ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF INDIANAPOLIS, AS SUCCESSOR TRUSTEE OF A PUBLIC CHARITABLE TRUST FOR APPROVAL OF FUEL COST ADJUSTMENT FOR STEAM SERVICE EFFECTIVE NOVEMBER 1, 2012, PURSUANT TO THE COMMISSION'S ORDER IN CAUSE NO. 43821 AND APPLICABLE LAW	)	CAUSE NO. 41969 FAC 27 APPROVED: OCT 24 2012

ORDER OF THE COMMISSION

Presiding Officers:
James D. Atterholt, Chairman
Jeffery A. Earl, Administrative Law Judge

On August 15, 2012, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, as successor trustee of a public charitable trust, d/b/a Citizens Thermal ("Petitioner" or "Citizens") filed with the Indiana Utility Regulatory Commission ("Commission") its Verified Petition, requesting approval of a fuel cost adjustment for steam service to become effective on November 1, 2012. Also on August 15, 2012, Petitioner prefiled in support of its petition the following: the testimonies of Korlon L. Kilpatrick II, Manager Rates & Business Applications, and Robert R. Purdue, Director of Thermal Operations; worksheets establishing the cost of fuel; and a Revised Standard Contract Rider No. 1, showing the proposed fuel cost adjustment factor to become effective on November 1, 2012, subject to Commission approval. On September 14, 2012, the Indiana Office of Utility Consumer Counselor ("OUCC") prefiled the testimony of Duane Jasheway, Utility Analyst in the Electric Division.

Pursuant to notice published as required by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public hearing was held in this matter at 10:30 a.m. on October 1, 2012, in Hearing Room 224, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC were present and participated. The testimony and exhibits of Petitioner and the OUCC were admitted into the record. No member of the public appeared at the hearing or otherwise sought to testify.

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

1. **Notice and Jurisdiction.** Due, legal, and timely notice of the commencement of the public hearing in this Cause was given and published by the Commission as required by law. Petitioner owns and operates a municipal steam utility, which is subject to the jurisdiction of this Commission in the manner and to the extent provided in the Public Service Commission Act, as amended, and other laws of the State of Indiana. The provisions of said Act authorize the Commission to act in this proceeding. The Commission, therefore, has jurisdiction over the parties and the subject matter of this Cause.

2. **Petitioner's Characteristics.** Petitioner is the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Thermal. Petitioner's principal office is located at 2020 North Meridian Street, Indianapolis, Indiana. Petitioner is engaged in rendering steam utility service in the City of Indianapolis and owns, operates, manages, and controls, among other things, plant and equipment used for the production, transmission, delivery, and furnishing of this service.

3. **Methodology for Calculating Fuel Cost.** In Cause No. 41969 FAC 01, Petitioner's first fuel cost adjustment proceeding, the Commission authorized Petitioner to use the methodology and follow procedures the Commission approved in connection with the annual fuel cost adjustments requested in the past by the prior owner of the steam plant, Indianapolis Power & Light Company.

In Cause No. 43201, Petitioner sought approval of a new schedule of rates and charges for steam service, a new level of "authorized earnings" for purposes of the "earnings" test and authority to make quarterly fuel cost adjustment applications. Petitioner, the OUCC, and the Citizens Industrial Group ("CIG") reached a settlement in Cause No. 43201, which the Commission approved by final Order on October 30, 2007. This methodology was continued by the settlement agreement between Petitioner, the OUCC, and the CIG that was approved in Petitioner's most recent general rate case, Cause No. 43821.

We find utilization of the methodology and procedures approved in Cause No. 41969 FAC 01, as adjusted in Petitioner's subsequent fuel adjustment proceedings and Cause Nos. 43201 and 43821, to be a reasonable means of determining the appropriate fuel cost adjustment for Petitioner.

4. **Earnings Test**. In Cause No. 41969 FAC 3 S1, Petitioner entered into a Stipulation and Settlement Agreement with the OUCC and CIG, under which Petitioner agreed to be subject to the "earnings" test when it files for Commission approval of changes to its fuel adjustment cost charges. For the twelve months ending April 30, 2012, Petitioner reported a net operating income loss of $1,106,199, which is $7,332,889 below its authorized net operating income for the period. Based on the evidence presented, we find that Petitioner has satisfied the earnings test for this proceeding.

5. **Reconciliation and Resulting Steam Factor.** Mr. Kilpatrick's testimony and supporting schedules showed the development of the proposed FAC 27 fuel cost adjustment factor in the amount of $0.50928 per therm. Mr. Kilpatrick's testimony and exhibits also addressed and provided detail supporting the percentage impacts on Rate 1 and Rate 2 customers from the proposed fuel cost adjustment factor, the amount and cause of the variance, and the earnings test calculation.

The OUCC's witness, Mr. Jasheway, testified his calculation of Petitioner's fuel cost adjustment charge was also $0.50928 per therm. Mr. Jasheway further indicated nothing had come to his attention indicating the projections Petitioner used for fuel costs and purchased steam were unreasonable.

After reconciliation of the FAC variances, and adjusting for Indiana Utilities Receipts Tax, the final fuel cost adjustment factor proposed by Petitioner is $0.50928 per therm.

Based upon the evidence of record, we find Petitioner's proposed fuel cost adjustment factor of $0.50928 per therm should be approved and be in effect commencing with the November 1, 2012, billing cycle. Prior to implementing the fuel cost adjustment factor, Petitioner shall include the factor on its Standard Contract Rider No. 1 and file the same with the Electricity Division of the Commission.

6. **Perry K Steam Plant.** Our August 8, 2012 Order in Cause No. 44149 requires Petitioner to include testimony regarding the progress and status of the Perry K Steam Plant natural gas conversion project in each quarterly FAC proceeding until the project is complete. Mr. Kilpatrick testified that Petitioner is still awaiting full approval of its air permit modification from the Indiana Department of Environmental Management and has not yet begun the initial phase of the project. In accordance with the 44149 Order, Petitioner shall continue to provide testimony regarding the progress and status of the project in future FAC filings.

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

1. The fuel cost adjustment factor set forth in Finding Paragraph No. 5 is approved.

2. Petitioner shall file with the Electricity Division of the Commission, prior to placing in effect the fuel cost adjustment factor approved by this Order, a copy of its Standard Contract Rider No. 1 complying with Paragraph No. 5 above.

3. In accordance with Ind. Code § 8-1-2-70, Petitioner shall pay the following itemized charges within twenty (20) days from the date of this Order to the Secretary of the Commission:

Commission Charges	$ 420.12
OUCC Charges	$ 639.68
Legal Advertising Charges	$ 31.06
TOTAL	$1,090.86

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

ATTERHOLT, BENNETT, LANDIS AND ZIEGNER CONCUR; MAYS NOT PARTICIPATING:

APPROVED: OCT 24 2012

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

Brenda A. Howe

Brenda A. Howe
Secretary to the Commission