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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE INDIANA )  
UTILITY REGULATORY COMMISSION'S )  
INVESTIGATION INTO INDIANAPOLIS )  
POWER & LIGHT COMPANY'S ONGOING )  
INVESTMENT IN, AND OPERATION AND )  
MAINTENANCE OF, ITS NETWORK )  
FACILITIES )

CAUSE NO. 44602

APPROVED: **MAR 20 2015**

INVESTIGATION ORDER OF THE COMMISSION

**Presiding Officers:**

**Carol A. Stephan, Chair**

**Aaron A. Schmoll, Senior Administrative Law Judge**

The Indiana Utility Regulatory Commission ("Commission") is aware of recent incidents involving Indianapolis Power & Light Company's ("IPL") network facilities. Based upon our concern over the persistence of such events and previous information received from both IPL and an independent auditor during public meetings in 2011 and 2014 regarding underground network failures, the Commission finds it appropriate to commence this formal investigation into any and all matters relating to IPL's investment in, and operation and maintenance of, its network facilities.

**1. Commission Jurisdiction.** IPL is an electric generating utility and a corporation organized and existing under the laws of the State of Indiana, having its principal office in Indianapolis, Indiana. IPL is engaged in rendering electric public utility service in the State of Indiana and owns, operates, manages and controls, among other things, plant and equipment within the State of Indiana used for the production, transmission, delivery and furnishing of such service to the public. As such, IPL is a "public utility" as defined in Ind. Code § 8-1-2-1(a).

Pursuant to Ind. Code § 8-1-2-4, every public utility is required to furnish reasonably adequate service and facilities, and any charge made by a public utility must be reasonable and just. Pursuant to Ind. Code § 8-1-2-58, the Commission may summarily conduct an investigation, on its own motion, with or without notice. Ind. Code § 8-1-2-58 provides the Commission with broad authority to investigate Indiana public utilities:

Whenever the Commission shall believe that any rate or charge may be unreasonable or unjustly discriminatory or that any service is inadequate, or can not be obtained, or that an investigation of any matter relating to any public utility should for any reason be made, it may, on its motion, summarily investigate the same, with or without notice.

If the Commission becomes satisfied that sufficient grounds exist to warrant a hearing pertinent to the matters investigated, Ind. Code § 8-1-2-59 requires the Commission to furnish

the public utility involved a statement notifying it of the matters under investigation. In reviewing the Commission's statutory authority to investigate the service provided by a regulated utility, the Indiana Court of Appeals has determined that inherent in this grant of power is the authority to "do that which is necessary to effectuate the regulatory scheme." *South Eastern Indiana Natural Gas v. Ingram*, 617 N.E.2d 943, 948 (Ind. Ct. App. 1993).

Accordingly, the Commission has jurisdiction over IPL and the subject matter of this investigation.

**2. Background and Scope of Proceeding.** In September 2011, after a number of incidents involving IPL's downtown underground network, the Commission encouraged IPL to conduct an independent audit of the utility's network. O'Neill Management Consulting ("O'Neill") was engaged to perform the audit and produced a report, which contained ten recommendations. IPL also produced a report responding to the O'Neill report. Both IPL and O'Neill presented their respective reports to the Commission at a public meeting on December 19, 2011. During the meeting, IPL committed to complete all work associated with the ten recommendations contained in the O'Neill Report. IPL submitted reports on January 25, 2013, January 31, 2014, and January 30, 2015 addressing IPL's progress on the work associated with the ten recommendations.

In March and August 2014, IPL experienced additional underground network failures. IPL performed a root cause analysis of the two underground network failures. O'Neill was again engaged to perform an independent review of the underground network failure that occurred in August 2014. Both IPL and O'Neill presented their respective reports to the Commission at a public meeting on November 3, 2014. On December 5, 2014, IPL presented its action plan for implementing the recommendations made by O'Neill in its report. IPL provided the Commission with a status report on the action plan on January 30, 2015.

On March 16, 2015, and again on March 19, 2015, the Commission was notified of incidents involving IPL's network facilities. Based on the continued failures in IPL's network facilities and the possible public safety issues associated with such failures, the Commission finds it appropriate to commence this investigation to address all matters related to IPL's ongoing investment in, and operation and maintenance of, its network facilities.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. An investigation is commenced to allow the Commission to consider and review IPL's ongoing investment in, and operation and maintenance of, its network facilities.

2. A Technical Conference to further define the specific issues to be addressed in this proceeding and a Preliminary Hearing and Prehearing Conference to determine a procedural schedule shall commence at 10:00 a.m. on April 2, 2015, in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana.

3. The Commission assigns Dr. Bradley K. Borum and Mr. Bob Pauley as testimonial staff in this Cause. Dr. Borum and Mr. Pauley will be represented by the Commission's Assistant General Counsel, Jeremy Comeau.

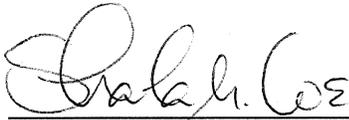
4. This Order shall be effective on and after the date of its approval.

**STEPHAN, MAYS-MEDLEY, HUSTON, WEBER, AND ZIEGNER CONCUR:**

**APPROVED:**

**MAR 20 2015**

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**



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**Shala M. Coe**

**Acting Secretary to the Commission**

