

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

*[Handwritten signatures and initials: JLO, JMA, and a large scribble]*

APPLICATION OF INDIANA GAS )  
COMPANY, INC. D/B/A VECTREN )  
ENERGY DELIVERY OF INDIANA, INC. )  
("VECTREN NORTH") FOR A )  
NECESSITY CERTIFICATE )  
AUTHORIZING IT TO RENDER )  
NATURAL GAS SERVICE TO THE )  
PUBLIC IN CERTAIN AREAS OF )  
TIPPECANOE COUNTY )

CAUSE NO. 43803

APPROVED: NOV 12 2009

**BY THE COMMISSION:**

**James D. Atterholt, Commissioner**  
**Angela Rapp Weber, Administrative Law Judge**

On October 7, 2009, Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren North" or "Applicant") filed its Verified Application and Verified Direct Testimony with the Indiana Utility Regulatory Commission ("Commission"). The Verified Petition requested a Certificate of Public Convenience and Necessity ("Necessity Certificate") permitting Vectren North to render gas utility service to the public in certain areas of Tippecanoe County, Indiana, which is adjacent to the territory Applicant presently is authorized to serve.

Applicant and Indiana Office of Utility Consumer Counselor ("OUCC") agreed that the Prehearing Conference should be waived. Accordingly, the Presiding Officers issued a Docket Entry on October 22, 2009 setting this matter for an Evidentiary Hearing on November 9, 2009 at 10:00 a.m. in Room 224 of the National City Center, 101 West Washington Street, Indianapolis, Indiana. On November 6, 2009, the OUCC prefiled the testimony of Utility Analyst, Ray L. Snyder.

Pursuant to notice duly published as required by law, the Evidentiary Hearing in this Cause mentioned above commenced on November 9, 2009 at 10:00 a.m. in Room 224. Vectren North and the OUCC appeared, by counsel, and participated in the Evidentiary Hearing. No member of the public appeared or attempted to participate. Vectren North's Verified Application and its Verified Direct Prefiled Testimony of Thomas Moore were admitted into evidence without objection. Mr. Snyder's prefiled testimony was also admitted into the record without objection.

1. **Commission Jurisdiction and Notice.** Due, legal, and timely notice of the Evidentiary Hearing in this Cause was given and published by the Commission as required by law. Vectren North is a public utility within the meaning of the Public Service Commission Act, as amended, and is subject to the jurisdiction of the Commission in the manner and to the extent provided in Indiana Code § 8-1-2 *et seq.*. As such, Vectren North is subject to the jurisdiction of

this Commission. The provisions of the Public Service Commission Act, as amended, authorize the Commission to act in this proceeding. In particular, Indiana Code § 8-1-2-87(d) sets forth the criteria that a gas utility must meet in order for the Commission to approve a Necessity Certificate for the rendering of gas distribution service in rural areas of the Indiana. The Commission, therefore, has jurisdiction over the Applicant and the subject matter herein.

2. **Applicant's Characteristics.** Vectren North is a corporation organized and existing under the laws of the State of Indiana and has its principal office located at One Vectren Square, Evansville, Indiana. Vectren North is engaged in the business of purchasing, transporting, distributing, and selling natural gas to the public in numerous counties in Indiana pursuant to Necessity Certificates heretofore issued by this Commission. Vectren North owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities that are used and useful for the production, transmission, distribution, and furnishing of natural gas service to approximately 550,000 end users in Indiana.

3. **Relief Requested.** Vectren North requests this Commission grant it authority to extend natural gas service into a small unserved area in Tippecanoe County, Indiana ("Expansion Area"). The Expansion Area is immediately adjacent to Vectren North's currently authorized service area. The proposed Expansion Area is Section 9 and Section 10, (R-4-W and T-24-N) in Tippecanoe Township, Tippecanoe County in Indiana.

4. **Evidence Presented.** Mr. Thomas Moore is Vectren North's Manager of Residential and Commercial Sales. His Verified Testimony described the proposed Expansion Area in Tippecanoe County, Indiana. Exhibit A, which is a map attached to the Verified Application in this Cause, shows Vectren North's current certificated service territory and depicts the contiguous Expansion Area. After review and research, Mr. Moore stated that the Expansion Area is not currently certificated or receiving gas distribution service from any gas utility.

Mr. Moore testified that there currently is public interest in having gas service extended into the Expansion Area, and Vectren North believes that there will be additional interest as facilities are extended into this area. The proposed Expansion Area currently includes approximately twenty-three houses, a twelve unit trailer park, small businesses, as well as a large grain drying operation that is interested in using natural gas. The grain drying facility would like to have gas available for the 2009 harvest. Approximately ten residences currently have expressed an interest in gas service. The small businesses include commercial garages, machine shops, and a horse facility. It is anticipated the Expansion Area will be an area of residential and commercial growth.

Mr. Moore stated that Vectren North has existing facilities that are adjacent to the Expansion Area of sufficient capacity to provide gas to it. In addition, Vectren North's capacity rights, interstate pipelines, and ongoing supply of gas commodity will enable the continuous provision of service in the Expansion Area. He also testified Vectren North possesses the requisite technical and managerial expertise to extend and provide service in the Expansion Area. The employees who directly perform operation and maintenance on the gas distribution service have been properly qualified in accordance with Department of Transportation Rules and

Regulations. All operational activities have oversight provided by professional engineers with many years of experience in natural gas distribution. The office staff also has the expertise based on training and experience to provide the services necessary for the provision of natural gas service in the expansion area. Further, Mr. Moore testified that Vectren North has the financial capability to provide natural gas service in the Expansion Area. He referenced Vectren North's balance sheet and income statement appended to the Verified Petition in this Cause, which demonstrate Vectren North's financial resources.

Mr. Moore stated that the impacts that will occur from Vectren North providing gas service in the proposed Expansion Area will be positive. Public convenience and necessity will be served by providing gas service where it is needed. The economic development potential of the Expansion Area will increase through the availability of gas service. Vectren North's fixed costs will be collected over a larger customer base/sales volume. The proposed Expansion Area geographically is rather small and the extension of service into the area will not necessitate the hiring of additional employees.

He concluded by testifying that Public Convenience and Necessity will be best served by granting the requested Necessity Certificate. The expansion of service to this area will enhance public service, economic development, and there will be no negative impacts on other Vectren North customers. Vectren North has the financial, managerial, and operational ability and expertise to support the provision of service in the Expansion Area.

Mr. Snyder's testified that he reviewed Petitioner's testimony and exhibits, as well as Petitioner's responses to the OUCC data requests. Mr. Snyder stated that the OUCC has no objections to the relief requested in this Cause.

**5. Discussion and Findings.** Vectren North has provided evidence in this proceeding that its proposed extension of gas distribution service to the Expansion Area meets the criteria set forth in Indiana Code § 8-1-2-87(d). Section 87(d) provides that if the Commission makes the following findings, it shall grant an application for a Necessity Certificate:

- (1) that the applicant has the power and authority to obtain the certificate and to render the proposed gas distribution service if it obtains the certificate;
- (2) that the applicant has the financial ability to provide the proposed service;
- (3) that the public convenience and necessity require the providing of the proposed service; and
- (4) that the public interest will be served by the issuance of the necessity certificate.

The record herein establishes that Vectren North possesses the requisite corporate power and authority to provide service within the Expansion Area and that Vectren North possesses the requisite financial capability to provide natural gas service to the area. Also, the evidence presented establishes that the public convenience and necessity require Vectren North's provision of gas service to the Expansion Area, and the public interest will be served by Vectren North's provision of such service. Based on the evidence of record, the Commission finds that Vectren North's Verified Application requesting a Necessity Certificate should be granted.

6. **Licenses, Permits and Franchises.** The Commission finds that pursuant to Indiana Code § 36-2-2-23, the County Commissioners of the county for which the Necessity Certificate herein approved is effective may grant to Vectren North such licenses, permits, or franchises as may be required for the use of county property for the provision of gas distribution service in the Expansion Area described in Paragraph 3.

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

1. A Certificate of Public Convenience and Necessity shall be and is hereby issued to Vectren North to provide natural gas distribution service in the Sections or portions of Sections described in Paragraph 3 of this Order.

2. This Order shall be the sole evidence of such Certificate of Public Convenience and Necessity.

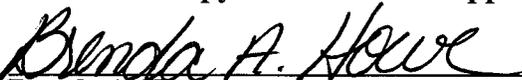
3. The County Commissioners of Tippecanoe County, the county for which the Certificate of Public Convenience and Necessity herein approved is effective, have the consent of the Indiana Utility Regulatory Commission to grant such licenses, permits, or franchises for the use of county property by Vectren North as may be required for the provision of gas distribution services authorized herein.

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

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

**APPROVED: NOV 12 2009**

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



Brenda A. Howe

Secretary to the Commission