority (CTAs) for communications service providers (CSPs) and franchises for video service providers (VSPs). The division also serves as the direct marketing authority for video service providers wanting to conduct direct marketing activities in the state.

All CSPs must have a valid CTA to offer service in Indiana. Providers must receive authorization by the Commission to offer any telecommunications, information, or video services. Providers of video service also must hold a video service franchise from the Commission, which is the sole video franchise authority in Indiana. 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), aimed at expanding the availability of both telephone and broadband services and networks. The Commission also makes determinations regarding a successor provider of last resort (POLR), in the event a current POLR withdraws from a given area of the state. The Commission has no jurisdiction over the approval of rates and charges of CSPs, with the exception of intrastate access rates. Therefore, comprehensive rate comparison data is unavailable.

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 also are an important concern of the division. Because it is essential to identify and, when appropriate, act upon the many federal policy matters that have the potential to affect Indiana's economy, the division monitors, reviews, and provides analysis and recommendations to the Commissioners about possible Commission participation in federal rulemakings and cases. This ensures that the concerns and needs of Indiana are heard by federal agencies such as the Federal Communications Commission (FCC), the National Telecommunications and Information Administration, and the Rural Utilities Service, 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 impacted by action on those issues. Specifically, the division, through the Commission's Office of the General Counsel, has provided information to the Indiana Office of the Attorney General, Statewide 911 Board, and the Indiana Department of Correction regarding cases before the FCC.

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.

Until recently, the only Indiana-designated ETCs that have sought to relinquish their ETC designation have been wireless providers, most of which held ETC designations for the limited purpose of providing Lifeline service. The Lifeline program provides discounted rates for qualified, low-income customers to have access to a wireline or wireless (but not both) service. Over the last two and a half years, the Commission has approved relinquishments of Lifeline-only ETC designation for T-Mobile Central, LLC, Cricket Communications, Inc., NEXUS Communications, Inc., and Budget Prepay, Inc. – all wireless providers.

On April 24, 2017, Indiana Bell Telephone Company Incorporated (d/b/a AT&T Indiana) filed a petition to partially relinquish its ETC designation. This pending case (as of July 1, 2017) differs from the previously-mentioned cases 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 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.

AT&T is requesting relinquishment of its ETC designation for the portion of its service area where it will not receive federal support under the FCC's Connect America Fund, Phase II (CAF II), which assists with the expansion of broadband services to certain unserved, and underserved high cost areas. Additionally, AT&T seeks to stop providing the Lifeline discount to customers in the relinquishment area. AT&T states that it will continue to offer and provide retail voice service in all of its service territory (including in the relinquishment area), unless it separately obtains permission to stop providing retail voice service.

Indiana 211 Services Account

211 is a three-digit dialing code set aside in 2000 by the FCC to provide an easy-to-remember phone number for use as a community information and referral service intended to connect callers to information about critical human services 24 hours a day, 365 days a year.

In 2015, the Indiana General Assembly appropriated $1 million in public funding per year for two years and added reporting requirements for Indiana 211 and the Commission. In 2017, the Indiana General Assembly again appropriated $1 million in funding per year for two more years. In addition, the legislature passed House Enrolled Act (HEA) 1471, which transferred the Commission's duties of administering the Indiana 211 account to the Indiana Housing and Community Development Authority (IHCDA). The Commission transitioned relevant information and documents to the IHCDA to meet the July 1, 2017, effective date.

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 expand telecommunications service availability in Indiana. This expansion 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 known as the Indiana Universal Service Fund (IUSF).

Indiana Universal Service Fund

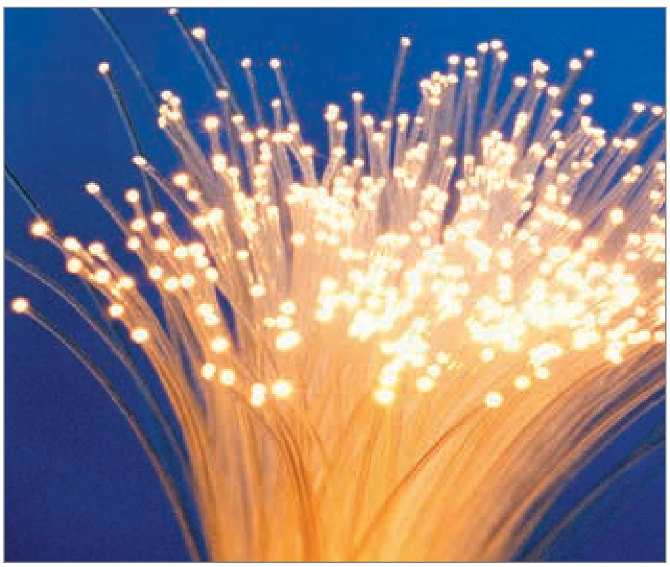
The IUSF provides cost recovery so that companies in "high-cost areas" can continue to offer services at rates that are "just, reasonable, and affordable," as required by the federal Telecommunications Act of 1996. In 2007, the IUSF was implemented to ensure communications networks are built and maintained in areas of the state that are not economical to serve due to challenging terrain or extremely low-density development.

When the fund 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
- Ensure that the processes, funding levels, size, and operation and administration of the IUSF remain adequate and sufficient, among other considerations

Currently, 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 2016, total revenue declined to $1.74 billion, which is an average decrease of 7.51 percent each year. This decline in funding source puts the long-term viability of the IUSF into question.

The last triennial review of the IUSF was completed in 2016. Notwithstanding the financial pressures on the IUSF described above, stakeholders entered into a settlement agreement in the 2016 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 and implemented no changes to the fund at this time.



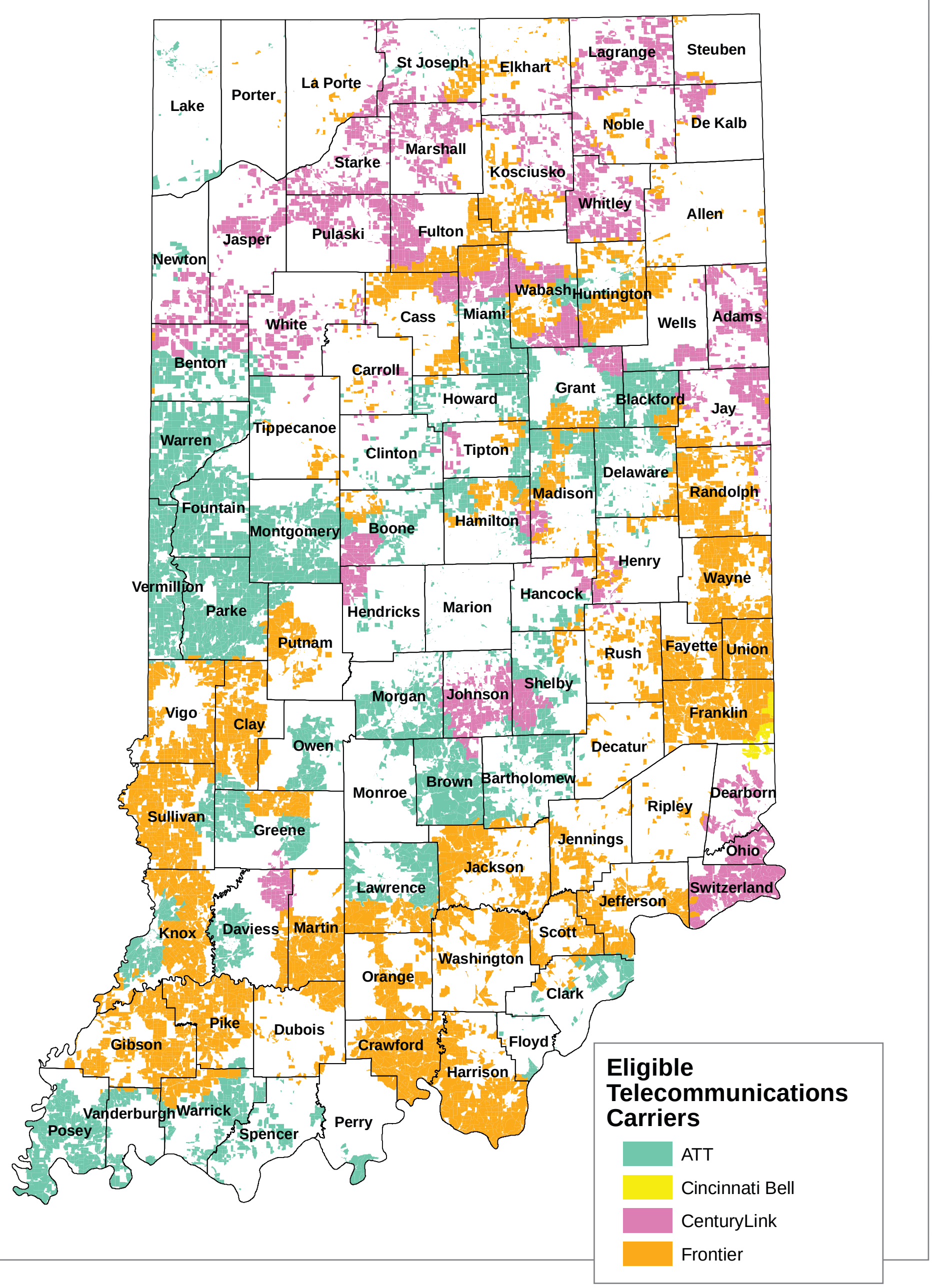
Rural Broadband

Customers are familiar with the dramatic rise of the Internet's importance in our daily lives over the last two decades as an enabler of commerce, a way to search for information, and a platform for consuming. In order to gain access to the Internet, it is generally necessary for a customer to have some sort of broadband connection – such as wireline (DSL, cable, U-verse, etc.), fixed or mobile wireless (LTE/4G), or Wi-Fi. Some of the most vexing problems facing the industry involve finding ways to provide sufficient and appropriate incentives to companies to deploy broadband networks in rural and high-cost areas and to low-income customers regardless of where they live, even if a business case cannot otherwise be made to deploy such broadband facilities in a particular location.

Rural broadband is a high priority with legislators, policymakers, and regulators at both the state and federal level. The Commission continues to receive inquiries from legislators, government officials, the media, and the general public about where broadband is available in Indiana, as well as complaints and concerns about where it is not. The Commission currently relies on publicly available broadband deployment and mapping data from other sources, primarily the FCC. There is often a long lag time between the time the FCC collects the data and the time the maps and reports are published. These reports, however, can be limited in usefulness and accuracy. For example, the FCC considers an entire area (whether defined by census block, ZIP code, or other types of geographical boundaries) to be served by broadband, even if only one household in the area is served.

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., CAF II)*, to provide incentive for companies to deploy broadband in rural areas.

Broadband funding from FCC's Connect America Fund (CAF), Phase 2



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 within their respective service territories where no other provider is already receiving the subsidy. The CAF II support will be distributed over six years.

The map above shows the locations by census block where AT&T Indiana, Frontier, CenturyLink, and Cincinnati Bell have accepted CAF II support in each carrier's respective service area 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 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 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, as well as evaluating and studying broadband expansion and adoption.

Passed by the Indiana General Assembly and signed by Governor Holcomb, HEA 1626 modifies the broadband ready communities statute (Ind. Code chapter 5-28-28.5) by amending the criteria for designation as a broadband ready community to include a requirement that a community seeking such designation must have established a broadband adoption procedure, in addition to establishing streamlined permitting processes for future CSPs. In addition, the bill asks the Interim Study Committee on Energy, Utilities, and Telecommunications to study the topic of rural broadband, including:

- The types of service on which the IUSF surcharge is imposed
- The types of service for which disbursements from the IUSF may be used
- The eligibility requirements of broadband service providers for disbursements from the IUSF
- Broadband deployment (expansion and improvement of access to broadband services) and broadband adoption
- Federal funding sources
- Barriers to broadband adoption and deployments
- Any other matter that the committee considers appropriate, regarding high cost or universal service funding mechanisms, rural broadband in Indiana, or universal service reform

Senate Enrolled Act (SEA) 478 was also passed by the Indiana General Assembly in 2017 to create a more streamlined process for rural electric membership cooperatives (REMCs) to install or make capacity available for information services (i.e., broadband) through existing easements. REMCs are required to develop a written plan regarding proposed broadband service areas, a timetable for making broadband available in the identified areas, and whether the REMC, an affiliated entity, or a third party would provide broadband service in those areas. SEA 478 also requires REMCs that plan to offer broadband service to form a separate legal entity and maintain a separate accounting system to avoid electric customers subsidizing broadband customers through rates. Lastly, the bill asks the Interim Study Committee on Energy, Utilities, and Telecommunications to study the topic of attachment fees for REMC-owned utility poles.

Small Cell Facilities

Traditionally, wireless phone service has been served by large cell towers that provide relatively large geographical coverage. Although the breadth of coverage is great, the capacity *(i.e., the amount of devices able to be connected to it)* is relatively low. To accommodate the rapid adoption of mobile devices connecting to the Internet and related capacity issues experienced by service providers, small cell technology has become increasingly prevalent, especially in densely populated areas.

The size of small cell facilities are generally similar in cubic feet to the size of a standard refrigerator. 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.

Small cell wireless facility in Speedway, Indiana. Photo courtesy of Verizon Wireless.

However, with the next generation of wireless (5G) and the interconnection of everyday objects (the "Internet of Things"), it is anticipated that more capacity will be necessary. To meet that demand, CSPs are expected to install micro wireless facilities that greatly increase capacity for high-speed Internet service. Micro wireless facilities are similar to the size of a large microwave oven and have a small radius of coverage that extends to a few hundred feet.

The Indiana General Assembly passed SEA 213, which modifies the permitting process of local permitting authorities with regard to micro wireless facilities. Modifications include an exception to the local permitting process for micro wireless cell facilities if the facility does not exceed 50 feet in height or 10 feet above the height of any utility pole within 500 feet, unless the local permit authority has an ordinance that only allows underground or buried utilities. In addition, a 60-day timeline was established for the approval or denial of submitted applications for micro wireless facilities, and permitting authorities cannot charge application fees.

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, 61 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 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), Internet Protocol television (IPTV), digital subscriber line (DSL), and asymmetric digital subscriber line (ADSL). The Commission does not regulate the rates and charges for video service and does not have 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.

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 2016, the Commission received responses from 174 local government units, which is down slightly from the 176 units reporting for 2015 (358 units responded for 2014). Of those 174 local units responding for 2016, five indicated that no franchise fees were collected. 268 video franchises were reported as providing service and paying franchise fees in the remaining 169 reporting units. Of those 268 franchises, 240 were providing service under a state-issued franchise and 28 were providing service under a local franchise. The responding units reported payments of franchise fees totaling approximately $18.5 million.

The following is a broad analysis of the reported data in 2016:

- Responses were received from 15 of the 92 counties in Indiana.
- 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.
- 158 units reported the franchise fee rate. Those rates vary from one to five percent, with the majority set at either three percent (47 percent of respondents) or five percent (43 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 R*.

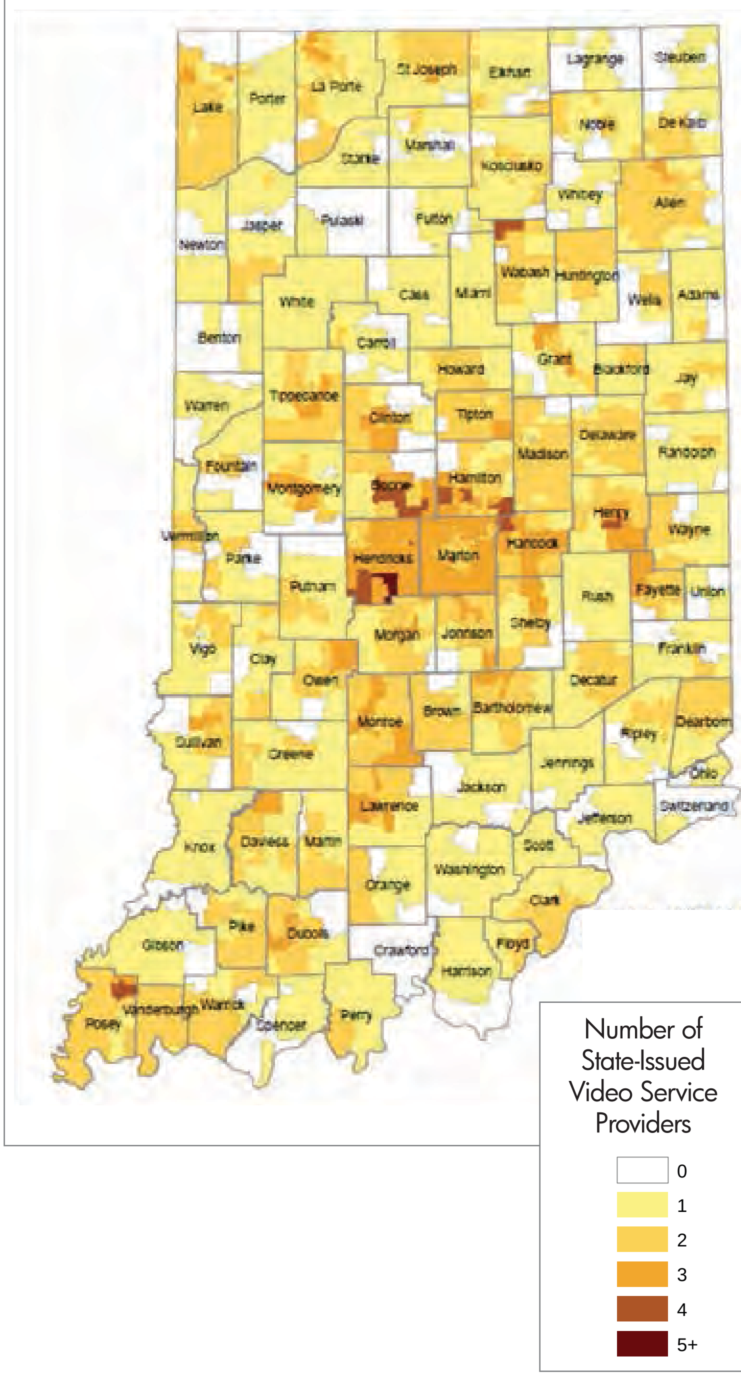
Biennial Video Service Area Reporting and Video Competition

In each odd-numbered year, VSPs are required by statute to report the areas in the state where they offer video service under a state-issued video franchise certificate.

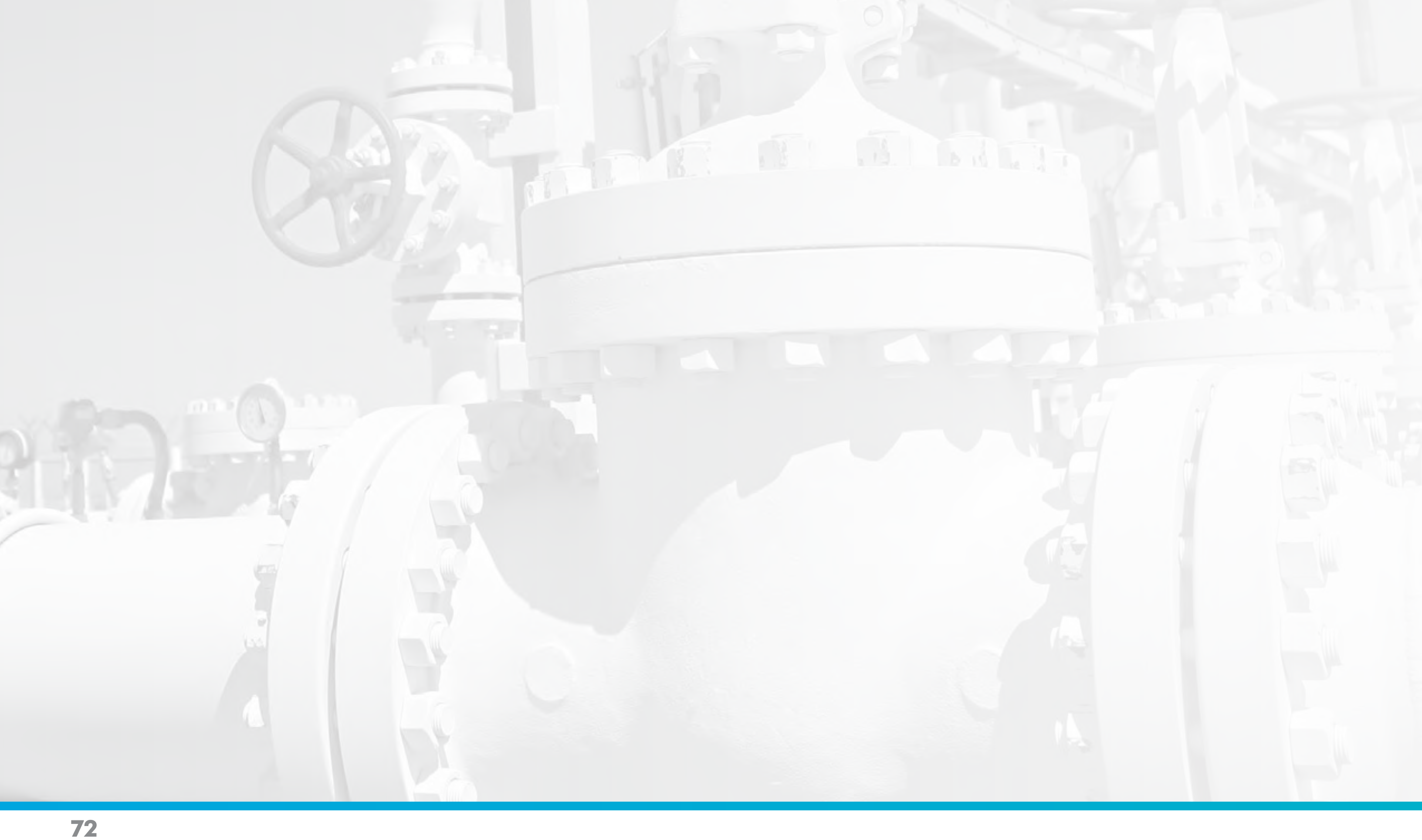
The Commission reached out to the holders of the 72 active state-issued video franchise certificates requesting they provide the required biennial information specific to each video franchise certificate held. The following map shows where video providers with state-issued video franchise certificates offered video service to customers at the end of 2016. It may appear that there is no video service being offered in various pockets of the state; however, it is likely that these areas are served by providers that have unexpired local franchise agreements, which are not reported on the map. Upon the expiration of that franchise agreement, providers are required to apply for a state-issued franchise in order to continue to serve that area.

As shown on the map, Crawford County is the only county that was not reported to offer video service by a provider with a state-issued video franchise in any portion of the county. 16 counties have a single state-issued video provider offering service. 63 counties have between two and four providers, and 12 counties have five or more providers offering video service. Hamilton and Hendricks counties have the most providers offering service under state-issued franchises with seven and nine providers, respectively.

Number of State-Issued Video Service Providers Offering Service in Each Census Block Group (as of December 31, 2016)



PIPELINE SAFETY DIVISION



PIPELINE SAFETY DIVISION

Regulatory Responsibility

The Commission's Pipeline Safety Division is responsible for enforcing state regulations and incorporating federal safety regulations for Indiana's intrastate gas pipeline facilities, as established under Ind. 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 help defray 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 802 inspections of 77 operators and 126 associated inspection units, safely resolving 276 probable violations.

The Pipeline Safety Division operates in partnership with the U.S. Department of Transportation's (U.S. DOT's) Pipeline and Hazardous Materials Safety Administration (PHMSA) under a certification agreement. PHMSA also 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 2016, the program received an overall score of 98 percent. The two percent reduction in the overall score was due to the state 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 (Ind. Code chapter 8-1-26) and is active in a variety of damage prevention efforts. In Fiscal Year 2017, the division investigated 1,878 excavation damage cases. As a result of these investigations, the Commission ordered the issuance of 524 warning letters and required training in 324 instances for pipeline safety violations, as recommended by the Underground Plant Protection Advisory Committee (UPPAC). In addition, UPPAC recommended and the Commission approved, 673 civil penalties totaling more than $1,191,000.

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. 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. If approved by the Commission, the $900,000 in civil penalties will be the highest in state history. In addition to a monetary fine, NIPSCO is also subject to additional compliance actions, including reporting performance metrics applicable to locating its facilities, implementing a 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 this case was filed under Ind. Code chapter 8-1-22.5, all funds collected from approved civil penalties will 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 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 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 dialogue forum for stakeholders to offer ideas for improvement, express concerns, and discuss matters concerning their performance regarding damage prevention.

Additionally, in 2016, the Pipeline Safety Division held a series of stakeholder meetings designed to facilitate additional discussions and open communication among the various stakeholder groups. These meetings resulted in the identification of several areas of mutual concern and the development of potential solutions. These stakeholder meetings are continuing in 2017.

Indiana's "Call Before You Dig" law was amended in 2017 to address one of the areas of concern identified by the stakeholder group. The Indiana General Assembly passed Senate Enrolled Act 472, which created the ability for excavators to submit what are referred to as "design tickets." The primary purpose is to allow a person planning a construction or excavation project to voluntarily submit a design ticket, which would notify utility operators to locate their lines within the project area to aid in the planning of the project. Excavators may outline their project area with white paint (called "white-lining"), and utility operators are required to have their lines in the area marked within 10 days of the submission of the design ticket, instead of the normal two full working day window.

Design tickets, however, are not dig tickets. A person is not allowed to dig based on a design ticket. Once a design ticket is issued and the construction planning is completed, an excavator must still submit a dig ticket as required by Indiana's "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 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. 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.

Investigation into Gas Line Damages in Hamilton County

In late August and early September of 2017 the Hamilton County cities of Fishers, Carmel, and Westfield ordered MetroNet, a provider of fiber optic internet, phone, and television service, to cease installing fiber in public rights-of-way due to incidents of damage to gas lines by excavators contracted with the company. The three cities and State Senator Jim Merritt referred the matter to the IURC's Pipeline Safety Division for investigation, and requested that the results of the Division's investigation be shared.

On September 12, 2017, the IURC's Pipeline Safety Division completed its investigations into 20 gas line damages in the cities of Carmel and Fishers that occurred during summer of 2017. Of these incidents, 10 were found to be excavator violations, 6 were found to be operator (gas utility) violations, and 4 were found to be no violations under Indiana law. One incident in Westfield occurred on Friday, September 8, 2017, and is still under investigation as of the printing of this report. In addition to the investigation reports, the Pipeline Safety Division provided an investigation summary with options for corrective actions and standards that the cities of Carmel, Fishers, and Westfield could require of MetroNet before allowing the company to continue its installation of fiber in their communities. As of this report, the Pipeline Safety Division has forwarded its investigation reports to the UPPAC for penalty consideration.

Gas line damaged in August in Fishers, Indiana, as a result of the use of a boring machine to dig around marked lines.

An important finding of the Pipeline Safety Division was that all of the six subcontractors used by MetroNet in these 20 incidents were out-of-state companies, and five of those six were not registered with the Indiana Secretary of State's office, as required by Indiana law. Chairman Jim Atterholt sent a letter to Indiana Attorney General Curtis Hill on September 12, 2017, referring these five companies for possible civil penalties up to $10,000. In the letter, Chairman Atterholt said, "This failure to comply with Indiana law makes the Pipeline Safety Division's important public safety function more difficult."

UNDERGROUND PLANT PROTECTION ACCOUNT

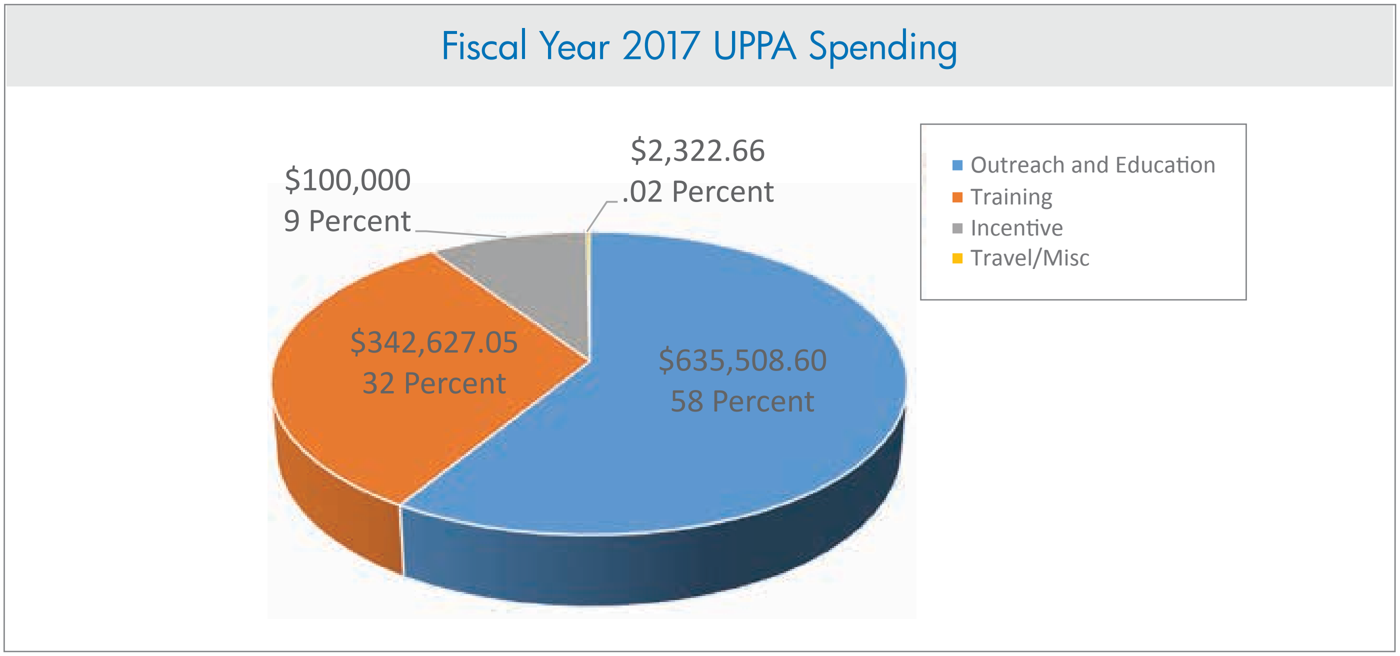
UNDERGROUND PLANT PROTECTION ACCOUNT

The Underground Plant Protection Account (UPPA) fund was established in 2009 under Ind. Code § 8-1-26-24. 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 done 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 the protection of underground utilities
- Training and educational programs for contractors, excavators, locators, operators, and other persons involved in protecting underground utilities
- Incentive programs for contractors, excavators, locators, operators, and other persons to reduce the number of damages and 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 a few uses of the UPPA fund during Fiscal Year 2017.

- In working with the Indiana Broadcasters Association (IBA), the Commission has run "call before you dig" messaging on AM, FM, and broadcast television stations based in Indiana. Approximately 50,000 spots have run across the state.
- UPPA was used to fund 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 Columbia City, Evansville, Noblesville, Scottsburg, South Bend, Terre Haute, and Valparaiso, and included both dig law education as well as a live, mock line-strike demonstration.
- April 2017 was publicized as "National Safe Digging Month" through an online media campaign. Online ads were geo-targeted to Indiana homeowners who had recently researched home improvement or residential construction projects.
- The UPPA fund sponsored 100 attendee scholarships to the Midwest Damage Prevention Training Conference in French Lick, Indiana.
- The Commission partnered with the Tri-Town Safety Village to provide 811 and utility safety education to more than 1,500 elementary school students.

Total investment in safety programs through the UPPA fund in Fiscal Year 2017 was $1,080,458.31.

In addition to the above expenditures, the Commission has recently completed the implementation of free online training modules to educate excavators and others regarding the "Call Before You Dig" law and how to prevent damaging underground utilities.

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 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/2861.htm*.

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 2017-2018 Public Utility Fee Calculation

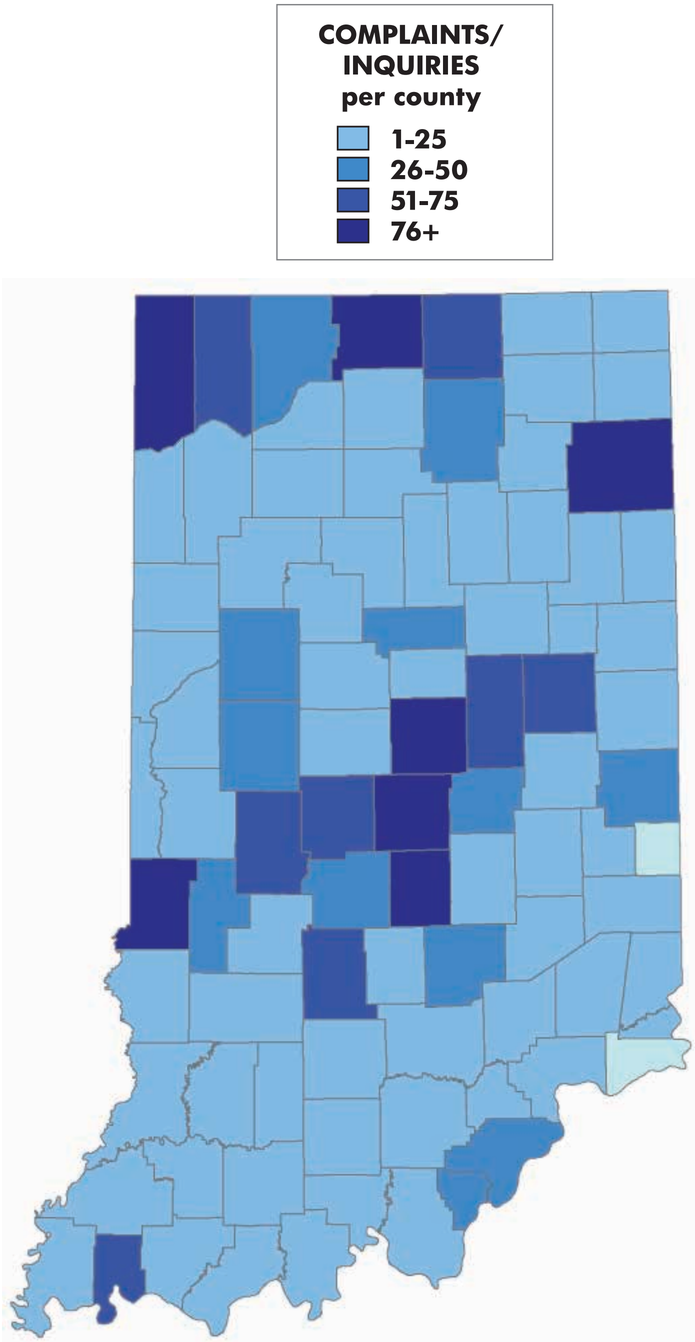
Billable Portion of the Budget

2017-2018 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 2017-2018 Budget		$ 17,009,274.00
2016-2017 Budget Augmentations		
Utility Regulatory Commission		$ -
Utility Consumer Counselor		$ -
2015-2016 Reversions		
Utility Regulatory Commission	$ 273,238.13	
Utility Consumer Counselor	$ 221,498.43	
Expert Witness Fund	-	
Contingency Fund	$ 250,000.00	
Bond Fee Collections	-	
Municipal Fee Collections	$ 262,889.11	
Other Revenue	-	
Total 2015-2016 Reversions		$ 1,007,625.67
Prior Year Adjustments		
Expert Witness Fund Reversion	-	
Pre-FY2016 Purchase Orders reduced in FY2016	$ 114,625.44	
Pipeline Safety Grant Revenue	-	
Total Adjustments		$ 114,625.44
Billable Portion of the 2016-2017 Budget		$ 15,887,022.89
2016 Utility Intra-State Revenues		
Electric Utilities (40)	$ 8,552,266,780.00	
Gas Utilities (16)	$ 1,190,156,413.00	
Sewer Utilities (15)	$ 43,724,867.00	
Telecommunication Utilities (186)	$ 1,925,018,125.00	
Water Utilities (25)	$ 226,173,261.00	
Total Utility Intra-State Revenues		$ 11,937,339,446.00
2017-2018 Public Utility Fee Billing Rate		
Billable Portion of the 2017-2018 Budget	$ 15,887,022.89	
Divide by: Total 2016 Utility Intra-State Revenues	$ 11,937,339,446.00	
2017-2018 Public Utility Fee Billing Rate		0.001330868

APPENDIX B

CAD Complaints/Inquiries by County

County	Count of Case #
Adams	8
Allen	165
Bartholomew	28
Benton	6
Blackford	5
Boone	24
Brown	15
Carroll	2
Cass	10
Clark	46
Clay	47
Clinton	4
Crawford	6
Daviess	4
De Kalb	11
Dearborn	16
Decatur	13
Delaware	55
Dubois	6
Elkhart	56
Fayette	5
Floyd	45
Fountain	5
Franklin	4
Fulton	8
Gibson	6
Grant	22
Greene	14
Hamilton	139
Hancock	31
Harrison	12
Hendricks	61
Henry	17
Howard	43
Huntington	17
Jackson	16
Jasper	4
Jay	1
Jefferson	11
Jennings	6
Johnson	81
Knox	12
Kosciusko	26
La Porte	35
Lagrange	8
Lake	155
Lawrence	25
Madison	57
Marion	839
Marshall	13
Martin	3
Miami	10
Monroe	54
Montgomery	29
Morgan	44
Newton	1
Noble	6
Ohio	3
Orange	8
Owen	2
Parke	8
Perry	4
Pike	4
Porter	57
Posey	4
Pulaski	2
Putnam	53
Randolph	12
Ripley	5
Rush	3
Scott	1
Shelby	15
Spencer	4
St. Joseph	95
Starke	9
Steuben	7
Sullivan	20
Tippecanoe	47
Tipton	6
Vanderburgh	53
Vermillion	15
Vigo	212
Wabash	17
Warren	2
Warrick	17
Washington	7
Wayne	35
Wells	7
White	5
Whitley	6
Grand Total	3,137



APPENDIX C

Revenues for Jurisdictional Electric Utilities

Revenues for Year Ending December 31, 2016

Rank	Utility Name	Operating Revenues	% of the Total Revenues
1	Duke Energy Indiana, LLC	$2,937,316,234	32.23%
2	Indiana Michigan Power Co.	$2,132,155,074	23.39%
3	Northern Indiana Public Service Co.	$1,665,249,884	18.27%
4	Indianapolis Power & Light Co.	$1,347,430,010	14.78%
5	Vectren	$605,926,159	6.65%
6	Anderson Municipal	$85,613,494	0.94%
7	Richmond Municipal	$84,992,664	0.93%
8	Citizens Thermal	$65,639,871	0.72%
9	Boone County REMC	$43,131,946	0.47%
10	Auburn Municipal	$37,626,135	0.41%
11	Crawfordsville Municipal	$36,930,090	0.41%
12	Frankfort Municipal	$33,052,859	0.36%
13	Lebanon Municipal	$22,976,251	0.25%
14	Tipton Municipal	$13,476,956	0.15%
15	Knightstown Municipal	$2,624,997	0.03%
16	Greenfield Mills, Inc.	$19,961	0.00%
	Total	**$9,114,162,585**	**100.00%**

As required by Senate Enrolled Act 309, Commission staff publishes their results of the periodic rate review on the Commission's website. To review the results, please visit *www.in.gov/iurc*.

APPENDIX D

Jurisdiction over Municipal Electric Utilities

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

Municipal Utilities Withdrawn from the IURC'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

APPENDIX E

Residential Electric Bill Survey

July 1, 2017

	Kwh Consumption			
Municipal Utilities	**500**	**1,000**	**1,500**	**2,000**
Anderson Municipal	$ 67.58	$ 115.45	$ 163.32	$ 211.18
Auburn Municipal	47.48	87.95	128.43	168.91
Crawfordsville Municipal	62.69	110.39	158.08	205.77
Frankfort Municipal	61.49	112.70	163.91	210.83
Kingsford Heights Municipal	54.67	105.85	157.02	208.20
Knightstown Municipal	57.94	111.00	159.52	208.04
Lebanon Municipal	61.79	113.81	162.03	210.25
Richmond Municipal	59.97	104.39	148.82	191.52
Tipton Municipal	55.36	104.73	151.80	198.87
Investor-Owned Utilities	**500**	**1,000**	**1,500**	**2,000**
Duke Energy Indiana, LLC	$ 70.75	$ 120.46	$ 165.32	$ 210.18
Indiana Michigan Power Co.	61.89	116.47	171.06	225.65
Indianapolis Power & Light Co.	69.09	110.72	152.35	193.97
Northern Indiana Public Service Co.	76.28	138.57	200.85	263.13
Vectren	82.03	153.06	224.09	295.11
All Jurisdictional Utilities	**500**	**1,000**	**1,500**	**2,000**
Average for 2017 Survey	$ 63.50	$114.68	$164.76	$214.40
Average for 2016 Survey	$ 61.35	$110.60	$158.74	$206.45
% Change from 2016 Survey to 2017 Survey	3.51%	3.69%	3.79%	3.85%

Residential Electric Bill Survey Year-to-Year Comparison

(Based on 1,000 Kwh)

Municipal Utilities	2017	2016	% Change
Anderson Municipal	$115.45	$114.38	0.9%
Auburn Municipal	$87.95	$78.30	12.3%
Crawfordsville Municipal	$110.39	$105.98	4.2%
Frankfort Municipal	$112.70	$100.77	11.8%
Kingsford Heights Municipal	$105.85	$97.84	8.2%
Knightstown Municipal	$111.00	$114.84	-3.3%
Lebanon Municipal	$113.81	$114.51	-0.6%
Richmond Municipal	$104.39	$105.81	-1.3%
Tipton Municipal	$104.73	$103.75	0.9%
Municipal Averages	**107.36**	**104.02**	**3.2%**

Investor-Owned Utilities	2017	2016	% Change
Duke Energy Indiana, LLC	$120.46	$114.84	4.9%
Indiana Michigan Power, Co.	$116.47	$113.05	3.0%
Indianapolis Power & Light Co.	$110.72	$107.42	3.1%
Northern Indiana Public Service Co.	$138.57	$121.86	13.7%
Vectren	$153.06	$155.03	-1.3%
Investor-Owned Averages	**127.86**	**122.44**	**4.4%**

APPENDIX G

Residential Electric Bill 10-Year Comparison

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

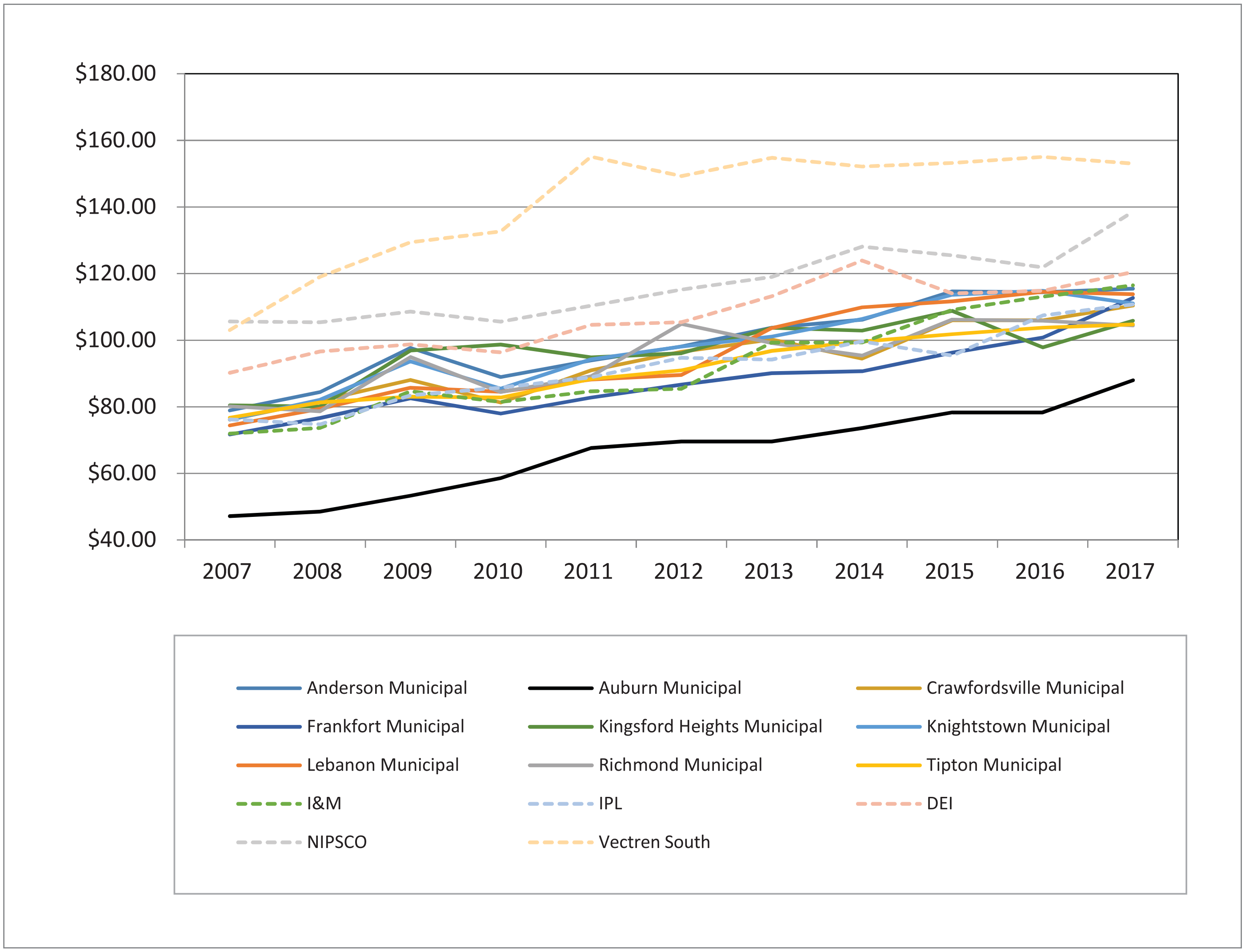
Municipal Utilities	2007	2017	Change	%Change
Anderson Municipal	$78.89	$115.45	$36.56	46%
Auburn Municipal	$47.16	$87.95	$40.79	86%
Crawfordsville Municipal	$76.16	$110.39	$34.23	45%
Frankfort Municipal	$71.69	$112.70	$41.01	57%
Kingsford Heights Municipal	$80.42	$105.85	$25.43	32%
Knightstown Municipal	$76.15	$111.00	$34.85	46%
Lebanon Municipal	$74.41	$113.81	$39.40	53%
Richmond Municipal	$80.17	$104.39	$24.22	30%
Tipton Municipal	$76.73	$104.73	$28.00	36%

Investor-Owned Utilities	2007	2017	Change	%Change
Indiana Michigan Power, Co.	$71.96	$116.47	$44.51	62%
Indianapolis Power & Light Co.	$76.20	$110.72	$34.52	45%
Northern Indiana Public Service Co.	$105.61	$138.57	$32.96	31%
Duke Energy Indiana, LLC	$90.20	$120.46	$30.26	34%
Vectren	$103.02	$153.06	$50.04	49%

APPENDIX H

Yearly Residential Electric Bill Comparison Chart

10-Year Comparison for 1,000 kWh
(RS Bill for 1000 kWh usage, 7/1 of each year)



APPENDIX I

General Administrative Order 2017-2

WHEREAS, the mission of the Consumer Affairs Division of the Indiana Utility Regulatory Commission ("Commission") is to ensure utility and customer compliance with the Commission's rules and regulations through reasonable and timely determinations; and, to that end, the Consumer Affairs Division provides dispute resolution services for customers of jurisdictional utilities; and

WHEREAS, Senate Enrolled Act 309 was enacted on May 2, 2017 (P.L. 264-2017), and created Indiana Code chapter 8-1-40 to be effective on July 1, 2017; and

WHEREAS, Indiana Code section 8-1-40-14 provides that, for a customer who installs a net metering facility before January 1, 2018, and is participating in an electricity supplier's net metering tariff on December 31, 2017, and does not remove the net metering facility, the net metering facility continues under the terms and conditions of the net metering tariff until July 1, 2047; and

WHEREAS, the Commission was made aware of possible questions and concerns regarding the near-term implementation of Indiana Code chapter 8-1-40; and

WHEREAS, the Commission provided public notice of a Technical Conference to be held on July 20, 2017, on possible questions and concerns regarding Indiana Code chapter 8-1-40 and the Commission's interconnection rule, 170 IAC 4-4.3; and

WHEREAS, the Commission requested that interested parties provide their questions, concerns, and comments in writing by June 28, 2017; and

WHEREAS, the Commission received written questions and comments, which are posted on the Commission's website and which it used to develop an agenda for the Technical Conference; and

WHEREAS, the Commission held a Technical Conference on July 20, 2017, from 2:00 p.m. to 5:05 p.m. Eastern Daylight Time, and said Technical Conference was open to the public, live-streamed on-line, and recorded by the Commission's court reporters; and

WHEREAS, the Commission respects the authority granted to it by statute through the Indiana General Assembly (including the authority to adopt rules), and any actions the Commission takes must be within that statutory authority; and

WHEREAS, the Commission adopted its interconnection rule, 170 IAC 4-4.3, over eleven years ago in 2006, in order to provide procedures and timelines for the interconnection of customer generation in a safe and reliable manner; and

WHEREAS, the continued safe and reliable operation of electric distribution systems is necessary for public safety and to prevent interconnecting facilities from adversely affecting their neighbors; and

WHEREAS, the Commission's Consumer Affairs Division may receive complaints regarding compliance with the Commission's net metering rule (170 IAC 4-4.2) and interconnection rule (170 IAC 4-4.3); and

WHEREAS, it appears appropriate to provide guidance to customers and their installers, utilities, and the Commission's Consumer Affairs Division regarding Indiana Code § 8-1-40-14;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that to this General Administrative Order and the "Guidance regarding the Indiana Code § 8-1-40-14 and Commission Rules," which is attached hereto as Appendix A, is adopted by this Commission.

General Administrative Order 2017-2 *(continued)*

The Indiana Utility Regulatory Commission ("IURC" or "Commission") provides the following guidance regarding Indiana Code § 8-1-40-14 and the Commission's net metering rule (170 IAC 4-4.2 and interconnection rule (170 IAC 4-4.3). All interested parties should understand that:

(1) The Commission cannot change a statute;

(2) Indiana Code § 8-1-40-21 only allows certain changes to be made to the Commission's rules; and

(3) None of those allowed changes apply to Indiana Code § 8-1-40-14.

While it may interpret an authorizing statute, the Commission does not have the authority (nor does it desire the authority) to change the unambiguous meaning of a statute.

Throughout this document, the term "utility" (singular and plural) means a utility that qualifies as an electricity supplier under Indiana Code § 8-1-40-4.

I. Expectations for Utilities Subject to Indiana Code Chapter 8-1-40

The Commission expects utilities to do the following and notes that these expectations are consistent with the written comments submitted prior to the July 20th Technical Conference and the oral comments made at that Technical Conference by the Indiana Energy Association on behalf of its members, which include utilities subject to Indiana Code chapter 8-1-40:

A. Utilities will, at a minimum, satisfy the existing timelines in the interconnection rule; however, utilities should process net metering applications in such a manner as to shorten timelines if it can be done safely.

B. Utilities will take the necessary administrative and operational steps to be prepared for a surge in applicants before October 19, 2017, so the utilities can efficiently process more applications in a safe and timely manner.

Note: The Commission's Consumer Affairs Division has already taken steps to respond to this time sensitive issue by assigning specific staff members to manage complaints related to the Commission's net metering and interconnection rules; preparing those staff to manage such complaints by providing a refresher on the rules and familiarizing them with investor owned utility interconnection applications and agreements; and preparing a listing of the specific information and documents that may be needed from a customer who contacts the Commission regarding the net metering or interconnection rules, for the purposes of expediting any customer or utility complaints on this issue as quickly as possible.

C. Utilities will work proactively with customers and the customers' installers to resolve any issues expeditiously. For example, if an application is submitted in good faith by a customer and the utility needs additional information to designate the application complete, instead of an outright denial, the utility should contact

General Administrative Order 2017-2 *(continued)*

the customer in a timely manner to explain and/or gather the information required. The utilities should respond to in a timely manner to calls and written inquiries from customers and their installers. The utilities should provide appropriate utility contact information to customers and their installers, should they have any questions, comments, or complaints.

D. For a utility that does not meet the timelines in the interconnection rule, the utility has the responsibility to extend the grandfather period for the affected customer(s) for the same number of days that the utility exceeded an interconnection rule timeline or failed to be appropriately responsive to the customer or the customer's installer. The Commission notes that the Indiana Energy Association, on behalf of its members, volunteered to toll the grandfathering deadline if a member utility causes a delay exceeding the timelines allowed in the interconnection rule.

II. Guidance for the Commission's Consumer Affairs Division

Under 170 IAC 4-4.2-10 for net metering issues and 170 IAC 4-4.3-12 for interconnection issues, a customer or utility may submit a complaint to the Commission's Consumer Affairs Division ("CAD") for a determination regarding issues about compliance with these rules. The procedural rule for CAD complaints is located at 170 IAC 16. Customers should make an attempt to resolve a complaint directly with the utility before filing a complaint with CAD. Pursuant to 170 IAC 16-1-5(e), CAD may refer a complaint to the Commission for review at any time, based on the complexity of issues or circumstances involved in the complaint, and will likely do so regarding cases involving Indiana Code § 8-1-40-14.

Complaints may be submitted verbally or in writing by contacting CAD at:

Phone: 1-800-851-4268

Business Hours: 8:15 a.m. to 4:45 p.m. Eastern (Daylight/Standard) Time

Email: IURCComplaints@urc.IN.gov

Online: *https://iurc.portal.in.gov/complaint/*

Address:

Indiana Utility Regulatory Commission –
Consumer Affairs Division
PNC Center
101 W. Washington Street, Suite 1500E
Indianapolis, IN 46204

[1] *Transcript of July 20, 2017, Technical Conference, Volume A, page A-27, line 18 through page A-28, line 14, and page A-41, lines 13-19.*

General Administrative Order 2017-2 *(continued)*

The Commission provides the following information and guidance to assist in resolution of CAD complaints involving Indiana Code § 8-1-40-14:

A. Statute and Rule Provisions:

IC 8-1-40-4 "Electricity supplier"

(a) As used in this chapter, "electricity supplier" means a public utility (as defined in IC 8-1-2-1) that furnishes retail electric service to customers in Indiana.

(b) The term does not include a utility that is:

(1) a municipally owned utility (as defined in IC 8-1-2-1(h));

(2) a corporation organized under IC 8-1-13; *or*

(3) a corporation organized under IC 23-17 that is an electric cooperative and that has at least one (1) member that is a corporation organized under IC 8-1-13.

IC 8-1-40-8 "Premises"

As used in this chapter, "premises" means a single tract of land on which a customer consumes electricity for residential, business, or other purposes.

IC 8-1-40-14 Installations of net metering facilities before January 1, 2018; continued service under tariff; successors in interest

(a) This section applies to a customer that installs a net metering facility (as defined in 170 IAC 4-4.2-1(k)) on the customer's premises before January 1, 2018.

(b) A customer that is participating in an electricity supplier's net metering tariff on December 31, 2017, shall continue to be served under the terms and conditions of the net metering tariff until:

(1) the customer removes from the customer's premises or replaces the net metering facility (as defined in 170 IAC 4-4.2-1(k)); *or*

(2) July 1, 2047;
whichever occurs earlier.

(c) A successor in interest to a customer's premises on which is located a net metering facility (as defined in 170 IAC 4-4.2-1(k)) that was installed before January 1, 2018, may, if the successor in interest chooses, be served under the terms and conditions of the net metering tariff of the electricity supplier that provides retail electric service at the premises until:

(1) the net metering facility (as defined in 170 IAC 4-4.2-1(k)) is removed from the premises or is replaced; or

(2) July 1, 2047;
whichever occurs earlier.

170 IAC 4-4.2-1

(i) "Net metering" means measurement of the difference between the electricity that is supplied by the investor-owned electric utility to a net metering customer and the electricity that is supplied back to the investor-owned electric utility by a net metering customer.

General Administrative Order 2017-2 *(continued)*

(j) "Net metering customer" means a customer in good standing that owns and operates an eligible net metering energy resource facility that:

(1) has a nameplate capacity less than or equal to one (1) megawatt (MW), or more at the investor-owned electric utility's sole discretion;

(2) is located on the net metering customer's premises; and

(3) is used primarily to offset all or part of the net metering customer's own annual electricity requirements.

(k) "Net metering facility" means an arrangement of equipment for the production of electricity from an eligible net metering energy resource that is owned and operated by a net metering customer.

In addition to the above, the Commission's interconnection rule, 170 IAC 4-4.3, applies to a customer generation facility to be used for net metering.

B. Summary of Indiana Code § 8-1-40-14

In summary, Indiana Code § 8-1-40-14 requires the customer to complete two items on or before December 31, 2017, in order to be under the net metering tariff until July 1, 2047:

(1) Have the net metering facility installed; *and*

(2) Be participating in the net metering tariff of the customer's electric utility.

Please see Section D below for the definitions of these terms.

C. Timeline under Interconnection Rule

The Commission's interconnection rule, 170 IAC 4-4.3, provides the requirements for interconnecting all types of customer electric generation, including net metering facilities. As a result, some provisions of the interconnection rule may not apply to net metering facilities.

Net metering facilities may be up to one megawatt (1 MW or 1,000 kW). The Level 1 review under the interconnection rule generally applies to facilities up to ten kilowatts (10 kW). The Level 2 review applies to facilities up to two megawatts (2 MW), which by definition includes facilities that are larger than net metering facilities.

The Level 1 review and the Level 2 review both follow the same basic steps, but have different requirements for approval by the utility. The customer and the customer's installer should review and comply with the applicable requirements of 170 IAC 4-4.3-6(c)-(h) for Level 1 or 170 IAC 4-4.3-7(c)-(o) for Level 2, as well as the certification requirements of 170 IAC 4-4.3-5 for both.

The following table outlines the basic steps and the maximum timelines in the interconnection rule for Level 1 and Level 2 reviews. Please note that these timelines assume that the customer submits a complete application and the customer's proposed net metering facility meets the applicable requirements of the rule.

General Administrative Order 2017-2 *(continued)*

BASIC STEPS	2017 Timeline
Interconnection application submitted	**October 19, 2017**
Utility notice that application is complete • 10 business days after submission	November 2, 2017
Utility notice re whether facility is approved • 15 business days after notice	November 28, 2017
Utility notice regarding inspection; agreement sent • 10 business days after approval	December 12, 2017
Customer signs and returns agreement • 10 business days before start date	December 14, 2017
Installation complete	**December 31, 2017**

CUSTOMERS – In order to assure your net metering facility can be qualified to meet the December 31, 2017, deadline, you should have your completed application submitted to the utility by or before October 19, 2017. It is advisable for customers to submit their applications as early as possible.

D. Definitions

The following definitions are provided based on the written questions and comments provided before the July 20th Technical Conference and the discussion at the Technical Conference:

(1) "Installs" means "to set up for use or service" according to the online version of the Merriam-Webster Dictionary. Therefore, a customer's net metering facility must be set up and ready to operate prior to January 1, 2018, in order to meet the requirement of Indiana Code § 8-1-40-14(a). "Set up and ready to operate" means that the system could be safely energized but for any metering or inspection requirements the utility has not yet performed.

(2) "Participating in an electricity supplier's net metering tariff" means that both the customer and the utility have signed an interconnection agreement and the utility has received the signed document from the customer. Both the customer and the utility need to agree on the relevant and appropriate terms and conditions for the customer's net metering facility and the customer's participation in the utility's net metering tariff. The document that contains those terms and conditions is the interconnection agreement between the utility and the customer. An interconnection agreement that has been signed by both the utility and the customer is the affirmative evidence that both agree to the terms and conditions in that agreement, which are necessary for participation in the utility's net metering tariff.

General Administrative Order 2017-2 *(continued)*

(3) "Replaces" means "to put something new in the place of" according to the online version of Meriam-Webster Dictionary. In terms of a net metering facility, the key equipment that allows net metering to happen is the inverter(s) and the key number is the alternating current ("AC") output of the inverter(s) (i.e., the nameplate capacity). Repairs, updates, and upgrades to portions of the net metering facility that do not increase the nameplate capacity of the net metering facility will not be considered to be replacing the net metering facility. The amount of nameplate capacity that will be considered to be participating in the net metering tariff is the amount of nameplate capacity that is in place prior to the deadlines in Indiana Code §§ 8-1-40-13 and 8-1-40-14.

(4) "Successor in interest" means "one who follows another in ownership or control of property" according to Black's Law Dictionary. Successors in interest to the customer's premises may continue under the terms and conditions of the net metering tariff. See Indiana Code 8-1-40-14(c). The executed interconnection agreement contains the necessary information, including the nameplate capacity. The customer has the responsibility to retain this documentation and/or have the document recorded with the appropriate government agency, in order for future successors in interest to have this information.

(5) "Nameplate capacity" means the full-load continuous rating of a generator under specified conditions as designated by the manufacturer. For an inverter-based net metering facility, name plate capacity means the aggregate output rating of all inverters in the facility, measured in kW AC.

(6) "Annual electricity requirements" for net metering, 170 IAC 4-4.2-1(j)(3), or "average annual consumption" for distributed generation, Indiana Code § 8-1-40-3(a)(3)(B), is usually based on the 12 months prior to the submission of the customer's interconnection application. However, if a customer will be using its electric generation to offset known changing use (such as the purchase of an electric car), the customer should provide that information to the utility so that the expected future use can be reflected in the sizing of the net metering or distributed generation facility.

[2] The addition of an appropriately sized battery to an otherwise qualifying net metering facility, subject to this capacity condition, is to be considered a component of the net metering facility system.

APPENDIX J

Revenues of Jurisdictional Natural Gas Utilities

Operating Revenues for Year Ending December 31, 2016

Rank	Utility Name	Operating Revenues	% of Total Revenues
1	Northern Indiana Public Service Co. – Gas	$586,745,698	38.38%
2	Vectren North	$535,088,812	35.00%
3	Citizens Gas	$239,984,518	15.70%
4	Vectren South	$87,809,702	5.74%
5	Ohio Valley Gas Corporation	$22,019,088	1.44%
6	Midwest Natural Gas Corporation	$13,174,494	0.86%
7	Sycamore Gas Company	$8,299,381	0.54%
8	Indiana Natural Gas Corporation	$6,659,865	0.44%
9	Community Natural Gas Co., Inc.	$5,859,457	0.38%
10	Ohio Valley Gas, Inc.	$4,161,219	0.27%
11	Boonville Natural Gas Corporation	$4,121,855	0.27%
12	Indiana Utilities Corporation	$4,066,922	0.27%
13	Citizens Gas of Westfield	$4,017,708	0.26%
14	Fountaintown Gas Company, Inc.	$3,673,212	0.24%
15	South Eastern Indiana Natural Gas Co., Inc.	$1,656,111	0.11%
16	Switzerland County Natural Gas Co.	$1,057,738	0.07%
17	Valley Rural Utility Company	$394,888	0.03%
	Total Revenue	**$1,528,790,668**	**100.00%**

APPENDIX K

Jurisdiction Over Natural Gas Utilities

Municipal Utilities Withdrawn from the IURC'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 IURC'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 IURC's Jurisdiction
Valley Rural Utility Company

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

APPENDIX L

Residential Natural Gas Bill Survey

Comparison by Therm Usage (January 1, 2017)

Utility Name	Owners Hip	Cause No. of Last Rate Case	Consumption		
			150 Therms	200 Therms	250 Therms
Valley Rural Utility Company (3)	NFP	42115	$144.50	$187.85	$231.20
Ohio Valley Gas Corp. (TXG) (1)	IOU	44147	140.32	182.26	224.20
Sycamore Gas Company	IOU	43090	143.15	181.84	220.53
Boonville Natural Gas	IOU	44129	140.31	180.40	220.49
Indiana Utilities	IOU	44062	139.01	178.65	218.28
Ohio Valley Gas, Inc. (1)	IOU	44147	134.98	175.14	215.30
Ohio Valley Gas Corp. (ANR) (1)	IOU	44147	128.98	167.14	205.30
Midwest Natural Gas	IOU	44063	129.73	166.15	202.58
Community Natural Gas	IOU	44298	129.72	165.24	200.76
Citizens Gas of Westfield	IOU	43624	126.95	160.75	194.55
Indiana Natural Gas	IOU	44453	122.85	158.94	195.03
South Eastern Indiana Natural Gas Co.	IOU	44128	119.89	153.71	187.52
Switzerland County Natural Gas	IOU	44293	113.86	146.29	178.72
Citizens Gas	MUN	43975	112.53	144.54	176.55
Indiana Gas Company (Vectren North)	IOU	43298	112.17	143.56	174.94
Fountaintown Gas	IOU	44292	107.45	137.65	167.86
Southern Indiana Gas and Electric Co. (Vectren South)	IOU	43112	103.21	131.58	159.96
Northern Indiana Public Service Co. (NIPSCO) (2)	IOU	43941	92.22	119.31	146.38
Industry Average			$124.55	$160.06	$195.56

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.

APPENDIX M

Residential Natural Gas Bill 5-Year Comparison (2013-2017)

Bills Calculated Based on Rates in Effect January 1 of Each Year
Ranked Highest to Lowest Based on 5-Year Average

Rank	Utility Name	Consumption of 200 Therms					
		5 Year Average	2017 Bills	2016 Bills	2015 Bills	2014 Bills	2013 Bills
1	Valley Rural Utility Company	$200.11	$187.85	$195.03	$198.83	$196.42	$222.44
2	Indiana Utilities	197.62	178.65	199.70	199.59	202.75	207.43
3	Ohio Valley Gas Corp. (TXG) (1)	196.38	182.26	177.50	214.30	211.90	195.94
4	Citizens Gas of Westfield	185.02	160.75	144.15	208.37	209.83	202.01
5	Boonville Natural Gas	188.22	180.40	176.10	221.37	201.11	162.11
6	Ohio Valley Gas, Inc. (1)	184.56	175.14	170.38	210.20	208.34	158.76
7	Sycamore Gas Company	185.60	181.84	170.16	187.98	194.80	193.22
8	Ohio Valley Gas Corp. (ANR) (1)	182.00	167.14	162.38	198.96	195.60	185.94
9	South Eastern Indiana Natural Gas Co.	170.74	153.71	168.26	178.54	189.31	163.90
10	Aurora Municipal Gas	170.30	n/a	n/a	165.88	171.99	173.04
11	Fountaintown Gas	160.77	137.65	139.28	185.35	177.18	164.40
12	Switzerland County Natural Gas	157.74	146.29	148.01	181.67	175.97	136.75
13	Indiana Natural Gas	159.46	158.94	138.65	170.02	168.19	161.48
14	Citizens Gas	156.29	144.54	129.02	170.54	174.14	163.20
15	Midwest Natural Gas	159.31	166.15	128.27	165.75	173.01	163.35
16	Community Natural Gas	156.36	165.24	135.16	162.97	174.55	143.90
17	Indiana Gas Company (Vectren North)	148.10	143.56	121.07	158.42	164.85	152.58
18	Snow & Ogden Gas	145.49	n/a	n/a	n/a	145.49	145.49
19	Southern Indiana Gas and Electric Co. (Vectren South)	136.67	131.58	106.85	150.03	158.76	136.12
20	Northern Indiana Public Service Co. (NIPSCO) (2)	128.86	119.31	96.20	155.02	141.88	131.90
	Industry Average	$168.75	$160.06	$150.34	$183.36	$181.80	$168.20

For purposes of this comparison: 100 Therms = 100 Ccf = 10 Dth = 10 Mcf. Rates do not include NTA.

APPENDIX N

Revenues for Jurisdictional Water Utilities

Revenues for Year Ending December 31, 2016

Rank	Utility Name (Utility) (Account)	Operating Revenues	% of Total Revenues
1	Indiana American Water Company, Inc.	$205,789,054	33.80%
2	Citizens Water	$174,264,595	28.62%
3	Fort Wayne Municipal Water	$ 45,621,766	7.49%
4	Evansville Municipal Water	$ 23,801,816	3.91%
5	South Bend Municipal Water	$ 14,288,485	2.35%
6	Bloomington Municipal Water	$ 14,271,960	2.34%
7	Hammond Municipal Water	$ 14,194,780	2.33%
8	Anderson Municipal Water	$ 8,561,341	1.41%
9	Citizens Water of Westfield	$ 7,892,190	1.30%
10	Lafayette Municipal Water	$ 7,440,881	1.22%
11	Elkhart Municipal Water	$ 7,295,929	1.20%
12	Michigan City Municipal Water	$ 7,027,291	1.15%
13	Schererville Municipal Water	$ 5,914,253	0.97%
14	East Chicago Municipal Water	$ 5,767,283	0.95%
15	Columbus Municipal Water	$ 4,851,771	0.80%
16	Marion Municipal Water Works	$ 4,162,353	0.68%
17	Stucker Fork Conservancy District	$ 3,573,446	0.59%
18	Brown County Water Utility, Inc.	$ 3,277,447	0.54%
19	Jackson County Water Utility, Inc.	$ 3,124,750	0.51%
20	Chandler Municipal Water	$ 2,876,749	0.47%
21	Silver Creek Water Corporation	$ 2,849,335	0.47%
22	Martinsville Municipal Water	$ 2,330,256	0.38%
23	Princeton Municipal Water	$ 2,254,407	0.37%
24	Auburn Municipal Water	$ 2,150,031	0.35%
25	Edwardsville Water Corporation	$ 2,130,310	0.35%
26	Eastern Heights Utilities, Inc.	$ 2,030,785	0.33%
27	Morgan County Rural Water Corporation	$ 1,919,210	0.32%
28	Twin Lakes Utilities, Inc.	$ 1,882,258	0.31%
29	Boonville Municipal Water	$ 1,769,522	0.29%
30	Eastern Bartholomew Water Corporation	$ 1,720,571	0.28%
31	East Lawrence Water Authority	$ 1,661,264	0.27%
32	Ellettsville Municipal Water	$ 1,565,900	0.26%
33	German Township Water District, Inc.	$ 1,420,797	0.23%
34	Floyds Knobs Water Company, Inc.	$ 1,328,091	0.22%
35	Southwestern Bartholomew Water Corporation	$ 1,327,323	0.22%
36	Southern Monroe Water Authority	$ 1,149,413	0.19%
37	Corydon Municipal Water	$ 1,036,713	0.17%
38	Tri Township Water Corporation	$ 991,116	0.16%
39	Cedar Lake Municipal Water	$ 897,365	0.15%
40	North Dearborn Water Corporation	$ 799,003	0.13%
41	Marysville Otisco Nabb Water Corporation	$ 742,797	0.12%
42	Fortville Municipal Water	$ 735,752	0.12%
43	Charlestown Municipal Water	$ 720,600	0.12%

(continued)

APPENDIX N

Revenues for Jurisdictional Water Utilities *(continued)*

Revenues for Year Ending December 31, 2016

Rank	Utility Name (Utility) (Account)	Operating Revenues	% of Total Revenues
44	Indiana Water Service, Inc.	$ 717,214	0.12%
45	Aqua Indiana, Inc.	$ 707,748	0.12%
46	Van Buren Water, Inc.	$ 696,971	0.11%
47	Washington Township Water Corporation of Monroe County	$ 674,750	0.11%
48	LMS Townships Conservancy District	$ 668,033	0.11%
49	Posey Township Water	$ 651,101	0.11%
50	Sullivan-Vigo Rural Water Corp.	$ 634,597	0.10%
51	Utility Center, Inc.	$ 622,275	0.10%
52	B & B Water Project, Inc.	$ 557,927	0.09%
53	Clinton Township Water	$ 440,038	0.07%
54	Cataract Lake Water Corporation	$ 432,223	0.07%
55	Tri-County Conservancy District	$ 387,244	0.06%
56	Knightstown Municipal Water	$ 319,412	0.05%
57	St. Anthony Water Utilities, Inc.	$ 300,705	0.05%
58	Everton Water Corporation	$ 263,750	0.04%
59	Painted Hills Utilities Corporation	$ 249,418	0.04%
60	Pioneer Water, LLC	$ 205,229	0.03%
61	Mapleturn Utilities, Inc.	$ 202,401	0.03%
62	Kingsbury Utility Corporation	$ 159,402	0.03%
63	Water Service Company of Indiana, Inc.	$ 109,786	0.02%
64	Waldron Conservancy District	$ 79,071	0.01%
65	Pleasantview Utilities, Inc.	$ 77,663	0.01%
66	Libertytree Campground Owners and Members Assoc.	$ 76,684	0.01%
67	Apple Valley Utilities, Inc.	$ 65,086	0.01%
68	J.B. Waterworks, Inc.	$ 38,200	<0.001
69	American Suburban Utilities, Inc.	$ 32,276	<0.001
70	Wastewater One d/b/a River's Edge Utility, Inc.	$ 30,755	<0.001
71	Shady Side Drive Water Corporation	$ 17,089	<0.001
72	Wells Homeowners Association, Inc.	$ 12,384	<0.001
73	Pence Water Works	$ 8,055	<0.001
74	Bluffs Basin Utility Company, LLC	$ 7,694	<0.001
75	Hessen Utilities, Inc.	$ 7,660	<0.001
76	Country Acres Property Owners Association	$ 3,046	<0.001
77	Gibson Water	Did Not Report	
77	Hancock Rural Telephone Corporation d/b/a Ninestar Connect	Did Not Report	
77	Kingsford Heights Municipal Water	Did Not Report	
77	New Castle	Did Not Report	
77	Ogden Dunes Municipal Water	Did Not Report	
77	Van Bibber Lake Water Conservancy District	Did Not Report	
77	Philadelphia Waterworks	Did Not Report	
	Total Revenues	**$608,866,846**	**100.00%**

Revenues for Jurisdictional Wastewater Utilities

Revenues for Year Ending December 31, 2016

Rank	Utility Name	Operating Revenues	% of Total Revenues
1	CWA Authority, Inc.	$213,847,017	72.31%
2	Sanitary District of Hammond	$27,187,491	9.19%
3	Aqua Indiana	$19,227,998	6.50%
4	Hamilton Southeastern Utilities, Inc.	$11,418,417	3.86%
5	Citizens Wastewater of Westfield, LLC	$9,432,070	3.19%
6	Aqua Indiana South Haven	$4,130,116	1.40%
7	American Suburban Utilities, Inc.	$3,015,774	1.02%
8	Community Utilities Inc.	$2,218,483	0.75%
9	Eastern Richland Sewer Corporation	$1,099,178	0.37%
10	Driftwood Utilities, Inc.	$832,825	0.28%
11	L.M.H. Utilities Corporation	$736,398	0.25%
12	Indiana-American Water Company, Inc.	$436,034	0.15%
13	Mapleturn Utilities, Inc.	$428,616	0.14%
14	Kingsbury Utility Corporation	$386,692	0.13%
15	Apple Valley Utilities, Inc.	$228,848	0.08%
16	Doe Creek Sewer Utility, Inc.	$228,111	0.08%
17	Eastern Hendricks County Utility, Inc.	$145,771	0.05%
18	Galena Wastewater Treatment Plant	$133,900	0.05%
19	Centurian Corporation	$110,806	0.04%
20	Aqua Indiana Sani Tech, Inc.	$106,973	0.04%
21	Pleasantview Utilities, Inc.	$86,460	0.03%
22	Aqua Indiana Southeastern Utilities, Inc.	$72,296	0.02%
23	JLB Development, Inc.	$54,344	0.02%
24	Hillview Estates Subdivision, Inc.	$44,612	0.02%
25	Lakeland Lagoon Corp.	$28,735	<0.01%
26	Wastewater One dba River's Edge Utility, Inc.	$24,341	<0.01%
27	Country Acres Property Owners Association	$23,809	<0.01%
28	Bluffs Basin Utility Company, LLC	$14,248	<0.01%
29	Anderson Lakes Estates Homeowners Association, Inc.	$9,317	<0.01%
30	Hessen Utilities, Inc.	$4,712	<0.01%
31	Webster Development, LLC	$3,544	<0.01%
32	Gutting Environmental	$0	
33	Sugar Creek Utility Company		
33	South County Utilities		
33	Devon Wood Utilities Inc.		
33	Hancock Rural Telephone Corporation d/b/a Ninestar Connect		
	Total Revenues	**$295,717,936**	**100.00%**

APPENDIX P

Residential Water Bill Survey

Comparison by Gallon Usage (January 1, 2017)

Utility Name	Ownership	Last Rate Case Cause No.	Order Date	Average Monthly Bill for 5,000 gal./ 668.4028 cu. ft.	Average Monthly Bill for 7,500 gal./ 1,002.6042 cu. ft.
Anderson Municipal	Municipal	44510	3/4/15	$27.88	$35.89
Apple Valley	IOU	44551-U	4/6/16	$25.72	$25.72
Aqua Indiana, Inc.	**IOU**				
Montgomery County Water Division (FKA Darlington Water)	IOU	43609	6/10/09	$49.82	$66.77
Lake County Water Division (FKA Consumers Indiana Water Co.)	IOU	43962	7/27/11	$45.49	$63.74
St. Joseph County Water Division (FKA Wedgewood Park)	IOU	44814	12/28/16	$31.15	$41.75
Auburn*	Municipal	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*	Municipal	43939	3/9/11	$22.09	$29.87
Bloomington, outside city*	Municipal	43939	3/9/11	$23.19	$30.97
Bluffs Basin	IOU	42188	3/5/03	$28.15	$38.15
Boonville*	Municipal	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	Municipal	43655	4/29/09	$43.55	$62.33
Chandler, Town*	Municipal	43658	1/6/10	$29.62	$38.84
Charlestown	Municipal	42878	8/16/06	$18.30	$27.45
Citizens Water	Municipal	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*	Municipal	39425	3/29/94	$10.69	$14.72

Residential Water Bill Survey *(continued)*

Comparison by Gallon Usage (January 1, 2017)

Utility Name	Ownership	Last Rate Case Cause No.	Order Date	Average Monthly Bill for 5,000 gal./ 668.4028 cu. ft.	Average Monthly Bill for 7,500 gal./ 1,002.6042 cu. ft.
Community Utilities of Indiana	**IOU**				
Lake & Porter Counties (FKA Twin Lakes)	IOU	44388	4/23/14	$32.21	$42.39
Jasper & Newton Counties (FKA Water Service Company of Indiana)	IOU	44104	4/4/13	$40.86	$54.64
Lake County (FKA Indiana Water Service, Inc.)	IOU	44097	11/7/12	$28.37	$39.25
Cordry Sweetwater - outside district	C.D.		5/20/71	$18.65	$22.99
Corydon*	Municipal	40591	4/9/97	$16.90	$23.75
Country Acres	NFP	36972	12/8/82	$6.00	$6.00
East Chicago	Municipal	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	Municipal	43191	7/11/07	$12.84	$16.13
Ellettsville	Municipal	44670	4/13/16	$28.13	$40.51
Evansville, Inside City*	Municipal	44760	10/5/16	$28.54	$38.37
Evansville, Outside City*	Municipal	44760	10/5/16	$29.59	$39.42
Everton	NFP	44744	8//2/2016	$42.08	$58.73
Floyds Knobs	NFP	44416-U	11/25/14	$40.40	$57.90
Fort Wayne, inside City	Municipal	44162	12/18/13	$25.55	$32.46
Fort Wayne, outside City	Municipal	44162	12/18/13	$29.44	$37.43
Fortville	Municipal	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

APPENDIX P

Residential Water Bill Survey *(continued)*

Comparison by Gallon Usage (January 1, 2017)

Utility Name	Ownership	Last Rate Case Cause No.	Order Date	Average Monthly Bill for 5,000 gal./ 668.4028 cu. ft.	Average Monthly Bill for 7,500 gal./ 1,002.6042 cu. ft.
Gibson Water	NFP	43918	11/4/10	$37.33	$55.56
Hammond	Municipal	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	**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

Residential Water Bill Survey *(continued)*

Comparison by Gallon Usage (January 1, 2017)

Utility Name	Ownership	Last Rate Case Cause No.	Order Date	Average Monthly Bill for 5,000 gal./ 668.4028 cu. ft.	Average Monthly Bill for 7,500 gal./ 1,002.6042 cu. ft.
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	Municipal	43502-U	3/4/09	$35.35	$44.25
Knightstown*	Municipal	43440	7/30/08	$30.25	$40.33
Lafayette	Municipal	41845	5/9/01	$12.13	$17.13
Lafayette- rural	Municipal	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*	Municipal	42720	3/30/05	$27.02	$33.63
Martinsville*	Municipal	44153	12/12/12	$37.45	$47.40
Marysville-Otisco-Nabb	NFP	42476-U	1/14/04	$38.10	$51.00
Michigan City*	Municipal	44538	5/27/15	$27.05	$36.14
Morgan County Rural	NFP	42993	5/14/08	$52.83	$78.73
Morgan County Rural, Western Exp.	NFP	42993	5/14/08	$62.57	$88.47
New Castle	Municipal	42984	9/13/06	$27.14	$34.33
North Dearborn	NFP	43736	10/1/09	$34.25	$55.20
Ogden Dunes	Municipal	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	Municipal	43652	3/3/10	$39.36	$55.46
Schererville*	Municipal	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*	Municipal	44250	2/12/13	$15.34	$20.32

APPENDIX P

Residential Water Bill Survey *(continued)*

Comparison by Gallon Usage (January 1, 2017)

Utility Name	Ownership	Last Rate Case Cause No.	Order Date	Average Monthly Bill for 5,000 gal./ 668.4028 cu. ft.	Average Monthly Bill for 7,500 gal./ 1,002.6042 cu. ft.
South Bend, outside*	Municipal	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, 2016

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	7/7/04	$42.35
Apple Valley Utilities, Inc.	IOU	44551	4/4/16	$49.40
Aqua Indiana, Inc.	IOU			
Lake County Wastewater Division (formerly Consumers Indiana Water Company)	IOU	42190	6/19/02	$61.23
Southern Hills Wastewater Division (formerly Heir Industries, Inc.)	IOU	43949	7/27/11	$70.11
Aboite Wastewater Division - Unmetered (formerly Utility Center, Inc.)	IOU	43874	4/13/11	$59.21
Aboite Wastewater Division - Metered (formerly Utility Center, Inc.)	IOU	43874	4/13/11	$46.98
Wildwood Wastewater Division (formerly Wildwood Shores Utilities Corporation)	IOU	43699-U	5/19/10	$80.00
Wymberly Wastewater Division (formerly Wymberly Sanitary Works, Inc.)	IOU	42877-U	3/22/06	$80.00
Floyd County (formerly Wastewater One, LLC - Galena WWTP)	IOU	44607	12/30/15	$80.00
Crawford County (Formerly White Oak Sewage Treatment, LLC)	IOU	44811	1/4/17	$45.00
Bluffs Basin Utility Company, LLC	IOU	42188	3/5/03	$46.88
Citizens Wastewater of Westfield	IOU	44273	11/25/13	$51.10
Citizens Wastewater of Westfield (Unmetered)	IOU	44273	11/25/13	$79.10
Community Utilities of Indiana, Inc.	IOU			
Lake and Porter Counties (formerly Twin Lakes Utilities, Inc.)	IOU	44388	4/23/14	$51.06
Jasper and Newton Counties (formerly Water Service Company of Indiana)	IOU	44104	3/27/13	$99.24
CWA Authority, Inc. (Metered)	NFP	44685	7/18/16	$50.27
Damon Run Conservancy District (outside district)	CD	44146	6/19/13	$97.73
Devon Woods Utilities, Inc.	IOU	40234 - U	1/31/96	$41.88
Doe Creek Sewer Utility	IOU	43530-U	6/10/09	$48.00
Driftwood Utilities, Inc.	NFP	43790-U	6/3/10	$38.10
Eastern Richland Sewer Corporation	NFP	44271-U	6/26/13	$42.46
Gutting Real Estate, LLC	IOU	44387	4/29/15	$50.00
Hamilton Southeastern Utilities, Inc.	IOU	44683	11/9/16	$35.04
Hancock Rural Telephone Corporation dba Ninestar Connect	IOU	44776	8/24/16	$48.27
Harbor Town Sanitary Sewage Corporation	IOU	35455	6/3/87	$26.00
Hessen Utilities, Inc.	IOU	30805	7/30/65	$4.00
Hillview Estates Subdivision Utilities, Inc.	IOU	38737-U	5/31/89	$30.00
Howard County Utilities, Inc.	IOU	43294	1/23/08	$69.00
Indiana American Water Company-Muncie & Somerset	IOU	44450	1/28/15	$76.50
JLB Development, Inc.	IOU	39868	4/28/95	$65.53
Kingsbury Utility Corporation	IOU	44590	3/2/16	$37.45
Kingsbury Utility Corporation (unmetered)	IOU	44590	3/2/16	$36.93
Lakeland Lagoon Corp.	NFP	41597-U	12/5/12	$73.14
LMH Utilities Corporation	IOU	43431	1/21/09	$46.59
Mapleturn Utilities, Inc.	NFP	43777-U	3/24/10	$59.57
Pleasantview Utilities, Inc.	IOU	44351-U	3/26/14	$45.77
Sani Tech, Inc.	IOU	43793-U	9/8/10	$76.00
Sanitary District of Hammond	NFP	43307	1/4/08	$13.38
South County Utilities, Inc.	IOU	43799-U	6/16/10	$64.85
South Haven	IOU	43974	10/19/11	$76.86
Southeastern Utilities, Inc.	IOU	43794-U	4/7/10	$61.71
Wastewater One, LLC dba Rivers Edge	IOU	43115	8/25/10	$39.85
Webster Development, LLC (w/out meter)	IOU	44244-U	5/22/13	$98.60
Webster Development, LLC (w/meter)	IOU	44244-U	5/22/13	$100.60

APPENDIX R

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	% Charged	Date Set	Establishment Method
Akron, Town of							
Comcast	State	$ 1,059	General Fund (Revenue General Cable Franchise Fees)	The cable franchise fees the Town of Akron receives 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	Local	$ 2,581				7/18/00	Ordinance No. AMC2-1A 1-9
Albany, Town of							
Comcast	State	$ 20,406	General Fund	Police Salaries			
Albion, Town of							
Mediacom LLC	State	$ 5,111	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							
Mediacom	State	$ 13,927	Public Information Fund and General Fund	The cable franchise fees received by Allen County are used to fund the county Public Information Officer and Executive to the Commissioners positions, as well as public notices printed in the newspaper required by law, contractual services with the library to utilize their public access channel and staff to create news programs and meeting broadcasts relevant to Allen County residents, fees to utilize the library's streaming media server to make meetings available "on demand" on our website, and other misc County PIO expenses.	5%	10/24/01	Ordinance Approved by Commissioners
Frontier	State	$ 145,325				N/A	
Comcast	State	$ 452,958				6/24/98	
Community Fiber Solutions	State	$ 67					
Anderson, City of							
AT&T	State	$ 155,255	Cable TV Franchise		5%	9/16/02	Cable Communications
Comcast	State	$ 578,014					
Angola, City of							
Mediacom Communications Corp.	Local	$ 48,788	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	$ 5,971	Town of Arcadia General Fund	Governmental Expenditures	3%		
Atlanta, Town of							
Comcast	State	$ 3,999	General Fund	Governmental Expenditures			
Endeavor Communications	State	$ 361					
Attica, City of							
Comcast	State	$ 24,191	General Fund	Sidewalk replacement incentive program. Citizens pay a reduced amount, the city pays part as well. Sidewalks around the city are improved and our city looks improved.	3%	5/27/81	Ordinance #756, 1962
Auburn, Civil City of							
Mediacom Communications Corp.	State	$ 36,644	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	$ 37,552					

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Avon, Town of							
Indiana Bell	State	$ 88,924	General Fund	Governmental Expenses as approved by the Town Council.			
Charter Communications	State	$ 27,460			2%	11/30/1995, 3/21/1996	Ordinance 95-5, Ordinance 96-12
Brighthouse Networks	State	$ 76,441			5%	9/10/2015	Ordinance 2015-16
Bartholomew County							
NewWave Communications	Local	$ 1,216	Telecomm Non-reverting	Video arraignment project at the Bartholomew County Jail. Project overseen by IT Department to purchase and install equipment. Video Conferencing will expedite the administration of criminal justice between the courts and jail.	3%	1/1/82	Ordinance 1982-1
Indiana Bell Telephone	State	$ 23,943				11/1/93	Amended Ordrinance 1993-15
Comcast	State	$ 131,553					
Batesville, City of							
Enhanced Telecommunications	State	$ 30,496	General Fund	Public safety.			
Bedford, City of							
Comcast Cable	State	$ 159,499	City of Bedford General Account	For General Fund operating balance.	5%	n/a	unknown
Indiana Bell	State	$ 31,717					
Berne, City of							
Comcast of Illinois/ Indiana/ Ohio, LLC	State	$ 21,505	General Fund	To help fund the General Fund expenses	5%	7/9/1990	Ordinance #379
Benton Ridge Telephone Company	Local	$ 778				7/8/2002	Amended Ordinance #379 with Ordinance #519
Bicknell, City of							
NewWave Communications	State	$ 7,253	General Fund	Operating Expenses.	2%		
Bluffton, City of							
Craigville Telephone Co. Inc d/b/a AdamWells TV	State	$ 27,845	General Fund	Public safety, dispatch, police and fire.	3%	4/16/1973	Ordinance 494
Mediacom LLC	Local	$ 19,501			5%	6/1/2009	AdamWells Agreement
Boonville, City of							
Time Warner	State	$ 40,519	General		5%	10/13/04	Ordinance 2004-24
Wide Open West	State	$ 29,700				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.		5/2/12	Amendment to Lease per Attorney Mark Wagner
Bremen, Town of							
Mediacom Communications Corp.	Local	$ 26,593	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							
Comcast	State	$ 15,500	General Fund	Any general fund expenditures.	3%	3/18/04	Franchise
Brown County							
NewWave Communications	State	$ 1,455	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%		
Smithville Communications	State	$ 102					
Brownsburg, Town of							
AT&T	State	$ 108,709	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 Cable	State	$ 131,455	101.640 T.V.				

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Brownstown, Town of							
Comcast of Illinois/Indiana/ Ohio, LLC	State	$ 23,447	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	$ 2,975	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	$ 1,014	General Fund: Revenue Name - Cable TV Franchise	To aid in the maintaining of alleyways and curbs to ensure access to cable lines.	2%	4/2/1985 : 4/16/2001	Ordinance 85-1 A : Ordinance 2-2001 (Renewal & Extension)
Burns Harbor, Town of							
Comcast Cable Communications Group	State	$ 23,322	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							
Comcast	State	$ 34,897	Town of Cambridge City	Payroll, Firemen and Police fuel, Fire station, Police Vehicles, Cemetery, Parks repairs and maintenance.	5%	9/22/80	Franchise Agreement between the town and cable co.
Campbellsburg, Town of							
Time Warner Cable	State	$ 4,092					
Cannelton, City of							
Comcast	State	$ 11,567	City General Fund	Any appropriated city expense.	3%	3/24/03	Ordinance 85-6
Carbon, Town of							
NewWave Communications	State	$ 512	Town of Carbon General Fund	Pay town's bills.	3%	4/5/82	by ordinance
Cedar Lake, Town of							
Comcast	State	$ 146,778	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							
Time Warner Cable	State	$ 6,915	General	General operating expenses.	5%	9/19/05	Ordinance 2005-10
Wide Open West	State	$ 16,402	General				
Chesterfield, Town of							
Comcast Cablevision	State	$ 21,072	General Fund/Public Safety	All monies go toward our public safety budget to help pay officers salaries, train and keep our police dept. current with the most recent training, continuing education, necessary equipment to ensure our residents are safe and our officers are equipped with vehicles, equipment and knowledge to keep them safe and give them the opportunity to be the best officers they can be.	5%	1983	Ordinance #111.11 State Code 26-36-1-1
Indiana Bell Telephone Company	State	$ 7,995					
Chesterton, Town of							
Comcast Cable Communications Group	State	$ 182,268	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
Clinton, City of							
New Wave Communications	Local	$ 12,504	General	Spend on any legal expense for the city.			

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Cloverdale, Town of							
Clay County Rural Telephone (Endeavor)	State	$ 6,625	Gen/Cable TV Franchise 101640		3%	3/15/05	Ordinance 1995-5
Coatesville, Town of							
Endeavor Communications	State	$ 1,701	General	This money was deposited in the General Fund to keep property taxes down.			
New Wave Communications	Local	$ 460					
Columbus, City of							
Indiana Bell Tel. Co.	State	$ 159,329	General Fund	Information Services, telephone and internet expenses, some maintenance agreements, and machinery and equipment within the IT Department.	5%	10/19/93	Ordinance No. 44, 1993
Comcast	State	$ 204,982					
Smithville Digital, LLC	State	$ 292					
Converse, Town of							
Oak Hill Cablevision	State	$ 1,950	General Fund	Cable Franchise Fees			
Corydon, Town of							
Time Warner/Charter Communications	State	$ 45,230	General Fund 101364-000	The general has many different needs. Typically, we use this toward our annual software maintenance and contracts for computer svcs.			
T-Mobile	State	$ 11,903					
Covington, City of							
NewWave Communications	Local	$ 11,725	City of Covington Electric Fund	Pole Maintenance.	4%	11/1/93	Ordinance #93-15
Crawfordsville, City of							
Comcast Cable Communications Inc.	State	$ 45,000	City General Fund		3%	10/11/05	Ordinance 26-2005
AT&T Video, Indiana Bell	State	$ 20,345				12/1/09	Letter of Agreement
Metronet Fibernet LLC	State	$ 60,733				3/10/14	Ordinance 12-2014
Crown Point, City of							
Comcast Cable	State	$ 349,186	General Fund	This revenue is helpful with public safety and/or any legal use of it.			
Indiana Bell Telephone Company	State	$ 151,945					
Culver, Town of							
Mediacom	Local	$ 6,687	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 franchise fees collected							
Daleville, Town of							
Indiana Bell Telephone	State	$ 4,419	Misc. Revenue	General operating.	5%	9/12/83	Ordinance 83-4
Dearborn County							
Comcast	State	$ 46,488			3%		Ordinance
Enhanced Telecommunications	State	$ 19,004					
Cincinnati Bell	State	$ 12,200					
Decatur, City of							
Mediacom Communications Corp.	Local	$ 20,264	General Operating Expenses		3%	5/20/14	Ordinance No 2014-3
Benton Ridge Telephone Company	Local	$ 111					
Dublin, Town of							
Comcast Cable	State	$ 8,739	General Fund	Police, Fire, and Parks.	3%	11/17/80	Ordinance
Dubois County							
Time Warner Cable	State	$ 10,101	County General	General operations of the county.	3%	5/15/06	Ordinance
PSC	State	$ 3,527				4/4/16	

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
East Chicago, City of							
Indiana Bell Tel. Co.	State	$ 38,645	City of East Chicago General Fund	The cable franchise fees were used to fund the city's general fund public safety budget 2016 - $15,761,744.00.	5%	7/13/04	EC Ordinance No. 03-0025
Comcast Financial Agency Corp.	State	$ 168,183					
Ellettsville, Town of							
Comcast	State	$ 43,752	General Fund	Police and fire protection and administrative services.	3%	8/4/80	by Ordinance 80-8-1
Smithville Communications	State	$ 9,308			5%	7/12/10	by Ordinance 10-11
Etna Green, Town of							
Comcast	State	$ 2,117	General Fund	Municipal Expenses.			
Evansville, City of							
Time Warner Cable	State	$ 1,040,227	General Fund (0101) Finance (1011301) Time Warner Cable (364000)	These funds are deposited in the city's General Fund and are used for operational purposes.	5%	9/9/98	By Ordinance G-98-35
Wide Open West	State	$ 1,054,646	General Fund (0101) Finance (1011301) Wide Open West (364001)		5%	8/26/98	By Ordinance G-98-31
Ferdinand, Town of							
Perry-Spencer Communications	State	$ 9,208	General Fund - Franchise Fees	Fees are used for the costs and expenses incurred by the town to process and administer cable TV franchise fees and to maintain town right-of-ways used by cable TV providers.	3%	7/1/06	Ordinance No. 13-02 Based on franchise fee prior to 7/1/06
Fishers, Town of							
Nine Star Connect	State	$ 2,879	General Fund	100% spent on General Fund operating budget.	5%	10/4/95	Ordinance 082395
Central Indiana Communications	State	$ 175					
Comcast	State	$ 343,540					
Metronet	State	$ 131					
Indiana Bell	State	$ 341,859					
Bright House Networks	State	$ 2,296					
Flora, Town of							
New Wave Communications	Local	$ 4,079	Cable Television Receipts 60% A/C 100000-340200, Electric Utility 40% A/C 700000-342130		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
Fort Branch, Town of							
Time Warner Cable	State	$ 17,005	General Fund	Fees are put into the General Operating Fund which supports the police department.			
Fort Wayne, City of							
Comcast Cablevision	State	$ 2,009,451	General Fund, Cable Fund	General Funds 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	$ 761,534				7/20/95	Master Agreement
Fremont, Town of							
Mediacom	Local	$ 2,035	General Fund	To help fund the general fund which funds: police, court, street, and town.			
Grandview, Town of							
No franchise fees collected							

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Greendale, City of							
Comcast	State	$ 20,260	General Fund	General Fund - Personnel, Supplies, and Services.	3%	3/5/96	By Contract/ Agreement
Greene County							
Comcast Cable	State	$ 9,948	County General Fund	County General Fund expenses as appropriated and approved by the Greene County Council and the DLGF.	3%	5/7/84	Ordinance No. 5-84
NewWave Communications	State	$ 1,328					
Smithville	State	$ 60					
Greenfield, City of							
Comcast	State	$ 151,852	Info Tech Franchise Fees	Used to fund our information technology department.	5%	5/23/85	Ordinance 1985-10
Indiana Bell	State	$ 69,864					
American Tower	State	$ 3,188					
Hammond, City of							
Indiana Bell/AT&T	State	$ 109,895	Cable Receipts/General Fund	Operating expenses for general fund.	5%	4/14/80	Ord#4612
Wide Open West	State	$ 199,198					
Comcast	State	$ 640,801					
Hanover, Town of							
Time Warner Cable	State	$ 17,339	General Fund	For misc. expenses made from the General Fund. General Fund is mostly used for police expenses.	unknown		
Metro Net	State	$ 4,401					
Hebron, Town of							
Comcast	State	$ 29,139	General Fund	Any purpose so approved by the Town of Hebron from the General Fund.	3%	4/27/82	Resolution #1982-7
Huntingburg, City of							
Time Warner Cable	State	$ 46,520	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 12/6/2016. Rate is same as negotiated by city.
Huntington, City of							
Metronet	State	$ 46,059	General Fund	General appropriated budget purposes.			
Comcast	State	$ 46,612	Cable Television				
Hymera, Town of							
Joink Tower Rental	State	$ 2,483	Cable TV Franchise fees	General Fund - operation of town.			
Smithville Telephone Cable TV	State						
NewWave Vision	State						
Jasonville, City of							
NewWave Cable	State	$ 7,041	General Fund/Franchise Fees	The fees were used to pay lawfully incurred bill so the City of Jasonville.			
Jasper, City of							
Time Warner Cable	State	$ 185,638	General Fund	Franchise fees are deposited into the general fund of the city of Jasper. They are used to pay the expenses of operating the city of Jasper's government , police, fire, and street departments.	5%	6/7/03	Ordinance 2003-25
Perry Spencer Communications	State	$ 560					
Smithville Fiber	Local	$ 1,722					
Johnson County							
Comcast	State	$ 369,452	County General Fund	Help fund the county general budget.	5%	7/8/2013	Ordinance 2013-09
AT&T (Indiana Bell)	State	$ 158,148					
CMN-RUS	State	$ 16,855					
Central Indiana Communications	State	$ 76					
Kentland, Town of							
Media Communications	State	$ 8,645	Cable TV Franchise Fee	$33,000.00 (loan)			
Kingman, Town of							
No franchise fees collected							

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Knightsville, Town of							
NewWave	Local	$ 843	General	Any upkeep of area surrounding lines in town.	1%		
Knox, City of							
Mediacom	Local	$ 12,641	General Fund				
Kosciusko County							
Comcast	State	$ 66,374	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	Local	$ 5,760	General Fund	Miscellaneous Daily Operations	5%	6/20/05	Ordinance 2005-6
LaCrosse, Town of							
Mediacom Communications Corp.	State	$ 386	General	Since this is put into the General Fund, it is the same fund in which I then pay the Town's Mediacom invoice for Internet Services.	3%	10/8/08	Section 4-1-17 of LaCrosse Municipal Code
LaGrange, Town of							
Mediacom	Local	$ 6,501	Town of LaGrange General Fund	General			
Lanesville, Town of							
Time Warner Cable	State	$ 28,726	General - Cable TV Franchise Receipts	Street lights, supplies, miscellaneous maintenance.	5%	3/30/99	Negotiation and agreement
LaPorte, City of							
Comcast	State	$ 279,713	General	Operating expenses for general fund.			
Ligonier, City of							
Mediacom LLC	State	$ 1,497	General Fund	Revenue is used in the general fund to help offset the decline in tax revenue due to property tax caps.	3%	8/9/99	Resolution 08-09-99
Ligtel Communications Inc dba LigTV (2015)	State	$ 5,700					
Ligtel Communications Inc dba LigTV (2016)	State	$ 6,655					
Loogootee, City of							
New Wave Communications	State	$ 5,488	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	$ 19,371					
NineStar Connect	State	$ 5,699					
BrightHouse	State	$ 3,472					
Mentone, Town of							
Comcast	State	$ 7,338		Operating costs			
Michigan City, City of							
Comcast of Illinois/Indiana/Michigan, Inc.	State	$ 452,288			5%	8/12/05	Agreement between Comcast and Board of Public Works & Safety
Middletown, Town of							
Comcast of Illinois/Indiana/Ohio, LLC	State	$ 15,377	General	General (Police, Fire Department, EMS, Dispatch).	5%	7/18/97	Franchise Agreement
Milford, Town of							
Mediacom	State	$ 1,397	General	General fund purchases			Ordinance a long time ago
Monon, Town of							
Comcast	State	$ 5,557	Town of Monon - General Fund	TV Cable	2%	5/3/88	Agreement/ Resolution with the Monon Town Council on 5/3/88

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Monroe City, Town of							
New Wave Communications	Local	$ 2,741		General Operating	3%	4/6/11	Agrement with Cable Company
Montgomery County							
Metro Fibernet, LLC	State	$ 32,863	County General	County General budget	2%	1/1/05	Resolution No. 3-2014
Mooresville, Town of							
Indiana Bell	State	$ 48,561	General Fund	Reported as revenue source for the purpose of funding the town's General Fund Budget.			
Comcast	State	$ 59,999					
Morgan County							
Endeavor	State	$ 38,941	Fund# 1000 (GENERAL FUND)	Revenue for funding the General Fund.	All State Issued - as per Ms. Taber at IURC		
AT&T	State	$ 107,235					
Comcast (Insight) & Comcast	State	$ 70,217					
New Wave (formerly Charter)	State	$ 11,580					
Muncie, City of							
Comcast/Xfinity	State	$ 342,658	General Fund	Help with the General Fund expenses.	3%	4/11/01	2002-2 Resolution
AT&T Uverse	State	$ 87,424					
Munster, Town of							
Comcast	State	$ 295,491	Fund 247 Technology	Video franchise fees have been used in 2016 to fund all technology personnel, equipment, software, and maintenance of said equipment.	5%	12/20/82	Ordinance #727
Indiana Bell Telephone	State	$ 118,445					
Nashville, Town of							
Avenue Broadband Communications	State	$ 3,145	General Fund	The franchise fees are deposited and expended out of our general fund. The Town of Nashville calculates our general fund budget using these revenues as a source to help our public safety and public vehicles.	1.5%	9/8/84	Ordinance 1981-5
Smithville Communications, Inc.	State	$ 22			5%	4/1/16	By Indiana Code
New Carlisle, Town of							
Comcast	State	$ 14,264	General Fund	General Fund uses include all 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	Local	$ 3,102	General Fund	Police and fire protection.			
New Haven, City of							
Comcast Cablevision	State	$ 105,288	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	Local	$ 49,620				1/8/12	rate reaffirmed through Ordinance G-12-15
New Palestine, Town of							
Comcast	State	$ 8,685	General	Maintenance of sidewalks and streets along with police services to protect lines.	3%	10/19/83	Ord# 101983
AT&T - Indiana Bell	State	$ 6,885			5%	7/19/10	AT&T requested orig. Ord# 101983
New Pekin, Town of							
Time Warner Cable	State	$ 6,218	General Fund		5%	10/19/99	Resolution #1999-06
New Whiteland, Town of							
Comcast	State	$ 18,111	General Fund - Cable TV	Revenue used to fund General Fund budgets/expenditures.	3%		Negotiated at time of approved
Metronet	State	$ 5,140			5%		
North Liberty, Town of							
Mediacom	State	$ 6,281	Town of North Liberty - General Fund	Franchise fees are added to the other revenues of the Town of North Liberty General Fund to pay police expenses, street lights, town hall expenses and wages.	3%	7/30/81	Ordinance 1981-5 North Liberty Cable Television Franchise

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
North Manchester, Town of							
Mediacom	State	$ 2,731	Sidewalk Maintenance amd 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	$ 11,518					
Ogden Dunes, Town of							
Comcast	State	$ 27,321	General Fund				
Oolitic, Town of							
Indiana Bell	State	$ 479			3%	12/6/06	
Comcast	State	$ 9,759					
Orleans, Town of							
Avenue Broadband	State	$ 296	General	Improvements to our communications system.			
Osceola, Town of							
Comcast of Indiana/ Michigan, LLC	State	$ 11,528	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							
Time Warner Cable	State	$ 12,297	General Fund	The Town of Owensville uses these funds to pay for internet and IT services.			
Palmyra, Town of							
Time Warner Cable	State	$ 4,948					
Paoli, Town of							
Avenue Broadband Communications (NewWave)	State	$ 491	General Fund - Cable TV Franchise	These funds are deposited in our General Fund to be used for the following year to help fund our Budget for the Police, Volunteer Fire Dept. and any 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	Local	$ 242					
Petersburg, City of							
NewWave Cable	Local	$ 4,149	General Fund/Cable TV Franchise				
Plainfield, Town of							
Indiana Bell Telephone (AT&T)	State	$ 178,065	Cable TV Franchise, General Fund 10100005-364000	General operating expenses.	3%	3/24/80	Town Ordinance #02-1980
Comcast	State	$ 79,335					
Charter Communications (formerly Brighthouse)	State	$ 10,019					
Plymouth, City of							
Comcast of Indiana/Michigan, LLC	State	$ 31,002	General	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	$ 60,416	General Fund		5%	9/26/95	Ordinance 95-13
Portland, City of							
Comcast	State	$ 56,164	General Fund	There is no specific designation in the ordinance. The franchise fee helps offset the tax levy for the citizens of Portland.	5%	5/3/04	Ordinance 2004-7
Benton Ridge Telephone Company	State	$ 208					
Poseyville, Town of							
Time Warner	State	$ 8,239	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.			

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Prince's Lakes, Town of							
NewWave Communications	Local	$ 2,698	General Fund	These funds help to supplement our General Fund. We are a very small town with limited resrouces and these funds would be greatly missed if not received.	3%	10/15/84	Ordinance #144
Randolph County							
Comcast Cable	State	$ 1,962	County General/Cable TV Receipts	General Income	5%	11/25/91	Ordinance 91-18
Time Warner Cable	State	$ 1,421			3%	3/21/05	Ordinance 2005-7
Remington, Town of							
Comcast	State	$ 6,115	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	$ 1,713	Deposited into the water account	They were used for everday needs of the water department.			
Rockport, City of							
Time Warner Cable TV	State	$ 11,991	General/Other	This money is included in our revenue that we submit to the DLGF each year to establish our budget.			
Rockville, Town of							
NewWave Communications	State	$ 6,266	General Fund	General Fund receipts are used for many general purposes.	2.03%	7/17/79	NA
Rome City, Town of							
Mediacom	State	$ 8,157	General		3%	8/1/06	Franchise Agreement
Rossville, Town of							
Comcast Cable Communications	State	$ 4,723	Town of Rossville General Fund	The funds were used to provide revenue for the 2016 General Fund budget to cover shortfalls in budget due to continued cuts from State revenue and property taxes.			
Rushville, City of							
Comcast of Montana/Indiana/ Kentucky/Utah	State	$ 29,935	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							
Time Warner Cable	State	$ 16,947	General Fund	Operation of City Services (fire, police, & other services)	3%	5/5/80	Ordinance #392
Saltillo, Town of							
Time Warner Cable	State	$ 166					
Santa Claus, Town of							
PSC (Perry Spencer Communications)	State	$ 9,041	Fund #101640.000 Gen/cable TV Franchise	The income from the franchise fees helps offset expenditures in the general budget that are shortfalls from tax 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.	Local	$ 1,190	General Fund	Governmental activities	3%	1/1/09	Ordinance #1989
Selma, Town of							
Indiana Bell	State	$ 1,390	General Fund	To help offset the cost of the police department.	5%	1998	Ordinance
Shelburn, Town of							
NewWave Communications	Local	$ 3,550		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.			

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Shelbyville, City of							
Comcast	State	$ 97,676	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. 8-1-34-2-4
Indiana Bell	State	$ 37,089					
Sheridan, Town of							
Swayzee Telephone Co.	State	$ 2,588	Cable TV Franchise		3%	7/9/80	Ordinance No. 1980-1
Silver Lake, Town of							
Comcast Communications	State	$ 2,474	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							
Comcast Financial Agency Corp.	State	$ 749,565	General Fund Account No. 101-0000-364-00-00	Franchise fees are spent for general fund expenditures such as general government and public safety. In addition, $43,000 was spent on Local Public Access Services.	5%	10/19/98	Pursuant to a local agreement with Comcast
Indiana Bell Tel. Co., Inc. (AT&T)	State	$ 256,611	General Fund Account No. 101-0000-366-00-00			1/1/09	State Franchise law
Speedway, Town of							
Indiana Bell (AT&T)	State	$ 80,660	General Fund/Cable TV	Speedway Cable Network - Operations, Equipment, etc.	5%	7/1/94	Town of Speedway
Comcast	State	$ 117,180					
Stilesville, Town of							
New Wave Communications	State	$ 296	General Fund	For current bills at the time of deposit			
Communication Corp	State	$ 1,132					
Straughn, Town of							
Comcast Cable	State	$ 658	General				
Sweetser, Town of							
Oak Hill Cablevision	State	$ 2,105	General Fund, Revenue, Cable Franchise Fees	Town operational expenses paid from the General Fund.	3% of primary basic receipts	3/24/83	Ordinance 1983-3
Switz City, Town of							
Comcast Financial Agency Corp.	State	$ 624	Town of Switz City General Fund		3.5%	10/1/01	Resolution No. 2001-03
Tell City, City of							
Comcast Cable Communications, Inc.	State	$ 35,549	General Fund	Cable franchise fees support Board of Public Works and Safety efforts in maintenance of street and alley, road materials, fuel, insurance, equipment and continuing education/training of police, dispatchers and volunteer fire department to better protect and serve our citizens.	5%	7/7/85	Ordinance 617
Perry-Spencer Communications, Inc. d/b/a PSC	State	$ 24,159			5%	1/1/14	Ordinance 617
Terre Haute, City of							
Time Warner Cable k/n/a Spectrum	State	$ 363,612	General Fund	General Fund operating costs.	5%	2/6/06	Special Ordinance #72, 1983
NewWave Communications	State	$ 8,866			5%	2/6/06	Special Ordinance #72, 1983
Tipton County							
Smithville	State	$ 4,207	General (County) Fund	County general fund expenditures.			
Tipton Telephone	State	$ 234					
Comcast	State	$ 3,477					
Endeavor	State	$ 2,080					

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Troy, Town of							
No franchise fees collected							
Union City, City of							
Time Warner Cable	State	$ 19,049	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	$ 339	General	General Budget			
Vanderburgh County							
Time Warner	State	$ 415,390	General Fund	Helps support budget for General Fund.	5%	1/1/98	Ordinance Agreement/ Resolution
Wide Open West (WOW)	State	$ 338,207				9/26/06	
Veedersburg, Town of							
NewWave Communications	State	$ 2,379	General Fund	General Operations of Town.	2%	9/17/96	Ordinance No. 15-96
Wakarusa, Town of							
Comcast of Indiana/ Michiana LLC	State	$ 8,411	General Fund	Added to operating balance.	3%	5/5/97	Franchise Agreement/ Contract
Walkerton, Town of							
Mediacom	State	$ 1,593	Electric	Needed supplies for maintenance of utility poles. Wages benefits and any necessary items for repairs.	3%	8/8/96	Signed Agreement between town and Mediacom
Wanatah, Town of							
Mediacom Communications Corp.	State	$ 1,128	General Fund/Cable Franchising Fee	All fees are deposited into the general fund and used for accounts payable.	3%	8/8/96	By Council approval
Warsaw, City of							
Comcast	State	$ 56,068	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	$ 4,993				8/1/13	State Agreement
Waterloo, Town of							
Mediacom Communications Corp.	State	$ 6,094	General Fund (Police Department) and General Fund (Fire Department)	These funds were used to help with Police and Fire Department expenditures.	3%	12/31/05	Cable Television Franchise Agreement
Wayne County							
Comcast Cable	State	$ 28,166	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 until 7/6/2017
Wells County							
Mediacom	State	$ 1,920	Cable Fees	General County Business	3%	11/29/93	Ordinance No. 1993-10
Comcast	State	$ 2,581					
Craigville Telephone	State	$ 4,920					
West Lafayette, City of							
Comcast	State	$ 127,962	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	State Franchise
CMN-RUS, Inc. (aka MetroNet)	State	$ 70,467			3%	2012-related Redev com TIF Bond	State Franchise
Mulberry Coopoerative Telephone Co	State	$ 515					
Westville, Town of							
Mediacom Communications Corp.	State	$ 1,781	General Fund	To help general fund operations (police dept., fire dept., contract, salaries, general operations).			

APPENDIX R

Video Franchise Fee Report *(continued)*

Submitting Unit (and) Franchise Holder	Type of Franchise	Amount Received (rounded)	Fund Account(s)	Purpose of Funds Used	% Charged	Date Set	Establishment Method
Whiteland, Town of							
Comcast	State	$ 17,870	General Fund	General Expenses to run local government.	3%	1/1/81	Ordinance 81-1 w/ Town council
Metronet	State	$ 21,775	General Fund	General Expenses to run local government.	5%	1/1/06	Indiana Communications Act
Whiting, City of							
Comcast Financial Agency Corp.	State	$ 46,752	General Fund Civil City	General operating expenses for the Civil City.	5%	4/4/00	Based on Grantee's Gross Revenue or such other maximum amount as allowed by law
Wilkinson, Town of							
Central Indiana Cable	State	$ 433	No Answer	General Fund	3%		
Comcast	State	$ 919	No Answer	General Fund	3%		
Winamac, Town of							
No franchise fees collected							
Winchester, City of							
Comcast of Illinois/ Indiana/ Ohio, LLC	State	$ 39,017	General Fund	Technology	5%	3/20/00	Ordinance No. 2000-2
Winfield, Town of							
Comcast	State	$ 50,503	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	$ 14,241	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
Winona Lake, Town of							
Comcast Cable Communication	State	$ 12,225	General Fund	Any expenditure deemed necessary.	3%	5/13/86	Ordinance No. 86-5-1
Wolcott, Town of							
Comcast	State	$ 2,854	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	Ordinance No. 95-2
Woodlawn Heights, Town of							
Indiana Bell Telephone	State	$ 401	Town of Woodlawn Heights, IN, General	For public safety/preventative maintenance.	5%	3/1/08	By vendor
Yorktown, Town of							
Comcast	State	$ 66,480	General Fund	The purpose of these funds are to offset the cost of funding the Police Department.	3%	1997	Ordinance
Indiana Bell/AT&T	State	$ 8,609	General Fund	The purpose of these funds are to offset the cost of funding the Police Department.	5%	1997	Ordinance
Zionsville, Town of							
Brighthouse Networks	State	$ 33,964	General Fund	Any legal purpose. (General Fund cash reserves).	3%	4/5/82	Ordinance No. 82-03
AT&T (Indiana Bell)	State	$ 35,335	General Fund	Any legal purpose. (General Fund cash reserves).	3%	4/5/82	Ordinance No. 82-03
Communication Corporation of Indiana	State	$ 2,793	General Fund	Any legal purpose. (General Fund cash reserves).	3%	4/5/82	Ordinance No. 82-03
CMN-RUS	State	$ 43	General Fund	Any legal purpose. (General Fund cash reserves).	3%	4/5/82	Ordinance No. 82-03
TOTAL FEES COLLECTED		$ 18,515,067					

Indiana Utility Regulatory Commission

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