

## IURC News Release

### Indiana Utility Regulatory Commission

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### For Immediate Release

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### **IURC ORDERS NEW MANAGEMENT OF BOONE COUNTY UTILITIES**

Today, in Cause No. 42131, the Indiana Utility Regulatory Commission completed its extensive investigation into the business practices of Boone County Utilities (BCU), and orders new management.

A hearing is set for Monday, February 2, 2004, at 9:30 a.m. in room TC10 of the Indiana Government Center South to consider either the appointment of a receiver to operate Boone County Utilities, or to provide for the sale of Boone County Utilities.

The Commissioners determined that the current management of Boone County Utilities is unable or unwilling to operate the utility in accordance with the March 12<sup>th</sup> order of the Commission, which found BCU in violation of Indiana Statutes, and Commission Rules and Regulations.

In its previous order, the Commission found BCU tried to shift the capital burden of its investors to its customers, and in the Commission's compliance review, finds the utility continues to do so. The Commission found numerous instances of non-compliance, which include:

- failure to present cost justification of its contribution fees;
- failure to place all contribution fees collected after March 12, 2003 in a dedicated account;
- failure to remove language in future agreements indicating that BCU could charge any fees;
- violations with regard to the oversizing of BCU lines;
- failure to lower a specific manager's salary as ordered;
- failure to file an affiliate agreement concerning its lease of its building from Newland Resources, LLC;
- failure to comply with main extension rules.

Boone County Utilities is a limited liability company that is wholly-owned by Newland Resources, LLC, which is owned by four entities: EcoHoldings, LLC, EcoSource LLC, Greenleaf LLC, and White River Venture Partners. EcoHoldings LLC is the managing member of Boone County Utilities.

BCU provides water and/or sewer services to approximately 650 sewer and water customers.

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## **Timeline of significant dates in the Boone County Utilities Case**

**June 5, 2002:** IURC opened an investigation into the operation of Boone County Utilities, LLC. Consolidated complaints filed by Brenwick Associates, LLC, Platinum Properties LLC, and the Board of Commissioners of Boone County.

**March 12, 2003:** IURC issued Interim Order, finding in part that BCU's managerial business practices required scrutiny. The order left the investigation open for thorough review by the Commission at the end of 90-days.

**June 26, 2003:** Valenti-Held Real Estate, LLP sought a hearing, alleging non-compliance with the IURC March 12<sup>th</sup> order.

**July 18, 2003:** BCU filed motion for Commission determination of compliance. The Commission continued the case to September 22<sup>nd</sup> for a hearing.

**September 8, 2003:** BCU filed for Bankruptcy protection.

**September 15, 2003:** Presiding officers issued docket entry stating that the September 22 hearing would go forward.

**September 19, 2003:** Bankruptcy court denies request by BCU to stop the Commission from holding hearing.

**September 22, 2003:** Commission convenes hearing, and BCU was given until September 26<sup>th</sup> to prefile evidence, hearing was continued till October 6.

**October 6, 2003:** hearing was convened.