

INDIANA UTILITY REGULATORY COMMISSION
101 W. WASHINGTON STREET, SUITE 1500E
INDIANAPOLIS, INDIANA 46204-3407

<http://www.in.gov/iurc>
Office: (317) 232-2701
Facsimile: (317) 232-6758

MEMORANDUM

TO: Commissioners Hardy, Golc, Landis, Server and Ziegner

FROM: Jerry L. Webb, Director of Water/Sewer Division *Jerry Webb*

DATE: February 28, 2008

RE: Utility Articles for Next Conference

The following Final Articles "A", and "C", and Preliminary Articles "A" are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after March 5, 2008.

JLW/ld

"A" Finals

The following miscellaneous item(s) will be eligible for final consideration at the next Commission Conference and based upon review by staff members of the Commission, I recommend approval.

1. Elkhart Municipal Water Utility

The utility is proposing to update the Schedule of Non-Recurring charges in Appendix B of its tariff. The reason for these changes is due to increased labor and material costs. The current and proposed charges can be found in the table below. Cost support has been provided.

Item No.	Description Of Charge	Current	Proposed
1.	Insufficient Check Charge	\$ 10.00	\$ 27.50
2.	Trip Charge Per Hr, Minimum 1 Hr	\$ 15.00	\$ 25.00
3.	After Hours Service Call, Minimum	\$ 20.00	\$ 75.00
4.	Visit To Reconnect Services (Turned Off For Cause)	N/A	\$ 50.00
5.	Bacteriological Analysis	N/A	\$ 32.00
6.	Fill Swimming Pool	\$ 21.00 ^{Footnote 1}	\$ 125.00
7.	Permanent Disconnection Permit	\$ 75.00	\$ 250.00
8.	New Customer Deposit	N/A	\$ 54.30
9.	Street Key Rental (Deposit)	N/A	\$ 40.00
10.	Meter Deposits For Temporary Service (Includes 20% Handling Fee)		
	5/8"	N/A	\$ 106.05
	3/4"	N/A	\$ 144.75
	1"	N/A	\$ 205.00
	1-1/2"	N/A	\$ 353.25
	2"	N/A	\$ 495.35
11.	Meter Testing (5/8"-1")	\$ 20.00	\$ 50.00
12.	Meter Yokes (Includes 20% Handling Fee)		
	5/8"	\$ 20.00	\$ 34.95
	1"	\$ 36.00	\$ 65.05
13.	Loc Packs (Includes 20% Handling Fee)		
	1-1/2" Copper	\$ 35.00	\$ 44.30
	2" Copper	\$ 37.00	\$ 54.35
	1-1/2" Galvanized	\$ 36.50	\$ 45.60
	2" Galvanized	\$ 40.00	\$ 59.05
14.	Replacement Cost For Frozen Meters (Includes 20% Handling Fee)		
	5/8"	\$ 25.00	\$ 131.05
	3/4"	\$ 45.00	\$ 169.75
	1"	\$ 50.00	\$ 230.00
	1-1/2"	\$ 120.00	\$ 378.25
	2"	\$ 163.00	\$ 520.35
15.	Fire Hydrant Meter Deposit	N/A	\$ 900.00
16.	Fire Hydrant Use, Metered Fee	\$ 9.00 ^{Footnote 2}	Metered Rates
17.	Fire Hydrant Use, Un-Metered Water Fee	N/A	\$ 76.65 / hr

Continued. . .

¹ Base plus additional labor and water usage.

² Plus water used.

Item No.	Description Of Charge	Current	Proposed
18.	Fee For Illegal Use Of Hydrant	N/A	\$ 900.00 ^{Footnote 3}
19.	Service Line Repairs	Labor & Materials ^{Foot-note 4}	Time & Materials ^{Foot-note 5}
20.	Tap Fees		
	Up To And Including 1 Inch	\$ 350.00	\$ 675.00
	For Taps Greater Than 1 Inch	\$ 485.00	Actual cost

The tariff sheets affected by this filing are:

- Schedule of Non-Recurring Charges, 2 pages.

2. Valley Rural Utility Company - Sewer

The utility is proposing changes to its current Rule 22, which addresses the issue of stormwater entry into the utility's sanitary sewer system via customer downspouts, sump pumps and other appurtenances. The reason for this proposed change is to allow the utility to access customers' stormwater and sewer facilities to identify stormwater connections to its sanitary sewer system, pursuant to a proposed, Agreed Order in Case Nos. 2006-15965-W and 2007-17207-W of the Indiana Department of Environmental Management (IDEM), which in part will require the utility to:

4. Within sixty (60) days of the Effective Date of this Agreed Order, Respondent shall develop and submit to IDEM for its approval a CP (compliance plan) that includes, but is not limited to, the following:
 - C. A description of the actions that Respondent will take to ensure that the sanitary sewer system is at all times efficiently operated and maintained in good working order. Such actions shall include, but not be limited to, identification and reduction of inflow and infiltration sources, *including stormwater connections to the sanitary sewer system*, repair or replacement of those portions of the sanitary system that have been identified to cause and/or contribute to the inflow and infiltration to the sanitary sewer system, and to maintain compliance with the Permit (emphasis added).

Ordering Paragraphs 11 and 12 further specify additional requirements upon Valley Rural:

11. Within thirty (30) days of the Effective Date, Respondent shall determine whether it has sufficient legal authority to:
 - A. implement and enforce its sewer use ordinances, service agreements and/or other legally binding documents;
 - B. require that all sewers and connections be properly designed and constructed;

³ Fee is equal to the fire hydrant meter deposit, plus the recovery of charges for the amount of water stolen. Stolen water charges will be calculated using the utility's approved metered rates and charges. The amount of water stolen will be estimated by the utility's superintendent on a per incident basis.

⁴ Current equipment, labor costs, and material costs plus 20% overhead. (Emergencies)

⁵ Labor will be charged at \$25 per hour (see trip charge); materials will be charged according to materials bid plus 20% handling fee; equipment will be charged according to established equipment charges.

- C. test and inspect all new and rehabilitated sewers, including both collector sewers and service laterals;
 - D. regulate flows from satellite collection systems (if any); and
 - E. prohibit the connection or introduction of clear water/stormwater sources to the sanitary sewer system.
12. In the event that Respondent determines that it does not have the legal authority described in Order Paragraph 11 above, Respondent shall take all necessary steps to obtain such legal authority.

The existing Rule 22 is as follows:

“The customer shall not permit storm water or water from downspouts to run into the sewer system.”

The proposed Rule 22 with changes italicized is as follows:

“The customer shall not permit storm water or water from downspouts to run into the sanitary sewer system. *The company shall have the right to access the customer's stormwater and sewer facilities including, but not limited to, sump pumps, perimeter drains, and downspouts to check for any inappropriate connection that would allow storm water or non-sanitary wastewater to run into the Company's sanitary sewer system. Inspections shall be conducted with appropriate advance notice and at reasonable hours to avoid inconvenience to the customer. If the Company detects an inappropriate connection, the Company may require the customer to disconnect such inappropriate connection. A failure to reasonably disconnect any inappropriate connection will allow the Company to disconnect the customer's sewer lateral from the Company's collection system and charge the customer for the costs reasonably incurred by the Company in disconnecting the customer. If the customer's sewer lateral is to be disconnected, such disconnection shall occur only after 14 days written notice of a pending disconnection is mailed or delivered to the address on file with the Company to which monthly bills are addressed. Further, such disconnection notice shall indicate the day on which disconnection will occur. Disconnection under the rule shall comply with 170 IAC 8.5-2-4 (Disconnection of Services) except as otherwise provided herein.*”

Under the proposed rule, if the customer fails to allow access to his stormwater and sewer facilities, the utility may, 14 days after notice, physically disconnect the customer from the sewer system, at the customer's expense. Such disconnection will comply with 170 IAC 8.5-2-4 (Disconnection of Services), except as otherwise provided in the proposed rule.

Staff notes that this proposed rule is an appropriate response to correcting “inflow and infiltration” problems, in addition to repairing and replacing deteriorated collection systems. Designing sanitary sewer collection and treatment systems to meet wet weather flows (due to the introduction of stormwater) can be very costly to the customers, and should be avoided whenever possible.

The tariff sheets affected by this filing are:

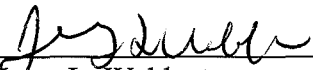
- Valley Rural Utility Company, Sheets 1, 2, 3 & 4.

"C" Final

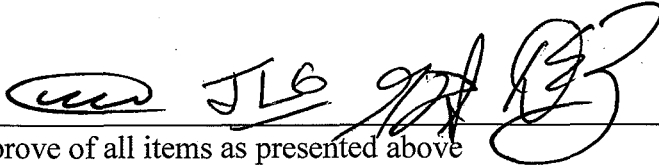
In order to maintain parity and be in compliance with the Commission's Final Order in Cause No. 39369 issued June 2, 1993, the following local exchange carrier has filed changes to their intrastate access parity tariff mirroring various interstate equivalents. The IURC filing package for Frontier was completed on February 26, 2008. The requirements prescribed for this filing in Cause No. 39369 have been carried out, and I recommend approval.

FEDERAL COMMUNICATIONS COMMISSION				
Item No.	Local Exchange Carrier	Transmittal Number	File Date	Effective Date
1.	Frontier Communications of Thorntown, Inc.; Frontier Telephone of Rochester, Inc.	106	12/17/07	01/01/08

Please indicate your consideration and action of the preceding items on the appropriate lines provided below.



Jerry L. Webb
Director of Water/Sewer Division



I approve of all items as presented above

I approve of all items as presented above except

Not participating in the following items

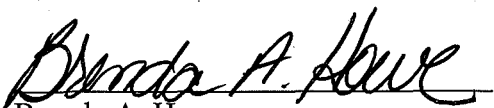
I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.



Brenda A. Howe
Secretary to the Commission

"A" Preliminaries

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Indiana Gas Company, Inc. (d/b/a Vectren North)

The Utility proposes to adjust the Energy Efficiency Funding Component (EEFC) and the Sales Reconciliation Component (SRC) of the Energy Efficiency Rider (EER), consistent with the Commission's Order in Cause Nos. 42943 & 43046.

This Order provided for the adoption of an Energy Efficiency Program devoted to reducing the gas usage of Vectren North¹ customers served under the Residential and General Service rate schedules. This case included the implementation of an EER to Vectren North's Gas Tariffs applicable to the Residential and General Service rate classes. The EER consists of two components, the EEFC and the SRC. The EEFC recovers certain costs resulting from the implementation of the Energy Efficiency programs. The SRC provides Vectren North with an opportunity to recover its fixed costs even if customer usage declines, allowing the utility to encourage conservation.

The Utility's current volumetric rate design recovers costs based on customer usage volumes, which means as volumes decrease, so does the amount of Vectren North's cost recovery. The SRC of the EER breaks the linkage between volumes sold and cost recovery. The SRC recovers the differences for the applicable rate schedules between Actual Margins (monthly margins prior to the EEFC and SRC adjustments for customers served at the time of the calculation) and Commission adjusted margins (monthly margins as approved in the Utility's last general rate case, adjusted to reflect the margin impact from any change in the number of customers from the level reflected in the last rate case for the like month of the test year).

Pursuant to the Order in Cause Nos. 42943 & 43046, effective April 1st of each year, Vectren North shall establish and collect (or refund) the SRC rates required to recover the accumulated deferred margin differences over the subsequent 12 month period. Once established, the SRC rates remain in effect for 12 months, subject to adjustment each year for a successive 12 month period. The annual SRC update includes a reconciliation to ensure the accumulated deferred margin differences are not over or under recovered as a result of variances between estimated and actual data. The following table illustrates the EEFC and SRC adjustments:

¹ The program also applies to customers of Southern Indiana Gas & Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South").

<i>Rate Schedule</i>	<i>(A) Current Energy Efficiency Funding Component</i>	<i>(B) Current Sales Reconciliation Component</i>	<i>(A) + (B) Current Energy Efficiency Rider</i>
210	\$0.00567/therm	\$0.00155/therm	\$0.00722/therm
220/225	\$0.00567/therm	\$0.00012/therm	\$0.00579/therm
	<i>(A) Proposed Energy Efficiency Funding Component</i>	<i>(B) Proposed Sales Reconciliation Component</i>	<i>(A) + (B) Proposed Energy Efficiency Rider</i>
210	\$0.00618/therm	\$0.01705/therm	\$0.02323/therm
220/225	\$0.00618/therm	\$0.00344/therm	\$0.00962/therm

The following page of Vectren North’s tariff affected by this filing is:

- Sheet No. 38, Page 2 of 2 – Appendix I – Energy Efficiency Rider.

2. Southern Indiana Gas and Electric (d/b/a Vectren South)

The Utility proposes to adjust the Energy Efficiency Funding Component (EEFC) and the Sales Reconciliation Component (SRC) of the Energy Efficiency Rider (EER), consistent with the Commission’s Order in Cause Nos. 42943 & 43046.

This Order provided for the adoption of an Energy Efficiency Program devoted to reducing the gas usage of Vectren South¹ customers served under the Residential and General Service rate schedules. This case included the implementation of an EER to Vectren South’s Gas Tariffs applicable to the Residential and General Service rate classes. The EER consists of two components, the EEFC and the SRC. The EEFC recovers certain costs resulting from the implementation of the Energy Efficiency programs. The SRC provides Vectren South with an opportunity to recover its fixed costs even if customer usage declines, allowing the utility to encourage conservation.

The Utility’s current volumetric rate design recovers costs based on customer usage volumes, which means as volumes decrease, so does the amount of Vectren South’s cost recovery. The SRC of the EER breaks the linkage between volumes sold and cost recovery. The SRC recovers the differences for the applicable rate schedules between Actual Margins (monthly margins prior to the EEFC and SRC adjustments for customers served at the time of the calculation) and Commission adjusted margins (monthly margins as approved in the Utility’s last general rate case, adjusted to reflect the margin impact from any change in the number of customers from the level reflected in the last rate case for the like month of the test year).

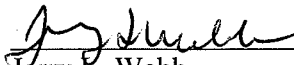
¹ The program also applies to customers of Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. (“Vectren North”).

Pursuant to the Order in Cause Nos. 42943 & 43046, effective April 1st of each year, Vectren South shall establish and collect (or refund) the SRC rates required to recover the accumulated deferred margin differences over the subsequent 12 month period. Once established, the SRC rates remain in effect for 12 months, subject to adjustment each year for a successive 12 month period. The annual SRC update includes a reconciliation to ensure the accumulated deferred margin differences are not over or under recovered as a result of variances between estimated and actual data. The following table illustrates the EEFC and SRC adjustments:

<i>Rate Schedule</i>	<i>(A) Current Energy Efficiency Funding Component</i>	<i>(B) Current Sales Reconciliation Component</i>	<i>(A) + (B) Current Energy Efficiency Rider</i>
110	\$0.00640 /therm	\$0.0000 /therm	\$0.00640 /therm
120/125	\$0.00640 /therm	\$0.0000 /therm	\$0.00640 /therm
<i>(A) Proposed Energy Efficiency Funding Component</i>	<i>(B) Proposed Sales Reconciliation Component</i>	<i>(A) + (B) Proposed Energy Efficiency Rider</i>	
110	\$0.00760/therm	\$0.00850/therm	\$0.01610/therm
120/125	\$0.00760/therm	\$0.00346/therm	\$0.01106/therm

The following page of Vectren South's tariff affected by this filing is:

- Sheet No. 38, Page 2 of 2 – Appendix I – Energy Efficiency Rider.



 Jerry L. Webb
 Director of Water/Sewer Division