

RESOLUTION NO. 2001-05
OF THE BOARD OF COMMISSIONERS OF
LAPORTE COUNTY

WHEREAS, the Northern Indiana Public Service Company (NIPSCO) provides electrical and gas service to LaPorte County and its residents, and

WHEREAS, the Office of the Indiana Utility Consumer Counselor found NIPSCO's retail base residential electric rates are the highest in the State of Indiana and the Citizens Action Coalition (CAC) has filed a petition to lower NIPSCO's rates, and

WHEREAS, the current rates for NIPSCO were approved approximately thirteen years ago when the cost of capital was substantially higher than it is now, and

WHEREAS, at that time the Indiana Utility Regulatory Commission (IURC) awarded NIPSCO a 13.5% return on common equity and authorized annual return of \$225,459,905, and

WHEREAS, as a result NIPSCO is currently earning approximately \$25 million dollars more annually than its authorized return as of December 31, 1999, and

WHEREAS, in 1995 under the passage of public law (P.L. 108-1995) (I.C. § 8-1-2-42.3) the Fuel Adjustment Clause (FAC) excess earnings test was designed to but failed to return a single dollar of excess earnings, and

WHEREAS, NIPSCO was permitted to go back in time of its last rate case (September 30, 1987), on a quarterly basis and total all the instances where it had failed to earn its authorized return, and

WHEREAS, thus, the FAC earnings test no longer provides LaPorte County ratepayers with any protection against NIPSCO's rates becoming unreasonably high over time, and

WHEREAS, the Director of Accounting and Finance for the IURC on January 24, 2001 found in it's Level 1 review that NIPSCO's 1999 net operating income (NOI) was approximately \$9.3 million above the amount allowed in its last rate order, and

WHEREAS, NIPSCO's rate of return (ROR) was 10.93% as compared to the 9.06% allowed, and

WHEREAS, as part of IURC's Level 2 review, it was noted that NIPSCO has been earning a return in excess of that authorized in its last rate case and in each of its previous seven (7) Fuel Adjustment Clause (FAC) filings, and

WHEREAS, calculations were also made based upon the jurisdictional electric original cost rate base that showed NIPSCO was earning a return on equity (ROE) of 24.1% far exceeding the 13.50% ROE allowed in its last rate order, and

WHEREAS, based on the Level 2 review the IURC staff suggested NIPSCO should reduce its rates by 11.46% across the board, and

WHEREAS, NIPSCO refused to accept the IURC's staff recommendation, and

WHEREAS, LaPorte County government, in particular, will suffer due to a utility budget of \$430,000 and a projected utility cost of over \$800,000 for 2001, and

NOW THEREFORE LET IT BE RESOLVED By the Board of Commissioners of LaPorte County that we hereby declare that we fully and firmly support the on-going investigation into NIPSCO's electric rates. We also support an investigation into NIPSCO's gas rates.

Furthermore, we strongly urge the (IURC) to force NIPSCO to prove their rates are "just and reasonable" to the citizens of LaPorte County.

WHEREAS, we respect and applaud the IURC's effort to provide relief to the current 219 NPA, we would object to the decision to split LaPorte County into two different area codes, and

WHEREAS, we would push for the IURC to keep LaPorte County in the 219 area code, we recognize this is probably not a viable option considering the mechanics which went into the rationing of the new NPAs, and

WHEREAS, however, since the population centers of LaPorte County are the cities of LaPorte and Michigan City it is vital and in our opinion, a viable option to allow the City of LaPorte to retain the 219 area code, and

WHEREAS, in recent years, the City of LaPorte and Michigan City have made great strides in closing some of the past prejudices, which divided the cities, and

WHEREAS, as a result of these efforts the communities have been better able to compete in changing regional, state, national, and world economies, and

WHEREAS, dividing these communities by area code, now, would mute the progress of the City of LaPorte and Michigan City have fought so long to achieve, and

WHEREAS, further, the division would separate LaPorte County government, school corporations and not to mention, businesses, etc., and

WHEREAS, the economic and the human impact of such a split is really incalculable, and

WHEREAS, it is the judgment of this Board, while we would support keeping LaPorte County in the 219 area code, we realize such a division is not probable. However, we plead with the IURC, to at the very least allow the cities of LaPorte and Michigan City to retain the 219 area code.

NOW THEREFORE LET IT BE RESOLVED BY the Board of Commissioners of LaPorte County that we hereby declare that we are opposed to the decision of the IURC to divide LaPorte County into two different area codes, and

FURTHERMORE, we are fully and firmly opposed to dividing the main population centers Michigan City and the City of LaPorte into two different area codes.

In sum, we strongly urge the IURC to allow Michigan City and the City of LaPorte to remain in the 219 area code.

Dated this 28 of August 2001.

BOARD OF
COMMISSIONERS
OF LAPORTE COUNTY

Michael Hermon

Clay Turner

William Hager

Attest:

Ann DeLoe

EXHIBIT "A"

Tax I.D. # 42-01-28-427-002, 003, 004, 008, 009

Tax I.D. # 42-01-28-428-001, 002

Tax I.D. # 42-01-28-435-002, 003, 005

Tax I.D. # 42-01-28-432-010, 011, 012

Tax I.D. # 42-01-28-432-009, 008, 001, 002

Tax I.D. # 42-01-28-435-004

Tax I.D. # 42-01-28-420-003, 004

Tax I.D. # 42-01-28-431-012

Tax I.D. #42-01-28-431-013, 015, 016

Tax I.D. #42-01-28-432-021

Tax I.D. # 42-01-28-435-006

Tax I.D. #42-01-28-432-003, 004, 005

Tax I.D. #42-01-28-432-013, 014, 015

Tax I.D. # 42-01-28-428-012 all more particularly described as follows: Lots 1, 2, 9, 10 in Block 29 except the west fifteen (15) feet of Lots 2 and 9 and Lots 1, 2, 8, 9 and 10 of Block 30 and Lots 1, 2, 3, 4, 5, 6, 7, 8, and 9 of Block 31 and Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of Block 32 and Lots 3, 4, 5, 6 and 7 of Block 33, all of the Case and Walker's Addition to Michigan City, Indiana recorded in Plat Book 5, page 23 and 48 90 feet of the South end of the North part of Lot 15 of Block 10 of the Camp Anderson Addition to Michigan City, Indiana