

COMMENTS OF INDIANA-AMERICAN WATER COMPANY, INC.

Indiana-American Water Company, Inc. ("Indiana-American") submits these comments in accordance with the schedule set at the Pre-rulemaking workshop regarding Amendment of Minimum Standard Filing Requirements ("MSFRs") held on August 20, 2007.

As a general matter, Indiana-American believes that any revisions to the MSFR rules should comport with the rule's original purpose. As set forth in section 5-2.1, 170 IAC1-5 is designed "***to assist the commission in performing a thorough and expeditious review of an application by an electing utility for a general rate change.***"(Emphasis added) Because it is an optional rule, there is certain quid pro quo involved for the parties that operate pursuant to it. (i.e., the electing utility submits itself to extensive "up-front" information requirements in return for expedited rate relief. In turn, the rule enhances the non-utility parties' ability to efficiently analyze the rate request and formulate its position regarding the same, due to the provision of information in a standardize format.) As articulated during previous working meetings, certainty is of primary interest to Indiana-American. In the context of the MSFR rules, the certainty concern generally relates to two broad issues; 1) certainty regarding what constitutes a "compliant" filing, and 2) certainty regarding the timing of rate relief. Indiana-American has expressed concern that many of the proposed revisions could serve to jeopardize the certainty that the rule provides by eliminating or extending the current timeframe and leaving compliance open to subjective interpretation.

Indiana-American strongly believes that all attempts should be made to protect and adhere to the rule's current ten month timeframe. Further, all requirements for the provision of information should be sufficiently clear and unambiguous so as to allow the utility to submit its filing pursuant to the rule with reasonable confidence that it will be found compliant.

In addition to the general observations above, Indiana-American provides the following comments regarding specific provisions of the proposed revisions:

1. 170 IAC 1-5-2.1: ***"The ten (10) month timeframe commences as of the date an electing utility's case-in-chief and working papers are deemed in compliance under Section 4 of this rule."*** It would appear that the ten month clock starts ticking after the Commission deems the MSFR conditions are met, which is a minimum of 46 days after the Case-In-Chief is filed. (see 170 IAC 1-5-4). The Company believes that implicit and any rules revisions should be a presumption of compliance on the part of the utility. That is, the ten month clock should begin as soon as possible and only be extended or modified if the utility is subsequently found to be in non-compliance with specific filing requirement.
2. Section 170 IACC 1-5-4: Section B lengthens the time that the Commission can deem the MSFR is deficient from 30 days to 45 days. Also added to the language: ***"Defects may include, but are not limited to, omissions, inadequacies, or the inclusion of matters beyond the scope of this rule."*** This provision would serve to add significantly uncertainty surrounding compliance. Could a party purposely delay comment until day 45 and then ask the Commission to deem the filing defective?
3. Section C of the above section: ***"If a notice is not filed pursuant to subsection (a) or (b), the electing utility's case-in-chief shall be deemed in compliance with this rule on the forty-sixth (46th) day after the case-in-chief is filed."*** This lengthens the timeframe from which the ten month window starts. This revision is a step backwards from the current rule, which starts the ten month clock ticking with submission if there are no deficiencies found in the MSFR filing.
4. 170 IAC 1-5-14 Working Papers and Data, Other: subsection (g) is added as follows: ***"(g) Calculations and source documents for any affiliated transaction, including, but not limited to: (1) parent company allocations, and (2) direct charges."*** This proposed revision could add

a significant amount of paper to the MSFR filing, depending on how strict this guideline is followed. Rather than actual source documents, the rule should require a schedule of transactions and direct charges. Such schedule could then be used by reviewing parties obtain appropriate relevant information, e.g., sample invoices, etc.

5. 170 IAC 1-5-8 (2): Supporting Work Papers: As stated in 170 IAC 1-5-8 (2), supporting work papers for each pro forma adjustment should include (A) Actual test year expenses; (B) Adjustment to test year levels; and (C) A description of adjustment methodology. The rule should not be interpreted to mean that each and every item that supports an adjustment should be provided. For instance, copies of each invoice, statement, etc., should not be provided, as each of these items may not have been used as support for the adjustment. As an example, in the Company's last rate case, a listing of all property tax statements was provided in the MSFR, yet the filing was deemed "deficient" because copies of each of those items were not provided. In most cases, copies of the property tax statements were not initially used – data was checked against county tax records on the Internet. As a result of this "deficient" interpretation, The Company had to generate and provide a large amount of paper which was likely not utilized by the parties. The MSFR's did not specify a copy of each statement – rather, it specified a schedule, which was provided in two different places. If listings of data used to support adjustments are provided, then that should be deemed sufficient as support for the adjustment. If a sampling of data/invoices is required to test the adjustment, such information could be provided in a data request response at a later date.

Indiana-American appreciates the opportunity to provide its comments and looks forward to further participation in the workshop process.

Respectfully submitted,



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