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INDIANA UTILITY REGULATORY COMMISSION

ORIGINAL

November 4, 2010

Ms. Brenda Howe
Secretary of the Commission
Indiana Utility Regulatory Commission
101 West Washington Street, Suite 1500E
Indianapolis, IN 46204

RE: Thirty day filing for approval of revision to Gas Rate No. 40, Liquefied Natural Gas Service and amendment to contract with Flatiron Power Systems

Dear Ms. Howe:

Pursuant to the Commission's Thirty Day Administrative Filing Procedures and Guidelines ("Procedures and Guidelines"), 170 IAC 1-6, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Gas ("Citizens Gas" or the "Utility") respectfully submits for approval the attached revisions to Gas Rate No. 40, First Revised Page No. 402, Liquefied Natural Gas Service ("Gas Rate No. 40") and an amendment to a contract between Citizens Gas and Flatiron Power Systems ("Flatiron") entered into pursuant to Gas Rate No. 40 (the "Flatiron Contract"). In support of this submission, Citizens Gas provides the following information.

This filing is an allowable request under the Procedures and Guidelines because it is a change to the rules and regulations of the Utility. On June 16, 2010, in Cause No. 43847, the Commission issued an Order approving Gas Rate No. 40 and the Flatiron Contract (the "June 16 Order"). The purpose of Gas Rate No. 40, as approved in the June 16 Order, is to provide LNG service as a pilot program to determine whether a market for LNG as a vehicle fuel can be developed. Under Gas Rate No. 40, Citizens Gas currently is authorized to make available and sell up to 10,000 gallons per day of liquefied natural gas ("LNG") for ultimate consumption by end users as transportation fuel. Similarly, the Flatiron Contract states that Flatiron wishes to procure LNG for the purpose of using such LNG as a vehicle fuel.

Flatiron believes other markets, in addition to the vehicle fuel market, may be able to be developed for LNG sales. For example, farms typically use natural gas or propane to fuel their grain drying operations. Propane is the most popular fuel in locations without access to natural gas distribution service. Flatiron believes it can sell a "high ethane LNG" that will carry the same BTU content as propane at a lower cost to farm operations. Flatiron plans to combine LNG and ethane from natural gas producers to manufacture high ethane LNG. Flatiron believes such high ethane LNG can be applied to portions of the transportation market and possibly other industrial uses.

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The proposed changes to Gas Rate No. 40, First Revised Page No. 402 would remove the limitation that LNG sold pursuant to Gas Rate No. 40 be used as transportation fuel and allow LNG sales to be made for any purpose described in the written contract between the Utility and LNG Customers. Under Gas Rate No. 40, customer specific contracts for LNG sales must be approved by the Commission, so the Commission would have an opportunity to review and disapprove future contracts. The proposed changes to the Flatiron Contract would amend the statement in the contract that Flatiron wishes to procure LNG for use as a vehicle fuel and revise it to state Flatiron wishes to procure LNG for use as a vehicle fuel, farm operations or other industrial uses.

Citizens Gas affirms that a notice regarding this filing in the form attached hereto as Exhibit A was published on November 3, 2010 in the Indianapolis Star, a newspaper of general circulation in the Indianapolis metropolitan area, posted on the Utility's web site and posted in the Utility's customer service lobby.

For the convenience of the Commission, enclosed is a red-line marked version of all three pages of the Gas Rate No. 40 tariff. Citizens Gas is requesting a change to only First Revised Page No. 402. The remaining pages of the Gas Rate No. 40 tariff are not impacted by this proposed change.

Upon approval of the enclosed Gas Rate No. 40, First Revised Page No. 402 and First Amendment to Liquefied Natural Gas Supply Agreement, please return file-marked and approved stamped copies to me. All communications regarding this filing can be directed to Jill A. Phillips at 317.927.4427 or jphillips@citizensenergygroup.com.

Sincerely,

Jill A. Phillips

Jill A. Phillips
Manager, Rates & Regulatory Affairs

Enclosures

cc: Indiana Office of Utility Consumer Counselor

VERIFICATION

I, Jill A. Phillips, Manager, Rates & Regulatory Affairs for Citizens Gas; affirm under penalties of perjury that the foregoing representations concerning the notice attached as Exhibit A are true and correct to the best of my knowledge, information and belief. The attached notice was published in a newspaper of general circulation encompassing the highest number of the utility's customers affected by the enclosed filing. The attached notice also was published on the citizensgas.com website and posted in the Utility's customer service lobby.

Jill A. Phillips

By: Jill A. Phillips
Manager, Rates & Regulatory Affairs
Citizens Gas

Date: November 4, 2010

GAS RATE NO. 40

LIQUEFIED NATURAL GAS SERVICE

AVAILABILITY

Liquefied Natural Gas (LNG) Service, is available on an interruptible basis, when in the sole judgment of the Utility, LNG supplies are available for non-firm service and its LNG North facilities are adequate to render proper LNG Service without impairing the quality of the Utility's service to its End-Use Customers. The Utility will make available and sell up to 10,000 gallons per day from the LNG North facility on a first-come, first-served basis. Service under this rate schedule shall be determined by the Utility on a case-by-case basis, which determination shall be within the Utility's discretion. Service hereunder also shall be subject to the prior approval of the Commission of a written contract between the Utility and the LNG Customer and subject to revocation, amendment or rescission by the Commission under applicable law. The Utility intends to provide LNG service as a pilot program to determine (a) whether a market for LNG as a vehicle fuel or other purposes can be developed; and (b) whether the LNG Service will continue to be offered after September 30, 2011.

APPLICABILITY

This rate schedule shall be applicable to any LNG Customer that agrees to receive service hereunder pursuant to a written contract with the Utility. To be eligible for service hereunder, the LNG Customer must establish by verified statement to the Utility, and Utility must first determine, in its reasonable discretion, that (1) the service provided under this rate schedule is to be utilized to load and transport LNG from Utility's LNG North facility for end user use as transportation fuel or such other purposes described in the written contract between Utility and LNG Customer, (2) the LNG Customer's vehicles must be of a size and specification as to not compromise safety of Utility's facility and operation, and (3) truck operators/drivers must carry valid commercial drivers' license with hazardous materials certification.

LNG Customers who qualify for LNG Service will, by written contract, agree to minimum take requirements for each vehicle filled at the Utility's LNG North facility. Service under this rate schedule shall be available to only those LNG Customers who meet all legal and regulatory requirements related to the transportation and use of such gas.

GAS RATE NO. 40

LIQUEFIED NATURAL GAS SERVICE

AVAILABILITY

Liquefied Natural Gas (LNG) Service, is available on an interruptible basis, when in the sole judgment of the Utility, LNG supplies are available for non-firm service and its LNG North facilities are adequate to render proper LNG Service without impairing the quality of the Utility's service to its End-Use Customers. The Utility will make available and sell up to 10,000 gallons per day from the LNG North facility on a first-come, first-served basis. Service under this rate schedule shall be determined by the Utility on a case-by-case basis, which determination shall be within the Utility's discretion. Service hereunder also shall be subject to the prior approval of the Commission of a written contract between the Utility and the LNG Customer and subject to revocation, amendment or rescission by the Commission under applicable law. The Utility intends to provide LNG service as a pilot program to determine (a) whether a market for LNG as a vehicle fuel or other purposes can be developed; and (b) whether the LNG Service will continue to be offered after September 30, 2011.

APPLICABILITY

This rate schedule shall be applicable to any LNG Customer that agrees to receive service hereunder pursuant to a written contract with the Utility. To be eligible for service hereunder, the LNG Customer must establish by verified statement to the Utility, and Utility must first determine, in its reasonable discretion, that (1) the service provided under this rate schedule is to be utilized to load and transport LNG from Utility's LNG North facility for end user use as transportation fuel or such other purposes described in the written contract between Utility and LNG Customer, (2) the LNG Customer's vehicles must be of a size and specification as to not compromise safety of Utility's facility and operation, and (3) truck operators/drivers must carry valid commercial drivers' license with hazardous materials certification.

LNG Customers who qualify for LNG Service will, by written contract, agree to minimum take requirements for each vehicle filled at the Utility's LNG North facility. Service under this rate schedule shall be available to only those LNG Customers who meet all legal and regulatory requirements related to the transportation and use of such gas.

GAS RATE NO. 40 – LIQUEFIED NATURAL GAS SERVICE (Cont'd)

CHARACTER OF SERVICE

LNG Service under this rate schedule shall be available on an interruptible basis at the sole discretion of the Utility. A properly executed contract is required before any service may be taken under this rate schedule.

The LNG Customer must arrange for the transportation of the LNG which will be delivered and loaded at the Utility's LNG North facility in Indianapolis, Indiana.

The composition of the LNG to be supplied under this rate schedule is dependent on the composition of the pipeline gas that the Utility receives.

METERING

LNG Service provided hereunder shall be metered as stated in the written contract between Utility and the LNG Customer.

RATES AND CHARGES

The monthly rates and charges for LNG Service provided hereunder shall be stated in the written contract between Utility and LNG Customer. Such rates and charges shall be sufficient to recover the incremental costs to serve said LNG Customer and to make a contribution to the Utility's fixed costs. Except as may otherwise be ordered by the Commission, written contracts setting forth the specific rates and charges pursuant to Gas Rate No. 40 shall be filed with and approved by the Commission, and such contracts shall incorporate by reference this rate schedule. The written contract, including the rates and charges, is subject to approval and revision by the Commission as provided by law.

CONTRACT

LNG Customer shall enter into a written contract with the Utility which specifies the rates and charges and the terms and conditions of the LNG Service to be provided hereunder. The written contract shall include any terms and conditions reasonably required by Utility.

Commission approval of the written contract between Utility and the LNG Customer is a condition precedent to the provision of LNG Service by Utility to LNG Customer hereunder.

GAS RATE NO. 40 – LIQUEFIED NATURAL GAS SERVICE (Cont'd)

RULES AND REGULATIONS

Except as otherwise provided in the written contract between Utility and LNG Customer, LNG Service under this rate schedule shall be subject to the Commission's Regulations and the Utility's General Terms and Conditions.

FIRST AMENDMENT TO LIQUEFIED NATURAL GAS SUPPLY AGREEMENT

This First Amendment ("Amendment") to Liquefied Natural Gas Supply Agreement ("Agreement") is entered into as of October ___, 2010, by and between the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Gas (the "Utility") and Flatiron Power Systems (the "Purchase") (the Utility and Purchaser each a "Party" and collectively the "Parties").

WHEREAS, on November 12, 2009, the Utility and Purchaser entered into the Agreement;

WHEREAS, the recitals to the Agreement state that Purchaser wishes to procure liquefied natural gas ("LNG") for the purpose of using such LNG as a vehicle fuel;

WHEREAS, Purchaser also wishes to procure LNG for other applications in the transportation market and industrial uses, including combining LNG and ethane to manufacture high ethane LNG as a fuel for grain drying operations;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the Utility and Purchaser (each a "Party" and collectively "the Parties") agree as follows:

1. The first "WHEREAS" clause of the Agreement is hereby amended and replaced in its entirety with the following:

> WHEREAS, Purchaser wishes to procure liquefied natural gas ("LNG") for the purpose of using or reselling such LNG as a vehicle fuel, for farm operations or for other industrial uses.

2. The Parties hereby agree that Purchaser is authorized under the Agreement to purchase LNG under the Agreement for the purpose of using or reselling such LNG as a vehicle fuel, for farm operations or for other industrial uses.

IN WITNESS WHEREOF the Parties have executed this Amendment as of the date first set forth above.

BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF INDIANAPOLIS D/B/A CITIZENS GAS	FLATIRON POWER SYSTEMS
By:	By:
Printed: Lindsay Lindgren	Printed: Jerome McDonald
Title: VP	Title: CEO

EXHIBIT A

LEGAL NOTICE

PUBLIC NOTICE is hereby given that on November 4, 2010, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Gas (the "Utility") intends to file with the Indiana Utility Regulatory Commission ("Commission") proposed revisions to Gas Rate No. 40, Liquefied Natural Gas Service, of the Utility's tariff and a proposed amendment to a contract between the Utility and Flatiron Power Systems (the "Flatiron Contract") entered into pursuant to Gas Rate No. 40. The proposed changes to Gas Rate No. 40 would remove the limitation that liquefied natural gas ("LNG") sold pursuant to Gas Rate No. 40 be used as transportation fuel and allow LNG sales to be made for any purpose described in the written contract between the Utility and LNG customers. The proposed changes to the Flatiron Contract would clarify that Flatiron wishes to procure LNG for use as a vehicle fuel, farm operations or other industrial uses. Approval of the proposed changes is expected no later than February 2, 2011. Contact information, to which an objection should be made, is as follows:

Secretary
Indiana Utility Regulatory Commission
101 West Washington Street
Suite 1550 East
Indianapolis, Indiana 46204
Telephone: (317) 232-2701
Facsimile: (317) 232-6758

Office of Utility Consumer Counselor
National City Center
115 West Washington Street
Suite 1500 South
Indianapolis, Indiana 46204
Telephone: (317) 232-2494
Toll Free: (888) 441-2494

Date: November 3, 2010