



Necessity Certificates issued by this Commission. Petitioner owns, operates, manages, and controls, plant, property, equipment, and facilities, which are used and useful for the production, transmission, distribution, and furnishing of natural gas service to approximately 570,000 end users in Indiana.

3. **Relief Requested.** Petitioner requests a Necessity Certificate authorizing it to provide natural gas service in an unserved area in Decatur County, Indiana, immediately adjacent to Petitioner's currently authorized service area. The proposed "Expansion Area" is as follows:

Section 20, Township 11 N., Range 10 E; and  
Section 29, Township 11 N., Range 10 E.

Petitioner is currently serving a single customer, an S&G Seed grain drying facility, in the proposed Expansion Area and only recently became aware of the lack of a Necessity Certificate for the Expansion Area.

4. **Statutory Framework.** Indiana Code section 8-1-2-87(d) requires the Commission, prior to issuing a Necessity Certificate, to determine whether Petitioner: (1) has lawful power and authority to obtain such Necessity Certificate; (2) has lawful power and authority to render the proposed natural gas distribution service if it obtains such Necessity Certificate; and (3) has the financial ability to provide the proposed natural gas distribution service. In addition, the statute requires the Commission to determine whether public convenience and necessity require the rendering of the proposed gas distribution service and whether the public interest will be served by the issuance of the Necessity Certificate.

5. **Evidence Presented.** Mr. James M. Francis, Petitioner's Director of Engineering and Asset Management, testified Petitioner discovered it had been supplying natural gas distribution service outside of its authorized service area when S&G Seed requested service for an expansion of its grain drying facility. Mr. Francis testified Petitioner apparently failed to make a notation in its mapping system when it began servicing the S&G Seed facility in 1993. Mr. Francis testified that prior to filing its Petition, Petitioner consulted the Commission's maps and contacted neighboring local distribution companies to determine whether any other entity was authorized to provide service in the Expansion Area. Mr. Francis testified Petitioner believes no other natural gas distribution utility is providing service in the Expansion Area.

Mr. Francis further testified that in addition to authorizing Petitioner's existing service to S&G Seed's grain drying facility, the Necessity Certificate would allow Petitioner to provide service to eight additional customers in the Expansion Area, including a second grain drying facility and seven residential customers. Mr. Francis testified certification of the proposed Expansion Area would positively impact Petitioner's ability to serve all of its customers because it would spread Petitioner's distribution costs over a higher number of customers without requiring Petitioner to hire any new employees, resulting in a decrease in each customer's share of the costs. Mr. Francis testified the expansion of natural gas service would also help to promote economic development, which will have a positive impact on Petitioner's customer base and on Indiana.

Mr. Francis testified Petitioner possesses the requisite technical and managerial expertise and corporate power and authority to provide service to the Expansion Area. Petitioner currently provides safe and adequate natural gas distribution service to approximately 570,000 customers in Indiana. Petitioner has sufficient financial resources to provide natural gas distribution service to the proposed Expansion Area as shown by the financial statements attached to the Verified Petition in this Cause as Exhibit B (“Balance Sheet”) and Exhibit C (“Income Statement”). Petitioner has experienced no materially adverse change in its financial conditions since December 31, 2009.

Finally, Mr. Francis testified Petitioner has capacity rights with interstate gas pipelines, coupled with access to an adequate supply of natural gas commodity. Mr. Francis testified this will enable Petitioner to continue to provide service to its current customers as well as the new customers within the Expansion Area. Mr. Francis testified Petitioner possesses the equipment, personnel, and supplies needed to provide reasonable and safe natural gas distribution service to the proposed Expansion Area.

The OUCC, after reviewing Petitioner’s petition, testimony, and exhibits, chose not to file testimony in this Cause.

**6. Discussion and Findings.** Petitioner’s evidence in this proceeding demonstrates its proposed extension of natural gas distribution service to the Expansion Area meets the criteria set forth in Indiana Code section 8-1-2-87(d). Petitioner possesses the requisite corporate power and authority to obtain the Necessity Certificate and to provide natural gas distribution service within the Expansion Area. In addition, Petitioner possesses the requisite financial capability to provide natural gas service to the area. Public convenience and necessity require the rendering of the proposed natural gas distribution service for the two grain drying facilities, one of which does not currently receive service. Although the Commission believes the rate impact on Petitioner’s customers resulting from the addition of eight customers will be minimal, the Commission nonetheless finds the expansion of gas distribution service to the two grain drying facilities and the residential customers is in the public interest.

Based upon the applicable law and evidence presented, the Commission finds public convenience and necessity require, and the public interest will be served by, the issuance of a Necessity Certificate authorizing Petitioner to provide distributed natural gas service in the Expansion Area.

**7. Consent to the Granting of Licenses, Permits and Franchises.** Pursuant to Indiana Code section 36-2-2-23, the County Commissioners of the County in which the Necessity Certificate is herein approved may grant to Petitioner such licenses, permits, or franchises as 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 above.

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

1. A Necessity Certificate is issued to Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. to provide natural gas distribution service for the Expansion Area described in Paragraph 3 of this Order.

2. The County Commissioners of Decatur County, which encompasses the Expansion Area described in Paragraph 3 of this Order, have the consent of the Indiana Utility Regulatory Commission to grant such licenses, permits, or franchises for the use of county property by Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. as may be required for the provision of natural gas distribution services authorized herein.

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

**HARDY, ATTERHOLT, LANDIS, AND ZIEGNER CONCUR; MAYS NOT PARTICIPATING:**

**APPROVED: JUL 28 2010**

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



**Brenda Howe**  
**Secretary to the Commission**