

ORIGINAL

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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. 44380
 NORTH") FOR A NECESSITY)
 CERTIFICATE AUTHORIZING IT TO)
 RENDER NATURAL GAS SERVICE TO THE) APPROVED: OCT 23 2013
 PUBLIC IN CERTAIN AREAS OF)
 TIPPECANOE COUNTY)

ORDER OF THE COMMISSION

Presiding Officers:

Larry S. Landis, Commissioner
Marya E. Jones, Administrative Law Judge

On August 15, 2013, Indiana Gas Company, Inc. ("Petitioner" or "Vectren North") 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") for purposes of expanding its natural gas service territory in Tippecanoe County. A map of the specific area sought is attached to the Verified Petition as Exhibit A. On October 3, 2013, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the Public's Notice of Intent Not to Prefile Testimony. The Presiding Officers issued a Docket Entry on October 8, 2013 ordering Petitioner to respond to questions to which Petitioner responded on October 11, 2013.

On October 15, 2013, pursuant to notice duly published as required by law, an evidentiary hearing was convened at 1:00 p.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, Petitioner and the OUCC appeared by counsel. Petitioner offered its pre-filed testimony and exhibits, which were admitted into evidence without objection. The OUCC participated in the hearing, but did not present evidence. 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 One Vectren Square, Evansville, Indiana. Petitioner is engaged in the business of purchasing, transporting, distributing, and selling natural gas to the public pursuant to Necessity Certificates heretofore duly acquired. Petitioner 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 customers in central and southern Indiana.

3. **Relief Requested.** Petitioner requests the Commission grant it authority to extend natural gas service into an uncertificated area in Tippecanoe County, Indiana, adjacent to Petitioner's currently authorized service area (the "Expansion Area"). The proposed Expansion Area is:

Jackson and Randolph Townships, Section 10, Township 21 N., Range 5 W.

Prior to the evidentiary hearing, counsel for Petitioner made an off-the-record oral correction to the color description of the map attached as Exhibit A to show Petitioner's current certificated service territory in red and the Expansion Area in green.

4. **Evidence Presented.**

A. **Petitioner's Case-In-Chief.** Mr. Thomas L. Bailey, Director of Sales for Vectren Utility Holdings, Inc., parent company of Petitioner, testified in support of the Petition. Mr. Bailey explained that Petitioner seeks to provide gas service in a new area in Tippecanoe County contiguous to its currently certificated area. He stated the Expansion Area is Section 10, Township 21 N, Range 5 W. Mr. Bailey explained that Petitioner received a request for service from Shelby Farms, a grain drying operation in the proposed Expansion Area.

Mr. Bailey stated Petitioner has conferred with neighboring local gas distribution companies ("LDC's") and consulted gas area maps and has determined, to the best of its knowledge, that the Expansion Area is not in the certificated area of any gas utility. He noted that Northern Indiana Public Service Company ("NIPSCO") is the closest gas distribution utility, and Petitioner has confirmed with NIPSCO that it is not certificated in the Expansion Area.

Mr. Bailey testified Petitioner possesses the requisite technical and managerial expertise, corporate power, and authority to provide service to the Expansion Area. He noted Petitioner currently provides safe and adequate gas distribution service to approximately 570,000 customers in Indiana. Mr. Bailey stated Petitioner has sufficient financial resources to provide gas distribution service to the proposed Expansion Area. He testified Petitioner's most recent income statement and balance sheet, attached as Exhibits B and C, respectively, to his testimony, demonstrate that Petitioner has had no material change in its financial condition since December 31, 2012. Mr. Bailey testified Petitioner has capacity rights with interstate gas pipelines, coupled with access to an adequate supply of gas commodity, which enables Petitioner to provide service to its current customers as well as the Expansion Area. Mr. Bailey noted Petitioner possesses the

equipment, personnel, and supplies needed to provide reasonable and safe gas distribution service to the proposed Expansion Area. Mr. Bailey testified the proposed Expansion Area will serve the public convenience and necessity.

Mr. Bailey stated certification of the Expansion Area will positively impact Petitioner's ability to serve all of its customers. Mr. Bailey opined that providing service to Shelby Farms will beneficially increase Petitioner's gas sales and benefit the local area by further extending gas service, positioning Petitioner to provide future service to additional potential customers in the area. He stated that Certification of the Expansion Area will not require the addition of employees and will have a positive impact on existing customers by spreading the costs of necessary distribution facilities over an expanded customer base. Mr. Bailey noted the expansion of natural gas service also promotes economic development, which has a positive impact on Petitioner's customer base.

Mr. Bailey testified that extension of gas utility service in the Expansion Area may require the use of public right-of-ways and that Petitioner requests the Commission consent to the issuance of all necessary licenses or permits which may be issued by the Tippecanoe County Commissioners for the provision of gas distribution services.

B. OUCC's Notice of Intent. The OUCC filed its Notice of Intent to not file testimony on October 3, 2013 after having fully reviewed the Petitioner's case-in-chief and its responses to the OUCC's data requests. Because counsel's statement concerning the OUCC's belief that the requested relief in this cause is appropriate is not sworn testimony, it will not be considered by the Commission.

5. Commission Discussion and Findings. Petitioner presented evidence in this proceeding that its proposed extension of gas distribution service to Jackson and Randolph Townships, Section 10, Township 21 N., Range 5 W in Tippecanoe 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 a Petition 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 Jackson and Randolph Townships, Section 10, Township 21 N., Range 5 W in Tippecanoe County, Indiana, contiguous 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 Jackson and Randolph Townships, Section 10, Township 21 N., Range 5 W in Tippecanoe County, Indiana, 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 Jackson and Randolph Townships, Section 10, Township 21 N., Range 5 W in Tippecanoe County, Indiana.

6. Consent to the Granting of Licenses, Permits and Franchises. Pursuant to Ind. Code § 36-2-2-23, the Commission consents to the Tippecanoe County Commissioners grant of such licenses, permits or franchises as may be required by Petitioner for the use of county property for the provision of gas distribution service in the Expansion Area as authorized herein.

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

1. A Necessity Certificate is hereby issued to Indiana Gas Company to provide natural gas service in Jackson and Randolph Townships, Section 10, Township 21 N., Range 5 W in Tippecanoe County, Indiana.

2. This Order shall be the sole evidence of such Certificate.

3. The Commission consents to the grant of such licenses, permits or franchises for the use of county property by Petitioner as may be required for the provision of gas distribution services by the Tippecanoe County Commissioners.

4. This order shall be effective on and after the date of its approval.

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

APPROVED: OCT 23 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