

Indiana Gas Hires Firm to Probe Rumors

INDIANAPOLIS (AP) — Indiana Gas Co. has hired a consulting firm to investigate rumors of improprieties in the utility's contract-awarding practices, officials say.

The rumors began several years ago and have intensified recently despite company attempts to strengthen internal control over bidding, said Lawrence A. Ferger, Indiana Gas's president and chief executive officer.

In a memo to the utility's 1,250 employees Thursday, Ferger wrote that the continuing allegations "are not healthy and certainly break down the spirit of teamwork which most of us are working hard to realize."

He urged employees to cooperate with a special investigation by Arthur Andersen & Co. of the utility's relationship with its outside

contractors. He also notified the company's contractors and suppliers of the action.

Two years ago Indiana Gas performed a similar internal audit — at the request of senior management — because of rumors regarding the utility's relationship with Roberts Pipeline Co. of Sulphur Springs.

Roberts Pipeline is hired by Indiana Gas and other utilities to do heavy pipeline work, including main extensions and laying gas pipelines into new subdivisions.

Officials said that audit revealed no improprieties.

In his memo, Ferger referred to an anonymous letter forwarded to him by The Indianapolis Star.

The unsigned letter once again alleged improprieties between Indiana Gas and Roberts Pipeline:

"With very little investigation you will find several smaller contractors, within the past two years, have been pushed out of areas and that work is now being done by Roberts Pipeline Company. These smaller contractors performed the very same work at lower prices."

The four-page letter detailed practices that the writer said have resulted in increased operating costs for Indiana Gas and higher bills for all ratepayers.

Shortly after receiving the letter from The Star, Indiana Gas conducted another internal investigation. The utility then responded to The Star in a three-page letter that pointed out numerous factual errors in the correspondence.

"While we don't know who sent this anonymous letter ... we did pull a contractor off of a job

midstream and replace him with a Roberts crew," said Julie A. Vincent of Indiana Gas. "The services of the initial contractor were terminated because of poor performance and violation of OSHA [Occupational Safety and Health Administration] regulations."

Vincent said Thursday that despite the company's investigations, the rumors had continued, prompting the company to hire the outside consultant.

She said interviews with some employees had started and would continue for several weeks.

Martin Shields, a New Castle attorney for Roberts Pipeline, said his client had no comment on the investigation.

Indiana Gas serves 350,000 customers in 47 counties.

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