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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANA-AMERICAN)
WATER COMPANY, INC. FOR APPROVAL OF) CAUSE NO. 43843
PUBLIC FIRE PROTECTION SURCHARGE IN)
LIEU OF DIRECTLY BILLED HYDRANT)
CHARGES IN THE CITY OF MUNCIE IN) APPROVED: APR 14 2010
DELAWARE COUNTY)

BY THE COMMISSION:

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

On January 11, 2010, Indiana-American Water Company, Inc. ("Petitioner") filed its Verified Petition in this Cause. Pursuant to Ind. Code § 8-1-2-103(d) ("Section 103"), the City Council for the City of Muncie ("Muncie" or "City") passed an Ordinance on November 20, 2009 requiring the costs of furnishing water for public fire protection to be charged to all customers of Indiana-American within the City. Currently, Petitioner bills the City, rather than individual customers, for fire protection. Petitioner seeks approval to bill public fire protection surcharges to customers within Muncie in lieu of hydrant charges billed to the City. On February 2, 2010, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony of Charles E. Patrick.

Pursuant to a notice duly given as provided by law, an Evidentiary Hearing was held in this matter on March 1, 2010 in Room 224 of the National City Center, 101 West Washington Street, Indianapolis, Indiana. At the Evidentiary Hearing, the testimony and exhibits of Petitioner and the OUCC were admitted into the record, and Petitioner's witness Gary M. VerDouw answered questions from the Presiding Officers.

Based upon all of the evidence presented in this proceeding and the applicable law, the Commission now finds:

1. **Notice and Jurisdiction.** Due, legal, and timely notice of the Evidentiary Hearing was given as provided by law. Petitioner is engaged in the provision of water utility service to the public in and around numerous communities throughout the State of Indiana, including in and around Muncie, Indiana. As such, Petitioner is a public utility as that term is defined in Ind. Code § 8-1-2-1. The Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. **Petitioner's Evidence.** The Petition was verified by Petitioner's Manager of Rates and Regulation, Gary M. VerDouw. According to the Petition Muncie adopted Ordinance No. 72-09, pursuant to Section 103, which provides that the costs for public fire protection shall be recovered through the basic rates of customers. Attached to the Verified Petition as Exhibit 2 were the revised tariff sheets to implement public fire protection surcharges within the corporate limits of Muncie in lieu of hydrant charges billed to the municipality. The applicable tariff pages were further marked as Tariff I.U.R.C. No. W-17-A, first revised pages 7 and 8 of 10. The proposed change would not apply to the bills of customers of the utility located outside the corporate limits. Petitioner's evidence included the workpapers supporting the calculations of the proposed fire protection surcharges. The Petition explained that the proposed changes are revenue neutral. Exhibit No. 3 shows that the

surcharges have been calculated by dividing the revenues to be lost from elimination of hydrant charges to the City of Muncie by the current number of equivalent 5/8-inch meters located within Muncie.

3. **OUCC's Evidence.** Mr. Charles E. Patrick, a Utility Analyst for the OUCC, provided testimony indicating that the OUCC reviewed Petitioner's calculation of proposed charges. Mr. Patrick testified that Petitioner's calculation of proposed charges was made correctly and in accordance with the statute. He recommended that the Commission approve the new schedule of rates as required by Ind. Code § 8-1-2-103(d).

4. **Commission Discussion and Findings.** Section 103(d) authorizes a change in the method of public fire protection cost recovery so as to implement a public fire protection surcharge in lieu of hydrant charges billed to the municipality if the appropriate ordinance is adopted by "the governing body of any municipality." If a municipality adopts an ordinance under Ind. Code § 8-1-2-103(d) providing that charges for water for public fire protection purposes shall be included in the basic rates of all customers of the utility within the municipality, then the utility has an obligation to reflect this change in a new or revised schedule of rates and charges. Thereafter, the Commission is directed by the statute to approve the new or revised schedule of rates. Since Muncie's City Council passed the Ordinance on November 20, 2009, which was provided to the Commission, the Commission finds that Petitioner's proposal in this Cause is consistent with Section 103. Specifically, we find that Petitioner has calculated the resulting customer surcharges as required by Section 103 and that such calculation is revenue-neutral. Accordingly, the Commission approves the revised schedule of rates (Tariff I.U.R.C. No. W-17-A first revised pages 7 and 8 of 10).

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

1. Petitioner's request to implement customer surcharges applicable within the corporate limits of the City of Muncie, in lieu of hydrant charges billed to the City of Muncie, shall be and hereby is approved.

2. Prior to placing in effect the public fire protection surcharge approved by this Order, Petitioner shall file with the Water/Sewer Division of the Commission a copy of its Tariff I.U.R.C. No. W-17-A, first revised pages 7 and 8 of 10. The public fire protection surcharge shall be effective upon approval of the Water/Sewer Division.

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

HARDY, ATTERHOLT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: APR 14 2010

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


Brenda A. Howe
Secretary to the Commission