ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC SERVICE COMPANY ("NIPSCO") FOR A NECESSITY CERTIFICATE AUTHORIZING IT TO RENDER NATURAL GAS SERVICE TO THE PUBLIC IN CERTAIN AREAS OF HUNTINGTON COUNTY	))))))	**CAUSE NO. 43891** **APPROVED:** JUN 16 2010

BY THE COMMISSION:
James D. Atterholt, Commissioner
Angela Rapp Weber, Administrative Law Judge

On April 23, 2010, Northern Indiana Public Service Company ("Petitioner" or "NIPSCO") filed its Verified Petition for a Certificate of Public Convenience and Necessity Certificate ("Necessity Certificate"). In the Verified Petition, NIPSCO requested authority to render natural gas utility service to the public in certain areas of Huntington County adjacent to the territory in which it is presently authorized to provide service. Along with its Verified Petition, NIPSCO included the Verified Direct Testimony of Michael W. Pruitt, which included maps depicting the territory Petitioner seeks authority to serve.

The Commission scheduled this matter for a Prehearing Conference and Preliminary Hearing for June 2, 2010. On May 12, 2010, the Petitioner and the Office of Utility Consumer Counselor ("OUCC") filed a Joint Motion to Waive Prehearing Conference and Establish Procedural Schedule ("Joint Motion"), which requested that the June 2, 2010 Prehearing Conference be converted to an Evidentiary Hearing. On May 17, 2010, the Commission issued a Docket Entry granting the Joint Motion and established prefiling dates for the OUCC's case-in-chief and Petitioner's rebuttal. Pursuant to the May 17, 2010 Docket Entry, the OUCC prefiled its case-in-chief on May 20, 2010 and indicated that it did not oppose the relief requested. NIPSCO did not file rebuttal testimony.

Pursuant to notice duly given and published as required by law, the Commission held an Evidentiary Hearing in this Cause at 9:30 a.m. on June 2, 2010 in Room 224 of the National City Center, 101 West Washington Street, Indianapolis, Indiana. At the Evidentiary Hearing, the prefiled testimony and exhibits of the Petitioner and the OUCC were offered and admitted into the record without objection.

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

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. Petitioner is a public utility within the meaning of the Public Service Commission Act, as amended, Indiana Code § 8-1-2 *et seq.* 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 Indiana. The Commission, therefore, has jurisdiction over the Applicant and the subject matter herein.

2. **Petitioner's Characteristics.** Petitioner is a corporation organized and existing under the laws of the State of Indiana and has its principal office located at 801 East 86th Avenue, Merrillville, Indiana. Petitioner is engaged in the business of purchasing, transporting, distributing, and selling natural gas to the public in Adams, Allen, Benton, Carroll, Cass, Clinton, Elkhart, Fulton, Huntington, Jasper, Kosciusko, LaGrange, Lake, LaPorte, Marshall, Miami, Newton, Noble, Porter, Pulaski, Saint Joseph, Starke, Tippecanoe, Wabash, Warren, Wells, White, and Whitley Counties in the State of Indiana. Petitioner 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 700,000 end users in Indiana.

3. **Relief Requested.** Petitioner requests that the Commission grant it authority to extend natural gas service into an unserved area in Warren Township, Huntington County, Indiana ("Expansion Area"). The Expansion Area is immediately adjacent to Petitioner's currently authorized service area and is comprised of Sections 9, 10, 15, 16, 21, 22, 27, and 28, R-8-E, T-29-N.

4. **Evidence Presented.** Mr. Michael W. Pruitt, a District Project Engineer 3 for Petitioner, testified on behalf of Petitioner. His Verified Direct Testimony described the Expansion Area in Huntington County, Indiana. He also provided Exhibit MWP-4, which showed the proposed Expansion Area in relation to Petitioner's currently authorized territory. Mr. Pruitt testified that a potential customer requested natural gas service from NIPSCO for a farm that needs natural gas for grain drying purposes, and therefore the public interest would be served by the proposed expansion of NIPSCO's service territory. Mr. Pruitt sponsored Exhibit MWP-2, a letter from the owner of the grain dryer who requested service from NIPSCO.

Mr. Pruitt described how the only other natural gas utility with rights to serve in Huntington County is Vectren, but Vectren's approved territory is five miles from the Expansion Area. He also testified that Petitioner contacted Vectren prior to filing the Petition and Vectren expressed no objection to Petitioner's request to serve the Expansion Area. He added that Petitioner possesses the requisite technical and managerial expertise to extend and provide service in the Expansion Area. Mr. Pruitt also testified that Petitioner possesses the financial ability to provide natural gas service to the proposed Expansion Area.

Mr. Pruitt also testified that although service to the grain dryer would only require the installation of three-inch plastic pipe, NIPSCO plans to install four-inch plastic pipe. The installation of a four-inch pipe would provide sufficient capacity to allow NIPSCO to serve additional sections located south of the grain dryer, including the town of Bippus. He explained that such areas are depicted on MWP-4.

Mr. Ray L. Snyder, a Utility Analyst in the OUCC's Natural Gas Division, testified that the OUCC does not oppose Petitioner's request. Mr. Snyder testified that the OUCC's position is based on (1) Petitioner's representation that the nearest utility, Vectren, does not oppose Petitioner's request; (2) Petitioner's statement that the it will pay for any costs associated with over-sizing the main to serve potential future customers, thus ensuring that the current customer will only pay his fair share; and (3) Petitioner's ability to demonstrate that the extension project is cost-justified relative to anticipated three-year revenues.

5. **Discussion and Findings.** Petitioner has provided evidence in this proceeding that its proposed extension of natural gas distribution service to the Expansion Area meets the criteria set forth in Indiana Code § 8-1-2-87(d). Indiana Code § 8-1-2-87(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 established that NIPSCO possesses the requisite corporate power and authority to provide service within the Expansion Area and that NIPSCO possesses the requisite financial capability to provide natural gas service to the area. Also, the evidence presented established that the public convenience and necessity require NIPSCO's provision of natural gas service to the Expansion Area, and the public interest will be served by NIPSCO's provision of such service. Based on the evidence of record, the Commission finds that NIPSCO's Verified Petition requesting 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 NIPSCO such licenses, permits, or franchises that may be required for the use of county property for the provision of natural 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 Certificate shall be and is hereby issued to NIPSCO to provide natural gas distribution service in the Sections described in Paragraph 3 of this Order.

2. The County Commissioners of Huntington County, Indiana, the county for which the Certificate of Public Convenience and Necessity Certificate 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 NIPSCO as may be required for the provision of natural gas distribution services authorized herein.

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

HARDY, ATTERHOLT, MAYS AND ZIEGNER CONCUR; LANDIS ABSENT:

APPROVED: JUN 16 2010

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

Brenda A. Howe

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Secretary to the Commission