



1 of 53 DOCUMENTS

Copyright 2010 The Indianapolis Star  
All Rights Reserved  
The Indianapolis Star (Indiana)

July 27, 2010 Tuesday  
Final Edition

**SECTION:** LOCAL -- METRO & STATE; Pg. A1

**LENGTH:** 800 words

**HEADLINE:** Utility sale survives political battle

**BYLINE:** By, Francesca Jarosz

**BODY:**

Mayor Greg Ballard's proposal to sell the city's water and sewer systems passed a critical hurdle Monday, when the City-County Council gave approval to move the utilities' ownership to a local nonprofit trust.

The sale now will get a rigorous, months-long look by the Indiana Utility Regulatory Commission, which has final say on it. But Monday night's 19-10 council vote likely was the toughest political battle the controversial proposal will face.

Under the deal, Citizens Energy Group would take over the operations and capital projects, along with about \$1.5 billion in debt, of both municipally owned utilities. The city would get \$435 million to \$460 million to use on projects such as roads, sidewalks and bridges.

Citizens would cover the lion's share of that cost by issuing debt and making payments to the city in place of taxes, all of which would be paid by revenue from sewer ratepayers.

During Monday's meeting, the council's most intense debate was whether city officials elected by taxpayers -- or their appointees -- should relinquish control of the utilities.

With the sale, Citizens' nonelected board of directors would make policy decisions such as when to seek rate increases and for how much.

The 10 Democrats who opposed the deal argued that it removes public accountability and tried to change the sale agreement so that council members would have power to terminate it if two-thirds of them determined Citizens wasn't providing adequate service.

"Our amendments are an attempt to protect the ratepayers and taxpayers of Marion County," said Joanne Sanders, the council's Democratic minority leader. "As a council, I believe we should not abdicate our responsibility to ratepayers."

Utility sale survives political battle The Indianapolis Star (Indiana) July 27, 2010  
Tuesday

Council members who voted against those changes said one purpose in selling the utilities is to remove political influences that can threaten tough choices such as needed rate increases. And they say there's still accountability: Under the deal, Citizens' decisions also would require approval from the IURC, whose members are appointed by the governor.

"One of the things we wanted to accomplish was to take politics out of the decision-making," said Ryan Vaughn, the council's Republican president.

Supporters said the transaction also accomplishes other things, such as creating jobs and paying for much-needed infrastructure. Citizens leaders say they can save \$43 million a year by running the utilities, and they will use those savings to hold down projected rate increases over the next 15 years. But those who opposed the deal said their concerns overshadowed those benefits.

Under the sale, Citizens will pay more than \$400 million from sewer rate revenues to the city. The utility has said the impact on ratepayers will be minimal because its savings will exceed the annual payments, which start at \$28 million in 2011. But if savings miss the mark, sewer customers would see their rates grow to cover the cost.

And even if Citizens can achieve the savings, some said sewer rate revenues should not be used to pay for streets and sidewalks.

"The deal isn't the golden goose they're leading people to believe. The citizens are going to pay for their streets and sidewalks to be paved," said Zach Adamson, a Near-Eastside resident who plans to run for council as a Democrat in 2011 and was among residents protesting the sale with signs at the meeting.

Citizens' board of directors is expected to sign off on the deal Aug. 11, and the utility plans to file its case for the sale with the IURC after the board's vote. No date has been set for the IURC vote.

Citizens leaders are hoping the commission makes its decision before the end of the year because they intend to buy low-interest government bonds that likely will not be available after this year.

Follow Star reporter Francesca Jarosz on Twitter at [twitter.com/francescajarosz](https://twitter.com/francescajarosz). Call her at (317) 444-2751.

---

How they voted

A look at the council's 29 votes:

For:

Paul Bateman-D

Ginny Cain-R

Jeff Cardwell-R

Bob Cockrum-R

Ed Coleman-L

Susie Day-R

Aaron Freeman-R

Ben Hunter-R

Bob Lutz-R

Utility sale survives political battle The Indianapolis Star (Indiana) July 27, 2010  
Tuesday

Barbara Malone-R  
Janice McHenry-R  
Michael McQuillen-R  
Mary Moriarty Adams-D  
Jackie Nytes-D  
Marilyn Pfisterer-R  
Angel Rivera-R  
Christine Scales-R  
Mike Speedy-R  
Ryan Vaughn-R  
Against:  
Vernon Brown-D  
Jose Evans-D  
Monroe Gray-D  
Maggie Lewis-D  
Brian Mahern-D  
Dane Mahern-D  
Angela Mansfield-D  
Doris Minton-McNeill-D  
William Oliver-D  
Joanne Sanders-D

---

By the numbers

527,000 Water and sewer households to be added to Citizens' customer base.

265,000 Households Citizens currently serves.

\$435 million to \$460 million The amount the city will get in the deal.

\$43 million Citizens' projected savings per year by combining utilities.

\$544.3 million Citizens' annual revenues.

\$252 million Additional revenues Citizens expects with the water and sewer utilities.

**LOAD-DATE:** July 28, 2010