



Indiana Office of Utility Consumer Counselor

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Indianapolis Department of Waterworks Rate Case IURC Cause No. 43645

PUBLIC FIELD HEARING – BASIC FACTS

An Indiana Utility Regulatory Commission (IURC) public field hearing is a formal, legal proceeding.

- It is presided over by an Administrative Law Judge and recorded by a court reporter, with at least one Commissioner present.

The sole purpose of the field hearing is to accept sworn testimony from customers under oath.

- Field hearings do not include presentations by utilities.
- The Indianapolis Department of Waterworks' (DOW's) technical witnesses filed written testimony and exhibits in this case in 2009 and will be cross-examined during a formal evidentiary hearing in April 2010.
- Technical witnesses for the Indiana Office of Utility Consumer Counselor (OUCC) – which represents consumer interests in IURC cases – are scheduled to file testimony and exhibits on February 16. Other parties that have intervened through counsel may also file testimony on the same date.
- IURC Commissioners are not allowed to answer questions, as they will ultimately weigh the evidence and render a final decision.
- IURC and OUCC staff are available to answer procedural questions on an individual basis.

Consumers may make sworn written or oral comments on the pending case.

- Consumer comments are given equal consideration whether they are written or oral.

Attorneys for the case's formal parties – including the utility and the OUCC – participate.

- As this is a legal proceeding, the attorneys are entitled, but not required, to ask questions following your testimony.

No final decision in the case will be made tonight.

- The procedural schedule in this case includes future steps as outlined in the "Timeline" section of this fact sheet.

INDIANAPOLIS WATER RATE REQUEST – OVERVIEW

The **Indianapolis Department of Waterworks (DOW)** is seeking an increase in its rates and charges. The utility's request is pending before the **Indiana Utility Regulatory Commission (IURC)** in Cause No. 43645.

Only retail **water rates** are at issue in this case. Under Indiana law, municipal sewer and stormwater utilities are not under IURC jurisdiction. Also, trash and solid waste removal services are not under IURC jurisdiction.

- Indianapolis Water provides service to approximately 1.1 million people in Marion County and portions of 8 surrounding counties.
- When initiating this case in February 2009, Indianapolis Water stated that it would be seeking a two-phase rate increase, including an interim rate increase on an emergency basis and a general base rate increase on a permanent basis.
- In the interim, emergency phase of this case, DOW requested approximately \$21 million in new annual operating revenues, primarily to recover increased debt service costs incurred as a result of having an excessive percentage of variable rate debt in its financing portfolio and strong fluctuations in interest rates. The utility's request in this case's first phase would have increased rates by 17.56 percent over rates approved in the DOW's last rate case in 2007.
- The first phase of this case has concluded, with the IURC allowing the DOW to increase rates by 10.8 percent on an interim, emergency basis (approximately \$12.9 million in new annual revenues).
- In testimony now pending in the case's second phase, the DOW is proposing a two-year, \$111.3 million capital improvement program. According to the utility's testimony and exhibits, the program includes infrastructure improvements at its treatment facilities and to its water transmission and distribution systems.
- The DOW's current proposal would increase the monthly water charges for a residential customer using 700 cubic feet (approximately 5,200 gallons) from \$23.21 to \$31.33, an increase of 34.97 percent over the emergency rates approved in 2009. This would amount to approximately \$45.81 million in additional annual operating revenues.
- An order in the DOW's last rate case (IURC Cause No. 43056) was issued on April 4, 2007 and granted the utility its first base rate increase since 1998.

OUCC INVOLVEMENT – OVERVIEW

The **Indiana Office of Utility Consumer Counselor (OUCC)** is a separate agency from the IURC, and is the statutory representative for the interests of all utility consumers (residential, commercial and industrial) in cases before the IURC.

- The OUCC is scheduled to file testimony in this case's permanent phase on February 16, 2010.
- After it is filed, the OUCC's testimony will be available online at www.in.gov/oucc/2550.htm.

INTERVENING PARTIES – OVERVIEW

Several additional parties have formally intervened in this case through legal counsel, as allowed by Indiana law. These parties include the Pittsboro Municipal Water Utility (a wholesale customer of Indianapolis Water) and a group of the utility's industrial customers (including National Starch LLC, Rolls-Royce Corporation, and Vertellus Specialties, Inc.).

Testimony from intervening parties is due February 16, 2010.

CASE TIMELINE

February 24, 2009: The Indianapolis Department of Waterworks (DOW) filed a petition with the Indiana Utility Regulatory Commission (IURC) initiating this case and requesting a two-phase increase in its rates and charges.

March 11, 2009: The DOW filed testimony and exhibits in support of a requested interim, emergency rate increase of 17.56 percent over revenues at the time.

April 22, 2009: The Indiana Office of Utility Consumer Counselor (OUCC) filed its case-in-chief, including testimony and exhibits, regarding the DOW's emergency rate request. The OUCC recommended that an interim increase be limited to a range between 3.5 and 11.9 percent, depending on whether the IURC approved funding of certain capital projects in the case's first phase.

April 22, 2009: The group of industrial customers intervening in this case also filed testimony and exhibits.

May 18-19, 2009: An IURC technical evidentiary hearing was held to allow for attorney cross-examination and Commission questioning of formal witnesses for the DOW, OUCC, and industrial group.

June 30, 2009: The IURC issued an interim order establishing new rates for the utility on a temporary basis. The order granted a 12.27 percent emergency rate increase at the time but also ordered the utility to further modify its rates and file a new tariff within 10 days after retiring all of its variable debt.

August 17, 2009: The DOW filed its true-up report, as required by the Commission's June 30 order, showing that a true-up resulting from its bond sale would actually reduce the approved rate increase from 12.27 percent to 10.8 percent. However, the DOW's filing also included a motion to retain rates at the 12.27 percent level.

August 27, 2009: The OUCC and industrial group requested denial of the motion to retain rates.

September 8, 2009: The IURC issued a docket entry denying the DOW's motion and requiring it to reduce its approved rate increase to 10.8 percent.

September 30, 2009: The DOW filed testimony and exhibits requesting a permanent rate increase of 34.97 percent over revenues approved in this case's emergency phase.

January 11, 2010: An IURC public field hearing is being held at Broad Ripple High School to allow the utility's customers to comment for the evidentiary record.

February 16, 2010: The OUCC is scheduled to file testimony in this case's second phase. Testimony from the formally intervening parties is also due the same date.

March 23, 2010: The DOW is scheduled to file rebuttal testimony responding to recommendations from the OUCC and intervening parties.

April 19, 2010: An IURC technical evidentiary hearing is scheduled to begin in Indianapolis. While evidentiary hearings are open to the public, participation is typically limited to cross-examination of technical witnesses who have filed testimony on behalf of the case's formal parties. This hearing is scheduled to last approximately two weeks.

The case's formal parties will likely submit additional written filings, including proposed orders and reply briefs, on dates to be determined following the conclusion of the April evidentiary hearing.

IURC final orders are issued at the Commission's weekly Conferences. Conferences are typically held on Wednesday afternoons, with agendas posted 48 hours in advance at: www.in.gov/iurc/2428.htm.

A settlement agreement is possible in any legal proceeding; the OUCC attempts to reach a fair settlement for consumers in all IURC cases.

All hearing and filing dates in any legal proceeding are subject to change.

ADDITIONAL INFORMATION

All publicly filed documents in this case are available for review on the IURC Website by:

- Visiting www.in.gov/iurc
- Clicking the “Electronic Document System” link in the upper right portion of the page
- Clicking the “Search Cases” link near the upper left corner of the following page
- Entering docket number 43645 in the first field on the search page

Case updates are also available on the OUCC Website at www.in.gov/oucc/2550.htm.

GENERAL AGENCY INFORMATION

Indiana Office of Utility Consumer Counselor (OUCC)

- State agency
- Represents the interests of all Indiana utility consumers – including residential, commercial and industrial customer interests – in cases before the IURC and federal utility regulatory commissions
- Staff of attorneys, accountants, engineers, economists, consumer services and support personnel

Indiana Utility Regulatory Commission (IURC)

- State agency
- Regulates many, but not all, Indiana utilities
- Regulates utility rates, financing, service territory, quality, etc.
- Neutral, fact-finding body required by law to make decisions that balance the interests of utilities and consumers