

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

[Handwritten signatures and initials: SPA, JTC]

PETITION OF INDIANA UTILITIES) CORPORATION FOR A NECESSITY) CERTIFICATE TO RENDER GAS SUPPLY,) TRANSPORTATION, DISTRIBUTION, AND) SALES IN CERTAIN RURAL AREAS OF) HARRISON COUNTY, INDIANA.)	CAUSE NO. 43751 APPROVED: OCT 28 2009
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BY THE COMMISSION:

James D. Atterholt, Commissioner
Aaron A. Schmoll, Administrative Law Judge

On July 28, 2009, Indiana Utilities Corporation ("Petitioner") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission"), seeking the issuance of a Necessity Certificate for purposes of expanding the area in which it provides natural gas service. Attached to the Verified Petition and marked as Exhibit A is the legal description of the area sought. On August 6, 2009, the Petitioner prefiled the testimony and exhibits of its President, Frank Czeschin.

Pursuant to notice, on September 9, 2009, the Commission conducted a Prehearing Conference in this Cause in Room 224 of the National City Center, 101 West Washington Street, Indianapolis, Indiana, on September 9, 2009. Proofs of publication of the notice were incorporated by reference into the record and placed into the official files of the Commission. The Petitioner and the Indiana Office of Utility Consumer Counselor ("OUCC") appeared and participated at the Prehearing Conference. No members of the general rate paying public appeared or participated therein. Based upon the agreement of the parties, the Commission approved a Procedural Schedule that became part of the Record of this proceeding pursuant to the Commission's Prehearing Conference Order, issued on September 16, 2009. On October 5, 2009, the OUCC prefiled the testimony of Ray L. Snyder in this Cause.

On October 19, 2009, the Commission conducted an evidentiary hearing in Room 224 of the National City Center, 101 West Washington Street, Indianapolis, Indiana. At such hearing, representatives of the Petitioner and the OUCC were present and participated. Petitioner offered, as part of its direct case, its Verified Petition, including Exhibit A attached thereto, providing the legal description of the area Petitioner proposes to serve. Additionally, Petitioner offered the verified testimony and exhibits of its witness Mr. Frank Czeschin. No members of the general rate paying public appeared or sought to participate. The OUCC offered the verified testimony of its witness Ray L. Snyder.

The Commission, having considered the evidence in this Cause, the laws of the State of Indiana, and being duly advised now finds as follows:

1. **Notice and Jurisdiction.** Due, legal, and timely notice of these proceedings was given and published as required by law. Petitioner is a corporation organized and existing for purposes of delivering natural gas to consumers within the State of Indiana. Petitioner is thus a public utility as the same is defined by Ind. Code § 8-1-2-1. Further, Petitioner is a gas utility as such is described by Ind. Code § 8-1-2-87, and pursuant to such statute, this Commission is authorized to issue Necessity Certificates to Petitioner. Thus this Commission has jurisdiction over the Petitioner and the subject matter of this Cause.

2. **Petitioner's Characteristics.** Petitioner's corporate office is in Corydon, Indiana, and currently provides natural gas service to 2,841 customers in Harrison and Floyd Counties, Indiana. Petitioner has provided continuous service to its customers since 1929.

3. **Relief Requested.** Petitioner seeks a Necessity Certificate to expand its current service territory into a contiguous area in Harrison County. Specifically, Petitioner seeks to be certified to serve the area described on its Exhibit A as follows:

Harrison County:

Morgan Township:

Sections: 5, 7, 8, 17, 18

Township 2 South, Range 4 East

Section: 32

Township 1 South, Range 4 East

4. **Evidence of the Parties.** Petitioner offered in its direct case, the testimony of its President, Mr. Frank Czeschin. Mr. Czeschin described his familiarity with the proposed area to be served based upon his long-term involvement with the Petitioner, as well as his residence being near the area for which the Necessity Certificate is sought. Mr. Czeschin described the area the Petitioner is currently providing service in through both a legal description (Exhibit B), as well as a general description of the area Petitioner currently serves. Mr. Czeschin also provided as part of his exhibits a plat map which highlights how the proposed area is contiguous to the area Petitioner currently serves.

Mr. Czeschin testified regarding the authorization of the Board of Directors provided to seek this Necessity Certificate, and thereafter to provide service in the new area. He also noted the anticipated route of the main extension from Petitioner's current service area and the costs associated with this extension. Mr. Czeschin described that Petitioner has sufficient financial wherewithal to both extend the lines and thereafter provide natural gas service to the potential customers in this area; and provided this Commission with an income statement for the company and an exhibit reflecting the appropriate application of the Commission's three year revenue rule as it relates to extensions.

Based upon his knowledge of this area and discussions with the North Harrison Community School Corporation, Mr. Czeschin opined that public convenience and necessity requires the issuance of this Necessity Certificate. Mr. Czeschin noted that the North Harrison

Community School Corporation has agreed to fund up to \$200,000 of the cost for the extensions. Mr. Czeschin stated that absent the granting of this Necessity Certificate, it is unlikely that natural gas service would be available in the foreseeable future. Mr. Czeschin concluded his testimony by opining that public interest would be best served by granting the request of the Petitioner to serve this area. Petitioner offered its Verified Petition which initiated this Cause, along with Exhibit A, the legal description attached to such Petition, which defines the area which Petitioner proposes to provide natural gas service.

The OUCC offered the testimony of its witness Ray L. Snyder. Mr. Snyder's evidence reflects that the OUCC has reviewed this request; considered information provided by the Petitioner; considered the elements required by statute; and supports the granting of the proposed Necessity Certificate to the Petitioner.

5. Discussion and Findings. This Commission is authorized pursuant to Ind. Code § 8-1-2-87 to grant Necessity Certificates to gas utilities, such as Petitioner, if the Commission finds that the entity seeking the Necessity Certificate has the lawful power and authority to obtain such Necessity Certificate; to thereafter render the proposed gas distribution service; has the financial ability to provide the service once authorized; that public convenience and necessity require the rendering of the proposed natural gas service; and that the public interest will be served by the issuance of the particular Necessity Certificate requested. In this Cause, Petitioner has demonstrated that it has the lawful power and authority to proceed with extension of its mains and thereafter provide natural gas service; has the financial wherewithal to complete the necessary construction and thereafter purchase a sufficient supply of natural gas for service to potential customers; that economic development in this area of Indiana tends to follow the availability of natural gas service; that this Petitioner has learned of interest by various property owners in having natural gas service available; and that absent the grant of this Necessity Certificate to this Petitioner, it is unlikely that natural gas service will be available in this area within the foreseeable future. The OUCC's evidence is supportive of this request for a Necessity Certificate to the Petitioner. Accordingly, the Commission finds that Petitioner's request for a Necessity Certificate is hereby granted.

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

1. Indiana Utility Corporation is hereby granted a Necessity Certificate to render natural gas service in the following area:

Harrison County:

Morgan Township:

Sections: 5, 7, 8, 17, 18

Township 2 South, Range 4 East

Section: 32

Township 1 South, Range 4 East

2. Petitioner shall hold this Necessity Certificate subject to all rights, privileges,

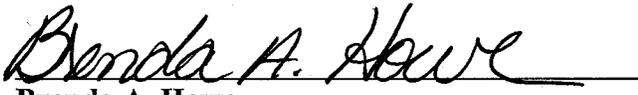
duties, and limitations provided by Ind. Code § 8-1-2, and the rules of this Commission.

3. This order shall be effective on and after the date of its approval.

HARDY, ATTERHOLT, GOLC, LANDIS, AND ZIEGNER CONCUR:

APPROVED: OCT 28 2009

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

A handwritten signature in cursive script that reads "Brenda A. Howe". The signature is written in black ink and is positioned above a horizontal line.

**Brenda A. Howe,
Secretary to the Commission**