Indianapolis water and sewer utility transfer: OUCC recommends approval on certain conditions

The Indiana Office of Utility Consumer Counselor (OUCC) is recommending that the proposal of Citizens Energy Group (CEG) to acquire and operate the water and wastewater utilities for the City of Indianapolis be approved, as long as certain conditions apply. The OUCC – the state agency representing consumer interests in all cases before the Indiana Utility Regulatory Commission (IURC) – made its recommendations in testimony filed with the IURC late this afternoon.

“Our staff’s recommendations are based on an extensive legal and technical review of this very complex proposal over the last five months,” said Indiana Utility Consumer Counselor David Stippler.

In its testimony, the OUCC recommends approval of the transaction while recommending that the IURC find that Citizens has the financial, technical and managerial ability to own and operate the water and wastewater utilities.

Among other points in its testimony, the OUCC recommends that the IURC:

- Require Citizens Energy Group and CWA Authority (the entity under which Citizens would operate the city’s sewer utility) to document cost savings achieved as a result of the transaction and report the findings to the IURC and OUCC. Reports would be filed at least twice per year over the next four years.
- Allow Citizens to continue implementation of the city’s long-term environmental compliance plans for the sewer utility and to assume the costs for compliance.
- Order Citizens to continually analyze the currently approved combined sewer overflow (CSO) projects, look for and implement cost savings and design efficiencies, and document any construction cost savings.
- Require Citizens to complete the city’s septic tank elimination program and bear responsibility for the costs. In addition, Citizens should provide more information online to inform consumers about septic tank elimination efforts.
- Require continuation of the water and sewer utilities’ current practices of working with local environmental organizations and existing advisory panels.

(Continued)
“The conditions we recommend will help ensure that customers of the Indianapolis water and sewer utilities receive safe and dependable service at reasonable costs going forward, while helping to make sure the transaction is as transparent as possible,” said Stippler.

The City and Citizens Energy Group are scheduled to file rebuttal testimony in this case on January 28, 2011, with an IURC evidentiary hearing scheduled for mid-February. The case’s formal parties are expected to make additional written filings after the evidentiary hearing.

(IURC Cause No. 43936)

The Indiana Office of Utility Consumer Counselor (OUCC) represents Indiana consumer interests before state and federal bodies that regulate utilities. As a state agency, the OUCC’s mission is to represent all Indiana consumers to ensure quality, reliable utility services at the most reasonable prices possible through dedicated advocacy, consumer education, and creative problem solving. To learn more, visit [www.IN.gov/OUCC](http://www.IN.gov/OUCC).