

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

APPLICATION OF INDIANA GAS COMPANY,)
INC. D/B/A/ VECTREN ENERGY DELIVERY)
OF INDIANA, INC., (“VECTREN NORTH”))
FOR A NECESSITY CERTIFICATE)
AUTHORIZING IT TO RENDER NATURAL)
GAS SERVICE TO THE PUBLIC IN CERTAIN)
AREAS OF BLACKFORD COUNTY)

CAUSE NO. 44235

APPROVED: NOV 21 2012

ORDER OF THE COMMISSION

Presiding Officers:

Kari A.E. Bennett, Commissioner

Loraine L. Seyfried, Chief Administrative Law Judge

On August 16, 2012, 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”) seeking a Certificate of Public Convenience and Necessity (“Necessity Certificate”) for it to render gas utility service to the public in certain areas of Blackford County, Indiana adjacent to the territory Applicant presently is authorized to serve.

Pursuant to notice duly published as required by law, a public evidentiary hearing in this Cause was commenced on October 15, 2012 at 2:00 p.m. in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Vectren North and the Indiana Office of Utility Consumer Counselor (“OUCC”) appeared, by counsel, and participated in the evidentiary hearing. At the evidentiary hearing, Vectren North’s Verified Petition, its direct and responsive prefiled testimony and exhibits, and the OUCC’s prefiled testimony and exhibits were admitted into evidence without objection. No members of the rate paying public appeared or sought to participate therein.

Based upon the applicable law and the evidence presented herein, the Commission finds as follows:

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” and also a “gas utility” as those terms are defined in the Public Service Commission Act, as amended (*i.e.*, Ind. Code ch. 8-1-2). As such, Vectren North is subject to the jurisdiction of the Commission. The provisions of the Public Service Commission Act, as amended, authorize the Commission to act in this proceeding. In particular, 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 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 and has its principal office 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 the Commission grant it authority to extend natural gas service into an uncertificated area in Blackford County, Indiana immediately adjacent to Vectren North's currently authorized service area. The proposed "Expansion Area" is:

Harrison Township 24 N., Range 11 E., Section 8

Washington Township 24 N., Range 10 E., Sections 1, 2, 11, 12, 13, 14, 23, 24, 25, 26, 35, 36.

Jackson Township 23 N., Range 11 E., Sections 5, 6, 7, 8.

4. **Evidence Presented.** Mr. James M. Francis, Director of Engineering and Asset Management for Vectren Utility Holdings, Inc., testified that certification of the proposed Expansion Area will positively impact Vectren North's ability to serve all its customers. He testified the proposed Expansion Area is approximately 27 square miles, which includes a 55 acre industrial park that currently houses a pet food manufacturer and a truck maintenance facility, both of which are currently served by Applicant. He testified approximately 45 acres of the industrial park is still available for development and the Expansion Area is expected to contain additional commercial and industrial growth. He testified Vectren North has the necessary facilities and gas supplies to serve the Expansion area.

Mr. Francis testified Vectren North possesses the requisite technical and managerial expertise and corporate power and authority to provide service to the Expansion Area. He noted Vectren North currently provides gas distribution service to approximately 570,000 customers in Indiana. He testified Vectren North has sufficient financial resources to provide gas distribution service to the proposed Expansion Area as shown by the financial statements contained in Applicant's Exhibits B and C. Mr. Francis testified the provision of gas service to the proposed Expansion Area will serve public convenience and necessity.

Mr. Francis testified Vectren North has capacity rights with interstate gas pipelines, coupled with access to an adequate supply of gas commodity, to enable Vectren North to continue to provide service to its current customers as well as new customers within the Expansion Area. He stated Vectren North possesses well trained and experienced personnel necessary for the provision of natural gas service in the Expansion Area. The expansion of gas distribution service in the Expansion Area will also serve to promote economic development.

The OUCC's witness, Jon C. Dahlstrom, testified the OUCC supported Applicant's request for a Necessity Certificate. However, Mr. Dahlstrom expressed concern that the two

customers in the new industrial park were already receiving gas service from Applicant. Mr. Dahlstrom concluded the premature provision of service was an inadvertent mistake and recommended that Applicant review its internal controls and report what, if any, changes are needed to prevent the premature provision of service in uncertificated areas in the future.

Mr. Francis, in his responsive testimony, explained how the premature provision of service was a result of employee error and not a system failure. In this instance, an employee erroneously used a previously completed Franchise Verification Form, which indicated the area was certificated to Applicant. Mr. Francis indicated that had the employee used a blank form and filled it in as required by Applicant's policies and procedures, the error would not have occurred. He further explained that Applicant has followed up with the employee and other applicable personnel to re-emphasize the importance of proper use of the Franchise Verification Form.

5. Commission Discussion and Findings. Vectren North has provided evidence in this proceeding that its proposed extension of gas distribution service to the Expansion Area meets the criteria set forth in Ind. Code § 8-1-2-87(d). Section 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 here establishes Vectren North possesses the requisite corporate power and authority to provide service within the Expansion Area and that Vectren North possesses the requisite financial capability to provide natural gas service to the area. Also, the evidence presented establishes that public convenience and necessity require Vectren North's provision of natural gas to the Expansion Area, and the public interest will be served by the provision of such service. No party challenged Vectren North's evidence. Based on the evidence of record, the Commission finds Vectren North's request for a Necessity Certificate should be granted.

With regard to Vectren North's process for determining if a requested new gas service is within its certificated service area, the Commission encourages Vectren North to continue exploring other possible policies or procedures designed to ensure Commission approval is obtained prior to extending service in the future. At a minimum, the Commission finds that Vectren North shall provide initial training to all new employees and annual refresher training to

current employees in the Engineering Department on the importance of properly completing the Franchise Verification Form.

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 for which the Necessity Certificate 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 Finding 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 Blackford County in which the 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, BENNETT, AND ZIEGNER CONCUR; LANDIS ABSENT; MAYS NOT PARTICIPATING:

APPROVED: NOV 21 2012

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


Brenda Howe
Secretary to the Commission