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GREENFIELD – NineStar Connect, which made history five years ago with a ground-breaking merger of rural electric and telecommunications cooperatives, is planning another major expansion in utility services: Pending regulatory approval, the Greenfield-based cooperative utility intends to offer water and sewer service to customers in unserved areas in its territory.

The co-op, formed in 2011 with the merger of the former Hancock Telecom and Central Indiana Power, has agreements in place to acquire two water/sewer utilities in areas already within and adjacent to its service territory. They are:

- Philadelphia Water Works, which currently does not serve customers but which holds assets needed to provide water and sewer services near Philadelphia on approximately 11 acres adjacent to Sugar Creek just north of U.S. 40. The acquisition also includes a commercial water well and various permits from the Indiana Utility Regulatory Commission and the Indiana Department of Environmental Management.
- Sugar Creek Utilities, which provides water and sewer service at Heartland Resort, 1613 W. County Road 300 North, and the 76 residences at nearby Riley Village subdivision. These facilities are capable of expansion to provide water and sewer services north of Interstate 70.

Financial terms between NineStar and the owners were not disclosed.

The acquisitions, says President and CEO Michael Burrow, will give NineStar a starting point in providing water and sewer services to areas that are currently unserved in Hancock County. They also represent a natural progression in the growth of utility services provided by the co-op, whose roots extend to an era when rural residents formed cooperatives to establish basic services – such as electricity and telephone – that otherwise were out of reach. Burrow said the availability of sanitary sewer and water infrastructure throughout the cooperative’s territory today is not unlike the sparse electric grid nearly a century ago.

“If you trace our cooperative history, the core founding principle of NineStar is the ability to have a community-based solution to provide critical utility services in areas that larger companies chose not to serve because of a lack of population density,” Burrow said. “So, it’s very much in that spirit that NineStar Connect is looking to offer water and sewer services in areas that are currently unserved.”

NineStar serves more than 15,500 households in Hancock and parts of Hamilton, Madison and Henry counties. In Hancock County alone, according to data compiled by NineStar engineers who have studied utility territory maps, two-thirds of the county’s land mass is not served by any public water and sewer utility.

That, say Burrow and Steve Vail, chairman of the NineStar board, is inhibiting development in Hancock County. Availability of a dependable water supply and sanitary sewers is essential to maximizing home values and attracting businesses that create jobs, so expanding water and sewer service into unserved areas – especially near major transportation corridors in the county – will encourage growth. And that will create a growing market for NineStar’s other services: providing electricity and telecommunications – including high-speed Internet enhanced by fiber-optic technology – to rural areas.

Noting that Hancock County’s population has increased by 37 percent in the past 25 years (to about 72,000 today), Burrow said development stands at a critical juncture. “Residential and business growth is going to happen and is inevitable no matter how badly some want to stop it,” he said. “So, the question is whether we want to have some influence over it and not settle for patchwork development brought by people who don’t live in our community. That doesn’t really help the local tax base and actually hurts our ability to attract quality growth from individuals and businesses who are drawn to communities that offer better amenities.”

Vail said NineStar wants to be a leader in paving the way for quality growth in the age of high-speed data and ever-advancing technology.

“Availability of water and sewer is the foundation to economic growth,” Vail said. “Combine that with fiber-optics, and we think that’s going to be a key to quality growth in some of our nonurban areas. We know growth is going to happen in Hancock County, and so how can we assist the management of that growth?”

The company, whose customers are co-op members who receive allocations of any profits NineStar earns (called “capital credits”), is well-positioned to make the move. Over the past five years, NineStar has invested more than \$50 million in electric and telecommunications infrastructure that has enabled its members and customers to receive real-time energy use data and the ability to save on their electric bills through time-of-use rates. The investment also brought Gigabit-Ethernet, which offers broadband speeds of up to 1,000 mbs. That is the fastest residential and business broadband available in the United States. At the same time, the company’s long-term debt has decreased by more than \$8.2 million, and it has returned more than \$2 million in capital credits to members. From the community perspective, the company has created 115 highly skilled positions that have an annual payroll of \$7.5 million and pays more than \$1 million annually in property taxes.

An exciting facet of the acquisitions is that NineStar eventually will begin to wed fiber-optic technology with the emerging field of “smart” water management. NineStar already has installed “smart” electric meters with all the electric customers it serves. The meters allow customers to better manage their consumption of electricity and reduces the cost of operating a rural electric utility by leveraging technology. Armed with the same technology, future water customers will be able to do the same thing.

The technology greatly benefits water conservation: According to the Center for Neighborhood Technology, an organization that advocates for using resources more responsibly and efficiently, nearly 6 billion gallons of expensive, treated water are lost every day. The culprit: Old, crumbling pipes are leaking 14 percent to 18 percent of the fresh water back into the ground. At the same time, the CNT notes, water rates are rising.

“Smart” management will work to reduce that waste by making sure future delivery networks are equipped with sensors and alarms to more specifically pinpoint problems.

Burrow said current members of the co-op will not be adversely impacted by the acquisitions. Because each utility service is required to stand on its own rates, fees for electricity and telecommunications services will not change due to adding these additional utility services. Water/sewer rates in areas being acquired by NineStar are not anticipated to change as a result of the acquisition. In fact, as co-op members, these customers will be eligible to share in any profits generated from providing water and sewer services through capital credits.

Administration of the new division will be based at NineStar’s Main Street office, with operations based at its campus on County Road 600 North. Jarrod Beeson, NineStar’s director of special projects, will oversee the transition and become NineStar’s director of water services upon regulatory approval.

NineStar has been considering an expansion into so-called “wet” utilities for over three years, and its board of directors in December unanimously approved proceeding with the expansion. The co-op has been expanding its high-speed fiber-optic network for years but had begun to notice that key areas it had targeted for growth were underserved by water and sewer providers, which in turn slowed the overall growth of the area.

“It really dates back to the merger,” Vail said of the progression in NineStar’s strategy. The merger of Hancock Telecom and Central Indiana Power created synergies that would not have otherwise been possible, Vail said. “We have just continued being forward-thinking as an organization, seeing opportunities to take the strength of our cooperative model and the strength of human capital we have here at NineStar Connect and looking for other opportunities to serve our members and customers and create value for the community at large.”

Attorneys for the cooperative will be filing paperwork with the Hancock County Water and Wastewater District for approval of a water and sewer territory in a currently unserved area in north central Hancock County. It anticipates the county to hear the petition in March, after which it will file its petition with the Indiana Utility Regulatory Commission for state approvals.

About NineStar Connect

NineStar Connect is a non-profit, community-based smart utility located in Hancock County, Ind. One of only two co-ops in the United States that combines electric power and communication services, NineStar Connect’s mission is to deliver the utility infrastructure needed to drive economic development and growth for rural communities. More information is available at www.ninestarconnect.com or contact David Spencer at 317.323.2131 or dspencer@ninestarconnect.com.