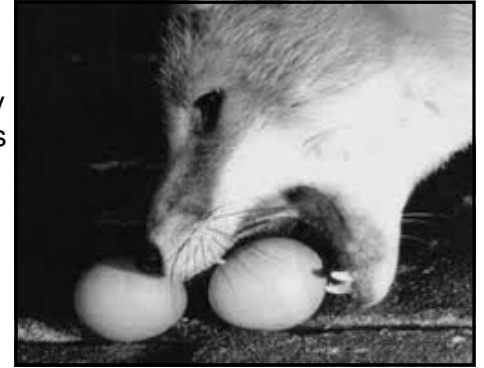


It's Time to Get the Fox Out of the Hen House!

The evidence is mounting that the interests of residential and small business ratepayers are not being adequately protected by the Indiana Utility Regulatory Commission (IURC). The IURC is charged by State law to equally balance the interests of **ALL** ratepayers with those of the utility. However, it is clear that the IURC is placing the profits of monopoly utility companies and the "cheap" rates for large industrial ratepayers over small businesses and homeowners having access to affordable energy.



The Solution is Simple: An Elected IURC

Problem #1: Utility Regulatory Commissioners are appointed and unaccountable to the public!

The IURC is comprised of five Commissioners and all of them are appointed by the Governor of Indiana. Indiana is one of only three states where the Regulatory Commission is appointed by the Governor with virtually **NO** oversight by either the public or the legislative branch. (The others are New Hampshire and Nevada.) All the other states either have an appointment process by which one or both legislative bodies confirms the nominated candidate, or the members of the utility regulatory commission are elected by voters.

Problem #2: There is a revolving door and an all too cozy relationship between the regulators (the IURC) and the regulated.

Under these circumstances it is impossible to have any faith that ratepayers are fairly represented. In fact, 4 of the 5 current Commissioners (including the Chairman) have personal or professional ties to the utility industry.

Examples of this all too cozy relationship include:

- ◆ James Atterholt, **current Chairman of the IURC**, was once a lobbyist for AT&T.
- ◆ Carolene Mays and Kari Evans-Bennett, **both current Commissioners**, have recused themselves from cases involving Vectren, one of Indiana's largest gas and electric utilities, due to their personal or professional relationships.
- ◆ Larry Landis, **a current Commissioner**, did consulting work for Indiana Bell (now AT&T) prior to joining the Commission.
- ◆ David Lott Hardy, a former PSI (now Duke Energy) attorney, served as Chairman of the IURC from 2005 until October of 2010, when he was terminated by the Governor for ethics violations.
- ◆ William D. McCarty, Chairman of the IURC from 1997-2005, left the IURC and became a lobbyist representing various utilities at the Indiana Statehouse.
- ◆ David W. Hadley, a former IURC Commissioner, was recently named Senior Vice President of Regulatory Affairs for Northern Indiana Public Service Company (NIPSCO).
- ◆ Scott Storms, former General Counsel and Chief Administrative Law Judge of the IURC, left the Commission on Friday September 24, 2010 and became an attorney for Duke Energy the following Monday.

Problem #3: Hoosiers spend more of their hard earned money on utility bills than we do on State income and State sales tax combined!

The IURC oversees approximately \$14 billion in combined revenue for the 182 regulated utilities in Indiana. That does not include the revenues from the 1,285 utilities that are not regulated by the IURC!

Hoosiers *elect* 157 officials to oversee the **\$13.6 billion** in taxes that we pay to fund the Indiana State budget, yet we entrust 5 *appointed* officials to oversee the **\$14 billion** or so that we pay in utility rates.



Problem #4: The IURC lacks the resources to adequately represent ratepayers.

The annual budget of the IURC is \$8.65 million. The IURC hears and rules on hundreds of cases every year. NIPSCO spent over \$6 million on fees for attorneys and expert witnesses in a recent electric case alone. *In just one case, NIPSCO spent almost as much as the IURC spends on all cases they hear in one year!*

Problem #5: Budget reversions add insult to injury.

Every year, the Governor of Indiana orders state agencies to revert a percentage of their annual budget back to the State general fund. These reversions are done under the guise of protecting taxpayers. The IURC follows this directive and reverts a portion of their budget, however there is a key difference.

The IURC is funded by the State Public Utility Fund. Utility companies pay a tax into this fund based on their annual revenues. This tax is collected by utility companies through the rates paid by ratepayers. In 2010, the IURC recently reverted \$311,067. *However, this money is given back to the utility companies, NOT to ratepayers OR taxpayers!* That money is supposed to be used to protect ratepayers by regulating utilities and should not go back to those who profit from less oversight!

Problem #6: The IURC is shifting costs to small business and residential ratepayers in an effort to protect utility profits and “cheap” electric rates for large industrial ratepayers.

Instead of reducing utility profits to protect **ALL** ratepayers, the IURC forces small businesses and residential ratepayers to **SUBSIDIZE** large industrial customers to protect the earnings of monopoly utility companies!

It's high time our elected officials recognize that ratepayers and taxpayers are the same people. Year after year, elected officials place taxpayers on a pedestal and throw ratepayers to the wolves. ENOUGH IS ENOUGH! Ratepayers deserve a voice! Ratepayer interests need to be protected!

Take Action Now!

Contact your State legislators!

- ◆ Urge them to author or sponsor legislation calling for an elected IURC.
- ◆ Urge them to remind the IURC Commissioners that it is their job to protect ALL ratepayers.
- ◆ Let them know that Hoosiers spend more money on utility bills than State taxes. Tell them that ratepayers deserve elected representation!
- ◆ Urge them to author or sponsor legislation requiring IURC reversions be returned to ratepayers.

To look up and/or e-mail your legislators, visit:
<http://district.iga.in.gov/DistrictLookup/>

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