

IURC News Release

Indiana Utility Regulatory Commission

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Phase II Audit of Aqua Indiana Concludes

Report Examines Operational Challenges and Public Safety Concerns Faced by the Utility

INDIANAPOLIS – In response to operational challenges faced this summer by Aqua Indiana d/b/a Utility Center, Inc., the Indiana Utility Regulatory Commission (IURC) requested an independent, third-party audit. Today, Phase II of the audit was released.

The audit, conducted by Crawford, Murphy & Tilly, Inc., was divided into two phases. Phase I, released in October 2012, addressed short-term challenges facing the utility, such as whether it should remain connected to the City of Fort Wayne's water supply. Phase II addressed specific long-term challenges, such as maintaining an adequate supply of water (including reserves), meeting usage requirements at peak times, and creating a new master plan.

In a letter today to the president of Aqua Indiana, IURC Chairman Jim Atterholt stated, "While collecting information for the report, the auditor found there to be a potential fire protection risk. This is unacceptable and poses a concern for our agency."

Additional key takeaways from the report include the following:

- Until adequate reserve capacity is added to ensure the reliability of service at peak times, the utility should plan for future interconnections with the City of Fort Wayne's water system. Compatibility issues between the two systems should also be addressed to ensure adequate fire protection is provided to customers.
- Although the procedures Aqua Indiana implemented in response to the water pressure and service issues experienced in July 2012 followed industry practices, the utility's master plan did not.
- Water conservation ordinances are recommended at the city and county level to address periods of severe drought or operational failure.

Based on the report's findings, the IURC is requiring Aqua Indiana to update its master plan to reflect deficiencies identified in the audit. A water master plan provides utilities with an assessment of current conditions and future needs so that the utility can prepare for how it plans to serve a specified area. The agency is also requiring the utility to resolve any safety issues associated with future Fort Wayne interconnections. The IURC anticipates the updated master plan will address the service deficiencies experienced by the utility and that, as a result, a corrective plan of action will be developed and implemented.

Aqua Indiana has until October 1, 2013 to complete and submit a new master plan to the IURC. The utility must also identify and implement a solution by May 1, 2013 to address fire protection risks related to interconnection.

The IURC will continue to monitor the adequacy and reliability of the Aqua Indiana system, especially as it relates to the customers previously affected in Aboite Township. If customers are or begin to experience service-related issues with the utility, they may contact the IURC's Consumer Affairs Division at 1-800-851-4268.

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The Commission is a fact-finding body that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the IURC is required by state statute to make decisions that balance the interests of all parties to ensure the utilities provide adequate and reliable service at reasonable prices.

For more information, please visit: www.in.gov/iurc.