

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

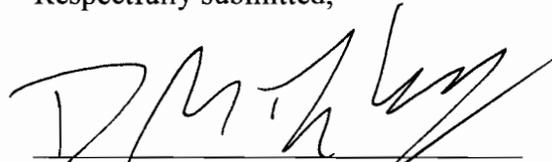
JOINT PETITION OF THE BOARD OF )  
DIRECTORS FOR UTILITIES OF THE )  
DEPARTMENT OF PUBLIC UTILITIES OF )  
THE CITY OF INDIANAPOLIS, D/B/A )  
CITIZENS ENERGY GROUP, CWA )  
AUTHORITY, INC., THE CITY OF )  
INDIANAPOLIS AND ITS DEPARTMENT )  
OF WATERWORKS AND ITS SANITARY )  
DISTRICT FOR APPROVALS IN )  
CONNECTION WITH THE PROPOSED )  
TRANSFER OF CERTAIN WATER UTILITY )  
ASSETS TO THE BOARD AND THE )  
PROPOSED TRANSFER OF CERTAIN )  
WASTEWATER UTILITY ASSETS TO THE )  
AUTHORITY, INCLUDING: (A) APPROVAL )  
OF INITIAL RATES AND RULE FOR )  
WATER AND WASTEWATER SERVICE, AS )  
WELL AS THE TERMS OF CERTAIN )  
AGREEMENTS FOR WASTEWATER )  
TREATMENT AND DISPOSAL SERVICE; )  
(B) APPROVAL OF AN ENVIRONMENTAL )  
COMPLIANCE PLAN UNDER IND. CODE 8- )  
1-28 AND AN ADJUSTMENT MECHANISM )  
FOR WASTEWATER RATES TO PROVIDE )  
TIMELY RECOVERY OF COSTS )  
NECESSARY TO COMPLY IN WHOLE OR )  
IN PART WITH THE SAFE DRINKING )  
WATER ACT AND/OR CLEAN WATER )  
ACT; (C) APPROVAL OF PROPOSED )  
ALLOCATIONS OF CORPORATE )  
SUPPORT SERVICES COSTS AMONG )  
AFFECTED UTILITIES; (D) APPROVAL OF )  
AN OPERATING AGREEMENT BETWEEN )  
CITIZENS ENERGY GROUP AND CWA )  
AUTHORITY, INC.; (E) )APPROVAL OF )  
DEPRECIATION RATES AND OTHER )  
ACCOUNTING MATTERS RELATED TO )  
THE WATER AND WASTEWATER ASSETS; )  
AND (F) ANY OTHER APPROVALS )  
NEEDED IN CONNECTION THEREWITH )

CAUSE NO. 43936

**OUCC'S SUBMITTAL OF PUBLIC COMMENTS**

The Indiana Office of Utility Consumer Counselor (OUCC), by counsel, submits to the Commission the attached public comments, which it received during the course of this case

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel M. Le Vay", written over a horizontal line.

Daniel M. Le Vay, Atty. No. 22184-49

Randall C. Helmen

Leja D. Courter

Lorraine Hitz-Bradley

Scott C. Franson

Deputy Consumer Counselor s

## CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served upon the following counsel of record in the captioned proceeding by electronic service, hand delivery or U.S. Mail, on January 14, 2011.

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**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

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## Daniels, Sandy

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**From:** Larry Williams [leo62077@gmail.com]  
**Sent:** Saturday, January 08, 2011 12:17 AM  
**To:** UCC Consumer Info  
**Subject:** IURC Cause No. 43936. Indianapolis water and sewer utility transfer  
**Attachments:** While no one involved in destroying the finances of the water company.doc; Water is life.doc; transparency.doc; amanda11citizens2.doc; Without the windfall - IBJ nonsense.doc; Where do you clowns think this money is going to come from.doc; watercompanyletteribj.doc

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Please review my comments below and within the attached letters and commentary.

The money involved in this transfer is nothing more than theft from the ratepayers in the form of a 30-year hidden tax. This transfer should not include any funds stolen from the user fees of the ratepayers. If approved, it should just be a simple transfer of duties from one public entity to another. The OUCC has to take a stand for the ratepayers and against the modus operandi of making ratepayers slaves to present and future debt.

Please carefully consider my attached comments (the first four are letters that I wrote to various newspapers, the next two were responses to newspaper editorials and the last one was a letter about the water company bond fiasco). Although some of the comments were written in anger and some include attempts at humor, please don't doubt how my seriousness regarding this issue. Unfortunately, I was not aware of the hearing (or had forgotten that it was scheduled) on the 5th of January. I wanted very much to make these comments in person.

Thank you for your consideration.

--

Larry W. Williams  
1816 N. Graham Avenue  
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317-616-9255  
[leo62077@gmail.com](mailto:leo62077@gmail.com)

"Without the windfall, taxpayers likely would be footing that bill, or more likely, nothing would happen and our infrastructure would continue to crumble."

Where do you think this money comes from? It comes from the ratepayers. The water and sewer ratepayers, most of whom are also taxpayers, have been burdened with repaying \$425 million dollars that should otherwise be used to pay for existing financial burdens of \$3.5 billion for the CSO and Septic elimination programs (worthwhile projects) and the money stolen from ratepayers during the variable rate bond fiasco. Savings, if any materialize, should accrue to the ratepayers in reduced rates or fund needed maintenance (We are building \$3.5 billion of new infrastructure and it will need to be maintained).

This is not free money that just fell from the sky. Citizens did not just pull it out of their back pocket. We, the ratepayers / taxpayers, are not off the hook; we have to pay it back, not them.

"But the most compelling evidence is the commitment Citizens is making to continue investing in the utilities. In addition to handing over cash and taking on city debt, Citizens must make costly sewer upgrades, and CEO Carey Lykins has said the company also will complete a septic tank replacement program that's under way."

Again, Citizen's is not assuming any debt or paying for any costly upgrades; it is the debt of the ratepayers and it is the ratepayers who are paying for the costly upgrades. Guess what, before the transfer and sale, the debt was the responsibility of the ratepayers and after the transfer (sale), the debt will remain the responsibility of the ratepayers!

In summary, it is a tax increase; it will just be hidden within our future water and sewer bills. And if you don't know that, you are stupid. And if you are not stupid, then you are lying. And in either case, you are just repeating the City's propaganda, rendering this newspaper to the same worthless status as the local weekly rag.

Where do you clowns think this money is going to come from? It will come out of the pockets of the citizens. With this deal, we are guaranteed to have \$425 million more extracted from our pockets than before. Meanwhile, the Mayor and his cronies can hand out a plethora of wasteful contracts that will result in more improperly paved and constructed streets, more improperly located and constructed sidewalks, badly designed bike lanes, and other short- and long-term boondoggles.

While I have no doubt that Citizens Gas can more efficiently bill its customers, etc., there will be no great savings to be garnered because of the massive mismanagement of this asset over the last half-dozen years or so.

Maybe, if the Mayor and the Council would engage in real long-term thinking (but that would take a brain) and stop handing out contracts and sanctioning the theft of taxpayer money or just simply stealing it themselves, there would be adequate money to fund critical city services. Instead they use the city resources to bestow favors and build empires instead of actually delivering city services.

Government is full of self-dealing profiteers who look out for themselves and their friends under the guise of civic service. When you want to know why a financial disaster occurred, the old adage of "follow the money" will answer all of your questions all of the time.

Anyone with any sense knows that is not sound business practice to have 60%, more or less, of bond debt in variable rate bonds. The question is who benefited from having the Water Company carry this amount of variable rate debt. Well, just as with adjustable rate mortgages that homeowners were suckered into (or suckered themselves into), the lawyers, brokers and advisers rake in greater fees for these variable rate bonds. While the savings are always touted as the reason to use variable rate bond debt; the savings are illusory because of the high risk involved. These advisers always indicate that it can always be refinanced, but of course sometimes it can not be refinanced. Additionally, in this instance, the water company always has the ratepayers to bail them out, so why should they worry.

Someone, besides the ratepayers, needs to be held accountable for this budgetary malfeasance. To find that someone, just "follow the money."

It's been a long time folks. Yes, it is me, Amanda, still curious as ever; however, I am five years older and in the 11<sup>th</sup> grade at Princess High School in Prince, IN. Not surprisingly, in light of the current economic situation, we have been learning a lot about the principles of good government; unfortunately, my teacher has had difficulty providing us with recent concrete examples. So, I have been spending a lot of my free time watching the government channel of Indianapolis to find my own examples of good government principles being applied. Ok, I know; I am not a typical teenager. Particularly, I paid attention to a proposal to sell the water company to Citizens Energy. Needless to say it was quite a learning experience. Did you know that Citizens Energy is a public trust (maybe the name should have gave me a clue – duh)?

I have learned that one of the principles of good government is that government should be financed by user fees for all direct services to individuals. Although the idea to transfer water and sewer utilities to Citizens seemed to be almost a no-brainer, I was surprised when I heard that Citizens (remember it is a public trust) would borrow millions of dollars (funded by user fees), to transfer to a public agency (the Department of Public Works of the City of Indianapolis), to fund street and sidewalk infrastructure projects. I was even more surprised that a lot of the Councilors seemed to think it was a good idea. Then the presenters also started talking about bonds being issued against PILOT (payments in lieu of taxes – I think) revenue in such a confusing manner (Wasn't everyone involved public, so why would taxes even be an issue?); my head started to hurt. One thing that I thought I had learned in school was that user fees and taxes should be clearly applicable to the services rendered, transparent and understandable. I couldn't figure out why Citizens (public trust) would pay the City (public) so that it could pave streets and build sidewalks instead of just continuing to apply the requisite user fees to sewer, water and gas, respectively.

Anyway, I knew I needed some help, but unfortunately, our civics teacher was out with an illness, but later, on the way to the library, I stumbled across our mayor, Meg A. Mallard. I asked her whether she knew and understood what was going on with the Citizens proposal. She said it really wasn't that difficult to understand; the Councilors and the City of Indianapolis were just trying to make it sound complicated to hide what they are doing from the general public, who they know (other than a few dedicated folk) don't have time to stay abreast of everything going on the city. She said that many government officials don't like to do the things that are easy to understand, because too many people would catch on too quickly and might stop their proposals. So they pretend they are doing creative, wondrous, complicated transactions to prevent the average person from really understanding what is going on until it is too late. Basically, she said that they are attempting to divert user fees from water and sewer ratepayers that would be too difficult to take without the proposed Citizens transfer as a cover. She said the proposal was a classic case of "robbing Peter to pay Paul (I am not sure who Peter and Paul are, but I understand that no one should rob Peter)." She continued by saying that if the City of Indianapolis, or for that matter the State or Federal government does not have adequate funds to repair, pave or construct streets and sidewalks, the proper thing to do would be to propose to raise the gas tax or some other dedicated infrastructure tax or fee to the appropriate level to meet their obligations. But that would be too transparent, so

Since it appears that the Citizens Energy user fee theft will be approved regardless of the implications of such approval, I propose, for the sake of transparency, that our water and sewer bills be itemized so that everyone knows how much is being stolen from them each and every time a payment is remitted. So, at a minimum the water and sewer bill should indicate the portion of each sewer bill dedicated to payments in lieu of taxes (PILOT), including the 30-year bond payments (City Tax); should indicate the portion of the water and sewer bill paid to the City (2010 Street and Sidewalk Repairs – 30-Year Bond) for the transfer the water and sewer utilities; should indicate the cost of the water company extricating itself from the variable-rate bond fiasco (Cost of Variable-rate Bond Fiasco), and should indicate the cost of paying Veolia to continue to provide poor service and poor water quality, while continuing to enrich itself (Cost of Privatization).

Streets and sidewalks are important elements of a city, but water is life and sanitation is health. We can live without the first two elements, maybe inconveniently, but we can live. We can not live without the second two elements. Obligating water and sewer ratepayers and squandering precious financial resources for short-term temporary repairs of streets is reckless, unethical and immoral. The utility transfer is supposedly based on the premise that future savings will be realized from engineering efficiencies and from savings resulting from the synergies of the utilities being operated by Citizens (and Veolia and United Water – huh?). However, those future savings are not assured, just as the savings from the Department of Waterworks variable-rate bonds as well as all other promises of savings propagandized over the last few years, decades or centuries were not assured. Time after time, savings never materialize and expenses continue to rise until the next great scam (creative idea) is proffered to the citizens (serfs).

While many appear to be dismissive of the idea that serious inflation and even hyperinflation may be just around the corner; it appears foolhardy to assume that inflation or other financial maladies could not befall us all in the upcoming decade. Prudence would dictate that we tread carefully in obligating “citizens” to more unending debt. But I suppose that when a city’s economic mantra is a Ponzi scheme, I suppose it may be foolish to expect anything other than financial machinations.

While no one involved in destroying the finances of the water company, included the supposedly vaunted management team of Veolia has been reprimanded, fired, resigned, dismissed or arrested, an additional crime is being perpetrated on the citizens of Indianapolis by our “public servants” and the Board of Citizens Energy by negotiating a “sale / transfer” of the Water Company to Citizens. This “sale” will be paid for by borrowing against the water and sewer user fees that should only be used for supporting the delivery of water and sewer services to the customer. Instead, with this sale, over 260 million dollars would be borrowed by Citizens (paid for by our user fees) for a thirty-year period, with said funds being deposited in the coffers of the Indianapolis Department of Public Works.

Our water fees, which have already been raised (and are proposed to be raised by more than a third) because of the ongoing financial malfeasance are now intended to be diverted to repave streets and repair and construct sidewalks.

The Council has already passed a proposal (132, 2010) to divert money from the user fees paid by the sanitary sewer district, managed by United Water, by bonding against payments in lieu of taxes (PILOT) funds (Yes, a portion of our wastewater fees for our public sanitary sewer service are sent to the city general fund as taxes instead of providing for our utility service – so, yes it is a hidden tax permitted by the State Legislature in *P.L.27-1992, SEC.27*), to repave streets and repair and construct sidewalks.

Of course, we are supposed to be happy about this diversion of user fees because savings have been wrangled from so-called “value engineering” and additional savings have been projected from the synergistic effect of combining the water and sewer utilities under the management of Citizens Energy, a public trust. Our happiness should occur despite the fact that sewer user fees are projected to rise by 400% over the next 10-20 years to pay for the \$3.5 billion project related to the Combined Sewer Overflow consent decree and Septic Elimination program, etc.

Well, any savings should accrue to the water and sewer ratepayers, with a reduction in the rate of increase of future fees needed to pay for the Consent decree and maintenance of the existing and proposed improvements. They should not be diverted again (as with PILOT funds diverted during this decade) to fund other city operations. If a transfer of these “public” utilities to a “public” trust is reasonable and prudent, it should occur without any transfer of funds from the ratepayers to the City of Indianapolis general fund. It also should not include the continuation of any contracts with Veolia or United Water. If transferring this entity to Citizens makes sense, then it would not make sense to insert / retain an unnecessary layer of management between Citizens and the services and customers that they are proposed to be responsible for. Anything else would continue and exacerbate the financial and management absurdities related to our public sewer and water services.

In summary, this transfer should be no different than any other transfer of duties or responsibilities from one public entity to another. The fact that Citizens and the city would be borrowing money over a 30-year period to pay for, what are for the most part,

temporary improvements should give anyone pause. All aspects of the private and public realm are over leveraged. Yet, the solution that is proposed is another "rob Peter to pay Paul" scheme. The only proposal that should be considered is a straight-forward transfer of duties.

**Daniels, Sandy**

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**From:** Chrystal Elliott [celliott@indynaacp.org]  
**Sent:** Tuesday, January 11, 2011 11:38 PM  
**To:** UCC Consumer Info  
**Subject:** Subject: Public Comment on Cause 43936

### **Statement of**

#### **Chrystal Ratcliffe President, Greater Indianapolis NAACP, Branch #3053**

I am Chrystal Ratcliffe and I am President of the Greater Indianapolis National Association for the Advancement of Colored People (NAACP), Branch #3053. Our office is located at 300 E. Fall Creek Parkway North, Indianapolis, IN 46205.

The NAACP is the nation's oldest, largest and most widely recognized civil rights organization. Our mission is to ensure the political, educational, social, and economic equality of rights of all persons and to eliminate racial hatred and racial discrimination.

The Indianapolis NAACP has been concerned about and actively engaged with the public health problem caused by exposure to raw sewage in our neighborhoods from failing septic tanks. Two of our Board members, Cornell Burris and Jim Naff were early leaders in the effort to protect public health from the human sewage being discharged from these failing septic tanks.

The Marion County Health Department has long identified that there is a serious public health disease risk from the aging septic systems in the older parts of Indianapolis. As Dr. Virginia Caine, director of the Marion County Health Department said in a December 8th, 2003 interview with the Star "You've got children playing in neighborhood (streams) and facing this (sewage), not to mention how much it stinks.

"Dr. Caine pointed to threats of E. coli, Hepatitis A and - because pooled, polluted water attracts mosquitoes - West Nile virus. In Marion County, a wall-size map in the Health Department pinpoints the location of roughly 21,000 septic systems that officials say need to be replaced. But that count may be low." I would like to enter into the record Dr. Caine's press conference handout of October 3rd, 2005 titled "Mayor Proposes Sweeping Plan to Make Indianapolis Neighborhoods Cleaner, Healthier"

A great part of the problem is located in low and fixed-income neighborhoods, where original developers should never have been allowed to install septic systems in the first place. Now a political consensus has developed to use sewer rate revenues to pay for the needed municipal infrastructure investment to fix this by connecting those properties to the sanitary sewage system. Previous and current City administrations along with the City-County Council have taken great strides to meeting this big, important challenge. That commitment has been expressed as a multiple-year binding promise by the City of Indianapolis to USEPA to achieve that goal. The promise is an integral part of the agreement with the USEPA of the expenditures the Indianapolis residents will pay to reduce water-borne disease from sewage into local surface waters from combined sewer overflows. This commitment is called the "Septic Tank Elimination Program" or "STEP."

The proposed transfer and the lack of Citizens addressing the STEP commitment threatens to undo the ongoing commitments made for the elimination of septic systems from our neighborhoods. My understanding is that in the hearings, Citizens prevented the financial capability assessment between the City and EPA that forms the foundation of the Long Term Control Plan obligation

from being entered into evidence to the Indiana Utility Regulatory Commission. This is where the promise for septic tank elimination is stated to USEPA. Citizens argued that the final consent decree obligations with the financial capability assessment have not yet been approved by USEPA. Citizens has repeatedly stated that they are not making a commitment to complete the STEP program and will only complete the part currently under construction. Our understanding is that the action is off public notice and awaiting the judge's signature.

Citizen's argument appears to be that the Indiana Utility Regulatory Commission should approve the transfer regardless of the commitments that the City ultimately makes with USEPA for the sewage discharge permit and the nature of consequent financial obligations to Citizens. Citizens seems to be incorporating some of the preliminary numbers of the commitments but not others. Citizens seems to believe it can reopen and change EPA's mind if the City makes an obligation to USEPA that Citizens thinks is not appropriate.

In addition, the City-County Council adopted a much increased connection fee for new sewers. It justified the increase as the obligation of new connectors to share in existing infrastructure capacity paid for by rate-payers in past years. This new revenue source was dedicated by the Council as a fund for infrastructure to allow connection of property with aging septic systems. The IURC must require that CEG honor that Council commitment to dedicate those connection fee revenues higher than recovery of administrative costs to their original purpose of supporting the STEP efforts.

The NAACP believes it is imperative that the STEP program be completed to protect human health and meet the full requirements of the consent decree. We certainly need to resolve the responsibility issue now so we do not get in a major court battle over the funding in 2013.

Thank you for the opportunity to speak to you today and I hope you will be able to resolve the responsibility now before the transfer occurs.

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Ms. Chrystal Ratcliffe

President

Greater Indianapolis NAACP Branch #3053

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**Issues of concern re proposed sale of Indianapolis' water and sewer works to  
Citizens Energy group. IURC Field Hearing, 1-5-11)**

1. We continue to question the necessity and desirability of transferring all land owned by the Board of Waterworks and DPW. Some of this land is high quality recreational land and part of the Parks and Greenways system. We believe it should be held by the city where there is greater political answerability and accountability.

2. We question the appropriateness of a \$28 million termination fee with Veolia Water which was announced in October. While this issue might not be directly pertinent to this field hearing we are concerned that the amount is excessive, particularly considering the allegations of poor or non-performance and falsification of records to qualify for performance bonuses. We urge the IURC to fully scrutinize the appropriateness of the proposed termination fee.

3. We hope the IURC will carefully review the institutional procedures for ensuring FULL AND FACILE PUBLIC ACCESS to Citizens Energy Group and for the accountability of CEG to the public and to the Indianapolis Department of Public Utilities. Citizens of Indianapolis want to be assured that they will have good access to our Public Charitable Trust on water matters.

Overall, we believe that proposed operation of the water supply works by Citizens Energy rather than Veolia is much preferable to the current arrangement, and have high expectations that CEG will perform well if/when the transfer is approved. We have had contact over the years with Citizens management and generally find them to be diligent and responsive. Yet, as the controversial "Goldsmith greenway grab' on the White River at 30<sup>th</sup> Street in 1996 demonstrated, it is indeed possible for Citizens Energy to make premature decisions without the benefit of early consultation with the public. Installing adequate procedures for consultation and access to meetings and public records, and a positive communications ethic, will facilitate a positive working relationship with all interest groups including neighborhoods and environmental groups which are typically under represented politically

Thank you.

Clarke Kahlo,  
Program Director  
Protect Our Rivers Now!

**Daniels, Sandy**

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**From:** Clarke Kahlo [ckahlo@toast.net]  
**Sent:** Sunday, January 09, 2011 1:44 PM  
**To:** UCC Consumer Info  
**Subject:** Public Comment on Cause 43936; Fwd: Citizens Energy Group Board of Directors Agenda for 1-10-11  
**Attachments:** Citizens Board Of Directors Agenda 1-10-11.doc; CWC-- PR-- Issues of concern re proposed sale of Indianapolis water1-5-11.doc  
**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Hello OUCC and IURC officials,

I spoke at the January 5th IURC field hearing on this cause (43936). I am forwarding a series of emails below documenting CEG's recent resistance, unwarranted in my view, to timely disclosing a requested public record. I hope the OUCC and IURC will, if the proposed transfer is ultimately approved, require that CEG fully comply with the open door law and the public records act. It is, after all, a Public Charitable Trust.

Thank you.

Clarke Kahlo  
4454 Washington Boulevard  
Indianapolis, IN 46205  
317 283-6283

## **Forwarded conversation**

**Subject: Citizens Energy Group Board of Directors Agenda for 1-10-11**

-----  
**From:** Considine, Daniel J. <DConsidine@citizensenergygroup.com>  
**Date:** Thu, Jan 6, 2011 at 1:50 PM  
**To:** Glenn Pratt <pratt8460@gmail.com>, Clarke Kahlo <ckahlo@toast.net>

**Glenn, Clarke:**

The public session of the board meeting is likely to start about 8:30 a.m.

**Dan Considine**

Manager, Corporate Communications

Citizens Energy Group

407-9254

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From: **Clarke Kahlo** <[ckahlo@toast.net](mailto:ckahlo@toast.net)>  
Date: Thu, Jan 6, 2011 at 2:15 PM  
To: "Considine, Daniel J." <[DConsidine@citizensenergygroup.com](mailto:DConsidine@citizensenergygroup.com)>

Thank you. Are the draft minutes of the December meeting available now?

Clarke

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From: **Considine, Daniel J.** <[DConsidine@citizensenergygroup.com](mailto:DConsidine@citizensenergygroup.com)>  
Date: Thu, Jan 6, 2011 at 2:18 PM  
To: Clarke Kahlo <[ckahlo@toast.net](mailto:ckahlo@toast.net)>

No they won't be approved until Monday. They will be available soon thereafter.

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From: Clarke Kahlo [<mailto:ckahlo@toast.net>]  
Sent: Thursday, January 06, 2011 2:16 PM  
To: Considine, Daniel J.  
Subject: Re: Citizens Energy Group Board of Directors Agenda for 1-10-11

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From: **Clarke Kahlo** <[ckahlo@toast.net](mailto:ckahlo@toast.net)>  
Date: Thu, Jan 6, 2011 at 2:29 PM  
To: "Considine, Daniel J." <[DConsidine@citizensenergygroup.com](mailto:DConsidine@citizensenergygroup.com)>

Dan,

The Indiana Public Access Counselor has previously advised that draft (not-yet-approved) minutes are indeed disclosable public records. Would you mind having your counsel look into that? It was the very first PAC advisory opinion-- in 1998. No. 98-AO-1 as I recall. I brought the complaint (i.e. requested the opinion) on behalf of Protect Our Rivers Now. It was a DNR case/issue.

Attached are my remarks at the yesterday, which include public access exhortations.

Thank you.

Clarke

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From: **Considine, Daniel J.** <[DConsidine@citizensenergygroup.com](mailto:DConsidine@citizensenergygroup.com)>  
Date: Thu, Jan 6, 2011 at 5:50 PM

**NOTICE AND AGENDA**  
**ANNUAL MEETING OF**  
**THE BOARD OF DIRECTORS OF**  
**CITIZENS ENERGY GROUP**  
**MONDAY, JANUARY 10, 2011**  
**8:10 a.m., EST**

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**EXECUTIVE SESSION**

The Board of Directors of Citizens Energy Group ("CEG") will hold an Executive Session at 8:10 a.m., on Monday, January 10, 2011, in the Board Room at CEG's offices, located at 2020 North Meridian Street, Indianapolis, Indiana, for the purpose of discussing the subject matters set forth below. The Public Session will immediately follow:

**EXECUTIVE SESSION:**

- I. Discussion of Strategy with Respect to Litigation that is Pending, Not Including Competitive Adversaries, Pursuant to Indiana Code 5-14-1.5-6.1(b)(2)(B).
  - II. Discussion of Records Classified as Confidential by State or Federal Statute Pursuant to Indiana Code 5-14-1.5-6.1(b)(7) and Indiana Code 5-14-3-4(b)(6).
  - III. Discussion of Strategy with Respect to the Implementation of Security Systems, As Necessary For Competitive or Bargaining Reasons, Pursuant to Indiana Code 5-14-1.5-6.1(b)(2)(C).
  - IV. Receive Information About and Interview Prospective Employees Pursuant to Indiana Code 5-14-1.5-6.1(b)(5).
- 

**PUBLIC SESSION**

- I. Call to Order: Martha Lamkin
- II. Approval of Minutes of the Regular Meeting of the Board of Directors held December 15, 2010: Martha Lamkin **(ACTION)**
- III. Certification of Topics Discussed at Executive Session: Martha Lamkin **(ACTION)**
- IV. Election of Officers of the Board of Directors and Election of Executive Committee of the Board of Directors: Martha Lamkin **(ACTION)**
- V. Set Compensation of Executive Committee of Board of Directors: Martha Lamkin **(ACTION)**
- VI. Authorize Retention of Outside Professional Services: Martha Lamkin **(ACTION)**
- VII. Elect Officers of Citizens Energy Group for 2011: Martha Lamkin **(ACTION)**
- VIII. Consent Calendar (Ratifications and Approvals): Martha Lamkin **(ACTION)**
  - Approval of Individuals Authorized to Co-sign Checks and Initiate Wire Transfers
  - FAC-20 Thermal Rate Approval
- IX. Report of Senior Vice President and CFO: John Brehm
- X. Questions Regarding the Monthly Operational Status Report: Carey Lykins
- XI. Other Business: Martha Lamkin
- XII. Adjournment: Martha Lamkin

To: Clarke Kahlo <[ckahlo@toast.net](mailto:ckahlo@toast.net)>

**Clarke:**

Thanks for providing the reference below. I will have one of our attorneys take a look and we will get back to you.

Dan

---

**From:** Clarke Kahlo [mailto:[ckahlo@toast.net](mailto:ckahlo@toast.net)]  
**Sent:** Thursday, January 06, 2011 2:30 PM

Daniels, Sandy

---

From: Robert J. Wampler [robertjwampler@prodigy.net]  
Sent: Thursday, December 30, 2010 3:34 PM  
To: UCC Consumer Info  
Subject: Water Company 43936

Re: 43936

In general I am in favor of the plan. I would like to see the penalty amount that would have to be paid to cancel the present agreement either reduced significantly or eliminated. I recall a legal doctrine that indicated that penalty clauses would not be enforced in contract defaults unless the damages could not otherwise be determined. I think the City should only pay damages actually sustained by the current contractor if the contract is breached.

Robert J. Wampler, Attorney-Mediator  
5939 Cape Cod Ct.  
Indianapolis, IN 46250  
317-842-1737 \* 317-371-2978  
[robertjwampler@prodigy.net](mailto:robertjwampler@prodigy.net)

Robert J. Wampler, Attorney-Mediator  
5939 Cape Cod Ct.  
Indianapolis, IN 46250  
317-842-1737 \* 317-371-2978  
[robertjwampler@prodigy.net](mailto:robertjwampler@prodigy.net)

\*\*\*\*\*  
\*\*\*\*\*

**Daniels, Sandy**

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**From:** Edward McCartney [edlori@sbcglobal.net]  
**Sent:** Saturday, January 08, 2011 1:54 PM  
**To:** UCC Consumer Info  
**Subject:** Water Utility Sale

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

We are residents of New Palestine. Our water is from Indianapolis Water Company. New Palestine has their own sewer system. We do not see any reason to sell (give away) our water system to a non-profit organization. How did they acquire the money to buy the water system if they are non-profit? How can this "non-profit" organization operate it cheaper? Are they going to cut wages for all employees including the top people? Are they going to hire illegals that will work cheaper? There are too many unanswered questions. This is OUR company and we don't see how you can sell it without our input.

Do you remember what happened to the Lawrence water company? How much did it cost to buy it back? Since that didn't work what makes you think this will as it is on a larger scale.

We believe the rates will go up and service down.

Water is the most important commodity in the world. Again "DO NOT SELL" OUR water company.

Edward and Loraine McCartney  
4789 W. Cedar Creek Drive  
New Palestine, IN 46163-8639

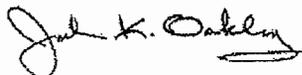
**From:** Oakley, John [John.Oakley@indy.gov]  
**Sent:** Thursday, December 23, 2010 10:35 AM  
**To:** UCC Consumer Info  
**Subject:** IURC Cause No. 43936 - Indianapolis Water and Sewer Utility Transfer

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

My name is John K. Oakley. My mailing address and address of record is 1820 East 65<sup>th</sup> Street, Indianapolis, IN 46220. I am a current customer of Indianapolis Water. I fully support the City of Indianapolis' proposal and request to transfer its ownership of the water and wastewater utilities to Citizens Energy Group. I believe that the transfer of ownership and operational authority will streamline operations , provide better service to customers and minimize/control future user rate increases.

I may be reached for additional input or questions at: (317) 255-4462 or [jkoakley093@comcast.net](mailto:jkoakley093@comcast.net).

Thank you.

A handwritten signature in black ink that reads "John K. Oakley". The signature is written in a cursive style with a horizontal line underneath the name.

John K. Oakley

## Daniels, Sandy

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**From:** sajpearl@comcast.net  
**Sent:** Tuesday, January 11, 2011 5:37 PM  
**To:** UCC Consumer Info  
**Subject:** Case #43936

I am a Citizens Gas customer commenting on my own behalf against the sell of Indianapolis sewer and water utilities to Citizens Energy Group. Since Citizens Gas received its 35% increase I often pay more for service and distribution than I do for actual gas used. I believe under their ownership high rate increases for water and sewer will be the same. As a working citizen, I am tired of paying increases, and I don't trust or have faith in Citizens Energy Group. I am uncertain we will have any recourse if the deal doesn't work out. I am concerned about our giving up the canal and reservoirs. I also question if infrastructure from the 425 million will be noticeable, when 3 billion is actually needed for total improvements.

Sharon A. Johnson  
8205 Lake Point Court  
Indianapolis, IN 46256  
[sajpearl@comcast.net](mailto:sajpearl@comcast.net)  
(317) 284-1323

## Daniels, Sandy

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**From:** MARYANN STEVENS [masliver@sbcglobal.net]  
**Sent:** Sunday, January 09, 2011 12:24 PM  
**To:** UCC Consumer Info  
**Subject:** Cause No. 43936

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

This comment pertains to the IURC Cause No. 43936 concerning the City of Indianapolis's selling of the water and wastewater utilities to Citizens Energy Group.

I think it is a travesty that we as people (meaning governmental units, i.e., state, city, county, since governments are simply organizations of people) cannot provide for ourselves as we have in past decades and centuries. First, it was this governor selling (he says leasing) the Toll Road for 75 years leaving the users of public access highways vulnerable to whatever decisions a private entity (foreign, no less, in that case), and now this mayor is selling our most basic of needs, water, to a private entity. The lure of money is the reason behind it all, but the citizens/residents are left having less, little, or no control over our God given water.

Of greatest concern to me is the possibility for occurrence in Marion County, Indiana, what is happening in places like Michigan, Minnesota, and up state New York, where private water bottling companies have bought the land on which major drinking water aquifers are located and then sell off the water to other locations. As the private entity companies bottle the water for their sale and profit and draw down the aquifer, the local people are left with dwindling water supply, which most affects private, residential well users for whom the private entity water supplier is not responsible to supply water. What if Citizens Energy Group gets the idea to go into water bottling and sells our water to distant places leaving locals with a depleted water table?

I ask that if this proposed sale of the water and wastewater utilities by the City of Indianapolis to Citizens Energy Group is approved it must contain a prohibition against Citizens Energy Group selling water, through bottling process, truck hauling, or other method, to people, businesses, or other entities outside of the normal water supply service area of Indianapolis/Marion County, Indiana, including a prohibition against selling water to companies doing business within the Indianapolis Water Company's service area who would then sell the water outside the service area.

Sincerely,  
MaryAnn Stevens  
8554 Moore Road  
Indianapolis, IN 46278

**Daniels, Sandy**

---

**From:** bigjohn65@comcast.net  
**Sent:** Sunday, January 09, 2011 12:00 PM  
**To:** UCC Consumer Info  
**Subject:** Water sale

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

I applaud the Mayor's plan to sell of the water and sewer works to Citizens Energy. I think it a fine way to solve many problems and create opportunities for other cities to learn from Indianapolis.

John and Margaret Francis  
8307 Crystal Pointe Lane  
46236

**Daniels, Sandy**

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**From:** Shasta [cpa-indy@comcast.net]  
**Sent:** Wednesday, January 05, 2011 4:41 PM  
**To:** UCC Consumer Info  
**Subject:** Water Service Utility

To the Board of Commissioners of Utilities:

Please, please do NOT approve the sale of Indianapolis Water to ANY company or corporation. As citizens, we should expect our city government to provide water, road, and other services. If the city is involved, we citizens have a right to have a say in what is being done. If our water service is SOLD to some outside company...citizens lose that element of control.

Indianapolis citizens will be subject to who knows what fee increases. Citizens will lose the right to complain and get cost factors from an outside company. That alone leaves a big opportunity for graft and corruption.....to steal money from already strapped citizens. And how do you expect older citizens to pay such higher prices???

What a shame if you do okay the sale of water services.

Sincerely,

Shasta Jacobs  
841-8538

**Daniels, Sandy**

---

**From:** Jay & Sharon Neal [jaysharn@comcast.net]  
**Sent:** Thursday, January 06, 2011 11:19 AM  
**To:** UCC Consumer Info  
**Subject:** Speak Up On Sale

**Importance:** High

I can speak from experience as a customer of current water company who was to be the answer to all our woes; Please, Please sell and get us out of these criminal's hands. I have seen next to nothing as far as care of water hydrants, sewer/water issues and above all their billing process. We watered less this summer but still paid \$200 water bills. Our irrigation system was shut down end of September/first of October and our water bills continue to be the high end bills as tho we are still watering. I am assuming they need the extra bucks for winter expenses however what does that say for Spring and early summer when we pay ZERO DOLLARS as we have over paid our bill by hundreds of dollars. I pray the sale goes through to Citizens as they seem to have a handle on controlled expenses and billing. We pay full gas bills for what is used, we pay full electricity bills for what is used (they balance each other out \$\$ wise) however, the water/sewer bill has an agenda of it's own. Our rates go up for less service and very little if anything is done to maintain normal maintenance not to mention updating the current water/sewer system. Please make the sale for the betterment of our community. I am sure some of the federal laws say we have a lot of raw sewage being emptied in water ways...this must stop .... Do I think increases will take place; yes I do and if the money is put to use for betterment then so be it. Waste of revenue and little or no explanation of how the money is spent is a concern where current provider is concerned. Citizens NONPROFIT is the key Veola (miss spell) is for profit at any cost.....Lord but there is no comparison.....

Respectfully,  
Sharon Neal

## Daniels, Sandy

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**From:** Mark Smith [msmith@inrecex.com]  
**Sent:** Wednesday, January 05, 2011 4:34 PM  
**To:** UCC Consumer Info  
**Cc:** Jenni Phillippi; Ron Belton  
**Subject:** comments on pending sale of IWC ( Veolia)

We are a small WBE contractor located in Indianapolis. We have done work for the city, Veolia, United Water and Citizens Thermal. We have actively attended a number of meetings that the Mayor and Mr. Lykens form Citizens have conducted.

I have also had some discussions with city managers, united water and citizens energy.

Based on the results of those meetings our company fully supports the sale. We feel that it will assist the citizens of Indianapolis control the rates. The service and experience that citizens brings to the table is a positive for everyone. Also we feel that the money generated from the sale will help to repair the crumbling infrastructure and hopefully give work to more local minority contractors.

Respectfully Submitted,

Mark Smith, Business Development Director

Indiana Reclamation & excavating ( 317-926-3770)

E-mail [msmith@inrecex.com](mailto:msmith@inrecex.com)

CAMPBELL KYLE PROFFITT LLP  
ATTORNEYS AT LAW

JOHN D. PROFFITT  
JEFFREY S. NICKLOY  
DEBORAH L. FARMER  
WILLIAM E. WENDLING, JR.  
ANNE HENSLEY POINDEXTER  
ANDREW M. BARKER  
MICHAEL A. CASATI  
JOHN S. TERRY  
RODNEY T. SARKOVICS  
SCOTT P. WYATT  
AMY E. HIGDON  
STEPHENIE K. GOOKINS  
N. SCOTT SMITH  
KEVIN G. KLAUSING  
RUSSELL B. CATE  
MATTHEW T. LEES

FRANK S. CAMPBELL  
(1880-1964)

FRANK W. CAMPBELL  
(1916-1991)

ROBERT F. CAMPBELL  
(1946-2004)

JOHN M. KYLE  
(1927-2006)

January 11, 2011

E-Mail: [rcate@ckplaw.com](mailto:rcate@ckplaw.com)

Consumer Services Staff  
Indiana Office of Utility Consumer Counselor  
115 W. Washington St., Suite 1500 South,  
Indianapolis, IN 46204

Via U.S. Mail and via electronic mail  
[uccinfo@oucc.IN.gov](mailto:uccinfo@oucc.IN.gov)

RE: IURC Cause No. 43936

To Whom It May Concern:

My firm represents East Carmel, LLC and Personal Investments, LLC (collectively the "Property Owners"), two limited liability companies, which own real estate at the southwest corner of the intersection of 146<sup>th</sup> and River Road in Hamilton County, Indiana. The City of Indianapolis, Department of Waterworks (hereinafter "DOW") owns two water lines (hereinafter "Twin Water Lines"), which run through the property without an easement and over the owners' objections.

You will find a map illustrating the location of the DOW's Twin Water Lines enclosed with this correspondence. The area outlined in green represents the real estate owned by Personal Investments, LLC, the area in blue represents the area owned by East Carmel, LLC and the Twin Water Lines are shown in red.

Paul Rioux, who is the president of Platinum Properties which, in turn, is the managing member of East Carmel, LLC and who is a member of Personal Investments, LLC has asked me to enclose his sworn Affidavit, which confirms the aforementioned allegations. The OUCC must consider this sworn statement as a part of its discussions on the proposal for Citizens Energy Group to acquire and operate water and wastewater utilities.

The OUCC should also be aware that the Property Owners instituted an inverse condemnation law suit against the DOW for its unlawful taking after the DOW failed to acknowledge their taking after many months of internal investigation. The lawsuit is currently pending in Hamilton County under cause number 29D02-1009-PL-001271.

Consumer Services Staff  
January 11, 2011  
Page 2

If you or anyone at the OUCC would like to discuss this matter in more detail, please feel free to give me a call.

Sincerely,

CAMPBELL KYLE PROFFITT LLP

A handwritten signature in black ink, appearing to read "Russell B. Cate", written over the printed name.

Russell B. Cate

RBC/cwl.19859.1  
Enclosure(s)

Affidavit of Paul Rioux

Paul Rioux, being first duly sworn upon his oath, states:

1. I am President of Platinum Properties, LLC and a member of Personal Investments, LLC.

2. Platinum Properties, LLC, is an Indiana limited liability company, and is the managing member of East Carmel, LLC, also an Indiana limited liability company.

3. Personal Investments, LLC is also a limited liability company.

4. On or about April 30<sup>th</sup>, 2006, East Carmel, LLC purchased from Earlham College +/- 400 acres of real estate, which is generally located on the southwest corner of 146<sup>th</sup> street and River Road in Carmel, Indiana and which is outlined in blue on the attached map.

5. On or about July 19<sup>th</sup>, 2007, East Carmel, LLC conveyed approximately 7.012 acres of the +/- 400 acres owned to Personal Investments, LLC, which 7.012 acres is outlined in green on the attached map.

6. The City of Indianapolis, Department of Waterworks currently owns the twin water lines outlined indicated by red lines on the attached map (the "Twin Water Lines). The Twin Water Lines are not within a written easement recorded with the Recorder of Hamilton County, Indiana or granted by East Carmel, LLC or Personal Investment, LLC.

7. Neither East Carmel, LLC nor Personal Investments, LLC has received compensation from the City of Indianapolis Department of Waterworks for the installation of the Twin Water Lines.

8. East Carmel, LLC and Personal Investments LLC have instituted litigation against the City of Indianapolis Department of Waterworks in Hamilton County, Indiana currently pending in the Superior Court of Hamilton County, Indiana under Cause No. 29D02-0910-PL-001271.

9. Rather than compensate East Carmel, LLC and Personal Investments, LLC, the City of Indianapolis Department of Waterworks continues to fight the litigation and incur attorney fees.

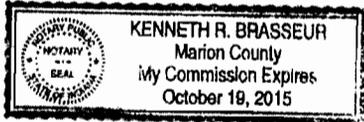
Further affiant sayeth naught.

Paul Rioux  
Paul Rioux

STATE OF INDIANA        )  
  ) SS:  
COUNTY OF HAMILTON )

SUBSCRIBED AND SWORN to before me, a Notary Public in and for said County and State, this 11<sup>th</sup> day of JANUARY, 2011.

Kenneth R. Brasseur  
Notary Public



**Daniels, Sandy**

---

**From:** Web Form Poster [Mbartonlaw@aol.com]  
**Sent:** Saturday, January 01, 2011 12:45 PM  
**To:** UCC Consumer Info  
**Subject:** Website Contact Form

Title: Ms.

First Name: Marycatherine

Last Name: Barton

Email: [Mbartonlaw@aol.com](mailto:Mbartonlaw@aol.com)

Street Address: 1310 N. Bosart Ave.

City: Indianapolis

State: IN

Zip: 46201-1714

Phone: (317)354-1707 ext.

Type: home

No Phone Service:

Case Number: proposed utility deal for Indpls

Comments: I am very much against the Citizen Energy Group's proposal to acquire and operate both the water and wastewater utilities. This will unfairly cost the average person, and is a political sham. Thanks for your attention!!!

## Daniels, Sandy

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**From:** Web Form Poster [afssadmin@ai.org]  
**Sent:** Monday, December 27, 2010 11:26 AM  
**To:** UCC Consumer Info  
**Subject:** Website Contact Form

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Title: Mr.  
First Name: Henry  
Last Name: Barfield  
Email: hbarfield1@juno  
Street Address: 734 N. Livingston  
City: Indianapolis  
State: IN  
Zip: 46222  
Phone: (317)752-0469 ext.  
Type: home  
No Phone Service:  
Case Number: 43936

Comments: I see the sale as a back door tax increase on ratepayers. Ultimately rate-payers will pay for financing the sale.

where as all tax payers should have to pay not just rate payers. A better solution would be to just hire Citizens to manage the water Co. if they can save so much money on operating cost.

## Daniels, Sandy

---

**From:** Web Form Poster [gdempseypc@aol.com]  
**Sent:** Friday, December 31, 2010 10:55 AM  
**To:** UCC Consumer Info  
**Subject:** Website Contact Form

Title: Mr.

First Name: gordon

Last Name: dempsey

Email: [gdempseypc@aol.com](mailto:gdempseypc@aol.com)

Street Address: 637 N Berwick Ave

City: Indianapolis

State: IN

Zip: 46222

Phone: (317)925-8000 ext.

Type: work

No Phone Service:

Case Number: 43936

Comments: High probability "copper to steel" unions have been substituted for "copper to lead" unions at the street, on a large scale, since 2002.

VOIDS WARRANTY; HUGE COSTS FOR WASTED WATER; PLUS PREMATURE REPLACEMENT LATER.

Submitting copy of earlier letter, separately.

Indiana Utility Regulatory Commission  
Cause No. 43936 Indpls Water

Supplemental Statement re Infrastructure Issue

Comes now Gordon B. Dempsey, and for his supplemental statement says:

1. This supplements the affidavit of Jan 4, 2011 and brief comments at the Jan 5, 2011 public hearing.

2. On January 11, 2011, I spoke by phone to Ken in product applications at AY McDonald. I told him the question involved possible use of the wrong unions, by plumbers tying in new copper service lines, to lead lines at the street.

Ken said the set screw, which pushes directly into the pipe in a *steel* union, is likely to puncture or distort the pipe if used on lead, which is much softer than steel. That is why it voids the warranty. He said they have no studies of failure rates, because the problem is *obvious*.

3. The set screws on both the *copper and lead* McDonald unions tighten a clamp, like a radiator hose or fernco coupling, and thus the set screw does not jab the pipe.

4. The McDonald copper to steel union is a 4758 Q55, and the copper to lead is series 4758-22-66 through 68.

5. Mueller does not make a lead union, and their steel union is threaded, thus less likely to be used in this application, due to the unlikely availability of a convenient and clean threaded surface, on the street side. Rob McKenzie, metallurgical engineer at Mueller, 901-476-5858, phone conversation January 12, 2011.

Gordon B. Dempsey  
Attorney at Law  
PO Box 22542  
Indianapolis, IN 46222  
317-925-8000  
gdempsey@aol.com  
fax 925-9612

OUCG  
115 West Washington St.  
Suite 1500 South  
Indianapolis, IN 46204

fax (p 1 of 3) 317-232-5923

re: Cause No. 43936 Indpls Water

Ladies/Gentlemen

Attached is a 2 page supplement.

6. I do not have information at this point, from Ford. Fordmeterbox.com, Wabash, IN.

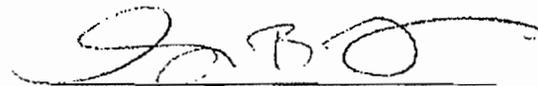
7. The US Census, through American Fact Finder, shows 379,583 total housing units in Indpls (fewer than Marion Co as a whole). Of those, 99,722 were built before 1950 (72,511 before 1939, and 27,011 1940-49). 52,060 were built between 1950 and 1959. Thus, the total before 1960 is 152,000. *If the service line on one fifth of those was replaced from 2001-2011, that would be 30,400 unions. If all were the wrong union, and needed to be replaced, that would be about \$10,640,000-- at \$350 apiece for parts, labor and overhead. (I asked Rena of IWC permits the morning of January 12, 2011 for the total residential replacement permits each year back to 2000; was routed to D.O.W; and am awaiting the numbers.)*

8. If Columbus, Ohio was correct in writing the pex, approved by Veolia for Indpls out of its specs due to serviceability problems-- around the time Indpls was writing it in—that could generate additional costs.

9. Those costs would include "meter to house" if failures arise, since Veolia has been demanding control over materials used meter to house, even though its own regs clearly leave that to the customer.

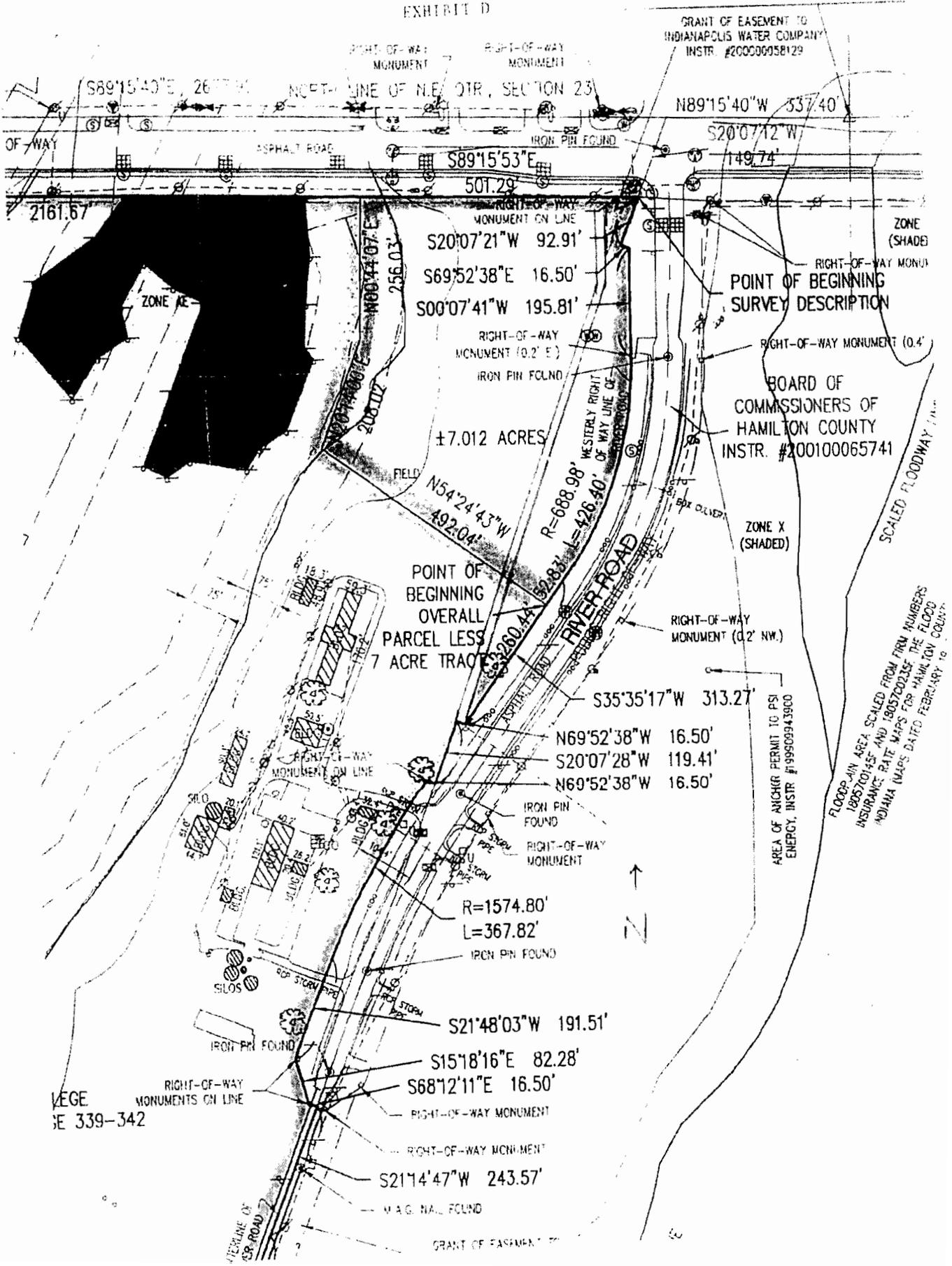
10. I did not complete this until about 7:30 pm January 12, and failed to get it notarized.

date: 1-12-11



Gordon B. Dempsey

EXHIBIT D



GRANT OF EASEMENT TO INDIANAPOLIS WATER COMPANY INSTR #200009058129

RIGHT-OF-WAY MONUMENT RIGHT-OF-WAY MONUMENT

S89°15'40"E, 267.74' NORTH LINE OF NE 1/4 TR, SECTION 23

N89°15'40"W 537.40'

S20°07'12"W 149.74'

S89°15'53"E 501.29'

S20°07'21"W 92.91'

S69°52'38"E 16.50'

S00°07'41"W 195.81'

RIGHT-OF-WAY MONUMENT (0.2' E)

IRON PIN FOUND

±7.012 ACRES

N54°24'43"W 492.04'

R=688.98' WESTERLY RIGHT OF WAY LINE OF RIVER ROAD L=426.40'

POINT OF BEGINNING OVERALL PARCEL LESS 7 ACRE TRACT

S35°35'17"W 313.27'

N69°52'38"W 16.50'

S20°07'28"W 119.41'

N60°52'38"W 16.50'

R=1574.80'

L=367.82'

IRON PIN FOUND

S21°48'03"W 191.51'

S15°18'16"E 82.28'

S68°12'11"E 16.50'

RIGHT-OF-WAY MONUMENT

RIGHT-OF-WAY MONUMENT

S21°14'47"W 243.57'

M.A.G. NAIL FOUND

VEGETATION 339-342

RIGHT-OF-WAY MONUMENTS ON LINE

GRANT OF EASEMENT TO

ZONE (SHADED)

POINT OF BEGINNING SURVEY DESCRIPTION

RIGHT-OF-WAY MONUMENT (0.4')

BOARD OF COMMISSIONERS OF HAMILTON COUNTY INSTR. #200100065741

ZONE X (SHADED)

RIGHT-OF-WAY MONUMENT (0.2' NW)

AREA OF HIGHER PERMIT TO PSI ENERGY, INSTR #1999009943900

FLOODPLAIN AREA SCALED FROM FIRI NUMBERS 190570145' AND 1905700235' THE FLOOD INSURANCE RATE MAPS FOR HAMILTON COUNTY, INDIANA (MAPS DATED FEBRUARY 1987)

SCALED FLOODWAY 1/4"

Gordon B. Dempsey  
Attorney at Law  
PO Box 22542  
Indianapolis, IN 46222  
317-925-8000  
gdempseypc@aol.com  
fax 925-9612

Jan 4, 2011

Consumer Services Staff  
Office of Utility Consumer Counselor  
115 W. Washington St.  
Suite 1500 South  
Indianapolis, IN 46204

fax 232-5923 (page 1 of 9)

re: Cause No 43936 Water Co

Affidavit of Jan 4, 2011 and letter of Jul 21, 10

Indiana Utility Regulatory Commission  
Cause No. 43936 Indpls Water

Affidavit re Infrastructure Issue

Comes now Gordon B. Dempsey, and for his affidavit says:

1. I undertook to replace the water service line, from the street into the residence, at 637 N. Berwick Ave, Indpls, in the fall of 2009.
2. I used  $\frac{3}{4}$  inch flexible K copper, and tied it to city line, which is lead, at the street.
3. The correct union for that application is copper to lead, made differently than copper to steel, for example. Lead is much softer than steel.
4. The city commonly used lead under the street, until the 1940's or later.
5. AY McDonald (est 1856), a major manufacturer of unions, confirmed by phone in November 2009, that use of a "copper to steel" union in a "copper to lead" application *voids the warranty*.
6. *However, supply houses in Indianapolis generally have not even stocked "copper to lead," stocking "copper to steel", instead.*
  - a. Utility Supply for many years has stocked the McDonald Q55, which is a copper to steel Pac, and also stocks a copper to steel compression option. *Copper to lead*, however, requires special order, taking several days. A Ryan Ropes, responding to a general call Jan 3, 2010, confirmed this has been the pattern, based on his best recall, for the ten years he has worked there, as it was on my inquiry in Nov, 2009. Mr Ropes asserted the key was that the lead fit.
  - b. On or about Nov 20, 09, I called Ferguson Enterprises, and was

told they had the correct fitting for this copper to lead application. I drove out, carrying a piece of the lead pipe from the city side of the easement line. I was sold a McDonald Q55, as the correct fitting, by a Joshua. When Ferguson was not able to confirm within a few days this was copper to lead, I called McDonald, and first learned Q55 is copper to steel, and the warranty would be voided. Ferguson ordered a McDonald copper to lead fitting, which I ultimately used.

c. I visited Winthrop Supply, about the same time, and was told a Ford extra strength 1" fitting would be correct. He could tell it would fit the lead, which I brought in. Winthrop did not stock copper to lead either, and the clerk did not know how long it would take, to get it.

d. Economy and others do not stock fittings, for tying in service lines at the street.

7. The price to the plumber of a "copper to lead" union might be near \$32, and the price of a "copper to steel" near \$16.

8. On Nov 24, 2009, I delivered a letter to the IWC service department, including the following language. "... on double checking with the mfg, I learned the supply house gave me a *copper to steel instead of the requested copper to lead* union, for use at the curbstop. Need to replace?"

9. While I stood at the IWC service counter after delivering the letter, the field inspector called in, and reported that the union was "*good to go.*" (although it's easy to tell a "copper to steel" union [the set screw jabs in] from a "copper to lead" union [the set screw runs sideways]).

10. cursory checking with plumbers suggests they have normally deferred to supply houses, and inspectors.

11. I thus perceive quite a bit of evidence, pointing to excessive leakage and repair costs in the future from premature failures, though many may be delayed some years.

12. It seemed Veola should have to post a bond or escrow, or take less money up front, so rate payers are not left holding the bag.

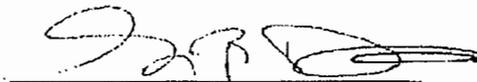
13. The responsibility might be limited to service line replacements since 2002, when Veola took over.

14. The unions are only 5 ft down, and 50 or so could be dug up within a few days by a few crews, to test interviews with inspectors, plumbers and supply houses. Objective selection of the dig sites would be important.

15. A copy of my July 21, 2010 letter to several Citizens and City-Co Council officials is attached.

16. Your affiant is an Indpls native. He attended Wabash College on a full tuition scholarship from the Geo F Baker Trust Fund, and graduated from Duke Law School in 1974. He represented the Water Co on several matters, mostly smaller, years before Veola appeared.

And further, your affiant sayeth naught.

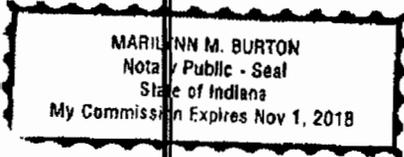


Gordon B. Dempsey

State of Indiana )  
 ) ss:  
County of Marion )

Subscribed and sworn to before me, a Notary Public in and for the State of

Indiana and County of Marion, by Gordon B. Dempsey, this 4th day of January, 2011.



Marilyn M. Burton  
Notary Public

County of residence HENDRICKS  
Commission expires NOV. 1 2018

Gordon B. Dempsey  
Attorney at Law  
PO Box 22542  
Indianapolis, IN 46222  
317-925-8000  
gdempseypc@aol.com  
fax 925-9612

July 21, 2010

John Whitaker, Sr VP, Corp and Legal Affairs  
jwhitaker@citizensenergygroup

John Brehm, Sr VP and CFO  
jbrehm@citizensenergygroup

Jeff Harrison, VP Engineering & Facilities Mgt  
jharrison@citizensEnergygroup

Ryan Vaughan, Pres  
City County Council  
vaughanforcouncil@gmail.com

Joann Sanders, Minority leader  
City County Council  
jmsanders@msn.com

Marilyn Pfister  
Council District 14  
cfist1061@aol.com

re: water company sale  
potential infrastructure issues

July 21, 2010

Ladies and Gentlemen:

While raised late in the game, there may well be pending clauses or other effective vehicles, for addressing the concerns below.

I. Possible widespread use of the wrong union in residential repairs.

A. Factors observed.

1. Supply houses generally have not even stocked copper to lead  $\frac{3}{4}$  unions, the correct one for tying copper replacement service lines to the old lead lines, at the street. I understand most of the older pipe is lead, at the street. Winthrop Ferguson, Utility Supply, etc.
2. The copper to steel union is nearer \$16, vs \$32 for the copper to lead, saving the plumber some money.
3. Inspectors, at least anecdotally, ok'ing the copper to steel union, even though visual observation shows it not to be copper to lead.
4. Manufacturers emphasizing that using a copper to steel union on a copper to lead application voids the warranty. (intuitively apparent, since lead is much softer than steel, and water finds a way).

B. Implications.

1. Fairly high probability, this has been going on for a while.
2. Even a small increase in early failure rates, and even years from now, is a bunch of money.
  - a. outside the meter, so wasted water is utility's ticket, while wasted.
  - b. once problem found, cost to correct

c. water co pushes people to use a plumber to replace lines and unions, but customer hires the plumber. Whose ticket to fix? Though that should be a side issue.

3. Might have to dig up a bona fide cross section (not wired up to only check the ones that were probably done right) to see what you have. Once you have a good list, a crew or two could dig up a bunch, in a few days. Four and a half feet down.

4. Reserve or bond, or effect on price?

II. Water company controlling line replacement materials, etc from meter pit to the structure.

A. The water co rules, etc are consistent—water co concern goes only from the street through the meter pit. Meter pit into the house, is up to the customer

B. For some time, the field supervisor has been adamant, that the water co also controls the materials, pit to house.

C. There is a legitimate debate, about the merits of copper, poly, pvc, etc.

D. Implications: If the water co forces the customer to use A, and A fails due to something that probably would not cause B or C to fail, the water co has pointlessly subjected itself to liability, for imposing control not in its rules, etc. and not imposed by most communities. Recent complaints with copper quality, copper freezes quicker, very expensive, poly collapsing due to softness, Columbus OH writing the poly specified by IWC out of its own rules, etc.

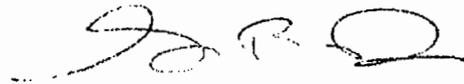
I have represented developers on sewer and water matters for residential developments (300-400 unit single family projects, and smaller) as a lawyer, and represented the water co decades ago, when the AUL building contractor fractured a water line, etc.

Also, installed some outside clean outs, replaced water lines, installed outside meter pits and meter assemblies, repaired laterals, with my own hands.

VIA-TUIC  
①  
→

I do not know the specifics of the pending terms, but sensed that everyone would want a clean deal, with questions of this sort on the table, and fairly addressed, regardless.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Gordon Dempsey', with a stylized flourish at the end.

Gordon Dempsey

**Daniels, Sandy**

---

**From:** John Bradley [bradleyjocar@att.net]  
**Sent:** Wednesday, December 22, 2010 8:43 PM  
**To:** UCC Consumer Info  
**Subject:** Indianapolis Water Company sale to Citizens Energy

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

I support the sale of the Water Company to Citizens as a payer of both utilities I have found that the Citizens Gas has kept my bills low and provided me good service.

John Bradley  
917 Country Lane  
Indianapolis, Indiana  
317-373-6968

INDIANA UTILITY REGULATORY COMMISSION PUBLIC FIELD HEARING

Cause No. 43936 - January 5, 2011

JOINT PETITION OF THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF INDIANAPOLIS, D/B/A CITIZENS ENERGY GROUP, CWA AUTHORITY, INC., THE CITY OF INDIANAPOLIS AND ITS DEPARTMENT OF WATERWORKS AND ITS SANITARY DISTRICT FOR APPROVALS IN CONNECTION WITH THE PROPOSED TRANSFER OF CERTAIN WATER UTILITY ASSETS TO THE BOARD AND THE PROPOSED TRANSFER OF CERTAIN WASTEWATER UTILITY ASSETS TO THE AUTHORITY, INCLUDING: (A) APPROVAL OF INITIAL RATES AND RULES FOR WATER AND WASTEWATER SERVICE, AS WELL AS THE TERMS OF CERTAIN AGREEMENTS FOR WASTEWATER TREATMENT AND DISPOSAL SERVICE; (B) APPROVAL OF AN ENVIRONMENTAL COMPLIANCE PLAN UNDER IND. CODE 8-1-28 AND AN ADJUSTMENT MECHANISM FOR WASTEWATER RATES TO PROVIDE TIMELY RECOVERY OF COSTS NECESSARY TO COMPLY IN WHOLE OR IN PART WITH THE SAFE DRINKING WATER ACT AND/OR CLEAN WATER ACT; (C) APPROVAL OF PROPOSED ALLOCATIONS OF CORPORATE SUPPORT SERVICES COSTS AMONG AFFECTED UTILITIES; (D) APPROVAL OF AN OPERATING AGREEMENT BETWEEN CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.; (E) APPROVAL OF DEPRECIATION RATES AND OTHER ACCOUNTING MATTERS RELATED TO THE WATER AND WASTEWATER ASSETS; AND (F) ANY OTHER APPROVALS NEEDED IN CONNECTION THEREWITH

If you would like to comment for the record in this cause you must complete this form. Oral and/or written testimony is welcome (both carry equal consideration).

JAN 12 PM 3:13

(PLEASE PRINT)

NAME: J. C. GRIFFIN

ADDRESS: 5870 MEADOWLARK DR.

PLEASE PROVIDE THE NAME OF ANY FIRM OR ASSOCIATION YOU ARE REPRESENTING:

DO YOU WISH TO VERBALLY TESTIFY? (Circle one) YES  NO

I OFFER THE FOLLOWING WRITTEN TESTIMONY:

(You may make both written and oral comments)

I have been a customer of both utilities for over forty years. Citizen Gas has always helped us when we were unable to pay our bill on time by setting up payments we could pay and by getting money from other sources. I commended them on a job well done. The Water Company on the other hand is hard to get answers to

ADDITIONAL COMMENTS MAY BE PLACED ON THE BACK OF THIS SHEET (over.)

Signature: J.C. Griffin

Date 1-11-2011

Comments provided in this cause are considered public records pursuant to the Indiana Access to Public Records Act (Indiana Code 5-14-3-1, et seq.)

your problems. We need to have a customer service  
place for customers to address problems they have not trying to do it  
on the telephone. They (Water Co) estimate my meter three to  
four times per year. It is always higher when they estimate it.  
Customer service told me it was a Regulatory issue. Other  
than poor customer service <sup>and</sup> ones estimating my water meter things are  
Okay. I hope you will address these concerns for me and  
other customers as well. If the water Co. will operate and do their  
business in the matter like citizen the everything should work properly.  
I'm just another (Joe Public) customer - do the right things for  
us. Thank you

## Daniels, Sandy

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**From:** Isterling@aol.com  
**Sent:** Saturday, January 08, 2011 7:58 AM  
**To:** UCC Consumer Info  
**Subject:** sale of indpls.,water co.

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

i am not in favor of this sale,i have 3 accounts in my name and am not really happy with the current company,they estimate the bills.you can have a home empty for some time and no one living there.the water is not used and there are no leaks or faucets dripping.bills will run 42.00-to 45.00 dollars per/month.my real reason for not wanting the water company sold is,where does this put the city bond issue rating.if the city keeps selling all of the assets,what is the city really worth,lets look at it as the normal citizen sells all their assets and comes into hard times.just what do they have to put up with no equity this is a bad idea and the city should have set aside monies for all the repairs the city needs.this is a big oversight on budgeting and this is the easy way out of solving the problem.was the money really there at one time and in hard times it has been used for something else.just where will the bills increase to after the sale of the water company.this is something that i have not heard,about increases and how many times can these bills go up in the future,we are in very hard times with the economy at present..is this a good thing for the customers and citizens of indpls..there are still many un-answered questions,make sure that if this sale goes through the customers and citizens will not suffer in this matter.please look at all options and listen to the customers it is their money at stake.you must make the right decision and the fair one..think about it..i can be contacted at 317-293-8519..we are all in this together and will effect us all,at one point..

gary a. isterling

Isterling-Gary- 43936-1.txt

From: Web Form Poster [isterlingi@aol.com]  
Sent: Saturday, January 08, 2011 8:17 AM  
To: UCC Consumer Info  
Subject: Website Contact Form

Categories: GBS Comments

Title: Mr.

First Name: gary

Last Name: isterling

Email: isterlingi@aol.com

Street Address: 3119 norfolk street

City: indpls

State: IN

Zip: 46224

Phone: (317)293-8519 ext.

Type: home

No Phone Service:

Case Number: indpls.water co.

Comments: please do not sell the water co.where does this put our bondrating,selling the cities

assets..if we continue to selloff the citiesassets,what do we have left..where and what happen to

the monies thatwere budgeted to make these repairs.i cannot believe that if youbudget properly

for needed repairs in the future the money should bein place,as needed.was the monies used for

other things,pensions,newvehicles ect. moved budget items from one character to another as

thisis done alot.i know how this all works 28 year retired cityemployee.this how we end up in a

short fall on budgets..ask questions,look for documentation on transferring of budgeted

funds.the are alotof things to consider on this sale of water company,and do itrigh..what about

future increases on bills the customer willreceive..think hard about this very serious sale....



Consumer Services Staff  
Indiana Office of Utility Consumer Counselor  
115 W. Washington St., Suite 1500 South  
Indianapolis, IN 46204  
RE: IURC Cause No. 43936

1-11-11

**To Whom It May Concern:**

The Geist Coalition (GLC) is an Indiana Non-profit community oriented corporation that was formed over 10 years ago and is staffed solely by volunteers. The Geist Lake Coalition is committed to providing safe, responsible, recreational use of the reservoir, to the preservation/improvement of land values and quality of life for all residents. Water quality and conservation of the surrounding watershed are paramount to our focus and concern.

The Geist Lake Coalition has a rich long-term history of community involvement. One of our many accomplishments was raising funds for a Fire and Rescue Boat, in fact over \$68,000 was donated to the Town of Fisher's Fire Department for this purchase. We are also the organization that hosts the annual fund raising event, the Geist July 4th Celebration (Blast on the Bridge at Geist) attended by over 20,000 people. We're the developer and sponsor of a spin-off volunteer entity called the Geist/Fall Creek Watershed Alliance (GFCWA). This organization works closely with a series of Central Indiana Watershed Groups which serve as a rallying point for clean water and watershed initiatives bringing academic research, residents and field experts together.

We are extremely interested in partnering with Citizen's Energy to help address the short and long-term issues with Geist Reservoir, as well as the associated water quality and conservation concerns. There are a series of issues documented in the Geist Fall Creek Watershed Management Plan (WMP) commissioned by the Geist Lake Coalition and our sister organization, the Geist/Fall Creek Watershed Alliance. Available as public record, there is tremendous depth and detail regarding this research study. Highlights include: Blue-Green Algae Blooms, Invasive Aquatic Plant Infestation, Over Development, Failed Septic Systems, Silt and Fertilizer run-off, Phosphorus and Nutrient Contributions, Wildly Fluctuating Water Levels, Pump Station Failures, Zebra Mussels and Chinese Snails are Top 10 concerns. Combine with a reservoir that is certainly well into its latter half of life expectancy, future dredging will be a real consideration for any hope for preservation.

All these elements point to a critical need for community, municipal and utility stakeholders to form a tight bond in addressing the current issues. We strongly support the transfer of assets from the Indianapolis Water Company to Citizen's Energy. We publicly welcome an affirmative partnership and a proactive position with Citizen's Energy to help address reservoir and watershed impacts. We also request that Citizen's help support the continued academic study and research required to stay on top of these known issues, maintaining the integrity and future well-being of Geist Reservoir. Thank you for documenting our concerns, as we look forward to a beneficial and effective partnership.

Respectfully,

The Geist Lake Coalition Board of Directors,

Brian Hall, President   Scott Rodgers, Vice President   Edward Villanyi, Treasurer   Bob Grennes, Secretary  
Christine Orich, Steering Committee   Tom Britt, Steering Committee

43936 comment\_5.txt

From: UCC Consumer Info  
Sent: Thursday, December 30, 2010 12:17 PM  
To: Daniels, Sandy  
Cc: Swinger, Anthony  
Subject: 43936 comment

-----Original Message-----

From: Web Form Poster [mailto:ann46205@hotmail.com]  
Sent: Thursday, December 30, 2010 8:52 AM  
To: UCC Consumer Info  
Subject: Website Contact Form

Title: Ms.  
First Name: ann  
Last Name: kaplan  
Email: ann46205@hotmail.com  
Street Address: 6080 crows nest dr  
City: indianapolis  
State: IN  
Zip: 46228  
Phone: (317)465-1805 ext.  
Type: home  
No Phone Service:  
Case Number: privatization  
Comments: No more privatizing. Our water utility  
needs to be managed by the city.



January 12, 2011  
3951 N. Meridian, Ste. 100, Indianapolis, IN 46208  
P 317.695.8900 F 317.688.4794

WWW.HECWEB.ORG

Indiana Utility Regulatory Commission  
101 West Washington Street, Suite 1500 E  
Indianapolis, Indiana 46204

RE: Docket #43936

Dear IURC Commissioners,

Our organization, the state's largest member-based environmental policy organization, wishes to submit comments on the issue of the water research and education programs that have been, up till now, funded by Veolia under its contract with the City of Indianapolis.

We request that the IURC urge Citizens Energy Group to carry on Veolia's commitment to funding high quality research and outreach programs that aim to address the significant water quality issues facing our state.

Note that HEC has not received any funding from Veolia at any time, so our interest in weighing in on this matter is driven by public interest aims.

Veolia's Indiana-specific research and outreach funding has:

- Helped policymakers to better understand the nature and causes of algae blooms, which is a potentially very serious challenge to our state's public health
- Shed light on the presence of pharmaceuticals in our waters, and is testing strategies for intercepting contaminants before they reach our waterways
- Raised the profile of emerging water pollution challenges before academics, policy makers, and the media
- Trained a number of talented Hoosier students at IUPUI, several of whom are already at state agencies, like IDEM, IDNR, and city government
- Made the Center for Earth and Environmental Science at IUPUI one of the most vibrant centers for applied water resources research in our country
- Engaged over half dozen grassroots watershed organizations to facilitate water resource education across Central Indiana
- Informed the policy decisions of state agencies and the Army Corps of Engineers
- Leveraged more than twice as many as dollars as Veolia has contributed; two million dollars in Veolia funding over 8 years has leveraged 4.4 million dollars

Citizens will likely soon become the state's largest water utility, and we hope that it will be urged to see the continuation of these programs as expression of its now greater responsibilities to our community.

*Opsee Kharbanda*

Executive Director, Hoosier Environmental Council

PO Box 44670  
Indianapolis, IN 46244-0670

Voice: (317) 236-6330  
Fax: (317) 236-6340

[www.bagi.com](http://www.bagi.com)



January 3, 2011

**IURC Cause No. 43936**

**Dear Indiana Office of Utility Consumer Counselor Commission Members:**

I am writing to inform you that the Builders Association of Greater Indianapolis Board of Directors has voted to unanimously endorse the proposed transfer of the water and wastewater utilities of the City of Indianapolis to Citizens Energy Group.

We believe the transfer of the City's water and wastewater utilities to Citizens will provide significant benefits to homeowners, while enhancing economic development and job creation throughout the Indianapolis area. In addition, Citizens historical performance record shows that they will be a good steward of the community's water and wastewater utilities with their more than 100 year reputation for satisfying customers while safely and efficiently operating utility systems.

Finally, the utility transfer will have lasting benefits for the people of greater Indianapolis. First, the substantial savings Citizens will achieve by combining the water and wastewater utilities with its gas, steam and chilled water utilities will significantly lower future rate increases that could be a burden to homeowners and businesses. Second the \$425 million benefit to the City will have a huge impact on long-term quality of life and economic development through improvements to streets and sidewalks and the demolition of abandoned homes. This funding also will provide thousands of jobs at a time when our community desperately needs them.

The Builders Association of Greater Indianapolis urges the Indiana Office of Utility Consumer Counselor to approve the utility transfer for the future long-term benefit of the Indianapolis community.

Sincerely,

Steve Lains

long-Ronald-43936.txt

From: Web Form Poster [ronchrislong@aol.com]  
Sent: Friday, January 07, 2011 10:47 AM  
To: UCC Consumer Info  
Subject: Website Contact Form

Categories: GBS Comments

Title: Mr.  
First Name: Ronald  
Last Name: Long  
Email: ronchrislong@aol.com  
Street Address: 3164 Cossell Drive`  
City: Indianapolis  
State: IN  
Zip: 46224-2328  
Phone: (317)509-6639 ext.  
Type: mobile  
No Phone Service:  
Case Number: 43936

Comments: I feel the general public is being hoodwinked. Our utilities and resources are to be shared by all and for the benefit of the community. We elect officials to make decision that benefit the best wishes of the community it serves. Concerning the sales of the water company. I think the underlying issue here is control. Do we let a for profit company take control of a vital community service. I say NO. It is easy to sale the water company and take a huge sum of money. The new owners will say we have to raise rates to the consumer in order to provide services. I am at odd as to the difference of a tax increase or a rate increase. I will still pay more money in the long run and lose a large voice as a voter in how the new company will operate. I vote no to the sale and hope our officials can find ways to do what they were elected to do.. make decision that benefit everyone not just a few.  
Thank you

## Daniels, Sandy

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**From:** Web Form Poster [rmaultra@comcast.net]  
**Sent:** Wednesday, January 12, 2011 12:51 PM  
**To:** UCC Consumer Info  
**Subject:** Website Contact Form

Title: Mr.  
First Name: Rick  
Last Name: Maultra  
Email: [rmaultra@comcast.net](mailto:rmaultra@comcast.net)  
Street Address: 12042 Old Stone Dr.  
City: Indianapolis  
State: IN  
Zip: 46236  
Phone: (317)373-1529 ext.  
Type: mobile  
No Phone Service:

Case Number: Sale of Water & Sewer to Citizens

Comments: I am concerned that the sale of the Indianapolis Water & Sewer Utility has been sold by the City as a way of paying for infrastructure improvements.

Why should that be solely on the back of the sale of the water company, and for that matter, the cable companies who pay 5% of their gross for use of the public right of way (money goes into general fund, not infrastructure per se)?

ALL users of the public right of way, unless municipally owned, should pay toward the infrastructure costs when easement and street value diminishes with continued street cuts and trenching by the utilities.

My fear, in this specific deal, is that the Ballard Administration, are using the deal to distract any light being shed or that could be shed on AT&T to pay for infrastructure repairs. The Ballard Administration, are led by the current chief lobbyist of AT&T, Joe Loftus and chief point person on the sale of the deal, Chris Cotterill, formerly of Barnes & Thornburg (AT&T's lobbying arm) and who was appointed by Loftus to the present administration.

Furthermore, I have a fear that the makeup of the IURC, be it commission or chair of OUCC, are former AT&T executives or have strong connections to AT&T (Jim Atterholt, Dave Stippler, Carolene Mayes) and that the coziness the IURC has with the Ballard Administration's AT&T lobbying group will bring about the desired result.

## Daniels, Sandy

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**From:** bmccallister@comcast.net  
**Sent:** Tuesday, January 11, 2011 11:24 PM  
**To:** UCC Consumer Info  
**Subject:** Indpls. utility sale to Citizens Case # 43936

I am : William J. McCallister  
@ 7330 Galloway Ave.  
Indianapolis, IN 46250

I wish to offer a few comments on Case #43936.

I am sorry I have not studied the proposal in depth. I trust that financial experts, attorneys, consumer advocates and many more have done that in my behalf. I spend most of my civic time trying to make informed suggestions on transportation issues to the city and the state.

I do think I possess a certain degree of common sense. I also have paid residential monthly water bills in Indianapolis approximately 480 times (40 years). Since there is something over \$400 million in public equity existing in the Indpls. Water and Sewer Utility, I think I have as big of a piece of that as any other resident based on my longevity and that fact I often water my lawn. I have had several monthly bills this year between \$150 and \$200. Which says to me this is no longer my cheapest utility.

I have never had a problem with Citizens Gas, and I have had with Veolia Water. I respect the job Citizen's management has done, and I don't have much faith in the job DPW has done in managing our Water and Sewer Utilities. Mostly based on the fiasco in hiring and firing Veolia, and the fact that as a major metropolitan center, there is such a low net worth in our most important infrastructure, water and sewers. It would seem on the surface, I should therefore support the sale as a possible fix.

My fear in remaining in Marion Co. a few years ago was all the press being given to the big expenditure we were going to have in upgrading our sewer system to meet federal mandates, and the increase in water and sewer rates resulting. I just don't see how taking what little equity we have in our utilities out, even if it is for some relatively good uses in streets and sidewalks, can do anything but make our rates go higher in the future than if we had kept some paid up equity in the infrastructure.

The approx. \$2 Billion (\$1.5 debt and \$435 mil. in equity) sounds like a big price. I don't see how anyone could put a price on what it is really worth. I see water being discussed on the financial channels now as the next big "commodity market". I guess it is all about location. If Geist and Morse Reservoirs sat outside Las Vegas for example, there is no guessing how many billion they might be worth. The great thing about water here, is that no matter how valuable and how much you use, come the next few big rains, the account is going to be totally restored, FREE, no new drilling, no worrying about dirty coal etc.

We talk as a City and a State about wanting to do things to bring new jobs, and industry to stop the brain drain. I believe protecting our ability to provide competitively priced water and sewer utilities could be our biggest ace in the hole in that national competition. We have the Interstate system and central location. Energy can be transported fairly long distances via pipelines, barges, and

transmission lines. But so far no one has found a way to transport large volumes of clean water, except where mother natures drops it and gravity directs it to flow. That puts central Indiana in a very good spot, unless we blow it through some bad decisions for short-term gain.

I have no doubt that the Management team and professionals at Citizens Gas could do a better job of running the Water and Sewer Utilities than the City of Indpls. has done over the past few years. If Citizens is such a good civic minded part of the Central Indiana business community, could that not donate some of their time and talents to training and coaching DPW to be better managers of our water and sewer utilities? Could they not take the lead in negotiating buying contracts for services between the City owned utilities, Citizens Gas, and perhaps IPL as well? Joint bargaining seems to work for schools for example. School corporations no longer say we have to consolidate to get those savings, they work together to benefit each other. If Citizens Gas and the City run utilities could work together without merging, perhaps we could get the desired savings without giving up our minor public ownership. Let's be honest, whoever holds that \$1.5 Billion in bonds, owns the City of Indianapolis.

My belief is you could have a successful major city without professional sports venues, or lots of bicycle trails. I don't think a major urban center can survive without competitive water and sewer utilities. To me, water infrastructure is the heart, the brain and the spine of our whole central Indiana metropolis.

I for one, think I would like to keep my small equity stake in the Water and Sewer Utility. I would also like to have some voice in how it is managed through my vote for Mayor and City Councilor. It isn't working perfectly, but I think we can make improvements without signing over control. I know lots of people are busy spending the \$435 Mil. that they don't have yet. Lots of cities around the state have latched onto size-able amounts of federal stimulus money for things like sidewalks and trails. If we have missed out on some of that, it doesn't justify yanking our remaining equity out of our utilities. I think we need to raise road and trail money from taxes associated with their use, like gasoline tax, wheel tax, sales tax, bicycle licensing fees, etc., (basically pay for use).

Thank you for giving me an opportunity to express my personal opinion.

Bill McCallister  
842-0155

## Daniels, Sandy

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**From:** bmccallister@comcast.net  
**Sent:** Wednesday, January 12, 2011 11:43 AM  
**To:** UCC Consumer Info  
**Subject:** Fwd: Indpls. utility sale to Citizens Case # 43936(Update)

As I had coffee this morning, one additional thought came to me. I hope I am not imposing on your time to attempt to add it into my submission of yesterday.

It seemed to me there was relatively little community discussion of the topic of the sale as it progressed through the City Council. I think the reason for that, at least for me, was a feeling that the Council was going to vote along party lines no matter what the outcome of public debate. It was obvious what the Mayor was proposing and wanting.

Since we are less than 10 months away from a Mayoral Election, why not postpone this decision and let the true debate come forward as part of our democratic election process? I am betting that some candidate will be offering decidedly different views on the ownership of our water and sewer utilities and how we should go about funding our streets, sidewalks, and trails.

I assume if this decision was still under consideration, it would be a major platform issue for both mayoral candidates. The visibility and time would be there for true public review and casting their opinion on this and other issues through their vote at the polls.

I appreciate your invitation for submitting opinions. One Hundred attendees at the public hearing and the responses that you get through this forum would have to be small in comparison to the number of voters next Fall. If the decision were delayed, I think the Mayoral Election would serve also as a referendum vote on the important history changing decision of ownership of the utilities and on the future of Indianapolis.

I would hate to see this major step for our City suffer what has occurred over National Health Care, with the change in power in Congress. In other words, I would think it a disaster if the URCC approves, and a few months later, a new administration is working to see if the transfer of ownership can be stopped or reversed. Ten months is a very short time in the history of Indianapolis having ownership in the Sewer and Waste Water Treatment. Once both the ownership of the sewer and water utilities changes, there will likely never be a chance to reverse that decision.

So, my suggestion is to take the next 10 months to make sure that the majority of the residents and businesses are convinced that the transfer of ownership is in the best interest of future generations that will live and work in our much loved City of Indianapolis!

Thanks,

Bill McCallister

----- Forwarded Message -----

**From:** bmccallister@comcast.net  
**To:** uccinfo@oucc.IN.gov

Sent: Tuesday, January 11, 2011 11:24:10 PM  
Subject: Indpls. utility sale to Citizens Case # 43936

I am : William J. McCallister  
@ 7330 Galloway Ave.  
Indianapolis, IN 46250 ,

I wish to offer a few comments on Case #43936.

I am sorry I have not studied the proposal in depth. I trust that financial experts, attorneys, consumer advocates and many more have done that in my behalf. I spend most of my civic time trying to make informed suggestions on transportation issues to the city and the state.

I do think I possess a certain degree of common sense. I also have paid residential monthly water bills in Indianapolis approximately 480 times (40 years). Since there is something over \$400 million in public equity existing in the Indpls. Water and Sewer Utility, I think I have as big of a piece of that as any other resident based on my longevity and that fact I often water my lawn. I have had several monthly bills this year between \$150 and \$200. Which says to me this is no longer my cheapest utility.

I have never had a problem with Citizens Gas, and I have had with Veolia Water. I respect the job Citizen's management has done, and I don't have much faith in the job DPW has done in managing our Water and Sewer Utilities. Mostly based on the fiasco in hiring and firing Veolia, and the fact that as a major metropolitan center, there is such a low net worth in our most important infrastructure, water and sewers. It would seem on the surface, I should therefore support the sale as a possible fix.

My fear in remaining in Marion Co. a few years ago was all the press being given to the big expenditure we were going to have in upgrading our sewer system to meet federal mandates, and the increase in water and sewer rates resulting. I just don't see how taking what little equity we have in our utilities out, even if it is for some relatively good uses in streets and sidewalks, can do anything but make our rates go higher in the future than if we had kept some paid up equity in the infrastructure.

The approx. \$2 Billion (\$1.5 debt and \$435 mil. in equity) sounds like a big price. I don't see how anyone could put a price on what it is really worth. I see water being discussed on the financial channels now as the next big "commodity market". I guess it is all about location. If Geist and Morse Reservoirs sat outside Las Vegas for example, there is no guessing how many billion they might be worth. The great thing about water here, is that no matter how valuable and how much you use, come the next few big rains, the account is going to be totally restored, FREE, no new drilling, no worrying about dirty coal etc.

We talk as a City and a State about wanting to do things to bring new jobs, and industry to stop the brain drain. I believe protecting our ability to provide competitively priced water and sewer utilities could be our biggest ace in the hole in that national competition. We have the Interstate system and central location. Energy can be transported fairly long distances via pipelines, barges, and transmission lines. But so far no one has found a way to transport large volumes of clean water, except where mother natures drops it and gravity directs it to flow. That puts central Indiana in a very good spot, unless we blow it through some bad decisions for short-term gain.

I have no doubt that the Management team and professionals at Citizens Gas could do a better job of running the Water and Sewer Utilities than the City of Indpls. has done over the past few years. If Citizens is such a good civic minded part of the Central Indiana business community, could that not donate some of their time and talents to training and coaching DPW to be better managers of our water and sewer utilities? Could they not take the lead in negotiating buying contracts for services between the City owned utilities, Citizens Gas, and perhaps IPL as well? Joint bargaining seems to work for schools for example. School corporations no longer say we have to consolidate to get those savings, they work together to benefit each other. If Citizens Gas and the City run utilities could work together without merging, perhaps we could get the desired savings without giving up our minor public ownership. Let's be honest, whoever holds that \$1.5 Billion in bonds, owns the City of Indianapolis.

My belief is you could have a successful major city without professional sports venues, or lots of bicycle trails. I don't think a major urban center can survive without competitive water and sewer utilities. To me, water infrastructure is the heart, the brain and the spine of our whole central Indiana metropolis.

I for one, think I would like to keep my small equity stake in the Water and Sewer Utility. I would also like to have some voice in how it is managed through my vote for Mayor and City Councilor. It isn't working perfectly, but I think we can make improvements without signing over control. I know lots of people are busy spending the \$435 Mil. that they don't have yet. Lots of cities around the state have latched onto size-able amounts of federal stimulus money for things like sidewalks and trails. If we have missed out on some of that, it doesn't justify yanking our remaining equity out of our utilities. I think we need to raise road and trail money from taxes associated with their use, like gasoline tax, wheel tax, sales tax, bicycle licensing fees, etc., (basically pay for use).

Thank you for giving me an opportunity to express my personal opinion.

Bill McCallister  
842-0155



Upper White River Watershed Alliance  
PO Box 2065  
Indianapolis, IN 46206-2065  
[www.uwrwa.org](http://www.uwrwa.org)

Consumer Services Staff  
Indiana Office of Utility Consumer Counselor  
115 W. Washington St., Suite 1500 South  
Indianapolis, IN 46204

**RE: IURC Cause No. 43936**

January 11, 2011

Dear Commissioners:

The Upper White River Watershed Alliance (Alliance) has been working since 1999 to protect and improve surface water resources in Central Indiana. We represent numerous municipalities, counties, industry, consultants, universities, utilities, non-profit organizations, and individual citizens across the sixteen county-area that defines the White River basin. This river system is among the most threatened, and yet vital, natural resources in the state. More than 26% of the state's population and thousands of industries depend on clean, ample water from the White River and its tributaries. This demand results in thousands of both diffuse and diverse pollutant sources.

The Alliance's unique partnerships have helped us elevate public awareness about water quality in our watershed and work with a variety of stakeholders on pollution prevention solutions. One such partnership that has truly enhanced our efforts is the one we have with Veolia Water Indianapolis. To their credit, Veolia understands the direct connections between upstream land use, water quality, and its direct impact to the Central Indiana drinking water supply. Veolia staff has participated in committees, provided technical assistance, and greatly expanded the marketing reach of our educational efforts through both direct and in-kind contributions as well as leveraged buying power for our clean water educational campaigns. More importantly Veolia has been the local cornerstone of maintaining a viable potable water supply through their support of extensive research and water quality monitoring programs. These programs directly advance our scientific understanding of these complex natural resource systems that supply our water.

More than \$250,000 a year is spent on toxic algae research and reservoir water quality analysis through a research partnership that Veolia has created with IUPUI. Reservoir and upstream tributary sampling stations are regularly monitored and analyzed for various pollutants of concern. These data provide us with an understanding of the relative impacts of both conventional as well as emerging pollutants currently impacting our drinking water supplies. This "real time" data allows for our Alliance to work directly with local partners in the identified 'hot spots' to put immediate pollution prevention strategies on the ground via cost-share projects and planning initiatives. The Veolia water quality laboratory analyses and assistance alone are estimated to be worth between \$150,000 and \$200,000 annually. Veolia's direct commitment to applied research, reservoir and stream monitoring, as well as their participation in watershed committees and educational efforts, totals more than \$500,000 of value annually to citizens/customers.



Veolia's commitment to water resources stewardship extends well beyond their contractually mandated initiatives to water quality. This commitment of resources has helped us leverage or bring in non consumer / rate payer based grant funding dollars at a ratio greater than 2:1 for a wide variety of water quality related projects. Perhaps more important than the leveraged funding is the direct benefit in scientifically sound information we have received as a result. The watershed research Veolia funds is of the caliber that draws national and international attention. Algal impact research on our local drinking water resources of Eagle Creek, Morse, and Geist reservoirs is truly cutting edge, bringing us closer to solving this looming problem.

The Alliance is very concerned that there is no discussion for the continued commitment for watershed level research to manage a sustainable water resource for Central Indiana. This past commitment of effort and resources by Veolia has directly improved water quality, reduced water production costs, maintained reasonable consumer rates, and assisted in holding up our high quality of life. If such efforts are discontinued, our watershed and water quality protection efforts will be significantly hampered. Having current, comprehensive and objective data collected and analyzed by top research scientists allows us to talk to the public from a platform of objectivity and legitimacy. Until now, we have had Veolia to thank for this.

As you consider the transfer of water assets to Citizens Energy we expect the same level of stewardship, analysis, and research commitment be recommended as part of the management agreement. The vast majority of our streams and reservoirs already do not meet state water quality standards. As industry and population grow, our water resources continue to become more threatened and more demanded. Central Indiana cannot afford to take a step backward in our understanding and development of water quality impact solutions.

We need to continue to understand our water resources as systems and manage them holistically and proactively if we are to succeed in maintaining a high quality of life in Central Indiana. If the transfer to Citizens Energy Group is approved, please consider recommending that proactive watershed based research, monitoring, and public education commitments be continued. Nothing is more important to citizen and economic health and well being than a safe and affordable public water supply. Our future water quality depends upon it.

Thank you for your consideration of our comments and concerns and your thoughtful analysis of an undoubtedly complex situation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian N. Neilson', is written over the word 'Sincerely,'.

Brian N. Neilson, PE, LEED AP  
Vice- President  
Upper White River Watershed Alliance

## Daniels, Sandy

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**From:** Web Form Poster [afssadmin@ai.org]  
**Sent:** Thursday, January 06, 2011 11:43 AM  
**To:** UCC Consumer Info  
**Subject:** Website Contact Form

Title: Mrs.  
First Name: TERRI  
Last Name: RANSOM  
Email: MRSTPR2AOL.COM  
Street Address: 5909 GIFFORD ST  
City: INDIANAPOLIS, IN  
State: IN  
Zip: 46228  
Phone: (317)257-9525 ext.  
Type: home  
No Phone Service:

Case Number: Indianapolis' pending sale of its water and sewer works.

Comments: As a utility user, my biggest concern is the continued loss of customer service. You can no longer pay your bill at the Water Company, and the Light Company and Gas Companies have closed their drive thru payment facilities so you either mail it, drop it off, or wait in long lines to make a payment and the hours are during normal working hours and it makes it EXTREMELY INCONVENIENT. A sale is what it is, but at the expense of the consumer no good can come of it.

Milome-Ken-43936.txt

From: Ken Milone [kmilone@onemissionsociety.org]  
Sent: Wednesday, December 29, 2010 3:24 PM  
To: UCC Consumer Info  
Subject: water and sewer utility transfer

Follow Up Flag: Follow up  
Flag Status: Flagged

Categories: GBS Comments

Comments on the water and sewer utility transfer;  
-the proposal for Citizens Energy Group to acquire and operate the water and sewer sounds good, if we in fact see lower water and sewer rates.  
-The govt requirements for waste water improvement may cause triple digit increase in sewer rates and there is also a request for a 35% increase in water usage rates.  
-BUT the mayor's "great" idea to have we consumers pay an additional 435 to 460 millions(or so), so that he can use those funds for various city projects is not so "great".  
-it would seem more far to add a sales tax or other means of gaining these funds, and not saddle we consumers with this "tax", which of course our running for reelection mayor is not calling a "tax".  
PLEASE request and have this improper and unwanted expense of 435-460 million extra cost to consumers deleted.  
And do we have to pay Viola 29 million? If so, why, as it appears they have falsified records.

Thank you.

Mr and Mrs Ken Milone  
8181 Laura Lynne Ln  
Indianapolis, IN 46217



## Citizens Advisory Committee

12/26/2010

Carey Lykins  
President & Chief Executive Officer  
Citizens Energy Group  
2020 North Meridian Street  
Indianapolis IN 46202-1306

Re: Eagle Creek Watershed

Dear Mr. Lykins:

The Eagle Creek Park Citizens Advisory Committee, a standing committee of the Eagle Creek Park Foundation, is a volunteer organization established over 35 years ago to provide citizen comment, input and advice to the Park's management, and act as an independent watchdog, regarding Eagle Creek Park and Reservoir.

We have followed the proposed transfer of Indianapolis Water Company to Citizens Energy Group with interest. We are aware that Citizens' mission as a public charitable trust is to serve the interests of the communities it serves. Citizens has a well deserved reputation as an efficient and well run utility company for gas, chilled water and steam service. In the process of adding water utility operations to your business, we strongly request that Citizens maintain, and enhance, the current commitments by the City and its contractor, Veolia Water, to improve the health of the Eagle Creek watershed. Failure to support these efforts would in our opinion be a serious retrograde step.

After the City and Veolia Water assumed responsibility for Indianapolis's drinking water supply, there was a significant improvement in the way reservoir and watershed environmental concerns were approached. The Committee has been especially appreciative of Veolia's constructive, cooperative and proactive efforts to try to deal with the watershed pollution problems and blue-green algae blooms in the reservoir. Although problems remain, much progress has been made, and Veolia's support in terms of expertise, money, and in-kind services has, from our perspective, been invaluable.

Problems with algal blooms in the reservoir have not only caused serious drinking water taste and odor problems, but have also triggered health advisories regarding recreational use of the reservoir. This year a health advisory necessitated premature closure of the Eagle Creek Park swimming beach for the season on July 24<sup>th</sup>. The Committee believes that efforts directed toward

**Daniels, Sandy**

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**From:** John Pankhurst [johnpankhurst@prodigy.net]  
**Sent:** Monday, January 03, 2011 11:29 AM  
**To:** UCC Consumer Info  
**Subject:** IURC Cause No. 43936  
**Attachments:** letter to citizens.doc; ATT00001..htm

**IURC Cause No. 43936**

Paper copies of the attached letter addressed to Mr Carey Lykins, President and Chief Executive Officer of Citizens Energy Group, with copies to Mr. J.D. Atterholt, Chairman IURC and Mr. A. D. Stippler IUCC have been sent previously. As explained in the letter, the Eagle Creek Park Foundation Citizens Advisory Committee is seeking assurance that the significant research and support measures implemented by the City, and more specifically Veolia Water, be continued after transfer of the Utility to Citizens Energy Group.

We ask that our views, as expressed in the letter, be part of the official record when the case is reviewed by Indiana Utility Consumer Counselor, and the Indiana Utility Regulatory Commission.

Thank you

John Pankhurst  
Chair, Eagle Creek Park Foundation Citizens Advisory Committee

Written Consumer Comments Regarding Cause Number 43936 before the IURC

Petition filed by:

Dept of Public Utilities of the City of Indianapolis dba Citizens Energy Group Inc  
CWA Authority Inc  
City of Indianapolis, its Dept of Waterworks, and its Sanitary District

Consumer Comments By:

William T. Rainsberger  
7345 East 13th St  
Indianapolis, IN 46219  
Phone: 317-331-1059  
email: brnaptown@yahoo.com  
Date submitted: January 12, 2001

My name is William T. Rainsberger and I am a customer of Citizens Gas, and Indianapolis water and sewer. These comments are on my behalf alone. Regardless of the outcome of this petition, I thank the OUCC and the IURC for conducting their work in a manner that is open and inclusive.

I have several points to make. The details are well-known but to briefly set the stage this summarizes what I wish to comment on:

The petition involves several entities, utilities, political authorities, etc. Citizens would acquire Indianapolis Water. Indianapolis wastewater would transfer to a new political authority and non-profit corporation, CWA Authority Inc, created by an Interlocal Agreement among Citizens Energy Group Inc, the City of Indianapolis, and the Sanitary District of the City.

My points are as follows:

(1) Regarding the legality of the arrangements:

In the Minutes of the Citizens Energy Group's Board of Directors meeting of August 6 2010 is a lengthy resolution passed by that body. Comments on this:

(1-a) The resolution states that Citizens Energy Group, the City, and the Sanitary District have the 'requisite power' under IC 36-1-7, to enter into an Interlocal Agreement to form the CWA Authority Inc to own the wastewater system. This is not true, because all parties to an Interlocal must have the power to exercise that which is covered under an Interlocal agreement. Citizens Energy does not have the power to operate a wastewater plant. IC 8-1-11.1-3 conspicuously excludes wastewater treatment from that which is controlled by a Department of Public Utilities (DPU), i.e., Citizens. The DPU does not

have authority over "all public utilities" without qualification, it has authority over "all public utilities consisting of any waterworks...". Because DPU/Citizens has no authority over wastewater, they cannot enter into the Interlocal.

(1-b) The City cannot sell or transfer ownership of its sewage works. This power is conspicuously not granted the City under IC 36-9-23-2.

(1-c) The City can under IC 36-9-23-3 transfer control of its sewage works to a Sanitary Board, or utility service board - one or the other. The City cannot transfer control to a new chimera like CWA Authority Inc.

(1-d) Once the City transfers control of the sewage works to a Sanitary Board, that Board cannot sell or transfer ownership or even transfer control of the sewage works to another party like CWA Authority. Delegation of control of sewage works to CWA Authority by the Sanitary Board under the Interlocal is not permitted under law (IC 36-9-23).

(1-e) The resolution claims that the sale of the water company is permitted under IC 5-22-22-10. IC-5-22-22 addresses "Disposition of Surplus Personal Property by a Governmental Body". The water company and its assets like Geist Reservoir, are not surplus property. IC-5-22-22 has no bearing on this deal whatsoever and is only references in the resolution as a ruse, to excuse the unusual nature by which this agreement was formulated.

(2) Comments regarding the "CWA Authority Articles of Incorporation" from the City website:

(2-a) The articles state that a purpose for the authority is that it "protects the City and its inhabitants against further sale or disposition of the [sewage] System". But below that it states "In the event of ... dissolution of the Authority ... the Board of Directors shall ... distribute all the assets of the Authority to Citizens...". Thus the "protection" mentioned is not protection at all – under this deal the people of the City could see ownership of their sewage works go from the City to CWA to Citizens.

(2-b) The articles state that "Without the approval of the Attorney General of the State of Indiana, the Authority shall not be entitled to file or cause to be filed a petition for relief under the United States Bankruptcy Code or consent to the appointment of "a receiver or trustee over its assets." This is not part of IC 36-1-7-3 and IC 36-1-7-4. The Attorney General doesn't have the authority to decide if a local sewer system can or cannot go bankrupt under IC 36-1-7-3; this would usurp control from the citizens of Indy.

(3) Citizens has publicized a figure of \$45 million per year in cost savings that it will achieve thru the acquisition of the water company, but has not provided any supporting information on how they would achieve that fancifully high amount. The amount represents about one-third of Indianapolis Water's annual revenue.

(4) The petition is predicated on the approval by the IURC of an enormous water rate increase recently requested. Most of this increase is to address a revenue shortfall created by the water company's ineptitude in managing its bonds, including entering into complex financial deals that backfired, and being too heavily dependent on variable rate bonds. Citizens is essentially demanding water customers bail out the water company, in order to sweeten the deal.

(5) Citizens Gas touts their excellent service as measured by J.D.Powers, and their community involvement. What they seldom mention is their price for natural gas. According to the most recent Indiana survey of residential gas bills, Citizens Gas prices are higher than NIPSCO and Vectren, both investor-owned. Citizens Gas can raise money at tax-free rates, and pays no income taxes, yet Citizens prices have consistently run 10% higher than Indiana for-profit gas utilities.

Citizens Energy Group purchases much of its gas from a subsidiary it formed and co-owns with Vectren, called Proliance, yet Vectren's residential prices are consistently 10-15% below that of Citizens.

Citizens Gas and Citizens Energy play up their charitable donations, but this charity is minuscule compared to the extra costs gas customers incur from Citizens' inflated prices; In 2009 Citizens Gas provided \$1.6 million in assistance for poor people, slightly more than \$1.3 million they paid Carey Lykins. Citizens is a net-negative for the people of Indianapolis, who would save money if gas were provided by Vectren.

Citizens Gas is demonstrably not competent to manage utilities in a manner that benefits its customers. Citizens Gas is not meeting the goals of the trust that first formed it. If anything, the trust should be abandoned and the gas utility provided by one of the lower-priced for-profits.

(6) Citizens and the City have endlessly touted that this proposal would "remove the politics" from the management of the utilities. This is false and preposterous. To accept this one would have to believe that no politicians were involved in crafting this incredibly complex deal. The City put this deal together for one reason, to give the illusion to the electorate that it has created \$263 million fund for street repairs, out of thin air; in reality this deal creates nothing - it just moves money around. The deal was put together by the same outside advisors who put together the parking meter deal. All this has taken place at the highest levels among local politicians. As for Citizens Gas, Board President Martha D. Lamkin is a long-time supporter of Republican politics, and her husband Ned is one of the most powerful politicians in the city. Board Secretary Dorothy J. Jones was appointed by Mayor Ballard. The deal and its aftermath are suffused with politics.

For these and other reasons I strongly oppose all aspects of Cause Number 43936.



January 11, 2011

Consumer Services Staff  
Indiana Office of Utility Consumer Counselor  
115 W. Washington St., Suite 1500 South  
Indianapolis, IN 46204  
[uccinfo@oucc.IN.gov](mailto:uccinfo@oucc.IN.gov)

**RE: IURC Cause No. 43936**

To Whom It May Concern:

The Geist Fall Creek Watershed Alliance (GFCWA) is a sponsored spin-off organization of the Geist Lake Coalition (GLC) and is a group of interested residents, local officials, utility employees, watershed associations, consultants, and other interested parties who are concerned with water quality related issues within the Geist Reservoir and in the surrounding watershed area. Our main goal is to improve water quality within Geist Reservoir through continuing research, education, outreach and community activities, while building and maintaining tight linkages with other like-minded groups, businesses, academic institutions and individuals that have a vested interest in this goal. We are a locally led group of individuals interested and committed to water resource stewardship and understand that clean, healthy and sustainable water resources necessarily involve collaborative efforts that are stakeholder focused.

Veolia Water Indianapolis, LLC. has been a key supporter of this goal in the Geist/Fall Creek Watershed, as well as in the larger watershed that serves as the source of drinking water for Indianapolis and the surrounding communities. Over the last few years, through public education and outreach, the GFCWA has been focused on tackling important issues such as phosphorus linked to algal blooms and wastewater overflow issues, both which have received much attention locally due to the visibility, drinking water and recreational use of the Geist Reservoir.

GFCWA and the community at large have benefited immensely from a strong partnership with both Veolia Water Indianapolis and research scientists at IUPUI. Veolia has been extremely supportive of GFCWA efforts through commitments of time, expertise and in-kind services. Our education and outreach efforts have been significantly advanced with the scientific understanding of the causes of water quality challenges in the reservoir and watershed through the expertise of our local university and a water quality monitoring program that is part of Veolia's community engagement programs. These collaborative partnerships and relationships have been extremely

important to the advancement of our goals and we believe they are the underpinnings for our continued growth and problem solving.

As such, the GFCWA would like to have it be known to the IURC and Citizens Energy Group that watershed stewardship and sustainable water resources are an essential component of the management and operation of the city's water utility. The applied water resources research program at IUPUI has brought numerous important contributions to our efforts at watershed and reservoir stewardship and is important to the community.

Blue-green algae blooms in Geist Reservoir have become a major concern for area residents. Monitoring done by IUPUI researchers over the last three years has shown that algal blooms are present in Geist Reservoir from early spring through late fall every year at densities that exceed World Health Organization guidelines for high risk of adverse health effects for recreational contact. As a result, the Indiana State Department of Health has issued usage advisories for Geist Reservoir each of the past 3 years. The significant efforts of the GFCWA (and the Geist Lake Coalition) are focused on mitigating nutrient runoff into the reservoir to help solve these algae issues.

We respectfully request that Citizens Energy Group continue to support this partnership and affirmatively support watershed and clean water initiatives. Making such a commitment would be in the best mutual interests of Citizens and the community at large and should result in overall cost savings associated with less drinking water treatment. Through strong partnerships such as these, together we can make a huge difference in our local water quality and be healthier because of it. We appreciate your consideration of and full commitment to this request and the importance of continuing this relationship by supporting the efforts of GFCWA and other associations (Geist Lake Coalition, Upper White River Watershed Alliance, Eagle Creek Watershed Alliance, Morse Waterway Association, etc.) that are key players in water quality. We look forward to working with you in lock-step in the future.

Sincerely,

#### GFCWA Steering Committee Members

Scott Rodgers - Geist Resident and Co-Founder, Geist Lake Coalition

Dean Farr - Geist Resident

Christine Orich - Geist Resident

Matt Newell - Geist Resident

Jill Hoffmann - Upper White River Watershed Alliance

Dr. Lenore Tedesco - Indiana University-Purdue University Indianapolis

Janice Snell - Geist Resident

Jason Armour - Town of Fishers

Shaena Reinhart - Hamilton County Soil and Water Conservation District

**Daniels, Sandy**

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**From:** james.schneider@comcast.net  
**Sent:** Sunday, January 09, 2011 2:32 PM  
**To:** UCC Consumer Info  
**Subject:** Sale of Water Company  
**Attachments:** Citizens Water Quality Support Letter 2011.1.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Please review the attached letter in reference to the sale of the water company.

Jim Schneider  
President, Morse Waterways Association  
[james.schneider@comcast.net](mailto:james.schneider@comcast.net)  
317.517.0527

## Daniels, Sandy

---

**From:** Scott Rodgers [scott@scottr.com]  
**Sent:** Wednesday, January 12, 2011 10:46 AM  
**To:** UCC Consumer Info  
**Cc:** 'Tedesco, Lenore P'; 'Baker, Lou Ann'; jhoffmann@empowerresults.com; Shaena Reinhart; armourjt@fishers.in.us; 'Dean Farr'; Matthew Newell; 'Christine Orich'; Paul Whitmore; Scott Rodgers  
**Subject:** Geist/Fall Creek Watershed Alliance (GFCWA) in regards to IURC Cause No. 43936  
**Attachments:** Citizens Water Quality Support Letter r10 1-11-11.docx

To whom it may concern,

Attached you will find a letter from the Geist/Fall Creek Watershed Alliance (GFCWA) documenting our thoughts regarding the **IURC Cause No. 43936**. We appreciate the opportunity to get our perspective documented in the public record on this important issue. We look forward to working in partnership with the IURC and Citizen's Gas to address reservoir and watershed clean water and conservation initiatives. If you require any additional information, or depth you will find us quite responsive and focused on this critical matter. Thank you.

Respectfully,

Scott Rodgers  
Geist/Fall Creek Watershed Alliance  
P.O. Box 103  
Fishers Indiana 46038  
317-826-9551 Office  
[scott@scottr.com](mailto:scott@scottr.com)

CC: Geist/Fall Creek Watershed Alliance Steering Committee

Dean Farr - Geist Resident  
Christine Orich - Geist Resident  
Matt Newell - Geist Resident  
Jill Hoffmann - Upper White River Watershed Alliance  
Dr. Lenore Tedesco - Indiana University-Purdue University Indianapolis  
Janice Snell - Geist Resident  
Jason Armour - Town of Fishers  
Shaena Reinhart - Hamilton County Soil and Water Conservation District  
Scott Rodgers - Geist Resident and Co-Founder, Geist Lake Coalition



Consumer Services Staff  
Indiana Office of Utility Consumer Counselor  
115 W. Washington St., Suite 1500 South  
Indianapolis, IN 46204

January 9, 2011

To Whom It May Concern:

The Morse Waterways Association (MWA) is a nonprofit organization representing the 1,400 home owners living on Morse Reservoir. Our goal is to promote the safety and the environment of the Morse Reservoir Watershed. Over the last 2-3 years, our organization has placed a greater emphasis on water quality in an effort to improve the water quality in the reservoir. Members of our organization became concerned after reviewing the 2007 Little Cicero Creek Watershed Management Plan which identified high levels of E. Coli. Little Cicero Creek has been identified as one of the highly impaired streams in Indiana. A few years ago Hamilton North Chamber of Commerce cancelled the swim portion of the annual triathlon due to the high levels of E. Coli in the reservoir. Additionally, we lake front homeowners are very concerned about the high levels of blue-green algae in Morse Reservoir impacting the safety and health of those individuals using the reservoir for recreation and fishing. We would like to see the continued tracking and study of this issue to better identify and implement best management practices. We are a locally led group of individuals interested and committed to water resource stewardship and understand that clean, healthy and sustainable water resources involve collaborative efforts that are stakeholder focused.

Our organization has developed excellent working relationships with the Noblesville Water Utilities, Cicero Storm Water Utilities board, the Hamilton County Soil and Water Conservation District, the Upper White River Watershed Alliance and Veolia Water in an effort to address the e. coli, algae and other water quality issues. These relationships have assisted in applying for grant funding, developing work management plans and creating public outreach programs to educate the urban and agricultural communities. Eighty-five percent of the Morse watershed is agricultural which creates chemical and sediment issues for Morse Reservoir.

Veolia Water has been a key supporter of this goal in the Cicero Creek/Morse Reservoir Watershed and the larger Upper White River watershed that serves as a drinking water source for Indianapolis and the surrounding communities. Over the last few years, through public education and outreach, MWA has been focused on tackling important issues such as phosphorus linked to algae blooms and wastewater overflow issues. Both which have received much attention locally due to the visibility, drinking water and recreational use of the Morse Reservoir.

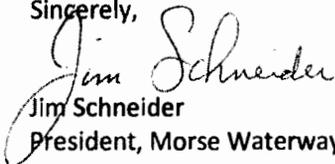
MWA and the community at large have benefited immensely from a strong partnership with both Veolia Water Indianapolis and research scientists at IUPUI. Veolia has been extremely supportive of MWA and the Upper White River Watershed Alliance (UWRWA) efforts through commitments of time, expertise and in-kind services. Our education and outreach efforts have been significantly advanced with the

scientific understanding of the causes of water quality challenges in the reservoir and watershed through the expertise of our local university and a water quality monitoring program that is part of the Veolia's community engagement programs. These collaborative partnerships and relationships have been extremely important to the advancement of our goals and problem solving. Without this support, our MWA organization would not have been able to achieve our current levels of public education.

Our goal is to continue to expand and improve public outreach, but we cannot do this alone. We need financial and expert scientific support to help understand the issues which address the water quality problems. We stakeholders cannot do this on our own. We would like to avoid a disaster, such as the lethal toxins that occurred in Lake Saint Mary's in Ohio this past year.

The MWA would like the IURC and Citizens Energy Group to understand that watershed stewardship and sustainable water resources are an essential component of the management and operation of Indianapolis water utility. The applied water resources research program at IUPUI has been invaluable in their contributions to our local efforts and extremely important to our community. We respectfully request that Citizens Energy Group continue to support this partnership and aggressively support watershed and clean water initiatives. Obviously this is in the best interests of Citizens and the community at large and should result in overall cost savings associated with less drinking water treatment. Through strong partnerships such as these, together we can make a huge difference in our local water quality and be healthier because of it. We appreciate your consideration and full commitment of this request and the importance of continuing this relationship by supporting the efforts of MWA and other associations that are key players in water quality. We look forward to working with you in lock-step in the future.

Sincerely,



Jim Schneider

Jim Schneider  
President, Morse Waterways Association

Morse Waterways Association  
2460 Cape Henry Ct.  
Cicero, IN 46034  
317.517.0527  
[www.morseh20.org](http://www.morseh20.org)

January 11, 2011

Consumer Services Staff  
Indiana Office of Utility Consumer Counselor  
115 W. Washington Street, Suite 1500  
Indianapolis, IN 46204

Dear Sir or Madame:

We write you today to state our limited objection to the proposed transfer of the water and sewer utilities from the City of Indianapolis to the Department of Public Utilities of the City of Indianapolis d/b/a/ Citizens Energy Group ("CEG"), Case No. 43936. The focus of our objection lies in the price ratepayers are to pay to finance this transfer.

We are members of the Board of Waterworks of the City of Indianapolis appointed by City County Council Minority Leader Councilor Joanne Sanders. This proposed transfer came before our board (under a different composition of board members) and passed. Yet even now as lay observers and simple water and sewer ratepayers, we feel a continuing obligation to try to protect fellow water ratepayers, as well as sewer ratepayers (together "ratepayers"), from becoming unwitting casualties of this transfer.

The proposal cost too much for too little, or no value to ratepayers. As proposed, the transaction would require cash payments totaling \$262 Million from Citizens Energy Group. Citizens Energy Group proposes to finance this payment through revenue bonds whose debt service and principal would be paid by CEG from utility revenue collected by CEG. In addition, the transaction would also require CEG to make debt service and principal payments from utility rate revenue collected by CEG toward a \$158 Million "PILOT Bond" sold by the City of Indianapolis in August 2010. The total amount of new principal debt payable by the ratepayers would thus be \$420 Million. If you add a conservative estimate for debt service payments of 80% of principal, the new debt obligation heaped upon the ratepayers would be approximately \$756 Million. This is an additional \$756 Million that will come from the pockets of ratepayers, but that will not result in any improvement to the infrastructure or services of the utilities involved.

As the Commission well knows through the presentation of evidence thus far, both the water utility and sewer utility are in dire need of significant and expensive infrastructure improvements. Our board is currently awaiting the outcome of water rate increase case from the Commission. Similarly, the sewer utility is under a federal mandate to make scheduled sewer infrastructure improvements. These combined infrastructure improvements will cost water and

sewer ratepayers billions of dollars over time. Yet the proposed transaction exacts \$756 Million *more* from them, again without any resulting improvement to either system from this sum.

Supporters of the transfer will undoubtedly cite projected savings to be realized from the merger of the utilities and their transfer to CEG. We too essentially support the transfer and we certainly hope the projected savings will materialize. However, all we and other ratepayers can do is hope. There is no official commitment or promise to reach any specified level of savings or to apply those savings to reduce the rate burden suffered by ratepayers.

As the Commission considers the proposed transaction, it is important that it perceive and evaluate what this transaction is ultimately all about. Distilled to its essential elements, this is a proposal to divert future utility rate revenue from water and sewer customers to pave City roads, build City sidewalks, and repair City bridges in the next 1-2 years. None of these one-time City spending projects has anything to do with providing sewer and water services to the ratepayers who will be paying for them. Water and sewer customers should not be forced to finance extraneous road, sidewalk, and bridge projects.

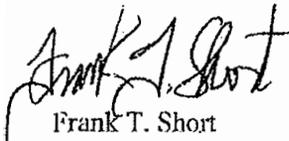
The best interests of the ratepayers would be far better served by completing the transaction without requiring the total payments of \$420 Million from CEG. The Department of Public Utilities of the City of Indianapolis d/b/a/ Citizens Energy Group is a local government entity. Under Indiana Code, it is a department of the City of Indianapolis. Ind. Code § 8-1-11.1-1. As such, the proposed transaction is not a typical real estate or business transaction. Rather, it is an intergovernmental transfer of assets (see Ind. Code § 36-1-11-8) and administrative powers and duties (see Interlocal Cooperation Agreements Ind. Code § 36-1-7-1 et seq) to CEG. When the City transfers the assets and powers of two of its departments (i.e. Dept. of Public Works and Dept. of Waterworks) to another department (i.e. CEG), why is it reasonable for the City to expect compensation? They all have common public ownership. Granted, the DPU has different management and bank accounts than other City departments. But, more importantly, the utility customers and the beneficiaries of the public interest in providing quality utility service at the lowest cost remain precisely the same. The idea of a "sale" is essentially then just a fiction—a pretext for diverting ratepayer money to City coffers.

The transfer should proceed, but we object to any such diversion of ratepayer money. It would be far better to apply any savings that may materialize to reduce utility rates and/or defray the costs of and hasten badly needed sewer and water infrastructure improvements.

Indiana Office of Utility Consumer Counselor  
January 11, 2011  
Page 3

Thank you for your consideration of these objections. We wish you luck in your consideration of this case.

Sincerely,



Frank T. Short



Kameelah Shaheed-Diallo



Andrew J. Mallon

## Daniels, Sandy

---

**From:** Mallon, Andrew [amallon@dsvlaw.com]  
**Sent:** Wednesday, January 12, 2011 10:47 AM  
**To:** UCC Consumer Info  
**Cc:** frank@shortstrategy.com; kshaheed-diallo@lewiswagner.com; Mallon, Andrew  
**Subject:** Comment Regarding Case No. 43936  
**Attachments:** IURC Ltr.pdf

Dear Sir or Madame,

We are three of the six current voting members of the Board of Waterworks of the City of Indianapolis. We do not speak on behalf of the Board of Waterworks, but rather submit the attached comments regarding the proposed transfer of the water and sewer utilities of the City of Indianapolis to Citizens Energy Group in our own individual capacities.

Frank T. Short  
Short Strategy Group, Inc.  
501 Indiana Avenue, Suite 200  
Indianapolis, Indiana 46202-3199  
Phone: (317) 917-0800  
Fax: (317) 917-0880  
[Frank@shortstrategy.com](mailto:Frank@shortstrategy.com)  
[www.shortstrategy.com](http://www.shortstrategy.com)

Kameelah Shaheed-Diallo | Attorney  
Lewis Wagner, LLP  
317.237.0500 x 229 | F: 317.630.2790  
501 Indiana Avenue, Suite 200  
Indianapolis, Indiana 46202  
[kshaheed-diallo@lewiswagner.com](mailto:kshaheed-diallo@lewiswagner.com)  
[www.lewiswagner.com](http://www.lewiswagner.com)

Andrew J. Mallon  
*Attorney*  
**Drewry Simmons Vornehm, LLP**  
317-580-4848 Telephone  
317-580-4855 Telefax  
317-697-4525 Mobile  
<mailto:amallon@drewrysimmons.com>  
[www.drewrysimmons.com](http://www.drewrysimmons.com)

## Daniels, Sandy

---

**From:** Bernice Vikki Smith [bernice.smith06@comcast.net]  
**Sent:** Saturday, January 08, 2011 3:11 PM  
**To:** UCC Consumer Info  
**Subject:** NO Sale of water utility Case # 43936 Indiana Regulatory Commission

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

I wish to express my opinion on the sale of the water utility to Citizens. I am totally against it and if it isn't illegal, it should be. I feel like it gives complete control to them with minimal oversight. I also feel that with a 'life sustaining' commodity, such as water, the ownership should remain in the people's hands and domain. This is something that should be free and an inalienable right to have, but if we have to be charged for it, it should be within our power to demand accountability for the service, rates, supply, quality and most of all the ownership should remain with the tax payers. Veolia has raped and pillaged us for years with inflated estimates on water usage and the resulting higher sewer charges. I am an active participant in the class action attempt to put them in the hot seat and have hopes of restitution for their flagrant practices. They do not deserve 29 million for an early contract ending. They need to pay the rate payers the overcharges they have gleaned over the years, then they need to get out of town. They do not deserve a bonus for anything, the poor service they have provided and abuses they have heaped upon us should be made right before any of this goes down.

Please do not put the community in the position of being at the mercy of a group of people (Citizens) who will have no oversight. It is vitally important that you vote no on this obvious take over by the Ballard bunch so that they have a few more million to squander on the sports teams, the superbowl and the other non-necessities they are so fond of spending our tax dollars on.

Please vote no on this issue. Do not sell our most precious resource to the greedy and leave us in a position to be in bondage to them.

Bernice V. Smith  
1659 Justin Ave.  
Indianapolis, IN 46219

317-351-0436

1-9-11

JAN 11 10:25 AM

To Whom It May Concern:

Citizens Energy Group does not need the sewer and water utility! All they will do is raise our bills like they do the gas bills each year. Citizens Gas is requesting \$4.80 each from their 260,000 customers. That is how much a year? That is how much a month? (over a million) they need to find a way to cut costs - not keep spending and spending and expect customers to pay more and more. They are the only gas company in town.

Why does the gas company  
need to advertise? Why do they  
need to put stickers on the  
front page of the Indianapolis  
Star?

**GET FIRED UP  
FOR THE COLTS.  
CONSERVE  
ENERGY AT  
HOME.**

Get energy saving tips at  
[CitizensEnergySavers.com](http://CitizensEnergySavers.com)

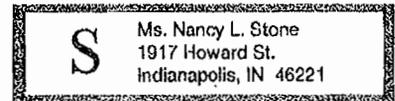
 **citizens  
gas**  
A member of Citizens Energy Group

1-2-11

I live in a 1500 sq. ft. home.  
my budget gas bill has gone  
up \$10.00 a month for at  
least the last four years.  
I can't afford any more  
raises in anything!  
my sister lives in Plainfield

in a huge tri-level home  
with a two-car attached  
heated garage. Her gas  
provider is Uectren. Her  
budget payment is \$51.00  
— mine is \$98.00.

Case # (43936)



Nancy Stone

**Daniels, Sandy**

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**From:** Web Form Poster [jtaugner@mac.com]  
**Sent:** Thursday, January 06, 2011 8:01 AM  
**To:** UCC Consumer Info  
**Subject:** Website Contact Form

Title: Mr.

First Name: Julia

Last Name: Taugner

Email: [jtaugner@mac.com](mailto:jtaugner@mac.com)

Street Address: 703 Dorman St.

City: Indianapolis

State: IN

Zip: 46202

Phone: (317)508- ext.2205

Type: mobile

No Phone Service:

Case Number: 43936 water and sewer utility

Comments: I strongly object to the transfer of the assets of Indianapolis' water and sewer utilities to the Citizens Energy Group. The city must not sell critical resources to any group, even a public trust. The city should control its vital resources. The city will have no power over its own water. This is short range thinking and almost unimaginably risky. I would far rather pay higher taxes to make improvements than to agree to any deal to sell water resources.

weidenbener-Joe-43936.txt

From: Web Form Poster [joeandbarb5260@att.net]  
Sent: Saturday, January 01, 2011 10:24 AM  
To: UCC Consumer Info  
Subject: Website Contact Form

Follow Up Flag: Follow up  
Flag Status: Flagged

Categories: GBS Comments

Title: Mr.  
First Name: Joe  
Last Name: Weidenbener  
Email: joeandbarb5260@att.net  
Street Address: 5260 Broadway  
City: Indianapolis  
State: IN  
Zip: 46220-3136  
Phone: (317)306-1850 ext.  
Type: mobile  
No Phone Service:  
Case Number: 43936

Comments: My wife and I oppose the city's plan to sell the currently publicly owned utilities to Citizen's Energy Group. We feel that the projected savings are "pie in the sky" projections, with no basis or proof of validity. Also, the city has refused to list or identify exactly where the windfall money will be used. Finally, should this deal go horribly wrong, there is no escape clause to protect the consumer/taxpayer/ratepayer.

While we commend the CC council and mayor for trying to solve a bunch of problems with one all-inclusive solution, there is too much risk and uncertainty in the plan. My wife and I urge you to not approve this action.

And only recently has the "escape" cost of 29 million to Veolia been made public. I have never seen where this had been taken into the discussion of cost vs. benefit.

Indy has many needs, e.g. bus/transportation, public libraries, affordable public housing, etc. We can find millions for Mr. Simon, but all we can do for other areas is "study" the problem for better solutions. We have very little faith that the current deal is in the best interest of the common citizen.



**Eagle Creek Watershed Alliance**  
Pleasant View Road  
1880 South 950 East  
Zionsville, IN 46077

www.eaglecreekwatershed.org  
We're All In It Together!

January 10, 2011

Consumer Services Staff  
Indiana Office of Utility Consumer Counselor  
115 W. Washington St., Suite 1500 South  
Indianapolis, IN 46204

**RE: IURC Cause No. 43936**

Ladies and Gentlemen:

Definition: Watershed, the land area drained by a river or river system.

The Eagle Creek Watershed Alliance (ECWA) and its predecessor the Eagle Creek Watershed Task Force have worked in the Eagle Creek watershed since 1995. These two groups have implemented projects totaling several million dollars including matching funds from land owners and countless hours of volunteer time all directed toward one goal – improved water quality.

Many watershed groups can easily make similar statements. The difference with ECWA is that all of its efforts are focused on improving the quality of water entering Eagle Creek reservoir, one of three reservoirs of drinking water for the citizens of the Indianapolis metro area.

Considering the definition above, it is worth noting that the majority of the watershed lies outside of Indianapolis. This is significant in that Indianapolis Water relies on source water outside its service area where it has no regulatory control. For example, the City-County Council cannot regulate or control the application of atrazine by agricultural producers in Boone county, yet the removal of atrazine to meet Federal Drinking Water standards is required by law and is a significant cost in the city's water purification process.

This poses a dilemma – how to provide safe drinking water to customers in Indianapolis at reasonable rates, when there is no control over the constituents of raw water inputs to the purification process? We feel this is basically a different process than the purchase of natural gas from a supplier for later distribution to customers. If natural gas is in short supply the price goes up and the market works. If water is in short supply, it is called a drought. The market can't "find" more water. This appears to be a different business model than the distribution of a commodity item such as natural gas.



**Eagle Creek Watershed Alliance**  
Pleasant View Road  
1880 South 950 East  
Zionsville, IN 46077

www.eaglecreekwatershed.org  
We're All In It Together!

-- Page 2 --

January 10, 2011

**RE: IURC Cause No. 43936**

Historically, because watersheds cross political boundaries, work to maintain and improve water quality has relied on and been done by watershed groups similar to ECWA. These groups are comprised of Soil and Water Districts, conservation groups, interested citizens, universities and other NGO's. The primary funding source comes from the federal Clean Water Act (section 319) that is awarded through grants administered by the Indiana Department of Environmental Management. Due to the competitive nature of the grant process, individual watershed groups cannot rely on 319 money as a continuous funding source.

Considering the above background it should be noted that the current water company manager, Veolia, has made available its considerable international expertise in research and innovative purification practices. Additionally Veolia has funded the Center for Earth and Environmental Sciences, CEES, at IUPUI with \$250,000 per year to support local research and educational efforts. Veolia also annually provided well over \$160,000 in laboratory sample analyses and other water monitoring activities. Research, education and monitoring are done, by the university, throughout Eagle Creek watershed, in Boone, Hamilton, Hendricks as well as Marion county.

ECWA is very concerned that we have not seen nor heard of a continued commitment by Citizens of this very necessary support to continue watershed and water quality improvement efforts. We respectfully suggest that it makes sense from a business standpoint to improve the purity of raw water inputs thereby reducing operational costs and rate increase pressures. We also respectfully suggest that actively supporting efforts to improve the environmental health of the watershed is in accord with Citizens mission as a public charitable trust to serve the community's interest, and will enhance Citizens well deserved reputation as an effective and responsible corporation.

John Ulmer, Co-Chair  
Eagle Creek Watershed Alliance

Van Frank-Richard-43936.txt

From: Web Form Poster [vanfrank@iquest.net]  
Sent: Sunday, November 14, 2010 8:15 PM  
To: UCC Consumer Info  
Subject: Website Contact Form

Follow Up Flag: Follow up  
Flag Status: Flagged

Categories: GBS Comments

Title: Mr.  
First Name: Richard  
Last Name: Van Frank  
Email: vanfrank@iquest.net  
Street Address: 7620 Brookview Ln.  
City: Indianapolis  
State: IN  
Zip: 46250-2324  
Phone: (317)442-2531 ext.  
Type: mobile  
No Phone Service:  
Case Number: 43936

Comments: 1. what is the appraised value of the wastewater, drinking watertreatment plants, and related structures? How do the owners, thecitizens of Indianapolis, know they are getting a fair price for thesale of their assets to Citizens Gas? There has been no independent,third party, appraisal done. The R.W. Beck study is insufficient.

2. The MOU has little definitive information about what is beingproposed. It mentions  
â??anticipated proceedsâ??, â??synergies of uptoâ??, and â??terms reasonably acceptable  
toâ??. It is claimed thatsale to Citizens will result in rates approximately 25% lower by theyear 2025. How do the citizens of Indianapolis know that this willoccur and that the money will not be used for other purposes? CitizensEnergy assumes the obligation to pay the increased Payment in Lieu ofProperty Taxes. Where will Citizens get the money to make the paymentssince all their funds come from rate payments?

3. How are the Citizens Energy Board and Trustees accountable tostate and elected officials? They appear to operate as an independententity. Under IC 8-1-11.1, it is the Indianapolis Department of PublicUtilities. It should be required to operate under the same rules thatgovern other city boards. Several individuals with experience in watertreatment should be added to the board. The Citizens Energy Boardneeds to be accountable to the public.

4. Citizens Energy has had no experience operating either adrinking water plant or a sewage treatment plant. The IURC criticizedthe Indianapolis Water Board for lack of a technically competent staffto oversee veoliaâ??s operation of the utility. Citizens Energy willhave to hire staff or consultants to oversee the operation of thewastewater and drinking water utilities, which will increase theoperating cost. I see no evidence that this cost is included in

the deal.

5. Citizens Gas maintenance of the Coke plant left much to be desired, which was documented in the School 21 Air toxics Study, the Mostardi Platt Report (2/1/05) and the IDEM Agreed Order (9/15/06). IDEM took an enforcement action, which resulted in a large fine and an Agreed Order. Citizens Energy was criticized for not adequately staffing and maintaining the coke plant.

6. In the R. W. Beck, Exhibit 2.1, Operating Expense Projection; after 2006 there are no costs stated for taste and odor control. These costs have been approximately \$800,000 per year and will probably continue in the future.

7. Studies indicate that Indianapolis will probably experience a water shortage around 2020 to 2025. The Beck report places no value on the water resource. The utility increasingly relies on groundwater during times when there are taste and odor problems or high Atrazine levels in surface water. Groundwater from the existing well fields will become more valuable in the future. The future value of this water should be recognized. In the Beck report there appears to be no recognition of the value of the water supply in the three reservoirs. Since Indiana apparently does not recognize water rights, there is no assurance that this water will be available in sufficient quantities in the future.

8. Citizens Energy has several unconsolidated affiliates; under no circumstances should Indianapolis ratepayers pay any of the operating expenses of these businesses. Ratepayers should also not have to fund the cleanup of the Coke Plant or any environmental liabilities associated with the cleanup.

Case 43936 Sale of Indianapolis Utilities.  
R.M. Van Frank

**Daniels, Sandy**

---

**From:** Barbara Witt [bjwitt219@gmail.com]  
**Sent:** Thursday, January 06, 2011 9:26 AM  
**To:** UCC Consumer Info  
**Subject:** sale/waterco.

I have no opinion on the financial aspects of the sale. I leave that to experts. I just want to weigh in on the service. I can get no satisfaction from Veolia whenever I call. Their phone tree does not have an option to speak to a live person by pressing 0. I have tried several times. I have a water system, so in the summer a \$40 or \$45 bill is understandable, but after Sept. it's not. My Nov. bill was \$4., but my estimated December bill is again \$40! The one time I was able to talk to a person, she was rude and obviously not interested in my complaint. Any dealings I have had with Citizens has been just the opposite. A courteous person who addresses my problems, and helps me to a satisfactory outcome.

Barbara Witt  
219 Rosebery Ct  
Indianapolis IN 46214  
(317) 248 2402

**Daniels, Sandy**

---

**From:** Web Form Poster [joeandbarb5260@att.net]  
**Sent:** Saturday, January 01, 2011 10:24 AM  
**To:** UCC Consumer Info  
**Subject:** Website Contact Form

Title: Mr.  
First Name: Joe  
Last Name: Weidenbener  
Email: [joeandbarb5260@att.net](mailto:joeandbarb5260@att.net)  
Street Address: 5260 Broadway  
City: Indianapolis  
State: IN  
Zip: 46220-3136  
Phone: (317)306-1850 ext.  
Type: mobile  
No Phone Service:  
Case Number: 43936

Comments: My wife and I oppose the city's plan to sell the currently publicly owned utilities to Citizen's Energy Group. We feel that the projected savings are "pie in the sky" projections, with no basis or proof of validity. Also, the city has refused to list or identify exactly where the windfall money will be used. Finally, should this deal go horribly wrong, there is no escape clause to protect the consumer/taxpayer/ratepayer.

While we commend the CC council and mayor for trying to solve a bunch of problems with one all-inclusive solution, there is too much risk and uncertainty in the plan. My wife and I urge you to not approve this action.

And only recently has the "escape" cost of 29 million to Veolia been made public. I have never seen where this had been taken into the discussion of cost vs. benefit.

Indy has many needs, e.g. bus/transportation, public libraries, affordable public housing, etc. We can find millions for Mr. Simon, but all we can do for other areas is "study" the problem for better solutions. We have very little faith that the current deal is in the best interest of the common citizen.

Kharbanda-Jessie-43936.txt

From: Web Form Poster [jkharbanda@hecweb.org]  
Sent: Wednesday, January 12, 2011 6:51 PM  
To: UCC Consumer Info  
Subject: Website Contact Form

Categories: GBS Comments

Title: Mr.  
First Name: Jesse  
Last Name: Kharbanda  
Email: jkharbanda@hecweb.org  
Street Address: 3951 N Meridian St., #100  
City: Indianapolis  
State: IN  
Zip: 46208  
Phone: (317)685-8800 ext.103  
Type: work  
No Phone Service:  
Case Number: 43936  
Comments: Dear IURC Commissioners,

Our organization, the state's largest member-based environmental policy organization, wishes to submit comments on the issue of the water research and education programs that have been, up till now, funded by Veolia under its contract with the City of Indianapolis.

We request that the IURC urge Citizens Energy Group to carry on Veolia's commitment to funding high quality research and outreach programs that aim to address the significant water quality issues facing our state.

Note that HEC has not received any funding from Veolia at any time, so our interest in weighing in on this matter is driven by public interest aims.

Veolia's Indiana-specific research and outreach funding has:

- Helped policymakers to better understand the nature and causes of algae blooms, which is a potentially very serious challenge to our state's public health
- Shed light on the presence of pharmaceuticals in our waters, and is testing strategies for intercepting contaminants before they reach our waterways
- Raised the profile of emerging water pollution challenges before academics, policy makers, and the media
- Trained a number of talented Hoosier students at IUPUI, several of whom are already at state agencies, like IDEM, IDNR, and city government
- Made the Center for Earth and Environmental Science at IUPUI one of the most vibrant centers for applied water resources research in our country
- Engaged over half dozen grassroots watershed organizations to facilitate water resource education across Central Indiana
- Informed the policy decisions of state agencies and the Army Corps of Engineers

Leveraged more than twice as many as dollars as veolia has contributed; two million dollars in

Kharbanda-Jessie-43936.txt

veolia funding over 8 years has leveraged 4.4 million dollars Citizens will likely soon become the state's largest water utility, and we hope that it will be urged to see the continuation of these programs as expression of its now greater responsibilities to our community.

Jesse Kharbanda  
Executive Director  
Hoosier Environmental Council

Jones-Barbara-43936.txt

From: Web Form Poster [jazzyjones66@aol.com]  
Sent: Monday, December 27, 2010 5:35 PM  
To: UCC Consumer Info  
Subject: Website Contact Form

Categories: GBS Comments

Title: Mrs.

First Name: Barbara

Last Name: Jones

Email: jazzyjones66@aol.com

Street Address: 8326 Alan Drive

City: Camby

State: IN

Zip: 46113

Phone: (317)856-4578 ext.

Type: home

No Phone Service:

Case Number: Indiana Utility Regulatory Commission

Comments: I am against the city selling the water company to the Citizens

EnergyGroup. I don't

like to see the city selling their assets for a shortterm gain and then losing money

over the years to

the company sold, ieCitizens Energy Group. And after reading that the ratepayers

would

be footing the bill for most of the financing. I just don't think this is a good deal

for the citizens

of Indianapolis.

page 1

Cause 43936

Dear Kathleen,

My name is Darrell Arthur  
& my telephone number is  
923-2412. Thank you for  
returning my call. I would  
like to share my feelings about  
selling the water company to  
Citizens. I was beaten & robbed  
on the Mormon Trail 4 years ago.  
I live on Social Security &  
disability. As you may know those  
of us on social security did  
not receive the increased cost  
of living for 2010 & 2011. The  
citizens group has already stated  
there will be increases on the water  
bills. Those of us who are on limited  
income are now having trouble  
trying to pay rent & utilities. Does  
anyone have ideas ~~on~~ on how  
we would pay an increase on a  
water bill. It seems to me  
since we are suppose to get by without  
cost of living increase that utilities

Page 2

need to try to work within the amount of money they get with no increase.

Now I would like to say something about the gas bill. It used to be you'd get your gas bill & it said how much you used. Now the bill says how much you used & delivery & service fee. It now says distribution.

I asked for energy assistance. It does help & I am grateful. But that money doesn't last very long with both gas usage & delivery charge. My January gas bill came

gas used	\$92.87
distribution service	47.85
Sales tax	9.84
total	\$150.56

IF I get about \$400. on assistance you can see it goes real fast & things are tight again. Please consider this. I am sorry

Mead

Page 3

if I am not making a lot of sense. I have some brain damage & brain injuries from the attack I went through 4 years ago.

May I ask to remember us on limited incomes when there are possible increases on the utilities. Or maybe someone could come up with some ideas how to help us meet those increases on water, gas, sewer & light bills.

Thank you for your time & for reading this.

Sincerely,

Darrell Arthur  
923-2412

Darrell Arthur

1/5/11

Indiana Office of Utility Consumer Counselor  
PNC Center  
115 W. Washington St. Suite 1500 South  
Indianapolis, IN 46204

Dear Utility Counselor:

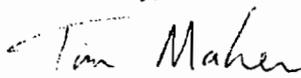
I would like to comment on the proposed purchase of the Indianapolis Water and Sewer systems by Citizens Energy. As an environmental sociologist, I have studied contaminated communities in Indiana for the past 25 years, including a notorious site owned by Citizens Energy.

Citizens has operated utilities in Indianapolis for over a century, including, since 1935, a manufactured gas and coke processing facility on East Prospect St. This site has been one of the city's biggest polluters since at least the 1940's, according to published reports. Thousands of men, women, and children have lived amidst the smoke, haze, chemical pollution, black soot, and unbelievable stench for decades. The enduring contamination at the now closed coke plant is a sobering reminder of what could happen if Citizens operates the water and sewer utilities in a similar environmentally abusive manner. Geist and Morse Reservoirs and the canal/towpath are environmentally critical, and irreplaceable, assets. Any deal on this sale needs to include iron clad guarantees of a complete and immediate cleanup of the 144 acre coke plant site (still owned by Citizens) and assurances of verifiably proper environmental stewardship of the city's waterways in the future.

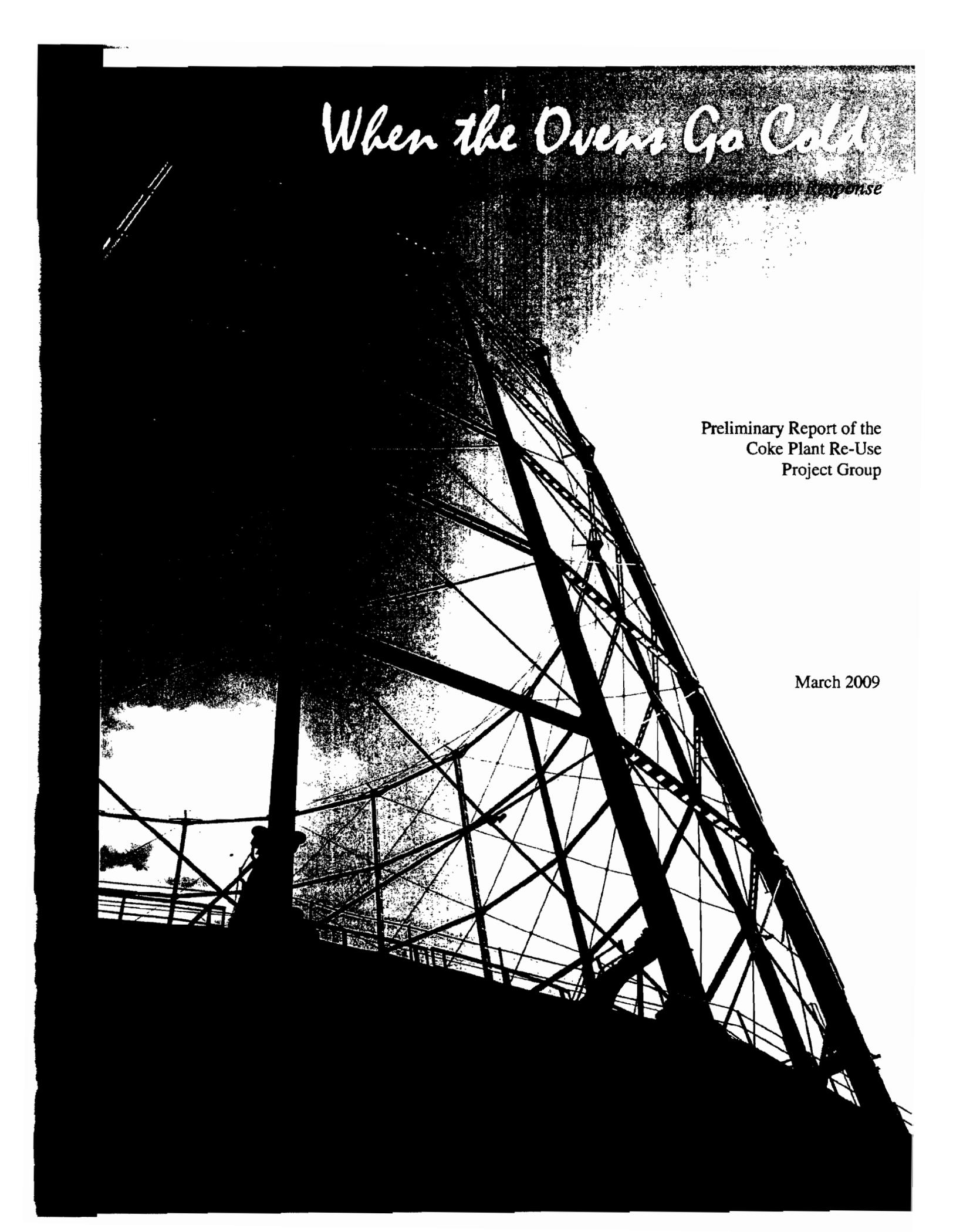
Accompanying this letter is a report, When the Ovens Go Cold, prepared for the Southeast Neighborhoods of Indianapolis, that details the history of pollution at the coke plant and examples of successful cleanups from around the world.

Thank you for your serious consideration of these very critical issues.

Sincerely,

  
Tim Maher, Ph.D.  
[tmaher@uindy.edu](mailto:tmaher@uindy.edu)  
788-3281

JAN 10 - 4:13:00



# When the Ovens Go Cold.

*Energy Response*

Preliminary Report of the  
Coke Plant Re-Use  
Project Group

March 2009

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We would like to acknowledge the invaluable assistance of Yvonne Margedant and the support of the University of Indianapolis in this project.

***Table of Contents:***

Chapter 1: Introduction

Chapter 2: The Greater Southeast Neighborhoods and Indianapolis Coke: A History

Chapter 3: Emissions, Suspicions, and Conflict

Chapter 4: The Plant, its Closure, and Lingering Hazards

Chapter 5: Security Issues During the Coke Plant Closing

Chapter 6: Possibility and Vision

Chapter 7: Neighborhood Visions for Coke Plant Site

Chapter 8: What's Next? A Conclusion and a Beginning



**Indianapolis Coke Plant (looking north)**

## Chapter 1:

### Introduction

The video being made to document the closure of a century old power plant focuses on a blank wall – just the blank wall of a cinder block community center. The camera lingers while a voice in the background says “I guess he’s not going to show up”.

This scene captures the feeling of the place, the powerlessness in dealing with corporations and the government. The “no show” was an executive with the local gas utility in Indianapolis. The “stood up” was the Norwood Place Neighborhood Association, a group representing an old neighborhood dating back to the 1880’s or earlier that has been neighbor to a heavily polluting coke fuel plant (owned by the gas utility) for the past 100 years of its history. The “topic being avoided” dealt with the utility’s plans for the 144 acre brownfield site. “Are they going to clean it up? What is going to replace the now-closed plant? Will anyone talk to the neighborhood about their own hopes for the site and ultimately their community?”

*Apparently not that night!*

Citizens Gas and Coke Utility (now Citizens Energy) is a public charitable trust that provides natural gas to residents of Indianapolis. Continuously operating for the past 100 years, one facet of the company is a plant which manufactures gas and coke for industrial use.

Shortly before the closure it became apparent to residents near the plant that security at the plant was lax, so lax that they feared that neighborhood youths would go exploring, especially once the site was abandoned. After complaints from neighborhood leaders, the plant hired off-duty Indianapolis Metropolitan Police Department (IMPD) officers to patrol the sprawling site. The massive facility straddles an otherwise picturesque creek and sits in the midst of densely populated neighborhoods.

The security officers patrolled the site and could not help but notice the vulnerability of the creek to plant run-off. Company officials contend that there are safeguards in place to keep chemicals and other debris from falling in

or washing into the creek, but they appeared to be mostly ineffective. The dozens of old brick and rusting metal structures, covered in grime and coal dust, partly disguised by ever present steam leaks and pools of pitch black sludge, resemble a level of Dante’s hell more than anything else. And then, right in the middle of the day, in the middle of the creek, security officers confronted a young couple, apparently (astonishingly) fishing in the polluted waters. When asked what they were doing, the couple answered incredulously, “fishing”. In the ensuing conversation where the officers explained that they were on private property, the officers learned that the couple regularly fish in the creek and, of course, eat their catch. The officers looked at each other and asked,

*Any 3 eyed fish in there?*

Incidents like the encounter between security officers and the fishing couple and the neighborhood association waiting for answers from plant officials demonstrate that the coke plant is a neighbor, not just a business. Company officials and neighborhood residents have sparred over environmental issues for at least the past 60 years. As the plant closing became a reality, however, many residents began acting like they were unhappy to see the “old warhorse” put out to pasture.

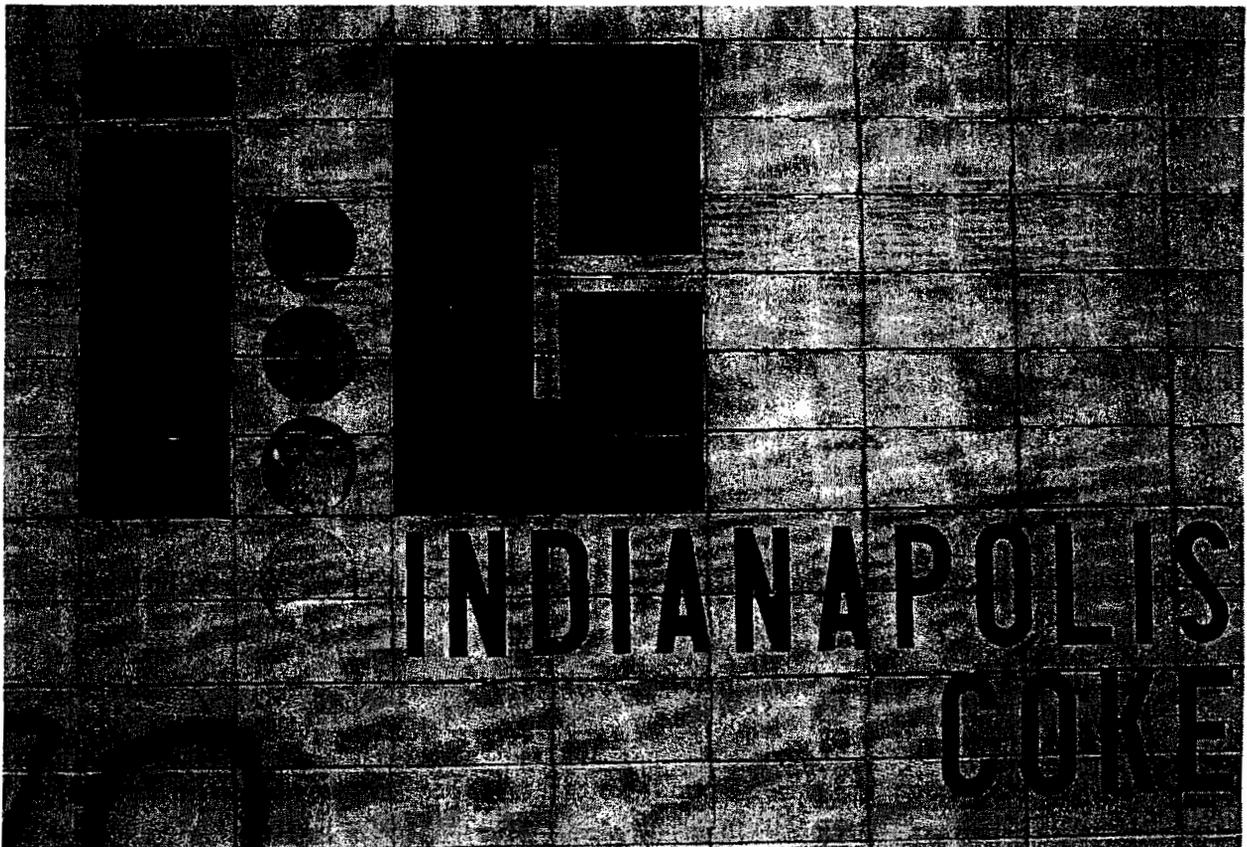
In March of 2007, The Citizens Gas and Coke Utility of Indianapolis, Indiana, announced the imminent closure of the Indianapolis Coke Plant, one of the oldest and largest coke (fuel) plants in the U.S. The coke plant is located in the Twin Aire, Norwood Place, and Lasalle Park neighborhoods on the southeast side of the city. These neighborhoods and the broader Southeast Neighborhoods area, among the poorest neighborhoods in Indianapolis, have a long relationship with the University of Indianapolis (UIndy). They regularly collaborate on major projects and UIndy students are heavily involved in community-based learning experiences in the neighborhoods. As a result, the Southeast Umbrella Organization (SUMO), the representative group for this part of the city, suggested that the university would be a

valuable partner in determining the re-use of the 144 acre plant site and an adjoining vacant 29 acre parcel. In short order, a faculty member, seven sociology graduate students and one undergraduate student/videographer expressed interest in what was at the time a vague and ambiguous mission to “support the neighborhood in determining the re-use of the coke plant site.”

This paper is about a community trying to control its future in spite of a devastating industrial closure. It is also a story of community-university collaborations and the role these relationships can play in such a setting. The focus is on how collaborations can leverage power in low income neighborhoods usually dismissed as powerless in a globalizing economy. The paper tells the story of this collaborative process up to this point. Complete decommissioning of the plant will take at least two years with further, undetermined environmental clean-up after the decommissioning. Subsequent reports will

document the decommissioning and clean-up of the plant site and its eventual re-use.

Before the Coke Plant Re-use (CPR) Project Team could begin organizing and collecting information for a re-use plan, team members needed to better understand the neighborhood, the plant, and the intimate and complex relationship between the two. As a result, a general outline of the re-use project took shape. In the course of this report, we will 1) describe the historical and social context for the project, 2) discuss health data related to the pollutants emitted by the plant when it was operating, 3) investigate the continuing environmental problems on and near the plant site, 4) describe and reflect on the organizing efforts of the community and its collaborators, and 5) describe similar efforts in other states and countries. Although there was a research component to this endeavor, it was primarily about organizing the community and building a collaboration that would empower the community in its negotiations on the future of the plant site.



## Chapter 2:

### *The Greater Southeast Neighborhoods and Indianapolis Coke: A History*

Indianapolis, often called the “smallest big city” in the country, differs extensively from many of its contemporary, Midwestern counterparts. Focusing largely on neighborhoods and communities within the city of Indianapolis itself, one would first discover that each neighborhood lacks most of the obvious boundaries that are common in large cities. Modern day Indianapolis neighborhoods often lack the ethnic and racial distinctions found in the neighborhoods of Chicago. Furthermore, these neighborhoods generally are not clearly delineated by geographical features like hills and rivers, as is the case in cities such as Cincinnati. Instead, history is the best architect of boundaries and identities, with each neighborhood relying on shared experiences and events to shape their collective sense of community.

Focusing on the near southeastern neighborhoods, one would discover even less physical evidence of separate neighborhoods than in the rest of Indianapolis. Here, the history of the city has caused division and reconstitution more times than one can count, whether by regular influxes of various ethnic groups, construction of railroads and highways, or spawning of industry. The communities of greater southeastern Indianapolis have seen more change than most care to remember, but through it all they have remained stalwart, supportive of one another and proud of what little they can claim as their own.

#### Roots and Early Years

In 1839, just 18 years after Indianapolis was first platted, Calvin Fletcher settled his family on a large farm located just one mile south and east of the center of the city. This spot would later become part of the neighborhoods of Fountain Square, Fletcher Place and Holy Rosary. Calvin Fletcher was a charismatic figure and during his four decades living in Indianapolis he would be central to many aspects of the city’s development.

Fletcher was politically active and ran a successful law firm dedicated to humanitarian causes such as anti-slavery and representation of the poor. He also owned vast tracts of farmland throughout Marion County.

Fletcher’s farm was eventually subdivided into single-family dwellings and rental cottages after being sold in 1855. This parceling out of Fletcher’s land allowed for a much denser population on the near southeast side of the city and even led to the formation of a large commercial district near where Fletcher’s home once stood (Bodenhamer and Barrows, 1994). In addition to the land owned by Calvin Fletcher, homes began springing up directly south and east of downtown as well. These neighborhoods would come to be known as Irish Hill (to the east), Babe Denny (to the south) and Bates-Hendricks (also south). Though settlement of the southeast side began in the mid 1800s, it wasn’t until the early 1900s that the southeast community began to identify themselves as neighborhoods, due largely to the construction of places of worship, landmarks or community centers.

Irish Hill was perhaps the first of the early southeast suburbs, having been settled as early as the mid-1830s. Irish Hill rests largely between Southeastern Avenue on the north, Bates Street on the south, College Avenue on the west and State Street on the east, though these virtual boundaries are subject to some debate (see Map #1). Regardless of the physical boundaries of the neighborhood, early settlers of Irish Hill would see definite cultural boundaries. Aptly named, Irish Hill quickly became home to immigrants mainly from Ireland who had escaped the potato famine in their homeland during the 1840s. For several decades the close-knit community of Irish Hill welcomed newcomers to the neighborhood, largely Irish immigrants who had come to work for the expanding railroads and at Kingan and Company, a local meat packing facility. Throughout the mid-1800s Irish Hill remained a tight, very ethnically homogenous and insular community where the Irish, the second largest ethnic group in the city at the time, felt at home. Many Irish immigrants came to Central

Indiana during the 1830's to find work on the Wabash and Erie Canals as well as the National Road and the Central Canal. For years the Irish withstood animosity and open hostility from other ethnic groups. Late in the 1800s, Irish Hill would virtually disappear as a large stretch of railway was routed through the area. In the 1970s Irish Hill was further decimated by the transportation industry as Interstates 65 and 70 plowed through the area.

Contemporary to the settlement of Irish Hill, many Jewish, German and Irish immigrants and their descendants relocated to the area directly south of South Street, between Madison Avenue and West Street. By the 1870s this area was filled with rail-workers, mill-workers and meat-packers as well as their families. The Jewish community in this area was very tightly knit and nearly self-contained. Many of the inhabitants worked at Jewish-owned businesses, shopped at Jewish stores, and received services from Jewish craftsmen located within the neighborhood. This area of the city would later become part of the Babe Denny, Fletcher Place and Bates Hendricks neighborhoods.

1853 found Calvin Fletcher selling half of his 264 acre farm to an Ohio-based development company. This was to become, in part, the Fletcher Place neighborhood in the not-so-distant future. This neighborhood developed as more of a financial enterprise than a social or cultural one. Because of this, Fletcher Place lacked much of the insularity and homogeneity of Irish Hill, becoming home to German, Jewish, and Irish immigrants as well as second and third generation Americans. These first residents, most of whom were rail workers and general laborers, lived in small cottages clustered along the north-south streets. By the 1860s, more middle and upper-middle class families had begun to move into the area, building stately mansions along the east-west streets such as Fletcher Avenue. Aside from the hodge-podge of cultures and ethnicities in the neighborhood, Fletcher Place also had something else that Irish Hill lacked, a bustling business district. Nestled along Virginia Avenue one could find all manner of specialty

shops that ran the length of the strip from downtown to Fountain Square in the south.

Another neighborhood that sprang up partially on Fletcher's farm was Holy Rosary-Danish Church. Bounded approximately by Virginia Avenue on the east, East Street on the west, Buchanan Street on the north and Wright Street on the south, the neighborhood was located less than a mile from the city center. Initially, much like Fletcher Place, immigrants of German and Irish descent inhabited Holy Rosary. Then several Danish families moved into the neighborhood and eventually constructed their own parish and community center. By the late 1800s, the community was comprised largely of German, Danish, Irish and Welsh families, many of whom had lived in the neighborhood for two or three generations. Little remains of this neighborhood, having been flattened by the "south split" of interstates 65 and 70 during the 1970s.

The last of the early settlements bordering Indianapolis' southeast side was Fountain Square, a mix of residential and commercial properties located a mile southeast of the city center. Fountain Square was originally established partially on Fletcher's lands by a large number of German immigrants in the mid-1800s. Since its inception, Indianapolis has been home to more people of German heritage than any other ethnicity. Until World War I people of German descent proudly influenced much of the art, architecture and religious life of Indianapolis. German was an official language in Indiana until the mid-1800s.

Near the neighborhood's northwestern edge was the intersection of three busy thoroughfares: Shelby Street, Prospect Street and Virginia Avenue. By 1864 a mule-drawn streetcar line had been constructed to serve the rapidly growing neighborhoods surrounding this intersection. German businessmen began opening shops and stores along Virginia Avenue and Prospect Street, inviting ever more German families into the area. In 1889, a fountain was erected at the intersection giving the neighborhood a symbol and establishing Fountain Square as the name of the

neighborhood. By the close of the 19<sup>th</sup> century, the neighborhood retained its German character despite the rapid influx of Italian, Irish and Danish immigrants.

In the waning years of the 19<sup>th</sup> century, the city of Indianapolis had expanded significantly from its one-mile square plat of 1821. Neighborhoods such as Fountain Square, Fletcher Place, Irish Hill and Holy Rosary-Danish Church were now an integral part of the city, making up the southeastern corner of the thriving capital. Each neighborhood retained much of its ethnic roots, but they began to blend into one-another due to a lack of physical or geographic borders to separate them. Additionally, many of these once distinct southeastern neighborhoods shared common histories, experiences and ancestries, leaving a varied mosaic of communities by 1900.

Even in the earliest days of the Greater Southeast Neighborhoods the railroads played an integral role in geography, employment and daily life. By the 1850s the city of Indianapolis had been carved up by rail lines, which extended in every direction from various locations near the city center. The construction of Union Station in the 1880s centralized the various rail companies (thus "Union Station") but left the south side of the city particularly cut up and cut off by the railroads. Aside from the southwestern edge of the city, no other community felt nearly as much impact from the rails as did the southeastern quadrant. Many of the original suburbs of the southeast side of the city were settled with rail lines as their boundaries. Many of the first Irish, German and Jewish settlers of the region worked for the railroads, in either their construction or operation. Between 1850 and 1900 no industry or social factor played a greater role in the development of the southeast side of the city than did the railroads.

### A New Neighbor

Between 1880 and 1900, the population of Indianapolis more than doubled (Bodenhamer and Barrows, 1994). The newly established belt railway surrounding the city, in

addition to the recently discovered reserves of natural gas in central Indiana, brought increasing numbers of second and third generation Americans to the city. The affluence of the era spawned numerous commercial endeavors on the city's near south side, laying the foundation of the wholesale district around Union Station.

The rising population also brought with it increased diversity. During the late 1800s and early 1900s, a population boom hit the southeast neighborhoods bringing large numbers of Italians, Jews, and Danes and, to a smaller extent, Russians and African Americans. Fountain Square saw the greatest influx of African Americans in 1900 when Olivet Baptist Church moved to the intersection of Prospect and Leonard Streets, just west of the fountain. Holy Rosary-Danish Church drew the largest number of Italian families, due in part to the establishment of the Holy Rosary Parish in 1909, which was the first Italian national parish in Indiana. By 1910 the southeast neighborhoods had become considerably more diverse than most parts of a very segregated city.

Public utilities and services expanded during the waning years of the 19<sup>th</sup> century and into the early 20<sup>th</sup> century. The introduction of the electric streetcar, otherwise called the interurban, provided affordable and convenient transportation to the people of the city. A price war between two competing power and light companies kept those services affordable for most residents of the region. Of greatest importance to the neighborhoods of the greater southeast, however, was the formation of Consumers Gas and Trust Company. Colonel Eli Lilly, among others, wanted to form a utility company that served the needs of the city without a need for profits that would increase fuel. They formed the company on the "trust" principle. After two decades of monetary problems, Citizens Gas and Coke Utility formed in 1906 from the foundation established by Consumers Gas and Trust Company. Colonel Eli Lilly had been integral to the economic growth of Indianapolis since a decade after the Civil War. In 1876 he opened

his pharmaceutical laboratory downtown, and soon thereafter moved to its present McCarty Street location, on the edge of the Greater Southeastern Neighborhoods. Lilly's business interests continue to affect the communities in and around Fountain Square and Fletcher Place.

While the story of the southeast neighborhoods began as a tale apart from Citizens Gas and Coke Utility, by 1908 they had become intertwined. In May of 1907 Citizens Gas, at this time a fully functional trust company benefiting the people of Indianapolis, entered into a legal agreement to provide gas to the city and its inhabitants for a very low price, and service was to begin within 18 months. So, Citizens Gas Company, having won the hearts and minds of the city, began in earnest to work toward the creation of a stable, cheap and viable fuel source.

One year later, Citizens Gas purchased a site "in the tract north of Prospect Street and between the Belt and Big Four railroads" (Rumer, 79). The twenty-two acre tract of land was uniquely situated along ample railways, an oft used public street and a minor waterway, while still far enough outside of the city so as to not disturb the citizens with the sounds, smells and grime of industry. By November of 1908 construction was underway of ovens, cooling and ammonia plants, the power plant, purifiers, gas tanks and a water-gas plant.

By 1909 the new utility-trust was producing manufactured gas and piping it to the southeast neighborhoods, among others. People across the city were rapidly switching to Citizens Gas from their competitors who were unable to compete with the \$0.60 per 1000 cubic feet of gas price charged by Citizens. The price was lower than the competitors by as much as \$0.40. Such great rates were possible due to several factors. Primarily, Citizens Gas had no need to create a profit, being a trust rather than a private company. Any surplus income from providing service to the consumers would be redirected back into the company to increase production, efficiency or to lower rates when possible. Additionally, Citizens Gas Company offset its costs by

selling the byproducts produced through gas generation, chiefly coke.

Coke is a fuel created by heating coal to 1800 degrees for 24 to 30 hours. All the "impurities" in the coal are cooked out, leaving a much higher quality, hotter burning fuel. Coke is used in foundries and steel blast furnaces. With its moisture and impurities baked out, it is lighter in weight (by 30% - 40%) than coal.

In 1909 Citizens Gas opened its Indianapolis Coke facility on the outskirts of the Greater Southeast Neighborhoods. This location linked the company to nearby workers and rail transport while moving it far enough from the congestion of downtown so as to minimize its impact on the commercial districts and the more affluent neighborhoods to the north. Indianapolis Coke sat just to the east of Fletcher Place and Fountain Square, in an area that was served by railroads but had little housing and commercial activity.

By the time that Indianapolis Coke was opened, many of the neighborhoods of the Greater Southeast were well-established, working-class havens. Home now to several generations of Irish, German and Dutch immigrants and with a rising number of Italian, African American and Jewish families, Fountain Square, Irish Hill, Holy Rosary and Fletcher Place had developed into productive and secure communities. The addition of more jobs from Indianapolis Coke only served to bolster the economic success of the area.

### Expansion and Progress

Just as Indianapolis Coke was getting established in the Greater Southeastern Neighborhoods, three more communities would be coming into their own. University Heights began as a project between prominent realtor William Elder and the Church of the United Brethren in Christ. In 1902 Elder donated eight acres to found Indiana Central University (now the University of Indianapolis), affiliated with the Church of the United Brethren, and construction would begin in 1904 of the university and the nearby Marion Heights

*Indianapolis, the Story of a City* (1971), “business and economic machinery continued to break down with baffling regularity. Although there were enclaves of prosperity, Indianapolis business ground to a halt. Some banks failed, factories closed or operated part time, jobs became scarce, and wages fell to new lows. There were bankruptcies, foreclosures, downtown store windows boarded up.” It would take an entire decade, a fiscally liberal federal government and a war to pull the economy out of the Great Depression.

Meanwhile, and to the surprise of many, Citizens Gas and Coke Utility would prosper in comparison to most other industries. Having recently defeated a federal lawsuit that sought to wrest control of the trust company’s assets, the company continued to improve even as industry across the region was reeling from the stock market crash just a year earlier. In October of 1930, the Indianapolis Coke Plant completed the addition of a 238 feet high, 212 feet diameter, telescopic gas tank. This tank, in addition to others across the city, gave the company enough storage capacity to hold an entire day’s worth of gas consumption.

Another exception to the economic depression was a nearby company, the Columbia Conserve, located on Churchman Avenue. The Columbia Conserve was founded in the 1920s as an “industrial democracy.” William Hapgood started the company and had a committee of ten employees who made decisions via a majority vote. By 1930 workers were earning wages based on need and family size, wages that were well above local pay scales. Profit sharing was instituted, as were shortened workweeks, pensions and a medical plan. During the 1930s a feud began between two factions within the company, one led by William Hapgood, and the other supported by his son, Powers Hapgood. Eventually the feud created a legal battle that was settled in favor of the company employees, each receiving a percentage of the company’s stock, thus returning the company to a more capitalistic endeavor. Through it all, “the Columbia experiment” persevered and weathered the

economic drought of the Great Depression (Leary, 211).

In 1935 the city of Indianapolis would finally succeed at an effort that had been several years in the coming. Having defeated an appeal of the previous lawsuit that attempted to keep Citizens Gas from becoming a municipally operated charitable trust, meaning that the city of Indianapolis would own and control much of the company’s assets, the city finally took direct control over the utility. By 1936, the city of Indianapolis had begun purchasing the stocks from shareholders with financial support from two Chicago and Cleveland based firms. Additional legal complications delayed resolution of the ownership question until 1942 when the utility district was permitted to purchase the Indianapolis Gas assets for \$9.7 million (Watt, 2000). Although it seems clear that the city bought the stock, and thus the gas utility, conflicts over ownership have plagued the relationship between Citizens Gas and the city ever since. Management of Citizens Gas is through its Board of Trustees, a self selected group. Neither taxpayers nor ratepayers have any say in the Board composition.

Citizens Gas Financial Statement defines it thus:

“Citizens Gas and Coke Utility (*now Citizens Energy*) (the Trust) is the trade name under which the City of Indianapolis, by and through the Board of Directors for Utilities of the Department of Public Utilities, as successor trustee of a Public Charitable Trust, provides energy services to customers in and around Marion County, Indiana” (Citizens Gas, 2006).

All of this meant little to the people of the Greater Southeast Neighborhoods, except that they would continue to see low rates for their daily gas needs, and that the Indianapolis Coke Plant would continue to employ them (Rumer, 1983).

World War II would do much to create jobs for Hoosiers, at least those that were not fighting overseas. Many men and, increasingly

during the war, women found jobs in manufacturing and related industries. The men and women of the Southeast Neighborhoods were no different. Many local factories increased employment to meet the demand of the war, and among them was the Indianapolis Coke Plant on Prospect Street. Additionally, in October 1941, Citizens Gas opened another coke battery (groups of coke ovens are referred to as a "battery") at the Prospect Plant to help meet the growing need for coke nationally and the increasing demand for manufactured gas by residents in Marion County.

After the attack on Pearl Harbor in 1941, Indianapolis helped lead the industrial war effort for the nation. Many local factories, including the Allison Division of General Motors, shifted production in to high gear and began making tools for the war. The housing market exploded during the war and post-war years, with 9000 new units built in 1942 alone. The population of the city swelled as migration from rural to urban areas resumed after a brief pause during the Great Depression. Many national companies, including Ford, Chrysler, General Motors, and RCA, bought out small local companies. Factory employment doubled during the war, and industrial production soared from 140 million dollars in 1939 to 940 million dollars in 1954 (Leary, 1971). The auto industry has historical significance to Indianapolis. Not only is Indianapolis home to factories for General Motors, Ford, and Chrysler, but Indianapolis served as home to such legendary automobile manufacturers as Stutz, Duesenberg, and many others.

The years surrounding 1950 were an active period for southeast side African-Americans. In 1940 the NAACP, in conjunction with the Community Relations Council, launched a successful effort to integrate the movie theatres in Fountain Square after their refusal to sell movie tickets to prospective African-American patrons. This would be an early step in the fight to end discrimination in the neighborhoods of the Greater Southeast. By 1954 the number of African-Americans in the community had more than doubled. It was in that year that the

Barrington Heights project opened its doors to 310 African-American families. Barrington Heights was located just a few hundred yards south of the Indianapolis Coke plant, at the intersection of Keystone and Minnesota Streets. Within a few years, two more housing projects were built adjacent to Barrington Heights, expanding the newly formed Barrington Neighborhood from State Street on the west, Pleasant Run on the north, Sherman Drive on the east, and Minnesota and Bethel Streets on the south. By the mid-1950s the African-American community had a strong presence in the Greater Southeast Neighborhoods.

In 1957, the city of Indianapolis announced plans to use federal highway funds to construct thoroughfares through the Greater Southeast Neighborhoods, in conjunction with the proposed "out beltway" and "downtown freeways" slated for construction as part of the Interstate Highway System. Though the plan was proposed and accepted during the latter part of the 1950s, the neighborhood would not feel the direct effects until 1964. It was in that year that protests began due to unfair prices offered by the government for the purchase of homes and land upon which the new highways would be built. By 1970, hundreds of homes were demolished in the Irish Hill, Fletcher Place, Fountain Square and nearby Bates-Hendricks neighborhoods. In 1971, construction of Interstates 65 and 70 began, effectively redrawing the boundaries of century-old neighborhoods while simultaneously creating physical and visual barriers between the once close communities. The decades long project, in addition to "white flight" during the 1950s, 1960s and 1970s, caused a dramatic decline in the population of the Greater Southeast. In 1950 the Greater Southeast boasted a total population of more than 78,000, but by 1980 that number would fall to 59,000.

The decline of the Greater Southeast Neighborhoods between the 1950s and 1980s cannot be attributed solely to suburbanization or Interstate construction. The development of the Twin Aire Shopping Center on Southeastern Avenue in 1957, and Southern

subdivision. In 1907, Marion Heights incorporated as University Heights with only seven homes. In 1910, the community was home to 100 residents, and by 1920 the number had risen to more than 500. The architectural styles of the first homes reflected the character of the inhabitants, who were mostly middle and working-class families closely associated with the nearby church (Bodenhamer and Barrows, 1373). Within the first decade of the 20<sup>th</sup> century, the electric interurbans had reached as far south as Southport and Greenwood, stopping by University Heights along the way.

Another small community sprang up along the same streetcar line, which made a stop near Southern Driving Park, the city's first major green space, about two miles south of downtown. In 1881, Southern Driving Park became Garfield Park, and slowly the Garfield Park neighborhood grew to encompass the area surrounding the park itself. Development was slow at first, due largely to an abundance of railroad crossings between downtown and the park and ownership of much of the nearby land by the Yoke family, but by 1918 the community had come into its own. It would be a few decades before the area would become mostly residential, however, but in the meantime, several dozen homes and a collection of small farms served as a stable community.

Much slower to cement its place in the annals of city history, Norwood began as a tight knit, suburban community on the outermost southeastern edge of late 19<sup>th</sup> century Indianapolis. Norwood, bounded roughly by Sherman Drive on the east, the Belt Railroad on the west, Southeastern Avenue on the north and Terrace Street on the south, was a small collection of African American families who migrated to the area to work at the nearby brickyards, coke plant and dairy farms. The first recorded activity in the Norwood community came in 1885, when Penick Chapel A.M.E. Zion Church was organized to serve the nearby rural residents. By 1910 the community had its own post office, general store, two Marshalls and a probation officer. The suburb was small and densely populated, and it

contained within its borders part of the expanding Indianapolis Coke plant. Despite its proximity to Indianapolis Coke and its location near the edge of the city, Norwood did not receive electric service until 1918, water utility in 1925 and gas lines in 1938. The small suburb retained its insular quality deep into the mid-1900s, even as nearby communities were encroaching on its boundaries.

Meanwhile, by 1918 the Indianapolis Coke plant, located on the eastern edge of the early Greater Southeastern Neighborhoods, had expanded to fill several interesting roles. First, because of the demands for materials for World War I, steel mills were purchasing record amounts of coke for their furnaces. In order to accommodate this growing demand, the Indianapolis Coke Plant increased its output and brought in record earnings, which further lowered the cost of gas to consumers. Additionally, because trade had been cut with Germany, a new demand arose for blue dyes. Before World War I, German companies produced the majority of blue dye used by American companies. Because of the war, coke plants like Indianapolis Coke were retrofitted to begin extracting cyanogens from coal for use in dyes (Rumer, 1983).

Also in 1918, the Indianapolis Coke plant nearly doubled its size. In order to facilitate the increasing needs of the expanding city, Citizens Gas petitioned the Public Service Commission, a recently created State agency responsible for regulating the utilities, for a five cent increase in the cost of its products. The increase in price, coupled with the sale of additional stocks, would pay for the expansion at the Prospect Street plant, which would allow for service to the increasing population. The five cent increase in cost would still put Citizens Gas prices nearly fifty percent lower than other nearby urban areas, allowing it to remain the lowest in the nation (Rumer, 1983). The expansion meant more jobs for the people of the Greater Southeast Neighborhoods as well as improved services from an already successful company.

Meanwhile, the Greater Southeastern Area was also expanding. Before World War I

most of the Greater Southeast's inhabitants lived in clusters along Pleasant Run, near Garfield Park, next to Indiana Central University or in the neighborhoods adjacent to downtown. As the populations continued to grow and land became scarce in the above areas, people expanded into the less densely populated tracts of land between the crowded neighborhoods. Simultaneously, certain demographic groups experienced sharp increases in population on the city's south side. Among them were Italian immigrants, Jewish families and a slowly increasing number of Southern Appalachian folk from Kentucky, Tennessee and other nearby states. Some of this expansion of the southeastern neighborhoods began bringing families ever closer to the Prospect Street coke plant that had loomed on the eastern horizon for so many years, and which had undergone recent expansions of its own.

The Greater Southeast Neighborhoods hit their first community roadblock in 1918 when much of Irish Hill was leveled for the construction of an elevated railroad track. The Pennsylvania Railroad Company flattened dozens of homes in the still largely Irish neighborhood. It seemed that the Railroads, which had played such an enormous part in the development and success of the southeast neighborhoods, would, ironically, cause the first of many declines. With dozens of their friends and family members displaced by the rails, many of the long-time Irish residents of the community abandoned their homes. These homes would in turn be filled by the newest population to migrate to the city, the white folk from the Appalachian South, a trend that would continue for several decades after the 1920s.

Other areas of the Greater Southeast fared better through the 1920s. Fountain Square became home to as many as seven theatres in the first half of the century. This boom of entertainment venues in Fountain Square garnered the neighborhood a reputation as the city's first "cinema district" (Bodenhamer and Barrows, 1994). In parallel, the Holy Rosary neighborhood benefited from an increase of Italian families who took advantage of the

newly built Italian national parish and the proximity to the warehouses, rails and markets necessary to propagate the produce business that had attracted them in the first place.

The 1920s were an exciting time throughout the nation, and that excitement was echoed in the changes of the Greater Southeast Neighborhoods. For starters, in 1920 Garfield Park added an amphitheatre that seated more than 1,200 spectators. This project was the first of its kind in the city. In 1922, the *Home News* combined with the *Southside News*, offering greater coverage and circulation to residents on the south side of the city. In 1923, the town of University Heights was annexed by the city of Indianapolis, allowing for future expansions and improved infrastructure. In 1926, Indiana Central University acquired an additional fifty acres in order to expand its campus. The 1920s saw rapid expansion of the population and services offered in the Greater Southeast Neighborhoods, and by 1930 the population had reached nearly 66,000 people.

Overshadowing much of the prosperity of the Roaring Twenties was the divisiveness and violence propagated by the Klu Klux Klan. During the "jazz age" Indiana was perhaps the nation's greatest stronghold for the KKK, due largely through the efforts of "Grand Dragon" D.C. Stephenson. In 1927, a KKK arsonist even torched the new St. Patrick's church building in Fountain Square, which had been erected only four years earlier.

### Depression, War and Decline

After the stock market crash of 1929, nearly every neighborhood in the city felt the impact of the depressed economy, and the Greater Southeast was no different. Few building projects occurred anywhere in the city, which was a stark contrast to the building that pervaded the previous decade. No one in Indianapolis could have known the extent to which their businesses and industries were linked inexorably to the businesses and industries of neighboring regions and, as the "crash" of 1929 would prove, the entire nation. According to Edward Leary in his book

Plaza Shopping Center on South East Street in 1961, contributed to the steady collapse of Fountain Square as the premiere shopping district on the south side of the city. With the rapid movement of middle class families from the city's center to the perimeter came the immediate development of malls and shopping centers, allowing families to completely avoid the urban decay that would follow their exodus. Before the invention of shopping malls, many small shops and stores within Fountain Square served the community's grocery, clothing, furniture and other needs.

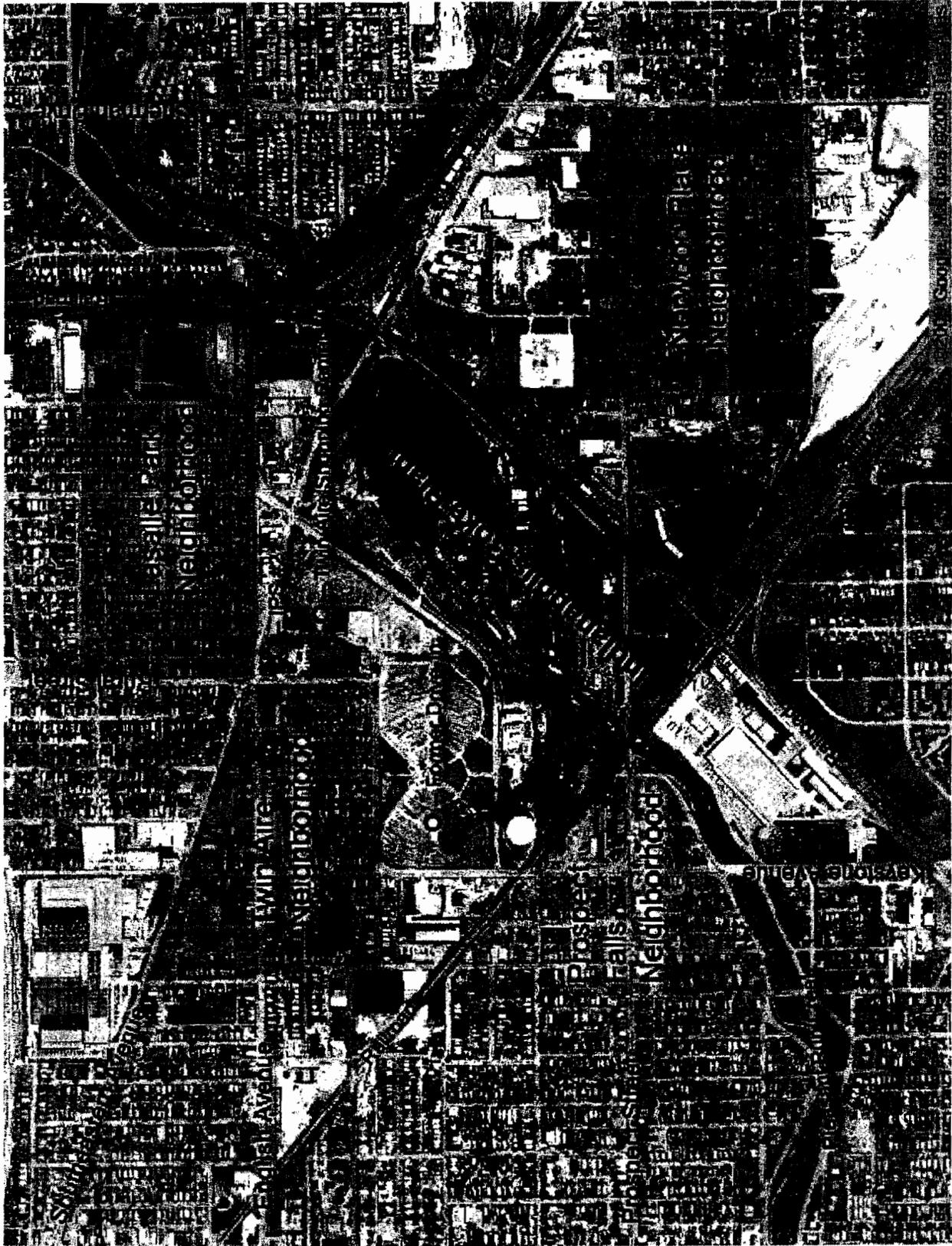
In conjunction with the construction of the Twin Aire Shopping center, another

community joined the Greater Southeast. Just north of the Indianapolis Coke plant several small bungalow and cottage style houses were built. This area would come to be known as Twin Aire, due to the close proximity of the increasingly popular shopping center of the same name. The Twin Aire neighborhood is bounded roughly by English Avenue on the north, Rural Street on the east, Hoyt Avenue on the south and St. Paul Street on the west. Eventually the commercial offering of the small neighborhood would expand to include the Twin Aire Drive-in, which rested along East Pleasant Run Parkway, on the northern edge of the Indianapolis Coke plant.



Service road behind coke ovens





Map 2

## Chapter 3:

### *Suspicious, Emissions, and Conflict*

The connection between Citizens Gas and Coke Utility, the neighborhood it occupies and the surrounding geographic region appears to have been a love-hate relationship. The facility spanning Pleasant Run Creek was constructed next to a landfill or dump in an unoccupied area that at the time was an acceptable distance from the populated downtown and even the then thriving Fountain Square. If anyone in the early 1900s thought of pollution, available knowledge about the issue was so poor that few people in authority at the time would have considered the soot belched into the atmosphere by the coke ovens to be problematic. One must remember that most of the houses in the city had coal as a primary heat source, so popular wisdom would dictate that a plant using the same fuel source must be safe. Residents of the city, if they thought about the plant at all, were most likely unconcerned and happy to have a cheap source of gas to light their streets and heat their businesses and homes.

This began to change, at least according to published newspaper reports, in the late 1940s. Residents complained that the coke plant was “emitting coke dust as well as chemical fumes and smoke” that were causing homes in the area to turn purple! (Indianapolis Star, 1948). Residents approached the City Council for help because Citizens Gas officials had allegedly been less than cooperative in working to correct the problem. A government official, identified as City Combustion Engineer Robert L. Wolf, stated he was using new technology to determine if the complaints voiced by residents were accurate. His investigation determined the plant was sending hydrogen sulfide into the air (Indianapolis Star, 1948).

The coke plant produced large amounts of toxic chemicals in the process of turning coal into coke. Some by-products had market value and were sold for industrial uses. These include tar, ammonia, and manufactured gas. Historically, manufactured gas was distributed throughout the Citizens Gas area (Indianapolis

for residential, commercial, and industrial uses. In the early 1980s, Citizens Gas began buying natural gas piped to Indianapolis from Oklahoma to distribute to residential users. For the past several years, the only user of the manufactured gas was the Citizens Gas Thermal Unit, an old power plant in the immediate downtown area that pipes steam generated heat and cooling to large downtown customers.

Unfortunately, much of the by-product of coke production is toxic and has no marketable uses. The most prominent are benzene, naphthalene, methanol, phenol, toluene, and xylene. Nearly 100 pounds of cyanide per year are reported as “released to surface water” (EPA Toxic Release Inventory, 2006). A stew of other chemicals settle and/or run off into an otherwise picturesque creek (Pleasant Run) that runs through the plant site. Neighborhood kids regularly play in the creek at “Prospect Falls” just feet from where it leaves the plant site.

Some of the toxic by-products are transferred to other sites, much is released into the air, and some stays on site where it becomes part of a black ground cover of partially solidified coal and coke dust, “black soot.” More benzene finds its way into the air (22,928 lbs./year) than is transferred to other sites (15,757 lbs./year). On the other hand, far more naphthalene is transferred (231,532 lbs./year) than is reported to be released into the air (4,162 lbs./year) from “non-point emissions.”

The issue of naphthalene seemed of particular concern to company employees who emphasized that although in the past they were not very careful about naphthalene, they were indeed very conscientious now and ship most of it off site (due to its dangers to public health). Benzene emissions are of great concern, even at the greatly reduced emission levels of the past few years. Although the benzene levels are still high, they are much lower than was previously the case. In 1988, the plant released 182,210 lbs. of benzene into the air, dropping to 15,027 lbs. by 1998, but rising to 22,928 lbs. in 2005. These high levels,

and the extremely high levels of the recent past, have potentially significant impact on nearby residents, plant employees, and employees of nearby businesses.

Benzene is known to affect the central nervous system, skin, bone marrow, eyes, and respiratory system. Exposure to high levels of benzene is reported to result in dizziness, drowsiness, rapid heart rate, headaches, tremors, confusion, and unconsciousness. Very high levels can result in death. Long terms exposure is associated with bone marrow damage, anemia, excessive bleeding, increased susceptibility to infection, a compromised immune system, leukemia, and lung cancer. Air monitoring around IPS 21 in 2000 found benzene levels twice as high as anywhere in the state of Indiana. "Concern about air pollution was one reason cited by school officials for closing School 21 at the end of the school year" (Webber, 2006).

While benzene is recognized as a health problem in the surrounding neighborhoods, black soot is another serious issue for residents. For Norwood Place residents, black soot is the constant visual presence of the pollution from the plant. It coats everything, damaging car finishes and siding on houses, and if inhaled can cause heart and lung problems (Webber, 2006). The environmental contamination caused by the plant appears quite severe and the long-term health consequences are just now being identified.

By the 1970s, the neighborhoods of Fountain Square, Norwood and Twin Aire had grown to encircle the Indianapolis Coke plant. Prior to the 1970s, concerns about pollution were minimal, and the few concerns that were voiced were easily ignored or glossed over by authorities. However, as the neighborhoods of the Greater Southeast continued to expand and encroach upon the Prospect Street plant, pollution became an everyday concern.

According to Rumer, "the 1970s included also a renewed attention to pollution control. Acknowledging that the technology of pollution control in coke operations has lagged behind industrial manufacturing capabilities, the utility moved forward with several new

techniques aimed at solving long-standing difficulties in several problematic areas at the Prospect Street plant. For example, the problem of air-born particles ("particulate") arising from coke piles was solved in part by partial sheltering of the storage areas" (Rumer, 1983). Furthermore, "pollution control would be a topic at nearly every board meeting now in an era of heightened public awareness and enlightenment concerning such issues" (Rumer, 1983).

In 1977, Citizen's Gas and Coke Utility hatched a plan. This plan, which would later be dubbed "K-79," would solve a number of anticipated problems. The K-79 plan included the construction of a new battery of coke ovens that would be much larger than those currently in use and that would rival the largest in use in the world at the time. This would allow the Prospect Street plant to flood the market with more high quality coke, grabbing up business from competitors who had allowed their operations to decline. It would also allow Citizen's Gas to further reduce its costs to consumers by greatly supplementing its revenues with the coke sales (Rumer, 1983). In 1979, the new battery would go online, tripling coke production at the site...and exacerbating the impact of pollution in the area.

The 1970's continued to produce a decline in shopping in the Fountain Square neighborhood. What had been a bustling business district just 25 years prior was now a commercial dead zone. Shops were closed. Buildings were abandoned and boarded. Clientele for the shops of the 1940s and 1950s had long ago moved out of the Southeast Neighborhoods for the greener pastures of the suburbs. By 1970, most of the families living in Fletcher Place, Fountain Square, Garfield Park and the surrounding communities were too poor to enjoy the unique fare of the local shops, and the interstate highways allowed people from anywhere in the city to take advantage of the shopping malls on the city's fringe.

Between 1970 and 1980, the Southeast neighborhoods would lose eleven percent of their population, bringing the total to just over 59,000 people. This continued a trend that

began in the 1950s due to rapid suburbanization. The completion of Interstates 65 and 70 in 1976 contributed substantially to the population decrease in Fountain Square and Fletcher Place, but white flight also continued throughout the 1970s. The United Southside Community Organization (USCO), founded in 1968, led numerous efforts throughout the 1970s to reduce the impact of population decline, economic hardship, health issues and educational concerns for the people of the Greater Southeast. USCO was involved in the creation of at least two health facilities, numerous educational programs and community organizing well into the 1980s.

By the late 1970s, Indianapolis began to see urban renewal on a small scale. Downtown was being revitalized with massive new office buildings and the neighborhoods within a couple of miles of the circle were starting to be noticed again. A handful of investors and pioneering families saw opportunity in the late Victorian and early craftsman style homes common to the communities surrounding downtown. Although not the first neighborhood in the city to experience this renewal, Fletcher Place and Virginia Avenue drew some early attention as historically significant and aesthetically pleasing. By 1983, both Fletcher Place and the Fountain Square business district were placed on the National Register of Historic Places, allowing federal dollars to be funneled for their rejuvenation. The Holy Rosary-Danish Church neighborhood would follow in 1986.

Pollution continued to be a significant issue for the residents of the Greater Southeast into the 1980s. In early 1980, the Indianapolis Star reported on a spill of diesel fuel at the plant. Company official, Frank Wilson, admitted that over 70,000 gallons of fuel flowed from a broken line into Pleasant Run Creek. Diesel fuel flowed down the creek over three miles and entered the White River, which is the main body of water in the area. Some poor quality pictures from the time depict workers using what appear to be large vacuum cleaners to skim oil from the top of the creek. A state employed environmentalist, Skip Powers,

praised cleanup efforts that were aided because the water level of the river was up and the quicker than normal flow was carrying the oil downstream away from the city. And when Powers was asked about long term damage from the incident, his quoted comment, when viewed in today's prism, is rather chilling. He said, "There just isn't much wildlife along the area that could be affected" (Indianapolis Star, 2/29/80). Apparently, it never entered the public consciousness of the time that the reason wildlife might be lacking along the banks of a large creek and river was the pollution caused by facilities such as the coke plant.

By late 1980, other more serious problems, particularly naphthalene emissions, emerged at the plant. The new coke ovens were producing enough manufactured gas to heat 10,000 homes. Manufactured gas is a by-product of coke production and a valuable energy asset. While manufactured gas could be sold at a profit, another by-product of coke production is naphthalene, a known carcinogen. Naphthalene emissions have been drastically altered since the 1980s, though not necessarily reduced. According to company records, most naphthalene is now captured and removed from the plant.

The Utility did not appear concerned about environmental issues related to the plant operation. Company officials are presented as arrogant in news reports from the time as well. The perceived arrogance on the part of Citizens Gas spokespersons could have been influenced by the lack of political power in the neighborhoods which had grown up around the plant. Several immigrant groups have transitioned through the small homes in the area. The Germans were first, followed by the Irish, Italians and then a uniquely American group from the southern section of the United States. In the mid-1900s, whites from Appalachia migrated to the area as they sought jobs in the industrial plants in the city of Indianapolis. Lacking in education and without a history of political involvement in the rural areas of their origin, the newcomers were comfortable taking blue collar jobs, often with benefits, that enabled them to raise their

families in relative comfort. Political involvement was not a high priority and the area lacked political power that could force city officials to aid them in getting better treatment by Citizens Gas.

When the new battery of ovens was built in 1979, the City of Indianapolis issued a permit to regulate the amount of chemical waste the utility could permissibly dump into the city sewer system and Pleasant Run Creek. Waste products identified as being dumped into the sewers are benzene, toluene and xylene. All three are by-products resulting from gas production and enter the sewer system along with ammonia because water is used to filter these substances from the gas. The Center for Disease Control lists the following as health hazards from benzene:

*The major effect of benzene from long-term exposure is on the blood. (Long-term exposure means exposure of a year or more.) Benzene causes harmful effects on the bone marrow and can cause a decrease in red blood cells, leading to anemia. It can also cause excessive bleeding and can affect the immune system, increasing the chance for infection. Some women who breathed high levels of benzene for many months had irregular menstrual periods and a decrease in the size of their ovaries. It is not known whether benzene exposure affects the developing fetus in pregnant women or fertility in men. Animal studies have shown low birth weights, delayed bone formation, and bone marrow damage when pregnant animals breathed benzene.*

*The Department of Health and Human Services (DHHS) has determined that benzene causes cancer in humans. Long-term exposure to high levels of benzene in the air can cause leukemia, cancer of the blood-forming organs.*

Benzene was at one time used in solvents, but because of the potential health hazards, is no longer widely used. Toluene and xylene are still used in solvents and are not judged to be as dangerous, although long-term

effects are not well documented. The city was supposed to regulate the amount of these chemicals entering the antiquated sewer system but, shortly before the new ovens opened, agreed in an unpublicized document to waive regulation for two years (Gillaspy, 4/21/81). Citizens Gas was required to have a water treatment facility on site to contain and treat this waste. The company did not have the system completed at the time the new battery of ovens became operational and when it was completed it was too small for the job required. Neighbors of the plant complained of strong smells and fumes in the air and especially in the basements of their homes. City officials agreed that the chemicals were present and they were probably a health hazard but, as Albert L. Klatte, bureau chief for environmental health in the Marion County Division of Public Health, is quoted as saying, "They just plain don't know what the hell to do" (Gillaspy, 4/21/81). Lack of political power ensured neighborhood residents continued to suffer from these contaminants.

An article from the April 21, 1981 edition of the Indianapolis Star noted that residents had been complaining to the city about sewer fumes wafting into their homes. These fumes reportedly carried the hazardous chemicals benzene and toluene, both washed into the sewer system from the Prospect Street coke plant. Citizens Gas had received permission from the city for runoff to enter the sewer system until later in the year when a water treatment facility was constructed at the site. Eventually the city took action to rectify the problems with the sewer system, thereby eliminating the odors and fumes from inside the homes of unlucky neighbors, but Citizens Gas continued to use the nearby sewer to dispose of its chemical runoff (Gillaspy, 4/21/81). The Indianapolis News covered similar issues throughout 1981 and 1982, including a story dedicated to complaints about coke piles around the Prospect Street plant (Indianapolis News, 5/31/81). Investigations into the health risks associated with the mounds of coke indicated that they were not hazardous, but that

they did detract from the overall aesthetic quality of the community.

In June of 1984, reports emerged that plant emissions were causing houses to change color, sadly reminiscent of charges in 1948 that emissions turned houses a purple color (Indianapolis News, 4/13/48; Petrosky, 6/23/84). Thirty-six years had passed but serious problems remained unaddressed. A continuing investigation in 1984-85 uncovered serious environmental problems and violations. The prosecutor, later a two term mayor, declined to prosecute (Indianapolis Star, 5/1/85). Although it took pressure off Citizens Gas and Coke on the environmental front, the long time President of the City-County Council joined the state's Public Service Commission in recommending that Citizens Gas sell Indianapolis Coke.

When constructed in 1979, the large new battery of ovens was supposed to be a major source of profit and stability for the utility. Instead, the 1980s were full of red ink for the company, including over \$14 million in losses in the first three years alone (Indianapolis Star 3/20/83). Throughout the 1980s, Citizens Gas and the Greater Southeast neighborhoods remained at arm's length. Communication was rare despite mounting complaints from community members regarding pollution and health concerns. These complaints were met with assurances from Citizens Gas that all was well and that all laws and codes were being observed. They were being truthful, for the most part. The laws regarding the coke plant were very loose and

maximize efficiency and financial benefits to the community. Environmental effects had been studied only in recent years, and chiefly by employees of Citizens Gas itself.

All the while, residents of Fletcher Place and Fountain Square continued to organize and raise funds to rehabilitate their historic neighborhoods. In 1984, Fountain Square was adopted by the Indianapolis Historic Commission as a site for substantial assistance in rehabilitation. In 1987, the Metropolitan Development Commission approved a plan to revitalize the Pleasant Run and Garfield Park communities. By the end of the 1980s, population decline had begun to slow and communities were seizing every opportunity to improve their neighborhoods despite waning economic support from the Reagan Administration.

In a rare moment of nostalgia, the Indianapolis Star remembered Irish Hill on March 17, 1988. According to an interview with Ed Clark, an Indianapolis native who grew up in Irish Hill, "it was different then...It wasn't industrialized and the houses weren't run down like they are now." Clark reminisces about the pride that the Irish immigrants and their descendants took in the neighborhood before lamenting his disappointment that the community dispersed and was demolished during the last half of the 20<sup>th</sup> century. Clark's interview is testament to the ethnic identity that the Irish Hill neighborhood maintained for nearly a century while the article gives voice to the growing importance that the community was beginning to place on its history.





## Chapter 4:

### *The Plant, Its Closure, and Lingering Hazards*

As mentioned earlier, the neighborhood has a long and conflicted relationship with the plant. Originally built immediately outside the inhabited part of the southeast side of Indianapolis, over the years the city grew closer and the plant grew bigger. Although Norwood Place can trace its history to before the plant's arrival, some of its housing dates from the post WWII era. Twin Aire came into existence on the plant's doorstep in the 1950s, filling in the rest of the residentially zoned land near the plant.

A combination of an unquestioned belief in the promise of industrial development, good paying union jobs requiring little formal education, and a lack of knowledge and awareness of pollution's effects on health contributed to the apparent acceptance of the plant through much of its history. As noted previously, opposition to the plant became vocal (or at least reported on) only after its massive 1979 expansion.

Before assuming that organized opposition surfaced only after 1979 it is important to note two things. First, city government and the media have long ignored the south side of the city in favor of the more affluent (and less industrial) north side. It is entirely possible that there was earlier opposition that was simply ignored by the media. Secondly, urban neighborhoods benefited greatly from the rise in community organizing in the 1970s. The Southside neighborhoods created an influential community organization, United Southside Community Organization (USCO), which brought organizing skills and an orientation toward community-based activism quite unlike what existed previously. Prior to this time, political patronage dominated local neighborhood issues and mirrored the power inequalities of the city. Thus it is possible opposition to the plant existed before 1980 but was simply ignored until effective community organizing strategies of the late 1970s made such official neglect impossible to maintain.

Either way, since 1980 serious tensions between the neighborhoods and the plant have existed and occasionally flared up into vocal conflict. There have been three such flare-ups since the 1979 expansion: 1980-81 (reaction to the expansion and increased pollution), 1994 (gas explosion at the plant), and 2004-06 (air quality monitoring, respiratory problems, public school closure).

The infamous 1994 explosion involved the huge manufactured gas holding tank that towers over the neighborhood. It is located closer to surrounding homes than any other part of the plant (except the piles of coal and finished coke) so residents felt the explosion and heat from the resulting fire up close and personal. The fire lasted for days, creating on-going unease in the neighborhood. The company's arrogant attitude and the evacuation of a neighborhood business -- but not residences -- angered everyone. The anger lasted far longer than the fire. In a way, the 1994 explosion helped educate the neighborhood on the health and safety risks the plant posed leading to the IPS 21 Risk Assessment and other environmental reports that documented pollution problems.

Efforts by the Southeast Umbrella Organization (SUMO) in 2000-02 to redevelop the old Twin Aire Drive-In site into community oriented functions continued to highlight the limitations the plant imposed on the neighborhood by its high levels of toxic emissions. Plans for a \$20 million development languished in part due to unrelated pollution problems from a closed nearby refinery, but concerns about air pollution cast a literal and figurative cloud over the plans. Even scaled down plans for athletic fields on the site (badly needed in the neighborhood) stalled as people worried about air pollution effects on future athletes competing in the benzene haze.

The explosion and lingering fire became a symbol of the dangers posed by the plant. Although the negative impact of air pollution on health was suspected, plant and city officials assured them "there was no danger to the public." Many residents disbelieved the official line, but with the explosion and fire everyone

understood the plant's immediate threat to public safety. Residents wanted answers. They wanted to see a plan for dealing with such emergencies. And, they were angry.

The 1994 explosion and fire at the plant was a major catalyst for community organizing in this part of the city. Although the southeast neighborhoods had come together in the 1970s as the United Southside Community Organization (USCO), the group's influence fell significantly in the early 1980s. Reagan era cutbacks to the VISTA program curtailed many inner city organizing efforts and USCO ceased to be a force in the community. Organizing waned in this area until the 1994 explosion. The severity of the incident and a bungled response by coke officials created suspicions on the part of local residents that they were not being adequately informed nor their health protected. Large community meetings followed and the Southeast Community Organization (SECO) developed to represent residents in their dealings with the plant and the city. Fledgling groups in nearby neighborhoods then joined together as the Southeast Umbrella Organization (SUMO).

In 1990, the population of the Greater Southeast Neighborhoods dipped to 54,295. While population decline had slowed from the previous decade, it had not halted. With city encouragement and support, the Southeast Umbrella Organization (SUMO) was created to bring the many different neighborhoods together to address shared problems. According to Yvonne Margedant, a former employee of the organization, SUMO began in 1994 with funding from a Community Development Block Grant. It initially brought together seven smaller neighborhoods: Fountain Square, Bates-Hendricks, Irish Hill, Holy Rosary/Danish Church, Twin Aire, Fountain Square South, and Garfield Park. SUMO immediately identified five areas of greatest risk (drugs, trash, education, health care, and property decay) and set about fixing the problems. Ironically, the still polluting coke plant was not listed in the organization's top five risks.

Community organizing reached its peak in the city during the late 1990's and early 21<sup>st</sup> century, and the Greater Southeast Neighborhoods became shining examples of the success of the movement. During this time, numerous other groups formed or reorganized to help empower the once ignored populace inhabiting the southeast side of the city. Projects to improve housing, health care, education, and social services for local residents continue into the present, conducted largely through partnerships with local social service agencies, universities, and businesses.

Plant officials responded by becoming more involved in the neighborhood, regularly attending neighborhood meetings and events. Plant executives became known in the neighborhood and their presence made residents see them as real people and it put human faces on the plant. The coke plant began making financial contributions to neighborhood organizations and activities, even tickets to Indianapolis Colts football games, buying lots of good will in the process.

Relations between the plant and local neighborhood groups became much more positive throughout the period of 1994 to early 2007. Hopefully, this positive recent history will help the neighborhood work with the plant and the city to develop a sustainable re-use of the site.

While the plant cultivated these positive community ties from 1994 through 2007, plans for shutting the plant may have been made as long ago as 1996 or 1997, possibly earlier. Regular maintenance of the coke ovens was halted in 1997. Previously, the plant would rebuild some of the ovens each year, at the cost of \$1 million. According to a longtime worker, repairs stopped in 1997. Catching up on such costly deferred maintenance became less likely with each passing year. By 2007, the plant was already running an \$11 million tab for deferred maintenance on the ovens alone! Stopping such core maintenance for over a decade made the likelihood of the plant continuing to operate virtually nil. Several years ago the plant began hiring only temporary workers, another sign of the impending shutdown.

According to a plant official, the halt to regular maintenance came as a result of competition from cheaper Chinese coke. The price of coke on the world market declined and so did Indianapolis Coke profits. Sensing that American coke could not compete, plant officials stopped making investments in the plant's future. The picture was not quite so dismal, however, as the U.S. Congress soon passed tariffs on imported coke, making American coke competitive once again. As recently as 2004 Indianapolis Coke announced a profit of \$12 million for the year. Still no investments were made to upgrade the ovens or hire permanent employees. Meanwhile, the plant executives attending all those neighborhood meetings gave no indication that there was a plan to close the plant. During meetings in recent years on the re-use of the adjacent Twin Aire Drive-In site, coke company officials gave every indication that the neighborhood should assume the plant would continue to be a neighbor and an influence on the site.

The CPR Project Team has had no access to any closure plans the coke plant may have had or what timeline they were operating under. The precise timing of the closure itself may have been more influenced by outside forces than by plant officials themselves. They had ridden out the fallout from the explosion and its aftermath and maintained good relations with the main neighborhood organizations. The lingering concern about air pollution continued, however, perhaps more in groups outside the neighborhood than inside.

In 1999, the Indianapolis Public Schools system began an analysis of the quality of its school buildings and the likelihood of support for a billion dollars worth of capital improvements throughout the district. As part of Phase I of the initiative, University of Indianapolis sociologist Tim Maher conducted a survey of district residents to determine their attitudes toward IPS programs, facilities, and the anticipated bond issue(s). The result of that study suggested there was widespread support for IPS and their improvement plan. Phase II included an architectural/engineering

evaluation of each school in the district to determine what was needed to bring them up to 21<sup>st</sup> century standards.

At the same time, the city's Air Pollution Control Board, the Indiana Department of Environmental Management, and the EPA, stimulated by concerns about extremely high rates of student respiratory problems at IPS, initiated environmental studies of the areas near the plant. When released in 2006, the reports documented what appear to be high levels of toxic emissions, but still they maintained that nothing needed to be done. The IDEM assistant commissioner for air quality described that area's cancer risk as "minimal." "We don't think anybody needs to be fleeing the neighborhood or that the schools should close" (Webber, 2/10/06). A leading local environmentalist challenged that view, stating "I don't think there is any question there are environmental and health problems in that area." Still, the IDEM official added that "the state doesn't have a specific plan for reducing emission" (Webber, 2/10/06). Just a few days earlier the same official admitted that the state was behind in issuing an updated permit for the plant, that there were "several outstanding pollution violations dating to 2001", and if the plant was in compliance, pollution in the surrounding neighborhoods would decline (Webber, 2/11/06). Thus, IDEM apparently not only "doesn't have a plan for reducing emission" but had no plan even to enforce present pollution rules. With that kind of oversight, the coke plant was able to continue operating in known violation of pollution regulations while its closure plan unfolded.

IPS, however, was apparently not convinced that the environment was safe. Teachers, school administrators, and parents were very alarmed by all the sick kids in the school. Outside architects and engineers likewise were aware of the difficulties of creating a safe place for learning in such a polluted environment. They recommended closure of the school. IPS administrators concurred, citing air pollution concerns as a reason for closing IPS 21 (Webber, 2/10/06). It was a very unpopular decision in the

neighborhood where educational issues are on top of nearly everyone's list of concerns. Instead of getting a renovated or even a new school, the neighborhood lost a treasured educational facility.

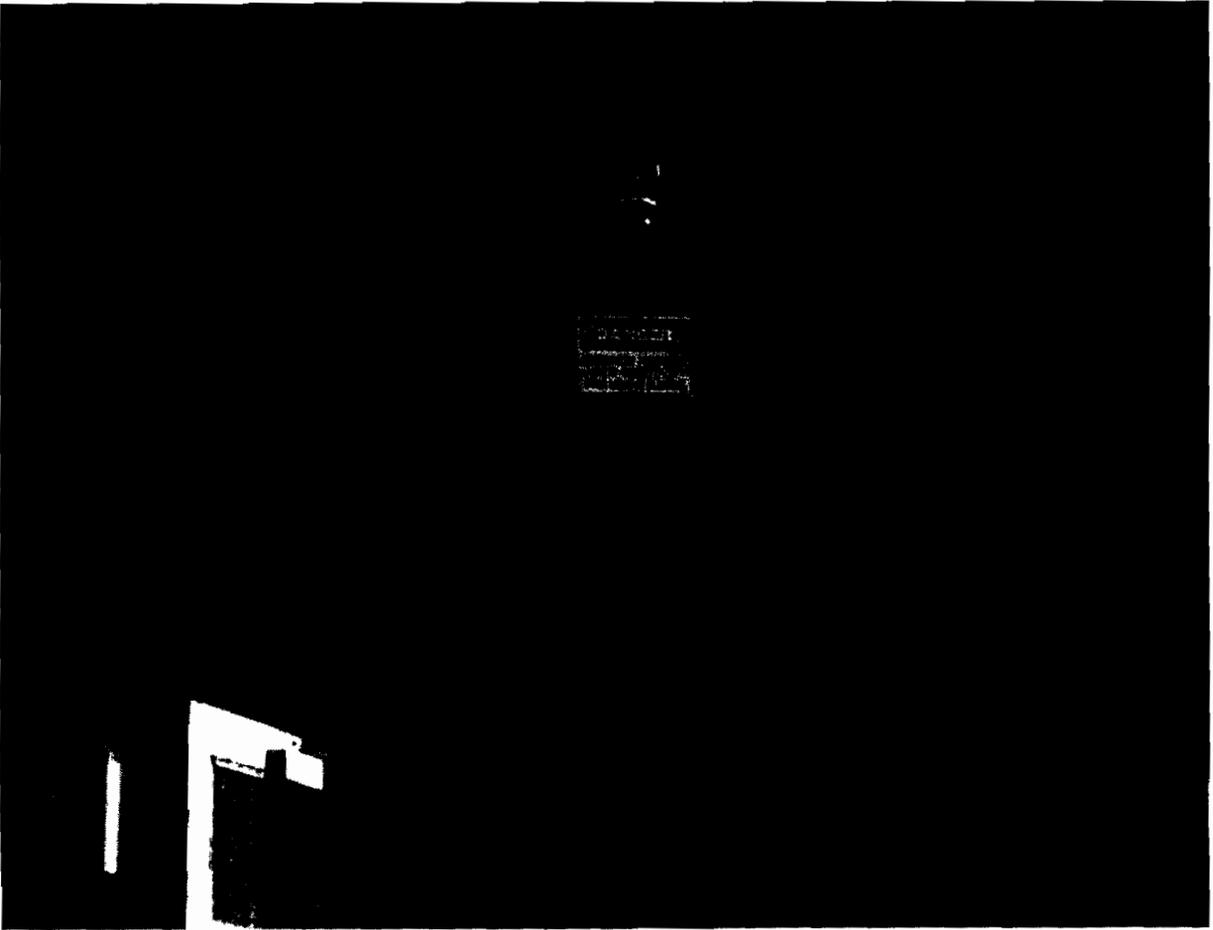
The IDEM report, though not recommending specific action, still brought attention to health issues in the neighborhood. Attention also focused on what was NOT studied by IDEM—respiratory problems and the effects of “black soot.” The IDEM study focused on benzene emissions and cancer rates, finding that the coke plant emissions “raise the long-term odds that nearby residents will develop cancer” (Webber, 2006). The long-standing neighborhood complaints about respiratory problems and sky high asthma rates were not covered in the report.

Shortly after the IDEM report and the schools closing announcement, Citizens Gas put the Indianapolis Coke Plant up for sale. The neighborhood, still with divided opinions on the plant, began wondering anew what the future held for the plant and the neighborhood. Plans had slowed to a crawl on using the adjoining drive-in site for athletic fields. Not much happened during that year of uncertainty while the plant was on the market. It was hard for the neighborhood to plan when there might be a new owner with which to deal. After a year on the market, Citizens Gas announced they were closing the plant by August 2007.

These outside forces, the IDEM and IPS Risk Assessment reports, seem to have been perhaps more responsible for determining the timing of the plant closure than plant officials. The plan to close, apparently hatched 10 or more years ago, was nonetheless set in motion by the company at this time. Tariffs, environmental reports, and schools facility studies have each changed the global economic

and local health situation of the plant. To stay open would have required tremendous investment to correct deferred/neglected maintenance, correct pollution violations, and install new pollution control measures to meet previous environmental commitments. Even though IDEM appears to be a “paper tiger,” any review of new permits could have galvanized the neighborhoods to demand even more protections for its residents. Putting the plant on the market may have been little more than cover for the previously determined plan to close. At any rate, once a determination was made, the community began planning for the future without the plant.

The announcement to close came in March 2007. Almost immediately, the community organization (SUMO) asked if the University of Indianapolis, through its Social Sciences Department and the Community Programs Center, would work with the neighborhood on the process of determining the re-use of the coke plant site. In spite of the wide-ranging interests of its member organizations, SUMO has made a name for itself as an effective collaborator. It has been particularly successful in creating partnerships with not-for-profit groups, businesses, government, and educational institutions. The Emmy Award winning 2004 PBS documentary “Neighborhood at the Crossroads” illustrates the community-building strategy pursued by SUMO since its founding in 1994. The relationship between SUMO and the University of Indianapolis is one of those enduring and successful partnerships. With a 13 year history of close collaboration, SUMO looked to the university as a partner in facing the challenge of the plant closure and its aftermath.



## *Chapter 5:*

### *Security Issues During the Coke Plant Closing*

Citizens Gas announced the decision to finally close the coke plant in the spring of 2007. Normally, industrial plant closings, while unfortunate, do not generate an abnormal amount of police attention. The Indianapolis Metropolitan Police Department (IMPD) has a booklet of general orders which govern the operation of the department. These general orders mirror court rulings and limit IMPD officers who are working in situations that involve labor relations. A plant closing could be construed as a labor/management situation. The coke plant, however, did have both a police presence and an impact on local law enforcement.

IMPD allows officers to supplement their salary by taking part time employment as security officers. The department reserves the right to approve any and all outside employment to ensure such employment is devoid of conflicts of interest, conforms to departmental guidelines and current legal constraints. Officers are required to request permission in writing for each off-duty position they consider working. Permits are reviewed on a regular basis and must be resubmitted January 1<sup>st</sup> of each year. Upon approval, officers can use their police powers of arrest and city issued equipment while performing security functions. Individual officers benefit from the arrangement and city officials have taken the position that allowing experienced police officers to work actually stretches the police force. They feel this way because officers working off-duty not only relieve on duty officers from responding to runs at the location employing the officers, but the off duty officers also monitor the police radio and are expected to respond to any dispatched police runs in the immediate vicinity of their off-duty employment location. Private security companies often take advantage of this situation and staff selected locations with off-duty police officers.

In May of 2007, ESG Security contacted several officers with whom that security company had a professional

relationship and offered them employment at the Citizens Gas Coke Plant on Prospect Street as it finalized operations. The officers approached IMPD departmental leadership as required and requested permission to work this assignment. Departmental leaders checked with city legal advisors to determine if such employment was legal since it involved a plant closing.

Officers and city attorneys needed to ensure that officers from IMPD were not going to be placed in situations where they were forced, or expected, to side with management against the workers. Citizens Gas assured ESG Security that the officers were to be used only to keep trespassers from the site as the work force was reduced, stop thefts of equipment or company property, and provide for the orderly transition from an industrial concern operating 24 hours per day to a dormant facility. Officers were advised by IMPD leadership that the employment was approved with the stipulation that if conflicts arose between management and workers, officers in the employ of ESG Security were not to be involved and management was to be instructed to call police dispatch to request on-duty officers be assigned to handle the situation. Citizens Gas agreed to this condition and ESG Security readied to hire the officers.

The project defined by Citizens Gas was to require a large number of officers for only a short time. The plant is situated on 144 irregularly shaped acres. To provide the protection from trespass and theft that the company requested without any type of electronic surveillance technology required nine officers, eight at stationary positions that could maintain line of sight surveillance with the ninth officer functioning in a relief capacity. The company contracted for this coverage 24 hours a day. The job was expected to last 30 days and was to start immediately. Due to the fact this project was to be of short duration and was inconvenient due to the immediacy of the start time, officers negotiated with ESG Security and agreed to a \$5/hour premium over previous contracts.

IMPD officers supervising at the Coke Plant for ESG developed a security plan for the project. Major concerns identified as the program started up included; possible adverse reaction to the closing from neighbors surrounding the plant, theft, unsupervised children wanting to explore the heretofore forbidden plant interior, a homeless encampment along railroad tracks adjacent to the plant, curious persons trespassing on plant property and possible disgruntled individual employees. Disgruntled employees on the surface may appear to be a labor/management problem and therefore outside the scope of the officers' agreement with IMPD leaders. Officers on the security site quickly realized that if an employee came to exact personal revenge against members of management that, as police officers, they would be forced to intervene to protect life.

As part of their security survey, officers looked into the expectations of plant workers. What the officers found was both interesting and revealing about Citizens Gas. The majority of plant workers were hired at a time when they expected to work indefinitely at the plant, retiring with a company pension. Several years ago, however, Citizens began replacing workers that left with workers who were informed when hired that the plant would probably close long before they could expect to retire. These newer workers were classified as temporary employees, paid less and had fewer benefits. The temporary workers were not allowed to be members of the union bargaining unit. Officers found that this shift in employment practices convinced all employees that the plant was going to close long before the actual announcement.

Officers envisioned administering to all employees a questionnaire asking about future plans for employment and financial plans. The purpose behind the survey was to identify those employees exhibiting signs of severe depression as a means of protecting against a possible violent outburst. Citizens Gas officials initially agreed to help with the questionnaire but in the end never allowed it to be administered. The failure of Citizens

management to cooperate with security officials was a point of friction as the closing proceeded.

Management did communicate to officers working for ESG that they were nervous about a possible violent outbreak. Company officials requested that officers dressed in plainclothes sit in on exit interviews conducted by human resources personnel. Although frustrated by the refusal of Citizens to cooperate with the questionnaire, officers agreed amongst themselves to honor this request from management. Human resources personnel were moved to a central location at the company headquarters many years ago. To facilitate the closing, however, personnel reopened the old human resources office at the coke plant. Each employee had certain paperwork to fill out in order to receive money from pension funds, severance checks or vacation pay. Security officers were frustrated at the lack of organization for this procedure. Workers came and went as they pleased without any type of schedule. Officers joined with company officials in anticipating at least some argumentative or threatening employees.

One officer who worked this plainclothes assignment was interviewed extensively for this paper. The officer was personally surprised at what took place within the interviews. It was apparent throughout the process that the employees all anticipated the plant closing and most were making plans accordingly. Several commented they had already contacted potential employers or had plans to return to college. The officer was surprised when two of these apparently dirty and unkempt appearing men informed human resources personnel they planned on returning to school to complete their nursing degrees. Driven by curiosity, the officer reviewed both personnel files and found both men had dropped out of nursing school shortly after gaining fulltime status at the plant. The officer asked several men why they had quit school and remained at the plant, and each told the officer they stayed at the plant because pay and benefits were good and the work was steady. None of the men seemed overly upset that the

work was coming to an end. The officer did voice one concern. The off-duty police officers were concerned that sitting in on the exit interview process was unethical since the workers thought they were talking to a human resources worker and not a police officer. Although nothing of interest in a legal sense came out of this situation, it does seem to stretch the agreement with IMPD leadership not to engage in labor/management issues.

There was one incident of note during the exit interviews. Although not directly overheard by the police officer (who had left the room for a break) a worker joked to a female human resource worker that he might come back with an assault rifle and "take care of business," or something to that effect. The unnerved human resource worker informed the officer about the possible threat as soon as they returned from their break. Security supervisors were notified and contacted Citizens management with the request that the employee be ordered to leave immediately and not return to the plant. Citizens officials complied with the request from security and terminated the employee immediately. Remaining employees expressed agreement with the decision to terminate the jokester. The following day the employee was contacted at home by Citizens management and received all benefits due and only lost one day of pay because their position was scheduled for elimination the day following the incident.

ESG and off-duty IMPD officers instituted a process where they searched all vehicles entering and leaving the company parking lots. Employees were informed that all containers, trunks and tool boxes would be searched. At the inception of the searches, security personnel were concerned about the possibility of a weapon entering the plant, but none was ever found. Management was concerned that workers would steal tools or other valuable objects. As time went on, however, management came to security and told them that should a theft be uncovered during the search, the company would not prosecute. The company's goal was to retrieve the property and allow the worker to leave

without further repercussions. The searches did not uncover any stolen items.

As the security became a routine process a few remarkable events occurred. One day an officer working a stationary position observed a package sitting near his patrol car. How the package came to be there was a mystery since officers had been working the same spot for 24 hours a day for several weeks. The package was oddly shaped and contained at least some metallic objects. Given the situation, the officer contacted IMPD's bomb squad. Bomb technicians responded and x-rayed the suspicious package. It was found to contain some hand tools taken from the plant and a large flange. The tools were returned to the plant and the flange became a door stop in the security office at the plant. It was embarrassingly obvious that someone working the position had not been very vigilant.

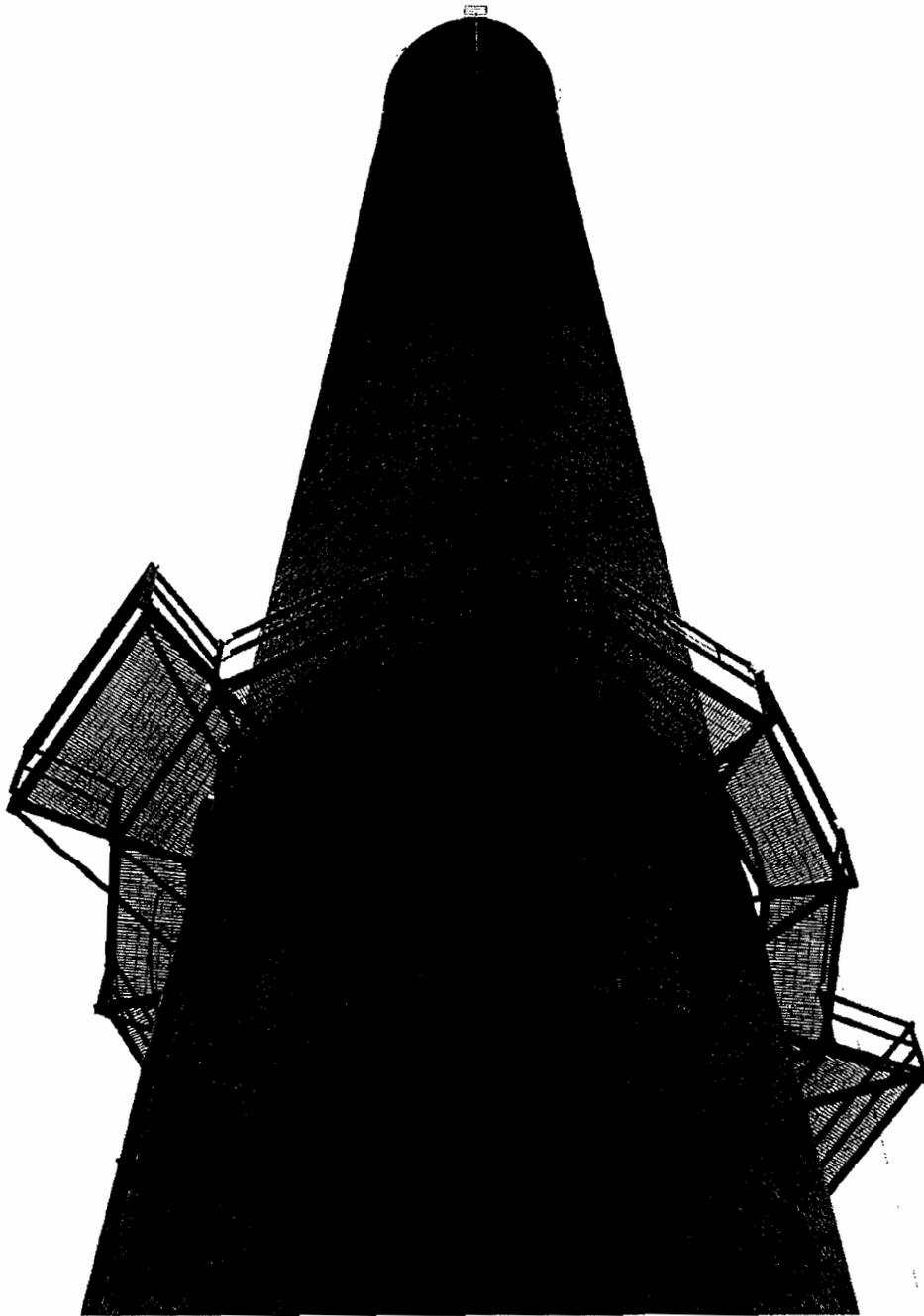
A more serious incident occurred a few nights later. The plant uses train cars to move coal in for the furnaces and remove the coke produced. Over the years, coal leaking from the train cars and by-products that spilled when being loaded had accumulated in places almost level with the top of the rails for the train. Additionally, train cars can be unstable and slip off even new rails. The combination of these factors requires the Coke Plant to maintain three-man crews around the clock with responsibility for getting errant rail cars back onto the tracks. As operations wound down, an overnight crew decided to take an unauthorized extended dinner hour at a local tavern. As luck would have it, during their absence a car did fall off the track. Management called security for assistance when the crew returned. All the men appeared to be intoxicated and all were terminated without incident. Possibly the only impact IMPD had on this incident was the insistence by the officers that the men call for a taxi or a ride instead of driving home.

When the final day came, Citizens Gas officials grew increasingly paranoid. Even though the closing had been uneventful until this point, they contacted ESG Security and requested additional officers in case workers reacted violently to the plant closing. Citizens

wanted ESG to ensure disruptive employees were removed from the property. IMPD officers working for ESG felt that the gas company was now far outside the boundaries of the agreement and requested on-duty units to respond. As the ranking supervisor for the police district where the Coke Plant is located, Captain Allender responded to the scene. It was agreed that on-duty units would maintain order inside the plant and officers working for ESG would remain on the outside of the property unless requested to enter by the Captain or another supervisor. Citizens officials were also concerned about the possibility of a fire or other environmental problem as the furnaces were turned off for the first time in decades. The closest fire station for the Indianapolis Fire Department was taken out of general service and ordered to stand by for an immediate response to the plant. ESG and off-duty officers asked company management to consider bringing in pizza and soft drinks to mark the closing with a gesture of friendship.

Management promised to do so, but in keeping with their tradition, after promising employees pizza, none was ordered. All fears proved to be unfounded and all the preparations unnecessary, the plant closing was completely uneventful.

The closing of the coke plant, however, had a lasting effect on local law enforcement and area businesses. For law enforcement, community relations were improved by the presence of the officers. The families around the plant were afraid their children would find their way into the plant and get hurt. The officers, by their presence, prevented this trespassing. Officers working the project were also very approachable and answered questions about the plant closing. As specified earlier, officers working off-duty monitor the radio and take police action when appropriate. The area around the plant is a high crime area and having nine additional officers in the area made residents more comfortable and on occasion shortened police response time.



Smokestack for the K-79 ovens

## Chapter 6:

### *Possibility and Vision: Lessons from Across the Country and Around the Globe*

Brownfield reuse has been a hot topic for two decades. As the nation began deindustrialization in the last half of the 20<sup>th</sup> century, abandoned mills and factories became commonplace, particularly in the rust belt. For decades, railroad tracks that once carried coal and ore to bustling industries have been useless, covered with weeds and litter. The emptiness in the pockets of the working class residents mirrored the emptiness in the steel mills, coal plants and manufacturing facilities that once provided a feast of opportunities.

It was in the 1990s that this phenomenon began to garner enough attention to warrant large-scale action in the United States. The trend has continued and expanded into the present. All across the country, but particularly in previously heavy industrial zones such as the rust belt, a movement has taken shape. The public has been joined by private investors, government agencies and not-for-profit organizations to raze these massive eyesores in order to raise pinnacles of entrepreneurship, community, environmentalism and prosperity. Contained herein are several examples of how private citizens, companies and neighbors have invested in the renewal and rejuvenation of abandoned industrial sites.

#### Atlantic Station

Once the site of Atlantic Steel, this 130 acre site in Atlanta, Georgia opened in 2007 as a mixed-use district near the heart of the city. Atlantic Station currently has hundreds of options for condominiums, apartments and single-family dwellings situated in three distinct regions of the development: the commons, the village and the district. Intermingled with the homes are various retailers, restaurants and entertainment venues, as well as ample green space and parks. Atlantic Station is a shining example of a mixed-use, upscale revitalization project on a brownfield site.

The site was not always so pristine and prosperous, however. Over the course of two years, nearly 165,000 tons of contaminated material was removed from the site. Once the site was tested and proven to be safe for habitation, the work of rehabilitating the location began. Nearly 3,000 trees have been planted. State of the art water monitoring and filtration systems have been installed. High-efficiency cooling systems have been installed in all of the buildings. All efforts were made to reuse materials from the site, including concrete and granite, which were used as backfill to replace much of the removed soil.

#### Steel Winds

In the town of Lackawanna, New York rests the corpse of Bethlehem Steel. This superfund site was partially abandoned by the huge steel corporation in 1983 and has been a painful reminder of town's former prosperity for more than two decades. In early 2007, however, the landscape changed. Along two miles of shoreline, rising above the decay and refuse of the steel plant, are numerous wind turbines. The turbines produce enough wind energy to power as many as 7000 homes, which is sold to utilities and individual consumers.

The site was removed from the federal superfund list in 2006, and six months later BQ Energy and UPC Wind teamed up to begin construction on a small portion of the enormous collection of brownfields. Plans are in the works to build new roads and rails through 400 acres of the site so that large-scale revitalization can begin, including the reopening of the enormous port on Lake Erie.

#### Gas Works Park

Gas Works Park is on the north shore of Lake Union, approximately 5 miles north of downtown Seattle. The park juts into Lake Union, and covers approximately 20 acres. From 1906 until 1956, gas companies operated a plant at the site that created manufactured gas from coal. The American Tar Company operated nearby, manufacturing tar from coal

by-products. Leaks and wastes from the gas works and tar production facilities contaminated the soil and groundwater of the area.

In 1975, a park was opened at the site, in part due to ignorance of the dangers of the site's contamination. The park has been open throughout much of the last three decades as ecological testing and contamination mitigation has progressed. Beginning in 1985, a 12-inch soil cap was installed over much of the park, and some areas were upgraded to 15 inches as needed. Vapor extraction systems were put in place to cleanse the benzene from the soil and groundwater below the park. A system is operating to monitor the naphthalene in and around the park and lake.

Presently, the Washington State Department of Ecology is working closely with local agencies and Puget Sound Energy to maintain healthy levels of contaminants and to revitalize the soil and water of the surrounding area. Gas Works Park continues to be a popular destination due to the variety of activities it offers, including a large play area, great views of the city, trails and picnic facilities.

#### New Boston Coke Corporation

In Southern Ohio, along US 52, rests the rotting carcass of the New Boston Coke Corporation. The site has a lengthy history dating back to the late 1800s when a steel mill was erected. Throughout much of the 20<sup>th</sup> century the site remained an active and productive steel mill. In 1980 the site came into the possession of McClouth Steel Corporation, which operated the adjacent New Boston Coke Corporation. The McClouth company faced financial problems almost as soon as it began operation of the site, and as a result the New Boston Coke plant splintered off to become its own entity. Even when the neighboring McClouth Steel plant was demolished in 1989 to be replaced by a strip mall, New Boston Coke continued to persevere.

By 1999, the coke facility had been sold again, and the plan was to remediate the site for

future industrial use. The Ohio EPA worked closely with the company that owned the facility to insure that the remediation could be completed and the site reused without fear of legal action against the company, despite reports indicating that the New Boston Coke plant had been a major polluter. Reports indicated that benzene levels were extremely high in the air around the plant. Eventually legal action was taken against the owners of the New Boston site, for failure to clean up and remediate as required by the agreement between the company and the EPA. Due to the legal entanglements and poor remediation efforts the site was closed and abandoned in 2002.

In 2004, Wal-Mart announced a plan to occupy the space where New Boston Coke corporation once operated, along with several smaller retailers. Several small industrial firms have also expressed interest in the site due to its location along a river and a major highway. Plans for the construction projects have been slowed by the high volume of contaminants, but demolition of the coke plant and remediation began in earnest in 2007. In total, the Southern Ohio Port Authority has overseen the removal of 26,000 cubic yards of soil and contaminants such as PCBs, asbestos and petroleum.

#### Cambria Iron Works

The Cambria Iron Works site in Johnstown, PA operated from 1848 until 1923, at which time it was purchased by Bethlehem Steel. Bethlehem Steel used the 12-acre site, in conjunction with other of its holdings in the city, to produce steel products until 1992. In 1992 Bethlehem closed all of its Johnstown operations, including the Cambria Iron Works site, which sat on a prime downtown parcel. As Johnstown began to feel the pain of deindustrialization during the early 1990s, the Johnstown Redevelopment Authority (JRA) emerged to help the community diversify the local economy. JRA worked closely with the Pennsylvania Department of Environmental Protection (PADEP) to secure the purchase of

the site from International Steel Group (ISG), who had acquired it from the bankrupt Bethlehem Steel in 2003.

Working in conjunction with local agencies and developers, JRA has rejuvenated the site for light industrial use. Cambria Iron Works has buildings left from before the Civil War, and was added to the National Registry of Historic Places. While this adds character to the site, it has also made it impossible for buildings to be destroyed. Instead, they have upgraded and reused many of the historic structures for new businesses, including a wood refinishing company and a steel plate manufacturer. Many other businesses have also come to occupy the site as well, including a powder-coating company and a manufacturer of towers for wind energy suppliers. In its current state, the project has totaled nearly nine million dollars from a variety of sources. The Cambria Iron Works site provides a perfect example of how a decaying and unused industrial site can be revitalized by public and private funds for light industrial use.

#### Duquesne City Center

This site, located in Western Pennsylvania, is roughly 250 acres in size. The acreage rests along the Monongahela River and was devastated by floods related to hurricane Ivan in 2004, setting back redevelopment significantly. The site was once home to Duquesne Steel Works, which halted production in 1984 and closed its doors in 1987. Historically, it was operated by Andrew Carnegie until 1901 when US Steel bought the plant. The shutdown of the facility caused the loss of nearly fifty percent of all manufacturing related jobs for the area, as well as seventy-five percent of the town's tax base.

In 1987, the Duquesne Steel Works site was acquired by Allegheny County, eventually selling it to the Regional Industrial Development Corporation (RIDC) in 1990. Over the course of several years the RIDC proceeded to cap the site with 12 inches of clean fill dredged from the nearby Allegheny River. This cap meets EPA criteria to keep the

contaminates, including heavy metals and Perfluorochemicals (PFCs), from being accessible to humans. The site is currently undergoing continued cleanup after the 2004 flood, but RIDC intends to use the site for light industry. The total cost of the project thus far is nearing \$31 million, but this total includes work done to a neighboring site as well.

#### Hazel Wood LTV

In 1884, J&L Company built the first of many industrial plants on this 178 acre site in Hazelwood, PA. The site eventually came to house iron and steel plants, boatbuilding companies and various other heavy industries. In the 1960s the area was booming with more than 200 businesses, all meant to cater to the hundreds of industrial workers who lived in the town built around the steel industry. In the late 1990s the town of Hazelwood lost its boom when the J&L plant, operating under the name of LTV, closed its doors. This dealt a near fatal blow to the town's economy.

In 2002, a conglomeration of four local foundations, collectively known as Almono, bought the enormous Brownfield site for \$10 million, and they have placed the management of the site under the RIDC. It remains the last of the large Brownfields within Pittsburgh, but much work has been done to remediate the site for commercial use. Additionally, the RIDC has very little work to do in order to get the site ready for residential use. Almono and RIDC are in the last phases of preparing the Brownfield as a possible mixed-use site.

#### Lessons from China: Beijing Coke and Capital Steel

The threat from Chinese produced coke was real enough. The coke industry in China dates back to the 1950s, when the first plant was built in Beijing. As the oldest and one of China's largest, the Beijing plant produced 40% of the nation's coke output. In August of 2000, the newly established Beijing Olympic Programmes Commission argued that the Beijing Coke Plant was a major source of

pollution and an obstacle to China hosting the 2008 Olympics. As a result, the government made the decision to close Beijing Coke and relocate the plant to Tangshan (an industrial city 200 kilometers from Beijing) and it began reducing production in 2002. It closed in 2006.

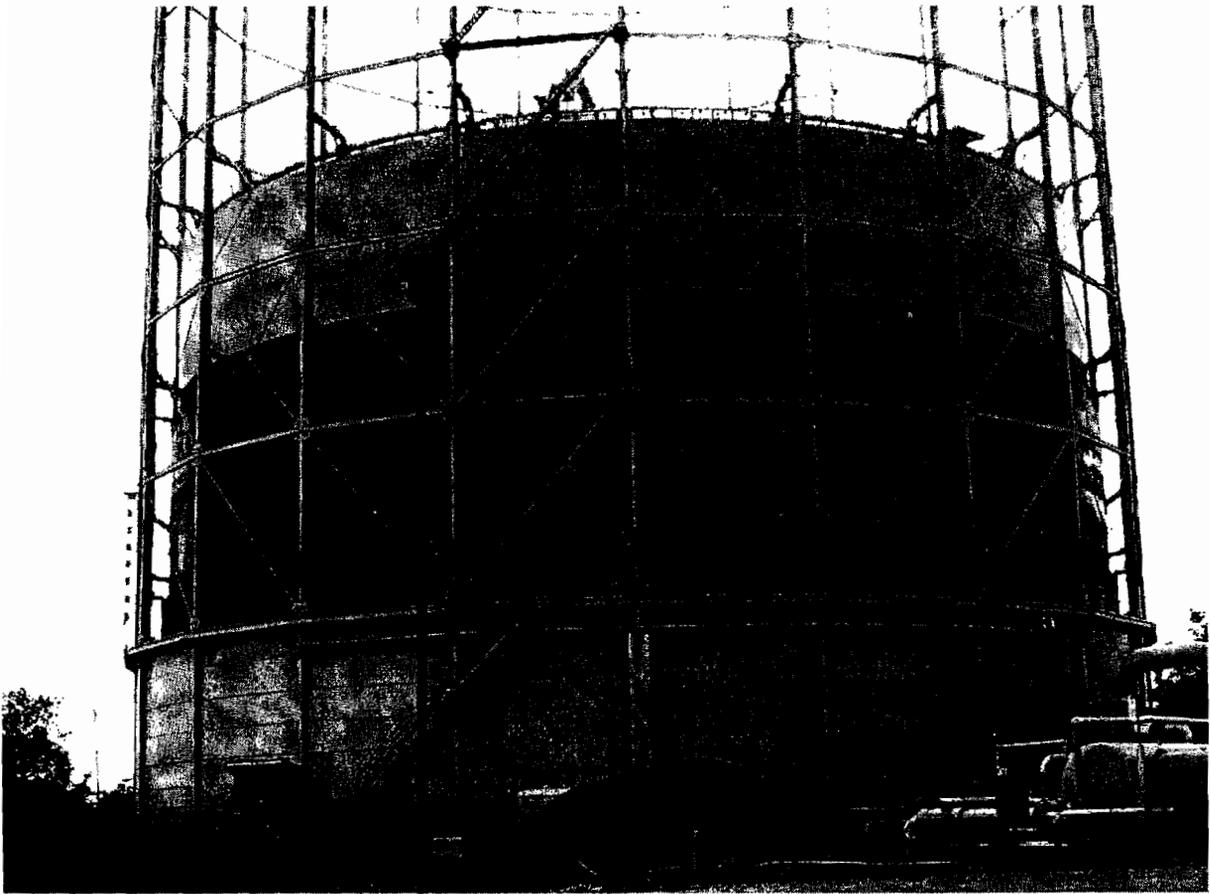
When China won the bid to host the 2008 Olympic Games, the international community began to express worries over pollution and air quality in Beijing. Capital Steel, the nation's largest producer of steel, coke and related byproducts, was situated on the western edge of the city and was thought to be responsible for a very large portion of the city's pollution.

In the wake of all these concerns, the Chinese government chose to move the plant to a neighboring province more than 100 miles away. The Capital Steel plant covered nearly 1750 acres and included numerous coke ovens, blast furnaces, rollers, mills and various other heavy industrial facilities. Shougang Group, the owner of the Capital Steel plant, has plans to rehabilitate the Beijing site for use as their international headquarters as well as for light industry including robotics and electronics production. Recent statements from Chinese government officials have acknowledged the need for China to move to high-tech, low resource consumption and low pollution production and services in order compete in the world market, and reduce the damage to their own country and its populace. The Capital Steel plant and its planned reuse are a good example of China's commitment to this philosophy.

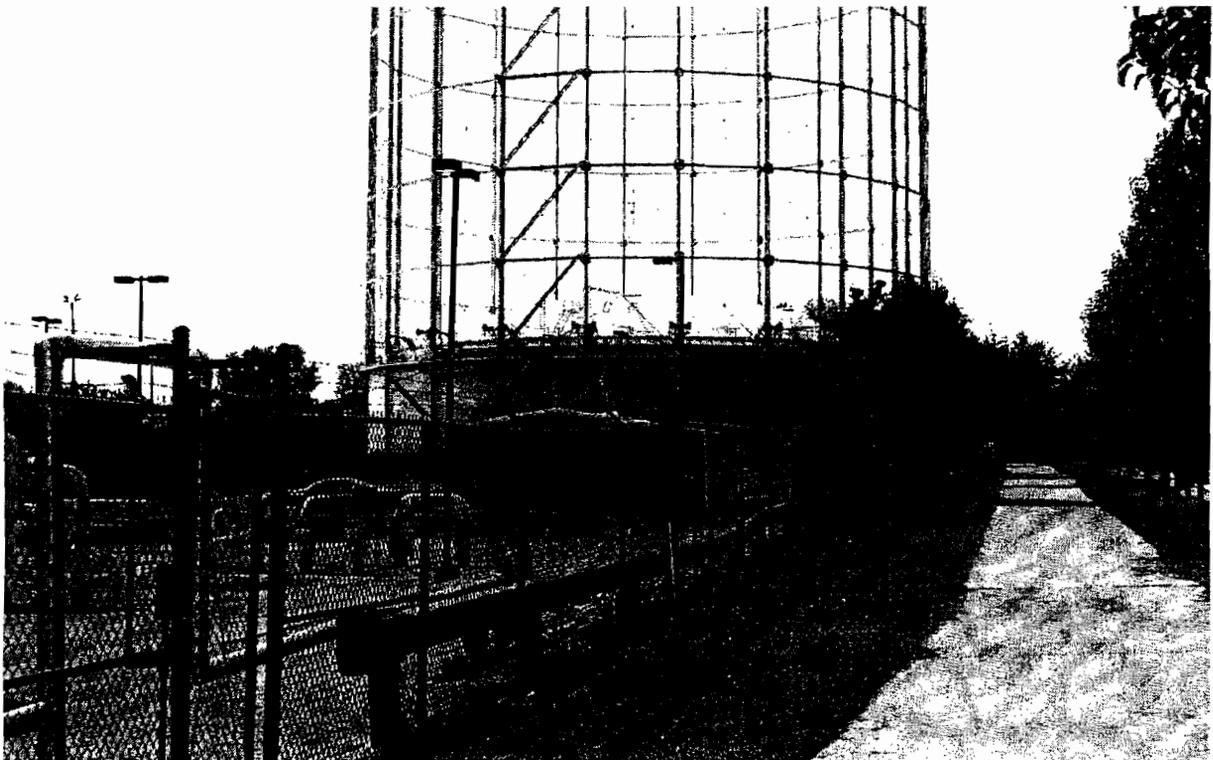
Like the Indianapolis Coke Plant, these two coke facilities fueled the industrial development of their societies but at great expense to public health and the environment. In all three cases, the choking pollution problems created environmental conditions that threaten the health and safety of residents in nearby communities.

While all three plants have or are closing, only Indianapolis Coke seems to have no plan for the future of their plant site. The future of the two plant sites in China is far clearer. In both cases, detailed redevelopment plans are already in place and being implemented. The environmental clean-ups are huge, but the ultimate plans call for mixed-use developments that include public service facilities, an industrial heritage museum, cultural districts, a water park, public gardens, and hiking trails.

An inspiration for the Beijing projects was the redevelopment of the Vienna (Austria) Gas Company plant site. The four large gas containers at the plant were reborn as a luxury hotel, an office building, a supermarket, and an entertainment center. These examples demonstrate that such facilities and their polluted sites can be decontaminated and put to positive uses. Vision, resources, and resolve appear to be necessary ingredients for successful re-use. It remains to be seen whether such vision, resources, and resolve can guide Indianapolis as it confronts the challenges presented by Indianapolis Coke and its legacy of contamination.



**Manufactured gas storage tank**



## Chapter 7:

### *Neighborhood Visions for Coke Plant Site*

Members of the research team canvassed the four nearby neighborhoods, asking residents a short series of questions concerning residency status, view of the coke plant, and suggestions for re-use of the plant site. In total, 126 residents (43% male, 57% female) responded to the survey in late 2007 and early 2008. An additional 20 residents of the Greater Southeast side were canvassed by team members during an August 2007 National Night Out event at a nearby park.

Trained interviewers went door-to-door in all neighborhoods within ¼ mile of the outside boundaries of the plant (see Map #2). The research team identified addresses throughout the four areas, mailed letters describing the project to each residence, and canvassed door-to-door requesting participation. Interviewers questioned an adult household member in each residence, going back several times if necessary. Due to the size of the plant (144 acres) there are four distinct residential areas within that ¼ mile area. Two of the neighborhoods have distinct identities and recognized names. Norwood Place is the oldest of the neighborhoods (dating to 1885) and its name is well known in the area. Twin Aire dates to the early 1950s when a strip mall and a two screen drive-in movie theatre by that name were built on land adjacent to the plant. A dump occupied some of the land where the drive-in was built (immediately adjacent to the plant) but it is not clear why land farther from the plant was still available for residential development in the 1950s.

The two other neighborhoods, Lasalle Park and Prospect Falls, have no independent identities known to people in the area. The two names represent the major features in each neighborhood but would not be recognized as the neighborhood names by local residents or outsiders.

All of the neighborhoods are home to mostly low-income residents and all face similar problems of housing decay/abandonment, crime, and pollution. Norwood Place is predominantly African-American and is the oldest historically African-American neighborhood on this side of the city. The other three neighborhoods are predominantly white, though there has been significant in-migration of Hispanics in recent years.

Housing in Norwood Place spans old historic homes through early post WWII tract housing. Twin Aire is composed of early 1950s, small, one story tract homes on small lots. Lasalle Park area has slightly older (1920s) bungalow-style housing. Prospect Falls is the east end of the historic Fountain Square neighborhood, with housing stock dating from the late 19<sup>th</sup> and early 20<sup>th</sup> centuries. Drug dealing is quite open in the area, according to several residents who all identified the same three houses on their street as drug houses.

### Length of Residency in the Neighborhood:

Of the residents we talked to, many have lived in their neighborhood for decades (Table #1A and #1B). A quarter (26%) have lived in their neighborhood for 30 years or more, some for 70 years or more. Nonetheless, 40% have moved in within the past 10 years, suggesting a relatively transitory population.

There were interesting and significant differences among the four neighborhoods, with half (48%) of Norwood Place respondents having lived in the area for over 40 years. In contrast, only 6% of Prospect Falls responded having such lengthy tenure in their neighborhood. Both Norwood Place and Prospect Falls had the longest continuously residing neighbor with an 85 year resident (Norwood Place) and an 86 year resident (Prospect Falls)—certainly impressive in each case.

**Table #1A - How many years have you lived in this neighborhood?**

	< 1 year	1-5 yr	6-10	11-20	21-30	31-40	41 +
<b>Overall (n=125)</b>	12%	19%	9%	18%	13%	12%	14%
<b>Lasalle Park (n=41)</b>	17%	17%	12%	14%	17%	12%	9%
<b>Norwood Place (n=21)</b>	4%	19%	4%	8%	9%	9%	47%
<b>Prospect Falls (n=31)</b>	16%	23%	10%	23%	16%	6%	6%
<b>Twin Aire (n=32)</b>	9%	21%	9%	27%	9%	15%	6%

**Table #1B - Years in Neighborhood**

	0 to 10 years	31 years and above
<b>Overall</b>	40%	26%
<b>Lasalle Park</b>	46%	21%
<b>Norwood Place</b>	27%	57%
<b>Prospect Falls</b>	49%	12%
<b>Twin Aire</b>	39%	21%
<b>Greater SE</b>	35%	20%

Neighborhood Images:

People’s descriptions of their various neighborhoods represent an amazing cross-section of positive and negative images. It often feels like residents are talking about entirely different areas as they describe their shared neighborhood space.

Norwood Place respondents were most positive about their neighborhood with twice as many positive comments as negative (see Table #2). The following quotations are typical of Norwood Place responses to the question, “How would you describe the neighborhood?”

- “Mexicans, poor whites and older people like ourselves”
- “Peaceful”
- “Boring since the Center closed”
- “It’s getting better”
- “Dusty”
- “Changed but still nice”

In contrast, Prospect Falls elicited more negative responses though balanced somewhat with positive views.

- “Quiet”
- “Now is better/before is worse”
- “Going Downhill”
- “Stinks”
- “Real nice. I love it”
- “Drugs. It has went to hell”
- “Trashy”
- “Thefts, prostitution, drugs”

Lasalle Park and Twin Aire both had similarly balanced descriptions, with clearly negative comments followed by positive statements. Some examples follow:

Lasalle Park:

- “Parts are ok”
- “Not bad in my area”
- “Criminal activity”
- “Too many drugs”

“Decent”  
 “Noisy, scary at times”  
 “Quiet”

Twin Aire:

“Doesn’t stink”  
 “Not too bad, and gotten better”  
 “Not bad, need more stuff for kids”  
 “Quiet, but not exactly safe”  
 “Good neighborhood”  
 “Decent, with some problems, for example the crack house”  
 “Beginning to come back”

In general, residents appear realistic about the problems facing their neighborhoods and very cautiously optimistic about the future, though some were skeptics. Only Norwood Place seemed to be clearly optimistic and, even there, it is dependent in part on what happens with the plant site.

Likewise, perceptions of whether the neighborhoods have improved, gotten worse, or stayed the same reveal a similar inconsistency (Table #2). Overall, 20% felt their neighborhood had improved during the time they have lived there, 38% felt it had gotten worse, and 40% felt it had stayed the same. While this is a fairly negative view, results vary across the four neighborhoods. Norwood Place residents, with many long-term inhabitants, are most optimistic, with 33% saying their neighborhood has improved. Only 19% of Norwood Place residents stated that they thought it was getting worse. This is in sharp contrast to Lasalle Park where only 4% saw improvement while 46% felt it had gotten worse.

Of even more interest, however, are results from the Greater Southeast Neighborhood residents (Table #2). This group emphasized neighborhood improvement (75%) over a sense that things had gotten worse (20%). This reflects a deep divide on the Southeast side, with neighborhoods closest to downtown experiencing housing improvements and business development and these four neighborhoods, a bit further from the city

center, still seeing widespread housing abandonment and little renewal.

Pollution and uncertainty about the coke plant contributed to neighborhood disinvestment and decline, even though it enjoys close proximity to the downtown business district (see Diagram #1). Closure of the coke plant obviously creates increased potential for neighborhood renewal in these four areas, depending significantly on how the coke plant site is re-used.

**Table #2 - Perceptions of Neighborhood Conditions**  
**Question: During the time you have lived here, do you feel the neighborhood has improved, stayed the same, or gotten worse?**

	Improved	Stayed the Same	Gotten Worse
<b>Overall</b>	20%	40%	38%
<b>Lasalle Park</b>	4%	46%	46%
<b>Norwood Place</b>	33%	42%	19%
<b>Prospect Falls</b>	25%	28%	46%
<b>Twin Aire</b>	28%	43%	31%
<b>Greater SE</b>	75%	5%	20%

Although the southeast side has a broad reputation as an effective and well organized area, overall neighborhood organization membership of these southeast respondents was 11% (Table #3). Such a membership rate may be reasonable considering the general lack of public and community participation in the U.S. Once again, however, there is tremendous variation among the neighborhoods. Norwood Place respondents, with generally more positive images of their community, belong to their neighborhood organization at rates substantially higher than any of the other three areas. Nearly half (47%) of Norwood Place respondents belonged to the local association while the next highest level of membership was in Prospect Falls at 6%.

Reflecting this greater level of organization, Norwood Place Neighborhood

Association was the only neighborhood group to invite a coke plant executive to a neighborhood meeting (August 2007). Norwood Place Neighborhood Association also invited our Re-Use Project Group (RPG) to the same meeting. Eager residents assembled in a stuffy non air-conditioned Pride Park Community Center room on a stiflingly hot August evening. They wanted to know what our group was finding out and they wanted to hear plans from the coke plant executive.

The only problem was, the coke plant executive failed to show up. Failed even to call. Dr. Maher of the RPG described the group's mission and findings to that point. The coke plant executive still had not arrived or called. The neighborhood got the message. Unfortunately for Citizens Gas, their executive stiffed the most organized part of the surrounding community.

**Table #3—Neighborhood Organization Membership**  
**Question: Do you belong to a neighborhood organization?**

	Yes	No
<b>Overall</b>	11%	84%
<b>Lasalle</b>	4%	92%
<b>Norwood Place</b>	47%	52%
<b>Prospect Falls</b>	6%	93%
<b>Twin Aire</b>	3%	84%
<b>Greater SE</b>	45%	55%

The Southeast Umbrella Organization (SUMO) is a community organization composed of representatives from local neighborhood associations. There were four member groups in May of 2007 when the group asked the UIndy Community Programs Center for assistance on the re-use project. Norwood Place Neighborhood Association was not an organizational member. Southeast Community Organization (SECO), centered in Twin Aire and Prospect Falls, is an original member of the SUMO group.

### Neighborhood Views of the Coke Plant

Residents' views of Indianapolis Coke vary widely with many respondents expressing conflicted emotions about the plant and its closure (Table #4). Two issues, jobs at the plant and pollution from the plant, determined people's views. Although only 6% of our respondents had household members (including non-resident family members such as cousins, uncles, grandsons, etc.) who had ever worked for the plant, more than half (58%) of residents we talked to stressed the positive aspect of jobs at the plant (Table #5). In Norwood Place, which had the highest percentage of household members ever having worked for the plant (23%), 57% expressed the belief that jobs were a positive benefit. Prospect Falls respondents, in contrast, reported no coke plant employees in their households and also expressed the most negative attitudes toward the plant (43% "mostly negative" influence). Lack of employment connections with the neighborhood may have heightened negative perceptions, but even in Prospect Falls a higher percentage of residents had at least some positive impression of the plant based on the presence of good paying jobs.

On the negative side were many different environmental issues. Poor air quality, black soot, and the bad smell were the most frequently mentioned complaints. Issues of smell and black soot were mentioned most by Norwood Place residents with responses from other areas more generally complaining of bad air quality. These environmental issues have been well documented and accepted. They are not just unfounded fears of an uninformed public. Nonetheless, the belief that good paying jobs existed at the plant was a powerful counterpart to these serious documented environmental problems. Residents did, in general, have a more negative than positive view of the plant (34% "mostly negative influence" to 18% "mostly positive influence"), but more (40%) held deeply conflicted views.

**Table #4—Resident Views of Indianapolis Coke Plant**  
**Question: Do you feel that the Indianapolis Coke Plant has been a mostly positive influence, a mostly negative influence, or equally positive and negative?**

	Mostly Positive Influence	Mostly Negative Influence	Equal
<b>Overall</b>	18%	34%	40%
<b>Lasalle Park</b>	24%	31%	36%
<b>Norwood Place</b>	19%	33%	38%
<b>Prospect Falls</b>	15%	43%	34%
<b>Twin Aire</b>	12%	28%	53%
<b>Greater SE</b>	15%	20%	40%

**Table #5—Resident Employment at Coke Plant**  
**Question: Have you or anyone in your household ever worked for the Coke Plant?**

	Yes	No
<b>Overall</b>	6%	89%
<b>Lasalle Park</b>	4%	90%
<b>Norwood Place</b>	23%	76%
<b>Prospect Falls</b>	0	100%
<b>Twin Aire</b>	3%	87%
<b>Greater SE</b>	15%	80%

An irony, of course, is that new employees have been hired at the plant at lower wages and on a temporary basis for several years. The good paying dependable jobs were already becoming a thing of the past. Nonetheless, the historic perceptions remained and continue to color residents sense of balance between jobs and environmental quality.

When questioned about how the plant's closing would affect them personally, two thirds answered that it would not affect them at all (Table #6). Norwood Place respondents were most likely to feel they would be directly affected (47%) and Twin Aire residents least

likely (15%). Comments from Norwood Place residents all centered on people now being able to breathe, air quality was improving, and it smells better.

**Table #6—Personal Impact of Shutdown**  
**Question: Do you think closing will affect you?**

	Yes	No
<b>Overall</b>	30%	69%
<b>Lasalle Park</b>	26%	73%
<b>Norwood Place</b>	47%	52%
<b>Prospect Falls</b>	40%	60%
<b>Twin Aire</b>	15%	81%
<b>Greater SE</b>	5%	95%

In looking at responses from residents of the four neighborhoods, Norwood Place has taken the brunt of the coke plant pollution over the years, particularly the black soot. Residents now see a direct physical connection between the plant closure and improvements in their personal lives and well being. They also are more likely to see the shutdown affecting not just them personally but also the neighborhood as a whole (61% answering that they think the closing will affect the neighborhood. See Table 7). All of the responses indicated that the shutdown will affect the neighborhood in a positive way—but with a note of caution. It “depends on what they put in there” was a comment heard frequently. Residents are “breathing easier” now that the coke plant has closed but they know that long-term neighborhood improvement rests in large measure on how the coke plant site is cleaned and how it is re-used.

Overwhelmingly, residents of all four neighborhoods want the coke plant site redeveloped for another use (Table #8). Respondents had many suggestions, ranging from baseball fields to a Walmart to a community center. Of most importance for these residents was increased shopping opportunities (Table # 9). They mentioned a desire for budget stores (Target, K-Mart,

Walmart), grocery stores, and drug stores. Next most common on residents' re-use suggestion list was parks and entertainment. Space for kids is clearly a priority. Baseball diamonds, basketball courts, and football/soccer fields are needed. Recreational space, including playgrounds, walking trails and other exercise facilities are also on their list of good re-use possibilities.

**Table #7—Neighborhood Impact of Shutdown**  
**Question: Do you think closing will affect the neighborhood?**

	Yes	No
<b>Overall</b>	51%	48%
<b>Lasalle Park</b>	41%	60%
<b>Norwood Place</b>	61%	28%
<b>Prospect Falls</b>	53%	46%
<b>Twin Aire</b>	56%	44%
<b>Greater SE*</b>	40%	30%

\* 30% of Greater SE responded that they did not know.

Third on the list is education and social services. Job training, especially with the loss of coke plant jobs, is clearly required in these neighborhoods where unemployment is chronically high. The loss of School #21 to pollution from the plant also made many residents feel that there needs to be investment in public education in the area. Several residents discussed the need for a community center with space for education, job training, and social services.

Housing was next on the suggestion list, though some neighborhood leaders have expressed concern about building new houses in an area full of vacant but restorable housing. Factories was the last major re-use category, though residents frequently added the caveat that it not be anything like the coke plant.

These results suggest an identifiable mix of uses for the coke plant site and the adjacent drive-in site (over 170 acres in all with a creek meandering diagonally through the site). Neighbors have long discussed with

Citizens Gas the possibility of using the drive-in site for athletic fields and youth oriented facilities. A city developed greenway (hiking and biking trail) already follows the path of Pleasant Run Creek except through the plant site. Cleaning and restoration of the creek would allow the greenway to be relocated along the creek through this mile long stretch of now polluted and degraded industrial landscape. A buffer zone along the creek will be needed in any site remediation to prevent further degradation of water quality. Such a buffer could create a pleasant park like greenway identified by residents as a desired re-use of the land.

**Table #8—Coke Plant Site Re-use**  
**Question: Do you think the Coke Plant site should be redeveloped for another use?**

	Yes	No
<b>Overall</b>	93%	6%
<b>Lasalle Park</b>	92%	7%
<b>Norwood Place</b>	100%	0
<b>Prospect Falls</b>	97%	3%
<b>Twin Aire</b>	87%	12%
<b>Greater SE</b>	95%	0%

**Table #9—Preferred Re-use of Coke Plant Site:**  
**Views of Neighborhood Residents**

<b>Shops</b>	71
<b>Parks and Entertainment</b>	51
<b>Education and Social Services</b>	41
<b>Housing</b>	28
<b>Factories</b>	16

As for community center and educational space, several of the coke plant buildings are historically important and could be preserved. Unfortunately, the local historic preservation forces have not seemed interested in or aware of the historic nature of the plant

site and its structures. Existing structures, cleaned and restored of course, could provide needed and convenient space for social services, job training, and other educational initiatives.

Even with saving some of the historic structures, there would still be ample opportunity for big box retailing or smaller neighborhood stores, depending on the level of site remediation that is ultimately required. Factories, or more likely light industry and warehousing, could take advantage of the existing rail lines and utilize the remaining space. A problem for some such businesses is the lack of easy access to an interstate highway (closest is 2+ miles away), though some industries and warehouse operations do value land served by rail lines.

If these suggestions were to be implemented, the surrounding neighborhoods would experience a revival of fortune as people, attracted to the proximity to downtown, would now see these areas as desirable rather than hopelessly polluted. Once the existing abandoned and deteriorating housing stock was restored there would probably be a neighborhood consensus that some of the plant site could be re-used for new housing

construction. Of the five major suggestions, housing may be the most difficult considering the level of site remediation required and the seriously depressed condition of nearby residential areas.

Neighborhood residents that we talked to as we canvassed these areas tended to be realistic in their visions for the coke plant site. Although we did not make contact with all household in the four neighborhoods, we spoke with everyone who was available and willing. The results create a picture of these four areas, their similarly conflicted feeling about the plant, and their cautious optimism about the future now that the plant has closed. "Cautious optimism" since their future is largely dependent on how the plant site is remediated and re-used. Residents, particularly the long-term residents, know this is a major turning point for their community. They know it is critical that the remediation and re-use be monitored closely and that their suggestions for the future be taken seriously by city planners, plant officials, IDEM, and potential developers. They see this as an opportunity to revive their neighborhoods and drastically improve the local environment. They know this is an opportunity that will not come again.

## Chapter 8:

### *What's Next? A Conclusion and a Beginning.*

This story started a hundred years ago with a promising cutting edge technology—coke production. This created an energy source that would power the forces to make the U.S. a global industrial powerhouse. That promising power plant a hundred years ago was built on the edge of the city, reportedly next to an orchard. We found no record of opposition to the plant construction though such opposition may not have found a voice in the local media—or those newspapers are lost to history. That it was originally located next to the oldest African-American community on the southeast side does suggest an early form of environmental racism.

Our research has found evidence 40 years later (1948) that indeed there were environmental and health concerns with the coke plant. Neighborhood residents repeatedly complained over the years but to no avail. Many other communities around the globe have experienced serious pollution problems from industry. A typical story is that of a home-grown polluting industry purchased by a global corporation and eventually shutdown as cheaper production opportunities are found in developing countries. The resulting brownfield is abandoned by its global owners and the local community is left to pick up the pieces.

This is a significantly different narrative. The coke plant was indeed a home-grown heavily polluting industry. For a century it contaminated increasingly densely populated communities. Since those neighborhoods housed poor and/or African-American populations, complaints of pollution and resulting health problems were largely ignored by the local power structure and affluent white populations living far from the plant. Closing of a local public school along with health department reports of increased cancer rates did get broader attention. The difference here is that the plant is owned by a locally chartered charitable trust with a long history of legal wrangling with the city about ownership. The closure of the plant, and the inability of Citizens Gas to sell the plant, or even give it

away, leaves the remediation decisions local. Shortly before the coke ovens were finally shut off, Citizens Gas was negotiating with a local firm to sell them the Coke Plant for \$1.00, as long as they accepted responsibility for remediation of the site. This is in sharp contrast to its 2005 assessed value of \$4.6 million (according to tax records). The other firm turned them down. As we toured the plant shortly after that time, our guide pointed to worker created graffiti on an exterior wall next to a third level walkway. "\$0.50 OBO." At least a sense of humor remained.

So now the situation is that a charitable trust owns one of the most polluted sites in Indianapolis, a city full of polluted sites. Not only is the trust responsible for remediation of the site, its present responsibility is shadowed by a legacy of indifference to the health and quality of life in nearby communities. The level of environmental devastation is now widely known throughout the city rather than the issue being sequestered to communities near the plant. In short, there is considerable pressure for the utility to "do it right." As a local charitable trust, it cannot run away from this problem, a problem they clearly created. The questions of who owns the plant and who is liable for the mess created get rather confusing answers. The courts appear to have ruled that the city has limited involvement in the utility. Management clearly rests with the Board of Trustees. Gas Company officials, when asked who owns the plant, have said "the ratepayers". But when asked directly who will bear the costs of environmental clean-up, company officials were quick to say it would not be the ratepayers but rather the clean-up money will come from unregulated parts of the trust, including Citizens Thermal. The officials also mentioned Proliance, an energy marketing company established by Citizens Gas and Vectren Corp (an Indiana energy corporation) in 1996. Citizens owns a 39% stake in Proliance, but it is not clear how proceeds from Proliance could be used to defray clean-up costs. How much is it worth to the charitable trust to clean up a century old mess? That is the question behind all the hopes that these neighborhood residents

have about the future. Will people that have rarely cared about them in the past care about them now?

The literature on environmental racism and environmental classism demonstrates clearly that non-white and non-affluent areas have been the dumping ground for the waste created to maintain a high standard of living for an increasingly smaller part of the American population (Bullard, 1990; Bullard, 1993). Similar environmental sociology research in Indianapolis and Indiana report clear evidence of racism and classism in the locating of toxic waste generators and toxic waste dump sites (Maher, 1998).

The experiences of these neighborhoods have been repeated in neighborhoods elsewhere in Indianapolis and throughout the state of Indiana. The creosote contamination from a Kerr-McGee plant in the nearby African-American community of Barrington and the southwest side neighborhoods sandwiched between several Superfund sites are immediate reminders that the problem is larger than these neighborhoods. Through vigilance and organizing, however, it may be possible for these communities to become a model of how to achieve environmental justice, at long last.



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