

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED PETITION)
OF KOKOMO GAS AND FUEL COMPANY FOR)
APPROVAL OF TARIFF TO REFLECT THE)
ADDITION OF A SCHOOL AGGREGATION)
PROGRAM FOR THE AGGREGATION OF)
PURCHASES OF NATURAL GAS COMMODITY)
SUPPLY BY AN INDIVIDUAL SCHOOL)
CORPORATION OR MORE THAN ONE)
SCHOOL CORPORATION ACTING JOINTLY)
PURSUANT TO IND. CODE § 20-42.5-2-1(2).)

CAUSE NO. 43924

APPROVED:

JAN 19 2011

BY THE COMMISSION:

James D. Atterholt, Chairman
Aaron A. Schmoll, Senior Administrative Law Judge

On July 19, 2010, Kokomo Gas & Fuel Company ("Kokomo" or "Petitioner") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission") for approval of a tariff to reflect the addition of a school aggregation program for the aggregation of purchases of natural gas commodity supply by an individual school corporation or more than one school corporation acting jointly pursuant to Ind. Code § 20-42.5-2-1(2). Kokomo also submitted Direct Testimony and Exhibits in support of the relief requested on July 19, 2010. On August 23, 2010, the Presiding Officers issued a Docket Entry requesting additional information to which Kokomo responded on September 3, 2010. On October 18, 2010, counsel for the Indiana Office of Utility Consumer Counselor ("OUCC") indicated that the OUCC did not intend to file testimony.

Pursuant to public notice duly given and published, proof of which was incorporated into the record by reference and placed in the Commission's official file, a public hearing was held in this Cause on November 4, 2010 at 9:30 a.m. in Room 222 of the PNC Center, 101 W. Washington Street, Indianapolis, Indiana. At the hearing, Kokomo and the OUCC appeared by counsel and Kokomo offered its prefiled testimony and exhibits which were admitted into evidence without objection. Also admitted into evidence without objection was Kokomo's responses to the questions posed in the Commission's August 23, 2010 Docket Entry. No members of the general public attended.

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

- 1. Notice and Jurisdiction. Proper notice of the hearing in this Cause was given as required by law. Kokomo is a "public utility" within the meaning of Ind. Code § 8-1-2-1 of the Public Service Commission Act, as amended, and is subject to the jurisdiction of the Commission. The Commission has jurisdiction over Kokomo and the subject matter of this Cause in the manner and to the extent provided by the laws of the State of Indiana.

2. Petitioner's Organization and Business. Kokomo is a public utility corporation organized and existing under the laws of the State of Indiana, with its principal office located at 900 East Boulevard, Kokomo, Indiana 46904. Kokomo is engaged in the rendering of gas distribution service in the State of Indiana and owns, operates, manages and controls plants and equipment within the State of Indiana used for the furnishing of such service to the public.

3. Relief Sought. Kokomo seeks Commission approval of its School Commodity Aggregation Service Rider (Tariff IURC No. G-13, Sheet No. 52) ("Rider 52"), a copy of which was provided as Exhibit A to the Verified Petition. If approved, Rider 52 will be available to all public school corporations and secondary or post-secondary educational institutions located in the Kokomo service territory and will permit such school corporations to aggregate purchases of natural gas individually or jointly from any available natural gas commodity seller.

4. Evidence. Kokomo Witness Michael J. Martin testified that Indiana statute provides that an individual school corporation or one or more school corporations acting jointly can aggregate their purchases of natural gas supply from any available natural gas seller. He stated that although such aggregation is permitted under Kokomo's current School Aggregation Pool Service Rider ("Rider 51"), this service does not provide for gas supplies to be provided by third party suppliers, which is provided for under the proposed Rider 52. Mr. Martin explained that the proposed Rider 52 would allow a school corporation serving students in grades K through 12 or secondary and post-secondary education institutions acting individually or jointly in Kokomo's service territory to aggregate purchases from natural gas supply from any available qualified natural gas commodity seller. He explained that Rider 52 contains provisions relating to availability, contract for transportation service, rates, other charges and conditions of service, imbalance netting, and summary billing.

Mr. Martin testified eligibility under Rider 51 includes school corporations and secondary educational institutions. Rider 52 expands the eligibility criteria in Rider 51 to include post-secondary education institutions. In addition, the schools currently eligible under Rider 51 will now be able to elect from whom they want to receive the natural gas supply pursuant to Ind. Code § 20-42.5-2-1(2).

Mr. Martin testified Kokomo serves eligible schools in its service area under Rate No. 20 (Small Commercial Gas Service), Rate No. 30 (Large Commercial Gas Service) or Rate No. 50 (Public Authority Gas Service). He stated that a qualifying school also has the option to select to receive service under Rider 51, which allows schools to pool their commodity purchases to receive a fixed rate from Kokomo. He noted that to date, no schools have elected to receive service under Rider 51.

Mr. Martin explained that customers electing service under Rider 52 will pay the rate and charges applicable to the service classification under which it is served (Rate Nos. 20, 30 or 50). That customer would then receive a credit for all gas commodity costs. He explained that the credit is the sum of the base commodity cost of gas and the commodity cost of gas as shown in the Commodity Cost Adjustment contained in Appendix A (Rate Adjustment Factor ("GCA")) to Kokomo's natural gas tariff. More specifically, the rate is calculated by (1) summing the distribution charge and the GCA charge (per therm), (2) reducing that figure by the Commodity Cost Adjustment, and (3) multiplying the resultant charge/therm by the number of therms used.

That amount plus the customer charge and applicable sales tax represents the total shown on the customer's bill.

5. Discussion and Findings. On March 14, 2007, the Commission approved Kokomo's School Aggregation Pool Service, Rider 51 through the Commission's Thirty Day Administrative Filing procedure. The tariff filing was made to comply with relevant portions of Ind. Code § 21-10-2-1, which has been recodified as Ind. Code § 20-42.5-2. This statute requires natural gas utilities to make available, upon approval of the Commission, a rate schedule allowing a school corporation or school corporations acting jointly to elect to make aggregated purchases of natural gas supplies. In addition to authorizing the purchase of natural gas from any available natural gas supplier as authorized by Ind. Code § 20-42.5-2-1(2), Kokomo's proposed Rider 52 expands the eligibility criteria in Rider 51 to include post-secondary education institutions.

Kokomo's proposed Rider 52 fully complies with Ind. Code § 20-42.5-2-1(2) by providing eligible schools the service that utilities are to offer under the applicable statute. The proposed tariff also provides schools with additional choices of gas suppliers, resulting in additional flexibility for these customers to manage their energy consumption, and an opportunity to develop pooling opportunities and the potential to more specifically tailor purchases for their specific needs.

Accordingly, based upon our review of the evidence, we find that Rider 52 should be and hereby is approved.

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

1. Kokomo's School Commodity Aggregation Service, Rider 52 shall be and hereby is approved.
2. Kokomo shall file with the Gas Division of the Commission prior to placing in effect, the School Commodity Aggregation Service Rider (Tariff IURC No. G-13, Sheet No. 52), in the form shown in Exhibit A of the Petition.
3. This Order shall be effective on and after the date of its approval.

ATTERHOLT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: JAN 19 2011

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



Sandra K. Gearlds
Acting Secretary to the Commission