

ORIGINAL



STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA UTILITIES)	
CORPORATION FOR A NECESSITY)	CAUSE NO. 44297
CERTIFICATE TO RENDER GAS SUPPLY,)	
TRANSPORTATION, DISTRIBUTION, AND)	
SALES IN CERTAIN RURAL AREAS OF)	APPROVED:
HARRISON COUNTY, INDIANA.)	JUN 05 2013

ORDER OF THE COMMISSION

Presiding Officers:

Carolene R. Mays, Commissioner

Marya E. Jones, Administrative Law Judge

On January 28, 2013, Indiana Utilities Corporation (“Petitioner” or “Indiana Utilities”) filed its Verified Petition (“Petition”) with the Indiana Utility Regulatory Commission (“Commission”), seeking the issuance of a Certificate of Public Convenience and Necessity (“Necessity Certificate”) in Harrison County for purposes of expanding the area in which it provides natural gas service. A legal description of the specific area sought is attached to the Verified Petition as Exhibit “A.”

On May 20, 2013, pursuant to notice duly published as required by law, an evidentiary hearing was convened at 1:00 p.m. in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing Petitioner and the Indiana Office of Utility Consumer Counselor (“OUCC”) appeared by counsel and offered their respective pre-filed testimony and exhibits, which were admitted into evidence without objection. No member of the general public participated at the hearing.

The Commission, having examined the evidence of record, and being duly advised in the premises, now finds as follows:

1. Notice and Jurisdiction. Proper, legal, and timely notice of the hearing in this Cause was given and published by the Commission as provided for by law. The proofs of publication of the notice of the hearing have been incorporated into the record of this proceeding. Petitioner is a “public utility” within the meaning of Ind. Code § 8-1-2-1. Petitioner is also a “gas utility” within the meaning of Ind. Code § 8-1-2-87. Pursuant to Ind. Code § 8-1-2-87 the Commission has jurisdiction over the rendering of natural gas service in rural areas. Thus, the Commission has jurisdiction over the Petitioner and the subject matter of this proceeding.

2. Petitioner’s Characteristics. Petitioner is a public utility corporation organized and existing under the laws of the State of Indiana with its principal office and place of business located at 123 West Chestnut Street, Corydon, Indiana. Petitioner is engaged in the purchase, transfer, distribution and sale of natural gas to rural areas of Harrison and Floyd Counties, Indiana.

3. Relief Requested. Petitioner seeks a Necessity Certificate to expand its current natural gas service territory to include an adjoining rural area, generally north of Petitioner’s current

service territory, in and around the Town of Palmyra in Morgan Township of Harrison County, Indiana. Specifically, Petitioner seeks to be certified to serve the area in Morgan Township described on Exhibit "A" attached to its Petition and described as Sections 19, 20, 28, 29, 30 and 31; Township 1 South, Range 4 East.

4. Evidence Presented.

A. Petitioner's Case-In-Chief. Mr. Frank Czeschin, President of Indiana Utilities, testified in support of the Petition. He stated that Indiana Utilities is authorized to provide natural gas service in Harrison, Jackson, Posey, Spencer, Webster, and Morgan Townships of Harrison County, Indiana. Mr. Czeschin explained that Petitioner currently provides service to a number of small communities in Harrison County including the county seat, Corydon, along with New Salisbury, Ramsey, Crandall and other unincorporated rural areas along State Road 135 to a point just south of the area being requested in the Petition. He testified Indiana Utilities is seeking authorization to expand its service territory in Morgan Township north along State Road 135 into and around the Town of Palmyra, including east of Palmyra along State Road 150. Exhibit "A," attached to the Petition, described the proposed expansion as follows:

Harrison County:

Morgan Township:

Sections: 19, 20, 28, 29, 30, and 31 Township 1 South, Range 4 East

Mr. Czeschin pointed out Exhibit "C," attached to Petitioner's Exhibit FC, provides a map which reflects the contiguity of the proposed expansion to the areas currently being served by Indiana Utilities. Mr. Czeschin stated that Indiana Utilities has been extending its lines northward from Corydon for a number of years, generally parallel with State Road 135. He further explained Indiana Utilities was actually approached by Palmyra's Town Council about extending its service into and around the town. He noted Exhibit "D," attached to Petitioner's Exhibit FC, is a formal resolution of the Town of Palmyra adopted on December 13, 2012, encouraging Indiana Utilities to take whatever steps necessary to extend its natural gas lines in and around Palmyra. He explained that Petitioner is the primary natural gas utility serving Harrison County and the closest alternative natural gas utility is Vectren North, but noted their service is approximately 12 miles away.

Mr. Czeschin testified Indiana Utilities has had the lawful power and authority to provide natural gas service in and around Harrison County since 1929, and that nothing has occurred which would eliminate that lawful power to provide natural gas utility service. He explained Indiana Utilities' Board of Directors supports this expansion and Petitioner has the financial ability to provide service. Mr. Czeschin provided Petitioner's most recent audited income statement and balance sheet attached as Exhibit "E" to Petitioner's Exhibit FC, and pointed out Indiana Utilities' financial position has been strengthened as a result of the Commission's Order in Cause No. 44062 authorizing an increase in rates.

Mr. Czeschin next described how the public convenience and interest will be served by pointing out that once natural gas is available, existing homes and businesses will take advantage of available natural gas in order to burn a cleaner and often cheaper fuel for purposes of heating homes and expanding business activities. Mr. Czeschin opined that economic development in under-developed rural areas often occurs once natural gas is available. He indicated that upon Commission approval, extension of Petitioner's natural gas lines will begin this summer.

B. OUCC's Evidence. Sherry L. Beaumont, Utility Analyst for the OUCC, provided an overview of Indiana Utilities' request for relief and recommended the Commission accept Indiana Utilities' request for a Necessity Certificate to serve Sections 19, 20, 28, 29, 30 and 31 of Morgan Township in Harrison County.

Observing that Indiana Utilities is the primary natural gas utility serving Harrison County, Ms. Beaumont noted that Vectren, at 12 miles away, is the closest alternative natural gas utility. Citing Ind. Code § 8-1-2-87(d), Ms. Beaumont testified it would have been appropriate to have at least informed Vectren that Indiana Utilities was filing a petition seeking a Necessity Certificate to serve Sections 19, 20, 28, 29, 30 and 31 of Morgan Township. Ms. Beaumont sponsored SLB Attachment 1 to Public's Exhibit No. 1, which contained Petitioner's response to OUCC's First Data Request. Responding to Question 1.8, which asked whether Indiana Utilities verified that Vectren North does not want to serve in Morgan Township, Indiana Utilities stated that its management was familiar with Vectren's management and that Vectren would not choose to incur the cost of extending its main by 12 miles to serve an area adjacent to Petitioner's current service territory. Further, Indiana Utilities asserted that in light of Vectren's significantly greater costs for such a project, Petitioner did not feel it was necessary to contact Vectren.

Ms. Beaumont testified Petitioner met the requirements of Ind. Code § 8-1-2-87(d) noting that Indiana Utilities has held Necessity Certificates in and around Harrison County since 1929 and other Necessity Certificates to provide service in parts of Jackson, Posey, Harrison, and Spencer Counties. She explained that Indiana Utilities estimated the cost of funding the expansion at \$234,354, and anticipated funding the expansion in Morgan Township with funds on hand and retained earnings. Specifically referencing Petitioner's Exhibit "E," Ms. Beaumont noted Indiana Utilities has over \$10 million in assets with net income of \$337,020 and retained earnings of \$6.4 Million, a position that is strengthened by a recent increase in rates authorized by the Commission in Cause No. 44062. She testified the public interest is served by granting Petitioner's request because Indiana Utilities' natural gas service line is approximately 1.5 miles from the Town of Palmyra's corporate limit, and the Town of Palmyra passed a Resolution encouraging Petitioner to expand its natural gas service to include Palmyra and adjacent areas. She noted Petitioner anticipates approximately 125 new residential customers from the Morgan Township expansion and the potential for economic development in this rural area once natural gas service is available. Ms. Beaumont concluded that the OUCC recommends the Commission approve Petitioner's Necessity Certificate request to serve Sections 19, 20, 28, 29, 30 and 31 of Morgan Township in Harrison County.

5. Commission Discussion and Findings. Indiana Utilities has presented evidence in this proceeding that its proposed extension of gas distribution service to Sections 19, 20, 28, 29, 30 and 31 of Morgan Township in Harrison County, Indiana 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 to extend service in rural areas:

- (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 gas distribution 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 establishes the following: 1) Petitioner possesses the requisite corporate power and authority; 2) Petitioner possesses the requisite financial capability to provide natural gas service to Sections 19, 20, 28, 29, 30 and 31 of Morgan Township in Harrison County, Indiana, adjacent to its current service area; 3) public convenience and necessity require the proposed extension of service; and 4) the public interest will be served by the issuance of a Necessity Certificate. No party challenged Petitioner's evidence.

Based on the evidence of record, the Commission finds that Petitioner possesses the requisite corporate authority and financial capability to provide natural gas distribution service to Sections 19, 20, 28, 29, 30 and 31 of Morgan Township, and said service will both further public convenience and serve the public interest. Therefore, the Commission approves Petitioner's request for a Necessity Certificate to serve Sections 19, 20, 28, 29, 30 and 31 of Morgan Township; Township 1 South, Range 4 East in Harrison County, Indiana.

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

1. A Certificate of Public Convenience and Necessity is hereby issued to Indiana Utilities Corporation to provide natural gas service in Sections 19, 20, 28, 29, 30 and 31 of Morgan Township; Township 1 South, Range 4 of Harrison County.
2. This Order shall be the sole evidence of such Certificates of Public Convenience and Necessity.
3. This order shall be effective on and after the date of its approval.

BENNETT, MAYS AND ZIEGNER CONCUR; ATTERHOLT AND LANDIS ABSENT:

APPROVED: JUN 05 2013

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



Brenda A. Howe
Secretary to the Commission