

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF GIBSON WATER, INC., A)
SMALL, NOT-FOR-PROFIT WATER) CAUSE NO. 43918
UTILITY, FOR APPROVAL OF A)
CONTRACT TO PROVIDE TREATED)
WATER ON A WHOLESALE BASIS TO THE) APPROVED:
TOWN OF HAUBSTADT) NOV 04 2010

BY THE COMMISSION
Carolene R. Mays, Commissioner
Aaron A. Schmoll, Senior Administrative Law Judge

Gibson Water, Inc. ("Gibson Water" or "Petitioner") filed its Verified Petition initiating this cause on July 1, 2010, seeking relief in three areas relating to a wholesale water supply agreement ("Wholesale Contract") with the Town of Haubstadt ("Haubstadt").

The Commission conducted a prehearing conference and preliminary hearing on August 4, 2010 at 10:00 a.m. EDT in the Commission's Conference Center, Suite 220, Judicial Courtroom 222 of the PHC Center, 101 West Washington Street, Indianapolis, Indiana.

The Commission conducted a public evidentiary hearing on September 10, 2010. Gibson Water's counsel confirmed on the record at the hearing that his client was no longer seeking the relief described in subparagraph (c) on the first page of its Verified petition relating to changing future wholesale arrangements through the Commission's Thirty Day Administrative Filings Rule. Also at that hearing, the testimony of Gibson Water's witness, its Utility Manager Steve Jenkins, as well as the OUCC's witness, Charles E. Patrick, was admitted into the record without objection. No member of the public appeared or participated at the hearing.

Having considered the evidence and being duly advised, the Commission now finds:

1. Notice and Jurisdiction. Due, legal, and timely notice of the hearing in this Cause was given as provided by law. Petitioner is a "public utility" as defined in Ind. Code Section 8-1-2-1(a) and is subject to the jurisdiction of the Commission. The Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. Petitioner's Characteristics. Gibson Water is a not-for-profit utility supplying treated water to 1,567 retail customers. Although Haubstadt is not a party to this proceeding, Haubstadt resells the treated water it purchases from Petitioner to approximately 815 retail customers of the town's municipal water utility. Haubstadt withdrew from this Commission's jurisdiction in November, 1980.

3. Evidence.

A. Gibson Water

Steve Jenkins, Utility Manager for Gibson Water, described the 2010 Agreement, focusing on the wholesale rate, the monthly flat rate, and the request to use the 30-day filing procedure under 170 IAC 1-6-3(6). Mr. Jenkins also stated that Haubstadt supports Gibson Water's petition. Mr. Jenkins provided support for his testimony with correspondence from Haubstadt's attorney expressing support for Gibson Water's petition.

Mr. Jenkins stated the 2010 agreement calls for Haubstadt to pay the then-current wholesale rate approved for Gibson by the Commission. The current tariff also includes a monthly flat fee of \$1,385 which is eliminated in the 2010 Agreement. He testified that Gibson Water and Haubstadt agree that elimination of this fee is in both parties' best interests. Mr. Jenkins stated the flat fee was originally established in part for Haubstadt to reimburse Gibson Water for the cost of the infrastructure improvements necessary for Gibson Water to extend service to Haubstadt.

Mr. Jenkins discussed utilizing the Commission's 30-day filing process for any and all subsequent modifications to Gibson Water's wholesale arrangements. He stated that small not-for-profit utilities (such as Gibson Water) are sensitive to costs associated with regulatory compliance activities. He testified that initially, Gibson Water wanted to use the 30-day filing process for obtaining Commission approval of the 2010 Agreement but was told that they needed prior authorization to avoid a hearing involving a change affecting the rate paid by its sole wholesale customer.

B. OUCC.

Charles Patrick, Utility Analyst for OUCC, addressed Gibson's request to approve the 2010 Agreement and remove the flat monthly charge of \$1,385 from the sales for resale section of Gibson Water's tariff. Mr. Patrick did not address Gibson's request for 30-day filing language to be included in the order, as Gibson Water withdrew that request on the record at the prehearing conference.

Mr. Patrick stated that the 2010 Agreement is virtually identical to the 1989 Agreement with the exception that Haubstadt would no longer pay Gibson \$1,385 per month in addition to the wholesale volumetric rate. He recommended the 2010 Agreement should be approved by the Commission, and that Gibson Water file an amended tariff with the Commission reflecting the elimination of the flat monthly fee paid by Haubstadt to Gibson.

4. Discussion and Findings. Pursuant to its request on the record at the prehearing conference and evidentiary hearing, we need only consider Gibson Water's request for approval of its Wholesale Contract with Haubstadt and the removal from its tariff of the monthly flat rate for wholesale customers. Haubstadt is Gibson Water's only wholesale customer.

In this case, Gibson Water is not seeking to adjust any retail rates. Instead, it seeks our approval of a wholesale contract it voluntarily negotiated with its only wholesale customer, Haubstadt, a municipal utility that has withdrawn from our jurisdiction. Although Haubstadt is

not a party to this proceeding, the record includes evidence, in the form of an email from Haubstadt's attorney to Gibson Water's witness Mr. Jenkins, that Haubstadt supports Gibson Water's efforts to obtain our approval of the Wholesale Contract.

As noted in the testimony of Gibson Water's Utility Manager and witness, Mr. Jenkins, that monthly flat rate was included over twenty years ago for Haubstadt "to reimburse Gibson Water for the cost of infrastructure improvements" associated with Gibson Water's extension of service to Haubstadt. The Wholesale Contract also provides for Haubstadt to continue to pay for the treated water it receives from Gibson Water based on the volumetric rate set forth in Gibson Water's tariff, which rate is unaffected by this Petition. The OUCC provided testimony that the monthly flat rate is no longer necessary. We agree the Wholesale Contract is reasonable and should be approved. Accordingly, we order Gibson Water to file an amended tariff with the Commission's Water/Sewer Division that removes the monthly flat rate charged to Haubstadt, its sole wholesale customer.

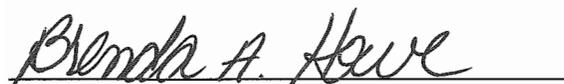
IT IS, THEREFORE, ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Water Purchase Agreement between Gibson Water and the Town of Haubstadt, dated February 17, 2010, shall be and hereby is approved.
2. Gibson Water shall file an amended tariff with the Commission's Water/Sewer Division reflecting the elimination of any monthly flat rate applicable to its wholesale customers. Gibson Water's amended tariff shall be effective upon approval by the Division.
3. This Order shall be effective on and after the date of its approval.

ATTERHOLT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: NOV 04 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