

IURC News Release

Indiana Utility Regulatory Commission

101 W. Washington St.

Suite 1500 E.

Indianapolis, IN 46204

For Immediate Release

February 2, 2011

Contact Information:

Danielle McGrath

Office: (317) 232-2297

The Indianapolis Department of Waterworks' Rate Case Concludes

Commission weighs the evidence presented by all parties

INDIANAPOLIS – The Indiana Utility Regulatory Commission (IURC) issued its final decision in the Indianapolis Department of Waterworks' (Department) rate case, Cause No. 43645. Based on preliminary calculations, a residential ratepayer using 700 cubic feet (5,236 gallons) of water will see a monthly increase of approximately \$6.00.

The approved 25.99 percent increase was granted after the evidence showed the amount warranted was less than the 33.36 percent increase proposed by the utility. The primary factors that contributed to this need are the increases in extensions and replacements and the debt service necessary to fund the utility's Capital Improvement Program.

"More than 75 percent of this increase is attributable to capital expenditures, specifically investments that will assure the integrity of the system and the quality of the water now and for future generations," said Commissioner Larry Landis, the presiding officer.

"One of out of every four revenue dollars invested is due to environmental mandates handed down by the federal government."

The proposed \$111 million Capital Improvement Plan approved by the Commission as a part of the case includes projects necessary to maintain or improve existing infrastructure, as well as projects stemming from environmental mandates. These mandatory compliance projects account for approximately 24.7 percent of the proposed capital projects. Before the new rates and charges can take effect, the utility must file a revised tariff with the Commission.

Since the Commission issued its Interim Emergency Order, approving a 10.8 percent increase, on June 30, 2009, the Department has complied with most of the improvements and reforms required by the Commission in that Order. Further, the Department has addressed issues to ensure that it has the managerial, technical and financial ability to own and manage the utility.

In order to ensure that the water system is reasonably operated and adequately maintained, the Department is required to submit various filings to the Commission regarding operational issues and other matters involving the Management Agreement with Veolia.

-more-

The case involving the proposed merger of Indianapolis Department of Waterworks with Citizens Energy Group is still pending in Cause No. 43936. For more information about this case or Cause No. 43645, please visit the Commission's Electronic Document System at <https://myweb.in.gov/IURC/eds/>.

###

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.