

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

APPLICATION OF INDIANA GAS )  
 COMPANY, INC. D/B/A VECTREN ENERGY )  
 DELIVERY OF INDIANA, INC. ("VECTREN ) CAUSE NO. 43925  
 NORTH") FOR A NECESSITY CERTIFICATE )  
 AUTHORIZING IT TO RENDER NATURAL ) APPROVED: NOV 04 2010  
 GAS SERVICE TO THE PUBLIC IN CERTAIN )  
 AREAS OF FLOYD COUNTY )

**BY THE COMMISSION:**  
**David E. Ziegner, Commissioner**  
**Angela Rapp Weber, Administrative Law Judge**

On July 26, 2010 Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren North" or "Applicant") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission"). In its Verified Petition, Vectren North requested the Commission to grant it a Certificate of Public Convenience and Necessity ("Necessity Certificate") to render gas utility service to the public in certain areas of Floyd County, Indiana adjacent to the territory Applicant presently is authorized to serve. Also on July 26, 2010, Applicant filed the testimony of James E. Francis in support of its Verified Petition. On September 8, 2010, the Office of Utility Consumer Counselor ("OUCC") filed the testimony of Bradley C. Lorton.

Pursuant to notice duly published as required by law, a public evidentiary hearing in this Cause was held on September 27, 2010 at 9:30 A.M. in Room 224, 101 West Washington Street, Suite 1500 East, Indianapolis, Indiana. Vectren North and the OUCC appeared by counsel and participated in the evidentiary hearing. At the evidentiary hearing, the OUCC's and Applicant's evidence was admitted into evidence without objection.

**1. Commission Jurisdiction and Notice.** Due, legal and timely notice of the commencement of the public hearing in this Cause was given and published by the Commission as required by law. Vectren North is a "public utility," as well as, a "gas utility," as those terms are defined in the Public Service Commission Act, as amended, Ind. Code § 8-1-2 *et seq.* Ind. 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 the State. The Commission, therefore, has jurisdiction over the Applicant and the subject matter herein.

**2. Applicant's Characteristics.** Vectren North is a corporation organized and existing under the laws of the State of Indiana. Its principal office is located at One Vectren Square, Evansville, Indiana. Vectren North is engaged in the business of purchasing, transporting, distributing, and selling natural gas to the public in numerous counties in Indiana

pursuant to Necessity Certificates heretofore duly issued by this Commission. Vectren North owns, operates, manages, and controls, among other things, 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.** Vectren North requests that the Commission grant it authority to extend natural gas service into an unserved rural area in Floyd County, Indiana (the “Expansion Area”). The area is immediately adjacent to Vectren North’s currently authorized service area. The Expansion Area is:

Section 8, Township 2 S, Range 6 E.

**4. Evidence Presented.** Mr. James M. Francis, Vectren North’s Director of Engineering and Asset Management, testified that certification of the proposed Expansion Area will positively impact Vectren North’s ability to serve all its customers. He testified Vectren North could provide service to nine additional commercial meters in the Expansion Area and certification of the Expansion Area will not require Vectren North to expand its current number of employees. Mr. Francis stated that as a result of being able to spread fixed costs over an expanded customer base, the impact on existing customers should be positive. Moreover, the expansion of natural gas service helps to promote economic development which has a positive impact on Applicant’s customer base and Indiana.

Mr. Francis testified Vectren North possesses the requisite technical and managerial expertise and corporate power and authority to provide service to the Expansion Area. Vectren North currently provides safe and adequate gas distribution service to approximately 570,000 customers in Indiana. He stated Vectren North has sufficient financial resources to provide gas distribution service to the proposed Expansion Area as shown by the financial statements, which were filed on September 21, 2010 in this Cause as Exhibit B (Balance Sheet) and Exhibit C (Income Statement). According to Mr. Francis, Applicant has not experienced material adverse change in its financial conditions since December 31, 2009.

Mr. Francis stated Vectren North has capacity rights with interstate gas pipelines, coupled with access to an adequate supply of gas commodity. This enables Vectren North to continue to provide service to its current customers as well as new customers within the Expansion Area. He added that Vectren North possesses the equipment, personnel, and supplies needed to provide reasonable and safe gas distribution service to the proposed Expansion Area. Also, the expansion of gas distribution service in the Expansion Area serves to promote economic development. Finally, Mr. Francis stated that Midwest Natural Gas is the closest other natural gas distribution utility to the Expansion Area. Midwest Natural Gas is not certificated in the Expansion Area.

Mr. Bradley Lorton testified on behalf of the OUCC in this Cause. According to Mr. Lorton, he confirmed that Midwest Natural Gas has no interest in serving the Expansion Area. He also described potential commercial and residential customers in the Expansion Area and

the benefits of Applicant's reliable and safe provision of natural gas to the Expansion Area. Mr. Lorton testified that Applicant's requested Necessity Certificate should be granted.

**5. Commission Discussion and Findings.** Ind. 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.

Based on the evidence presented, the Commission finds that Vectren North possesses the requisite corporate power and authority and financial capability to provide natural gas service to the Expansion Area. Further, the provision of such service by Vectren North to the Expansion Area will further public convenience and necessity and is in the public interest. The Commission notes that no party opposed Applicant's request in this Cause. Accordingly, the Commission finds that Vectren North's request for a Necessity Certificate is granted.

**6. Consent to the Granting of Licenses, Permits and Franchises.** We find that pursuant to Ind. Code § 36-2-2-23, the County Commissioners of the County in which Certificate of Public Convenience and Necessity is herein approved may grant to Vectren North such licenses, permits or franchises as may be required for the use of county property for the provision of 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 Certificate of Public Convenience and Necessity shall be and is hereby issued to Vectren North to provide natural gas distribution service for the area described in Paragraph 3 of this Order.
3. This Order shall be the sole evidence of such Certificate of Public Convenience and Necessity.
4. The County Commissioners of Floyd County in which Certificate of Public Convenience and Necessity is herein approved have the consent of the Indiana Utility

Regulatory Commission to grant such licenses, permits or franchises for the use of county property by Vectren North as may be required for the provision of gas distribution services authorized herein.

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

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

**APPROVED: NOV 04 2010**

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



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