2015 Annual Report

Citizens Action Coalition of Indiana
www.citact.org
www.cacefindiana.org

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**All of our members,
for their continued support**

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Mullett & Associates**

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Our Mission

To initiate, facilitate and coordinate citizen action directed to improving the quality of life of all inhabitants of the State of Indiana through principled advocacy of public policies to preserve democracy, conserve natural resources, protect the environment, and provide affordable access to essential human services.

Letter from the Executive Director

Kerwin Olson, Executive Director

2015 was indeed a busy and challenging year for CAC. But like 2014, despite the many challenges and frustrations that presented themselves, significant accomplishments were realized and major victories were achieved.

The year started with a full frontal assault on rooftop solar and ratepayer wallets at the Indiana General Assembly with the now infamous, but fortunately dead, HB1320. The bill as introduced would have effectively killed net metering as we know it, decimated the infantile solar market in Indiana, and embedded the utility high-cost, risk-shifting business as usual model in Indiana for decades into the future. Thanks to the efforts of CAC and our numerous allies, cooler heads prevailed and the bill was ultimately withdrawn.

As a result of HB1320, CAC engaged with our partners at Common Cause and Energy & Policy Institute in litigation regarding the Access to Public Records Act and its applicability to the Indiana General Assembly and the public's right to know about how and why public policy is considered. The Indiana House Republicans remain steadfast in their assertion that APRA does not apply to the legislature. Our law suit contesting that assertion is now before the Indiana Supreme Court. CAC's diligent work for comprehensive, cost-effective, equitable, and robust energy efficiency programs continues undeterred after the passage of Governor Pence's new energy efficiency law, which CAC unsuccessfully opposed. We remain committed to do all that we can as an organization to ensure that energy efficiency is the center piece of energy policy and utility planning now and into the future.

In perhaps our biggest win at the Commission in recent memory, CAC went rogue and successfully defeated the BlueIndy settlement between IPL, the City of Indianapolis, and the Office of Utility Consumer Counselor which would have condemned the captive ratepayers of IPL to assume all of the risk and subsidize an electric car share program owned and managed by a French Fortune 500 company.

In addition, we helped defeat Duke's request for nearly $2B in ratepayer money to fund among other things, unnecessary smart meters and other luxuries that do little to benefit ratepayers and played a role in assisting our allies and friends in Delaware and Madison county in putting an end to the preposterous Mounds Lake Reservoir proposal.

The year ahead promises much of the same as the vested business interests aggressively continue their assault on ratepayer's wallet, clean energy, our environment, and sound utility rate regulation. CAC will remain steadfast in our efforts to protect consumers, protect democracy and our environment, and preserve our natural resources, with an increased focus on ensuring all Hoosiers

have access to essential human services as our mission statement directs us to do.

My deepest gratitude goes to the dedicated and passionate CAC board and staff and all of our members, supporters, and volunteers whose commitment and generosity make our work possible.

Thank you from the bottom of my heart. Here's to 41 more years!

Kerwin

Reports from the Canvasses

Laura Sucec, Senior Canvass Director

Field Canvass
With the big changes to the field canvass pay structure that we made last year, this year has been our first glance at how well those pay changes would work out for us. The initial results have been promising, and we're hoping they will continue to get better with more time.

Creating a structure that allows us to pay our field canvassers a better wage has made it easier for high-quality people walking through our doors to take the job. This, in turn, has enabled us to work with sharper trainees who have the ability to understand the organization's campaigns and to learn the canvassing skills they need to succeed. We also began allowing a part-time option for the field canvassers, which has allowed us to keep more canvassers who would not still be with us otherwise.

The improvements have been slow and steady, but as the old adage has it, "Slow and steady wins the race," and the race is certainly not over yet! With a month still left in the year, the field canvass is very close to fundraising as much as we raised in all of 2014, so we definitely expect that we will exceed last year's field canvass fundraising.

Obviously the fundraising is important because it's what allows us to do the work we do. But just as important, if not more so, is the ability of our canvassers to communicate and connect with the people they're talking to across the state. This group of canvassers is by far the most passionate and well-spoken group I've had the pleasure of working with. They have a lot of heart, and they show it every day when they're out there talking to people in neighborhoods all over Indiana.
The field canvass suffered a bit of an unavoidable setback in the middle of this year. Our Field Manager, Kelly Hamman, became our Phone Canvass Director. While this was an unavoidable situation and a huge benefit to the phone canvass, it took the field canvass some time to bounce back when Kelly's leadership was removed from the day-to-day operations of the field canvass. However, we were fortunate that Jason Weidner was able and willing to step up and become our Field Manager.

One of the most exciting things that happened for our field canvass this year was that the organization purchased a new Suburban for them! By "new," we mean that it's a 2010, but that's still new compared to the 1994 and 1999 Suburbans they had been driving around all over the state. Many thanks to our Board of Directors and to our Executive Director, Kerwin Olson, for

making that possible! Our field canvassers greatly appreciate it!

With the excellent core group of canvassers that we have, I cannot wait to see what additions we are able to make and what our canvass will look like in another six months!

Phone Canvass

This has been a year of transition for our phone canvass. Around the middle of the year, our Phone Canvass Director, Corey Jefferson, left to move his family to Chicago and pursue his comedy career. Kelly Hamman, our former Field Manager, stepped up to fill his shoes. She had a whirlwind 4-week training period, and then she was off and running!

Kelly has been doing a fantastic job of bringing a lot of fresh energy to the phone canvass. We've seen from experience that it's a huge benefit to bring somebody from the field canvass into the phone canvass. Kelly has brought her field canvassing experience with her to provide a new perspective for our phone canvassers.

In addition to a change in leadership for the phone canvass, this has also been a year where we have seen a lot of turnover in the phone canvass staff. We still have our fabulous crew of seasoned and experience crew managers, and they've been put to the task of training all of the new phone canvassers that we've been hiring this year as our older canvassers have left for one reason or another. We are so thankful for the leadership and knowledge of our crew managers. They have been a huge help to Kelly as she's gone through the process of learning all the particulars of the phone canvass, and they've been critical to our ability to train and retain the new phone canvassers that Kelly has been hiring this year.

One of the biggest challenges that the phone canvass has faced this year has been that of mood management. Anybody who has ever canvassed understands that it is critical for canvassers to maintain a positive attitude so that they are in the right frame of mind to talk to the next person who answers the phone or the door. Attitudes have a way of building on themselves; positive attitudes generate more positivity, and the same is true of negative attitudes. When a negative attitude catches on, it can be a difficult cycle to break and turn around. That has been one of the biggest challenges for the phone canvass this year, but we're pleased to say that under Kelly's leadership, the phone canvass is finally breaking out of the negativity and bringing a more productive, positive energy into the canvass bay!

The positive energy has also translated to more success with our phone canvass fundraising. The annual fundraising projections for the phone canvass were set slightly higher than the last year's phone canvass fundraising totals, and we're excited to report that after a rocky start this year, the phone canvass has bounced back and looks like we will come through to meet this year's fundraising projections!

Bryce Gustafson, Field Canvass Director

2015 has been a solid, consistent year for the field canvass. Despite the loss of our excellent Field Manager Kelly Hamman in May, the vast changes we have implemented have shown to be the key to our stabilization this year. Through tremendous hard work and dedication, we have continued to hum along, grow, and gain more leadership in our staff. The week after Kelly was promoted to Phone Canvass Director, the Field Manager torch was passed to Jason Weidner, who did a great job filling the void left after her departure, and has become a strong leader for the canvass. He is now

heading a stable crew along with our long time Trainer Anne Freeman, and newly promoted part time Trainer, Hayley Wolf. David Collier came back to us this year and has picked up right where he left off, being our most consistent canvasser and fundraiser on staff. Sherry Moore also came back to CAC, and has been doing a good job as a part time canvasser. Brandy Dickerson and Julie McDaniels round out the staff as relatively new canvassers, and both are doing a fine job in their training. With this solid core of seasoned canvassers intact going into the winter, I have no doubt that we will continue to grow and become stronger in 2016.

Kelly Hamman, Phone Canvass Director

As consumer advocates, we frequently find ourselves pitted against monopoly corporations with deep pockets, highly motivated to pursue maximum profits from the backs of hardworking Hoosiers. Our organizers, Executive Director, and Counsel directly interact with these entities, and deserve significant thanks for their challenging and important work. By contrast, as the Phone Canvass, we are lucky to be tasked with the mission of engaging our members – a diverse group of concerned citizens motivated to keep Indiana moving forward. A big thank you to our many members (we sincerely appreciate your continued support!) as well as to the Field Canvass for providing a consistent flow of new folks to educate and engage.

Our Phone Canvass has experienced a lot of change in 2015, and we are working hard to efficiently embrace this period of transition. Halfway through the year, I left the field canvass to direct the phones, as the former canvass director left to pursue a new career in Chicago. I have a huge amount of respect and great appreciation for the four awesome Crew Managers I am lucky enough to have supporting me and the canvass throughout this process. Their wisdom and motivation is vital to the continuing progress of our canvass. Although our crew has changed dramatically since June, we have a great group of new canvassers I fiercely believe have bright futures here at CAC. Several senior canvassers also provide support, encouragement, and guidance for the newer additions to our team. As a former field canvasser, I'm used to walking around neighborhoods across the state alone or with a very small group. One of the most amazing changes I've experienced as a phone canvass director is the ability to observe our whole crew working together in the same room. Full disclosure, I'm pretty sappy, but I find it totally inspiring to sit in the canvass bay and listen to the whole crew work so hard to educate and organize our members. If anyone is ever in need of a pick me up, feel welcome to stop by!

We are working to adapt the training process to meet the diverse needs facing each of our canvassers individually, while striving to foster an inspiring and motivated dynamic throughout the crew as a whole. Our fundraising totals increased throughout the late summer and early fall, a testament to the hard work of the crew and crew managers. As we work to grow our canvass, our success will be defined by the retention of our crew. So far, we have retained 7 out of the 8 folks we've hired this year. We hope to hire several more canvassers in the near future. With plenty of persistence, we will be a force to be reckoned with in 2016!

When we got a new database just over a year ago, we were afforded the ability to write ongoing contributions, which currently help to supplement our fundraising totals. We look forward to the continued growth of ongoing contributions, and are working to properly adapt to this new method of fundraising. A big thank you to Laura and Becky for helping to coordinate our new database – we would be totally lost without their hard work. Laura is a canvassing guru, and her advice and support has been incredibly helpful throughout our numerous transitions this year.

Here's to an empowering and effective 2016!

Financial Outlook

Mark Bailey, Financial Director

Financial Outlook general

I had hoped that with my semi-retirement that CAC finances would stabilize at some happy medium and I could check in on occasion just to see that thing were ticking right along. Yeah, RIGHT! It's been another bumpy year of course. The only constant is scrambling to keep the doors open, the lights & phones on and the Suburbans running! With the infusion of additional cash from the Endowment Fund we may squeak out the end of the year barely in the black. Kerwin & I are always fishing under the couch cushions so to speak looking for additional fund I squirrel away to get us through the Holidays! Bah Humbug! I'm always happy to see midnight December 31st. The close of another fiscal year!

Field & Phone Canvass

The Indianapolis door canvass will raise about $175,000 for the year which is what we projected. We were also able to finally purchase a "new" 2010 Suburban through the good will of the Endowment. I'm not going to thank Wall St. but I will thank Larry Pitts for his management of the Endowment Funds portfolio! I'll let Bryce's report speak to the Door canvass ups & downs this year. I do know that he lost his senior field manager as she became the new Phone canvass director.

That leads me to the Phone canvass which should raise about $225,000 for the year, which is what we projected they'd raise. I'm not exactly sure what both canvasses meeting their projections means but I hope it bodes well for 2016!!! As I mentioned Kelly Hamman stepped in to run the Phones with Corey's departure to pursue his comedic dreams in Chicago. It appears that the change went pretty seamlessly from my prospective. I live 50 miles away so what do I know? I do know she hasn't screwed up the payroll which is my prime directive! The data base hasn't crashed either so we're batting 1000. Whatever that means?

Foundation Grants

CAC's involvement with grant servicing is primarily to provide staffing. The grants themselves are generated by proposals made through the Education Fund. Grant making organizations rarely give money to 501(c)(4) like CAC because of our political activities. The Education Funds 501(c) (3) status provides grantors the protection of not jeopardizing their tax status. There were 3 primary grantors this year. The Energy Foundation once again authorized funding for CAC's work as did The Civil Society Institute. The Education Fund has continued to receive a grant for the Downstream Project to continue working to oppose factory farming. Additionally, the Education Fund continues to act as the fiscal agent for the Heart of the River project. They are a small citizens group opposing the construction of a dam outside of Anderson. We did both door and phone canvass in their behalf as well. Kerwin can update you on their specific activities.

CAC Endowment Fund

This has been another solid year for the Endowment. Larry Pitts, did I mention what a great job he's done over the years, our fund manager at Trust Investment Advisors has continued to generate strong returns again this year. It started the year with $1,190,476 and as of October the fund had just shy of $1 million at $996,496. I should remind you that Wall St. has been all over the financial map this year. The Endowment portfolio is currently down about $80,000 technically but the reality is that CAC bought a vehicle outright at around $30,000 and will take distributions of over $150,000 this year. The Endowment has been a life saver! As I stated last year I can't leave this section

without reminding you that the stock market is near an all-time high and that "past performance is no indicator of future results".

Technology Update

Lisa Smith, IT Manager

As always, things go on behind the scenes at CAC that are rather technical and potentially boring, but have a lot of impact upon what we do. That's especially true whenever an IT manager gets to tell people about what she's doing, but this update is actually a bit exciting, at least!

Our new(ish) website has been a big hit, putting information easily within reach of members and anyone curious about what we do. We recently decided to make access to specific information about specific utilities a little easier to find with our "Issues by Utility" section, since so much of our work is directly dealing with the five investor-owned utilities.

But technology moves quickly and with the increasing use of smart phones to access the web, we realized that a mobile version of the website was a necessity. While our site displays fairly well on smart phones, it's just a smaller version of the main site. With a mobile version, sections are shaped and sized for even easier access and readability specifically for small screens.

We are also thinking about how to update the site in other ways. One of our goals is to integrate more social media, making it easier for people to read and then share the stories and information we post. Having a website and social media that work to reinforce access to both is always a smart tactic for keeping people engaged. With the great work that Lindsay Shipps has been doing with our social media, now is really the time to sync these two and build up our readership even further.

We've already begun talks with our web designer about these updates, so we are excited to move forward as soon as possible.

Database Update

Laura Sucec, Senior Canvass Director

This year has been a year of fine-tuning our processes with our new database that is now about a year and a half old. The transition from the old database to the new one was remarkably smooth, considering how dire the situation was with our old database. It has taken a long time for our phone canvassers to get used to the new look of the information from the database that they use to call our members, but we're finally at a point where they are now comfortable with the information they get and their understanding of it.

One of the biggest changes our new database allowed us to make is to create "ongoing" sustainers (monthly, quarterly, and semiannual contributions) for our members. We used to only run sustainers for one year, and then we would have to call our members back again before continuing with their contributions. However, we found over the years that many of our members, who would happily continue to contribute to our work, can be very difficult to reach. With the ability that the "ongoing" contributions give us, our members are now able to continue supporting our work

without interruption, regardless of whether we are able to reach them over the phone or not. Of course this is only done with the member's permission, and of course we still make every effort to reach out and discuss our campaigns with those members.

Since we began setting up many of these ongoing contributions a year ago, it is now time to call these members back. Because the ongoing contributions are a new way of doing things, this has presented a whole new challenge in terms of our processes and how we handle these contributions. After a few months of calling our ongoing contributors back after initially setting up their contributions a year (or so) ago, we have finally ironed out most of the wrinkles and created a process that will work well going forward.

The next big change that we would like to begin implementing with our new database is the ability to email receipts to our members. It may take a while to begin doing this, however, because it will require a lot of time and energy to make it happen. Having the ability to e-mail receipts to members would be a huge cost-saver for the organization. Not only would we save a significant amount on postage, it would eliminate the need to use so much paper, which is also the environmentally responsible thing to do!

Proceedings before the Indiana Utility Regulatory Commission

Jennifer Washburn, Counsel

COMMISSION-LEVEL CASES

44310 (Demand Side Management Self-Direct Investigation for Certain Industrial Customers) (closed)

This docket, which was initiated on 2/27/13, was being held in abeyance pending the outcome of 44441, which concluded in the Fall of 2014. Self-direct of demand side management for large electric customers is a different mechanism or policy than Opt Out of demand side management in that the large or "industrial" customers would have many more requirements and would still contribute to the overhead costs of the programs. We believed that we were going to win this case to implement a Self Direct program as opposed to an Opt Out mechanism, which is why we believe the utilities and industrials pushed for Senate Enrolled Act 340 in the 2014 legislative session. Unfortunately, the Commission just closed the case on May 20, 2015 and found that any further consideration of a structured self-direct DSM program for large customers should occur when an electricity supplier submits its plan for Commission approval. We have taken this direction from the Commission seriously and included this order in all of the DSM cases presented in 2015 and will continue to do so in 2016.

44526 (Duke Transmission Distribution and Storage System Improvements) (closed)

Duke requested $1.89 billion in upgrades to its grid system. Duke's proposal was the largest put forward to date under Indiana's Senate Enrolled Act 560, a 2013 law that authorizes quick utility recovery of costs for qualifying energy transmission, distribution and storage system projects. Whereas utilities typically cannot begin billing customers for large projects until the projects go into service, the Indiana law allows utilities to collect 80 percent of project costs through a

customer bill "tracker" while the projects are under construction. The remainder of project costs must be recovered through a rate case.

On May 8, 2015, the Commission ruled on the side of the Consumer Parties, including CAC, and denied Duke's request for approval of its $1.89 billion TDSIC plan. This includes the Commission denying Duke's proposal to include the mandatory installation of "smart" meters in homes and businesses at a cost of $177 million. Duke has notified us that they will be filing their new, revised TDSIC case in mid-December 2015. We anticipate that the mandatory installation of smart meters will be a part of the filing again.

44393 (NIPSCO FiT 2.0) (closed)
CAC reached a settlement with the other parties, including NIPSCO, for the extension of NIPSCO's feed-in-tariff program. The Order was issued on March 4, 2015 approving the settlement.

44478 (IPL, City of Indianapolis Electric Vehicle Program) (closed)
IPL requested $16 million for Indianapolis' privately-owned electric car share program, BlueIndy. IPL strangely stated in its preamble to the Verified Petition that this request was done at "the request of Mayor Gregory A. Ballard and the City of Indianapolis." The Indiana Office of Utility Consumer Counselor fiercely opposed this first-of-its-kind request, but suddenly changed its mind and entered into a settlement with IPL and the City of Indianapolis. CAC was not approached until minutes before the settlement was filed. The settlement did little to protect ratepayers and included terms such as IPL can still get a return on equity on carrying charges at 10.2%, BlueIndy shall provide IPL customers who sign up for an annual membership within the first 6 months for 2 months of free membership, the City shall make reasonable efforts to apply for grant funding, etc. The settlement hearing was in early October. The Commission issued the Final Order on February 11, 2015. CAC won on almost all issues. IPL asked for $16 million for the installation of the 200 charging stations and kiosks around the city, but the Commission modified the settlement, denying $12.3 million of the proposal and allowing only $3 million in distribution system upgrades. The Project still went forward without the entire requested ratepayer funding, but has been a matter of great contention between the Mayor and the City-County Council.

44511 (I&M Solar) (closed)
I&M requested approval of its plans to build and operate five solar generation facilities totaling approximately 16 megawatts for $38 million, called the Clean Energy Solar Pilot Project. I&M requested either for declination of jurisdiction or issuance of a Certificate of Public Convenience and Necessity ("CPCN"). This was most likely because I&M did not have a "need" for additional generation, so the CPCN could be denied; thus, it also included the possibility of the Commission declining jurisdiction over this project, which is what the Commission did when it approved it. I&M also asked to recover the cost of the facilities through a Solar Power Rider and to use the voluntary Green Power Rider so that customers could voluntarily buy down the cost of solar for others. I&M received its approval on February 4, 2015.

44523 (I&M Rockport SCR) (closed)
I&M sought a certificate of public convenience and necessity to construct, install, and operate an environmental compliance project at Rockport Unit 1. I&M proposed to install an air pollution control system to comply with a Consent Decree executed with the Department of Justice, the U.S. Environmental Protection Agency, and other parties. I&M estimated that the project will cost approximately $234 million (excluding allowance for funds used during construction). We did not end up doing anything in this case after weighing our litigation risk.

44542/44543 (I&M TDSIC) (closed)
Because the monetary ask was so little in comparison to Duke's TDSIC request and because of other priorities, we did not do anything in this case. Their request was $787 million. The Commission ended up denying this plan, because of the Court of Appeals' decision that overturned the NIPSCO TDSIC Commission decision shortly before the issuance of this order.

44576 (IPL Base Rate Case) consolidated with 44602 (IPL underground investigation) (pending)
CAC counsel represented CAC, the Indiana Association for Community Economic Development (IACED), the Indiana Coalition for Human Services (ICHS), the Indiana Community Action Association (INCAA), the National Association for the Advancement of Colored People—Indiana State Conference (NAACP), and the National Association of Social Workers Indiana Chapter (NASW). John Howat with the National Consumer Law Center (NCLC) and Derek Thomas with the Indiana Institute for Working Families, a program of INCAA, filed testimony on our behalf. Derek left INCAA in September, but luckily Jessica Frasier at INCAA was willing to step in and adopt Derek's testimony. Our conclusions and recommendations were:

- Review of data revealed that, relative to non-low-income general residential customers, low-income customers in the IPL service territory experience severe bill payment difficulties and struggle to retain access to service. During peak arrearage months in 2014, over half of IPL's energy assistance customers carried an arrearage of at least 60 days. The average 60 day balance among all IPL EA customers was nearly $50, and over half received disconnection notices. Over 5% of confirmed low-income households were disconnected and lost essential service in April of 2014, a rate nearly five times higher than general residential customers.

- Mr. Thomas' analysis shows that approximately 2.3 million Indiana residents lack economic self-sufficiency. In addition, low-income bill payment challenges are partially explained through examination of federal poverty guidelines and residential customer expenditure data provided by IPL in its FERC Form 1 filings. Review of these data sets demonstrates that low-income households carry heavy home electricity burdens, much higher than those households with more stable, higher income.

- Mr. Howat recommended that the Commission direct IPL to develop and make available a low-income rate that reduces low income LIHEAP-eligible customers' payments to a more affordable level by discounting total bills by 25%. In conjunction with a low-income rate. Mr. Howat also recommended that IPL implement an arrearage management program that provides LIHEAP-eligible customers who carry an overdue balance with a reasonable opportunity to have those balances written down over time through timely payments on more affordable current bills. Mr. Howat further recommended that a new bill payment assistance program's administrative functions related to intake, income certification and outreach be handled by the local Community Action Agencies that currently perform those functions in the implementation of LIHEAP. Local Community Action Agencies should also receive sufficient funding to perform such functions. He recommended that the Commission approve a charge of $0.00077 per kWh in addition to charges otherwise approved in this proceeding to fund low-income payment program costs to fund a $10.6M program.

- Mr. Howat also recommended that the Commission direct the Company to, within six months of the Final Order in this proceeding, prepare, file with the Commission, and make available

to the public monthly, in readily accessible spreadsheet format, data points related to disconnections, arrearages, collections, etc. Currently, this information is not required to be provided by utilities in Indiana.

- Analysis of the U.S. Energy Information Administration's Residential Energy Consumption Survey data revealed that low-income, African-American and elder households use less electricity than their counterparts, and are therefore disproportionately harmed by shifting utility cost recovery from volumetric to monthly customer charges. IPL's bill impact analysis confirmed that low-usage customers would experience greater percentage of bill increases were the proposed rate design to be approved. In light of evidence presented in this testimony regarding low-income payment difficulties and home energy insecurity, and further evidence pointing to relatively low usage among low-income, African-American and elder customers, Mr. Howat recommended that the Commission reject the IPL proposals to increase customer charges and continue reliance on declining block rate structures.

This case has been fully briefed, and we expect a Commission order no later than March 28, 2016, because of the timeline requirements within Senate Enrolled Act 560.

44688 (NIPSCO Base Rate Case)
NIPSCO is requesting an 81.8% increase in the fixed customer charge ($11 to $20/month) and an overall bill increase of over 11% for residential customers. NIPSCO is also openly discussing their intent to "gradually" move to a straight-fixed variable rate design, which would result in a monthly fixed customer charge in excess of $80 for all residential customers. Additionally, NIPSCO is the first Indiana utility to raise the issue of the so-called subsidy that is provided to residential customers who choose to generate their own energy with distributed generation resources. NIPSCO's request is one of several key precedential test cases in the Midwest and the nation involving utility efforts to dramatically raise fixed customer charges in a way that harms lower usage and low-income customers and is a powerful economic disincentive to consumers' investments in energy efficiency, solar PV, and other forms of customer self-generation. NIPSCO is also voluntarily proposing a modest low-income rate assistance plan, i.e. a one-time and very small credit to a single electric bill. However, their proposed plan does nothing to address the issue of monthly bill affordability and, moreover, lacks a mechanism in which to write-down arrearages to assist low-income customers in staying connected, which is a critical component to any low-income rate assistance plan.

NIPSCO Electric Base Rates Comparison for Average Customer using 698 KWH of Electricity/Month				
	Current Bill		Proposed Bill	
	Charges & Rates	Total Bill	Charges & Rates	Total Bill
Monthly Charge	$11.00	$11.00	$20.00	$20.00
Per kWh Rate	$0.098	$68.29	$0.109	$76.08
Low Income Program	$0.00	$0.00	$0.20	$0.20
	Total	$79.29	Total	$96.28

The procedural schedule for this case is governed by Indiana Code § 8-1-2-42.7(b) and IURC General Administrative Order 2013-5, which provides for interim rates unless the Commission

issues an order setting rates within 300 days from the filing of a complete case in chief for a utility rate case. NIPSCO filed its complete case in chief on October 1, 2015, and intervenors' case in chief will be due on January 22, 2016, with a hearing the week of February 29, 2016.

CAC's objectives are to mitigate the financial impact of NIPSCO's requested increase in rates on residential ratepayers and argue against NIPSCO's stated intent of moving to a straight fixed variable rate design, using Mr. John Howat with the National Consumer Law Center again. Additionally, CAC will make recommendations to improve NIPSCO's proposed low-income plan to make it meaningful and more robust to ensure the affordability of electric service for all NIPSCO customers.

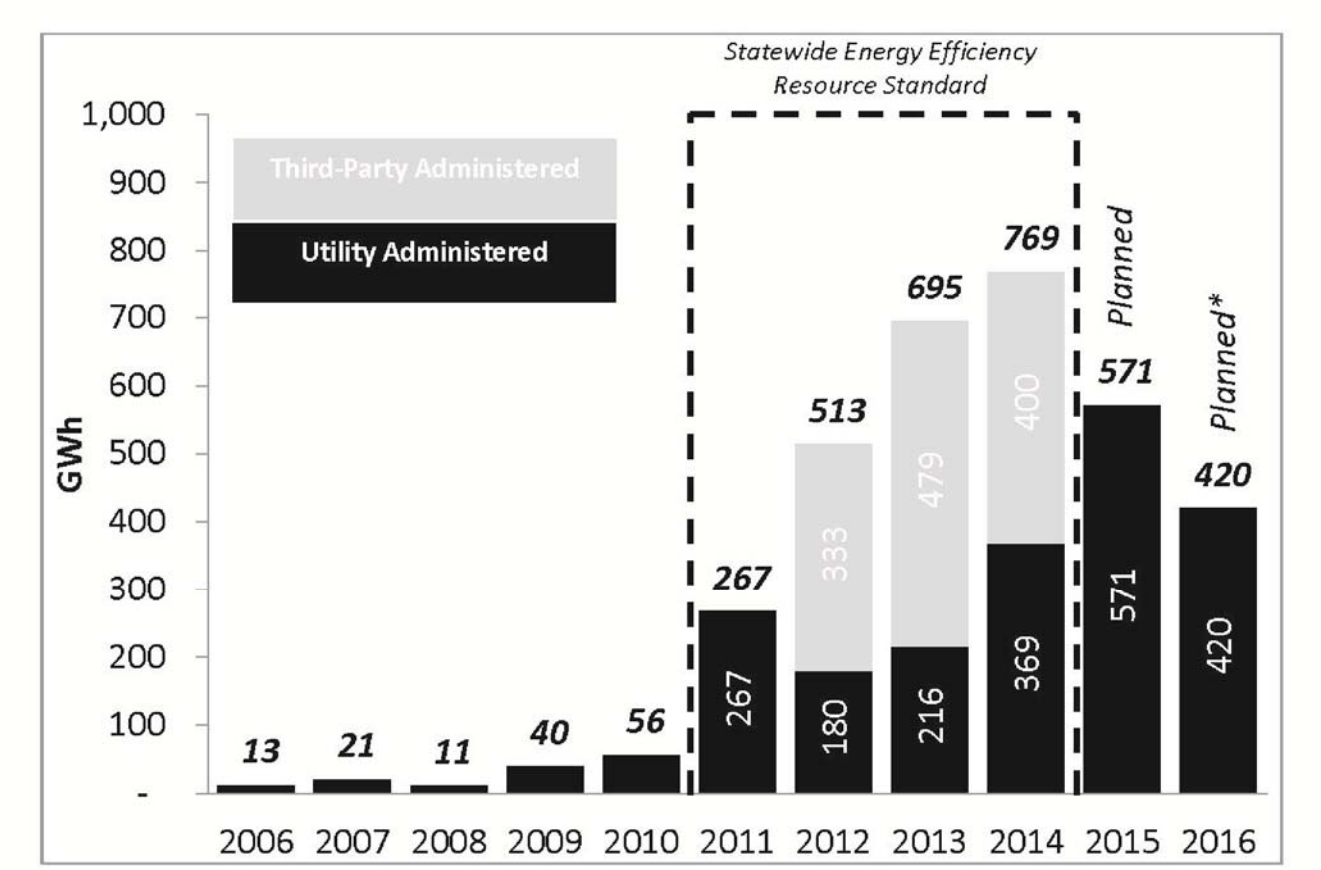
43955 DSM 3 (Duke 2016-2018 DSM Plan); 44634 (NIPSCO 2016-2018 DSM Plan); 44645 (Vectren 2016-2017 DSM Plan); 43827 DSM 5 (I&M 2016 DSM Plan) (all pending)
These DSM filings are particularly important as they are the first filings under Indiana's Senate Enrolled Act ("SEA") 412 which was enacted in the Spring of 2015. We used Ms. Natalie Mims of Mims Consulting LLC as our testifying expert and Ms. Anna Sommer of Sommer Energy LLC as a consulting witness. The new law, codified at Ind. Code 8-1-8.5-10, only left us the option to request that the DSM plans be rejected as unreasonable by the Commission. We asked the Commission to continue to reject the plans until all of CAC's recommendations are incorporated into the various DSM plans. The major issues were the inflated cost of the plans because of the exorbitant lost revenues requests and the improper way in which the utilities came up with their own energy efficiency goals, among other things.

In order to provide an incentive to utilities to invest in energy efficiency, the award of lost revenues provides utilities with revenues for sales they presumptively lost due to successful energy efficiency programs. In addition, utilities are also permitted to recover from ratepayers the cost of the programs, as well as earn a performance incentive for shareholders, if the programs perform well. In Indiana, lost revenue totals and calculations are left mostly unchecked and without limits, reaching exorbitant levels that dwarf the amount spent on the actual program delivery and artificially inflating the cost of energy efficiency programs. For example, NIPSCO's 2016-2018 DSM Program Filing requests:

	Residential	C&I	Total
Program Budget	$19,623,165	$26,235,075	$45,858,240
Lost Revenues	$29,285,624	$43,473,722	$72,759,346
Performance Incentives	$1,691,027	$3,577,510	$5,268,537
Total Projected Expenditures	$50,599,816	$73,286,306	$123,886,122

Recently passed Senate Enrolled Act 412 does not explicitly address this inflated lost revenues collection, but it does leave open opportunities to address it as SEA 412 defines what is "cost-effective" and what is "reasonable." We requested that the plans be rejected as unreasonable until the utilities cap and lower their requests for lost revenues.

With regard to CAC's second major issue, Senate Enrolled Act 412 (2015) provided us with an opportunity to require greater savings than what was "required" by SEA 340 (2014). Since the elimination of the savings goal with SEA 340 that was established in the Commission's Phase II Order in Cause No. 42693, utilities have already drastically cut energy efficiency investments in 2015, as the following graph[1] shows:



But when SEA 412 (2015) was signed into law, it was supposed to replace the DSM savings goal that was eliminated by SEA 340 (2014). SEA 412 defines "energy efficiency goals" as:

> *"all energy efficiency produced by cost effective plans that are: (1) reasonably achievable; (2) consistent with an electricity supplier's integrated resource plan; and (3) designed to achieve an optimal balance of energy resources in an electricity supplier's service territory."*

We argued that when the utilities are manipulating their modeling tools which select resources for planning purposes, conveniently called optimizer tools, then they are not allowing the optimal balance of energy resources to be achieved. For example, NIPSCO hand-selected resources in its IRP modeling rather than letting its optimization model do so. As such, it is not only probable but likely

[1] *Phase II Order in Cause 42693 established the EE standard. It was overturned by SEA340 and the mandate ended Dec 31, 2014.
*Savings through 2014 are actual savings
*2014 Actual Savings were significantly below planned amounts (total 995), primarily due to underperformance of the Energizing Indiana Core programs especially in Duke service territory. Core Plus (utility administered) programs were also under their planned targets in aggregates, though actual performance varied by utility
*At the time this graph was made, there had been no plan filed for Indiana & Michigan Power for 2016+ to date. If I&M's plan has performance approximately equal to their plan for 2015, that would add an additional ~150 GWh, bringing 2016 even with 2015.

that there are other resource portfolios that would result in lower cost plans that have not yet even been identified by NIPSCO. Hand-selecting resources in an IRP cannot reasonably be construed as optimization; therefore, we said that NIPSCO cannot demonstrate that its plan is designed to achieve an optimal balance of energy resources.

43114 IGCC 4S3 (Eport Fees Docket) (pending)
This case was opened at our request to allow CAC and our co-intervenors an opportunity to recover fees and expenses based on the fact that we provided consumers with a $30+ million credit/refund in 43114 IGCC-4S1 when the Commission agreed with one of our arguments. We reached a settlement in this Fees Docket with the Office of Utility Consumer Counsel, Nucor, and the Duke Energy Indiana Industrial Group, which was filed on June 10, 2015. Now, we are just waiting for an order from the Commission. Outside of this regulatory proceeding, we still need to work out agreements between CAC and the other organizations and the organizations and all of the attorneys.

Consolidated Edwardsport Dockets 43114 IGCC-11/12/13/14/15 and 38707 FAC-99 (Settlement Investigation) (pending)
This docket was created in order to examine the settlement reached by the Indiana Office of Utility Consumer Counselor, Nucor Steel, DEI Industrial Group, and Duke Energy Indiana in September 2015. The agreement purports to resolve 5 IGCC rider proceedings (spanning 2.5 years) through March 2015 and related FAC issues; calls for an $85 million reduction in previously incurred O&M expenses; calls for a $5 million shareholder funded commitment for attorney fees, trusts, and programs to the OUCC, IG, and Nucor; caps recovery of operating expenses for 2016 and 2017; caps recovery of maintenance capital for 2016 and 2017; requires that settling parties not challenge plant operations through December 2017, so long as the plant's performance levels are not substantially different than the 12 months of operations ending August 2015; allows Duke to use the accounting in-service date that it requested which is June 7, 2013; changes the filing of rider proceedings from once every 6 months to once every year; says that operating expenses incurred to date that have not been collected as adjusted for the $85 million will be collected over 8 years, rather than 3 years; provides that rates will increase approximately2.2% for total retail as it just relates to Edwardsport to cover the remaining plant's non-capital operating expenses that have not been in rates to date which would most likely take effect in mid-2016. The other parties have reached out to Joint Intervenors (CAC, Save the Valley, Sierra Club, and Valley Watch) to discuss the possibility of settlement with us. We are currently engaged in negotiations with the Company and other parties. If no settlement is reached with Joint Intervenors, a hearing will occur in April 2016. If a settlement is reached with Joint Intervenors, a hearing will be conducted in January 2016.

COMMISSION RULEMAKING

IRP/DSM Rulemaking (IURC Rulemaking # 15-06)
Citizens Action Coalition of Indiana, Indiana Distributed Energy Alliance, the Indiana State Conference of the National Association for the Advancement of Colored People, Sierra Club, and Valley Watch submitted initial comments and edits to 170 IAC 4-7 et seq. and 170 IAC 4-8 et seq. prior to the Commission releasing a proposed Strawman rule. We also submitted comments and edits to the Commission's recently released proposed Strawman rule. Our main goals were increased transparency, stakeholder engagement, and creating a baseline for all of the electric utilities' filing of IRPs and DSM plans.

We noted that there were several definitions that are critical to the success of demand-side management in Indiana in the IRP rule. First, we suggested that the definitions of the cost-benefit tests and the definition of program cost be completely removed from the IRP rule, and placed only in the DSM rule. We explained that cost-benefit tests for DSM should not be used to screen DSM in an IRP. They are intended to evaluate DSM at the stage of program design, not for resource selection purposes. Removing this requirement and definition from the IRP rule will promote the consistent treatment of DSM and supply-side resources in an IRP since these tests apply only to DSM. In addition, because the costs of energy efficiency are not known with specificity until the programs are designed, there is a good chance that the results of the benefit-cost tests will not be consistent with the results of the same tests in the DSM plan. Further, if these test results are intended to screen out non-cost-effective measures prior to their inclusion in the IRP model, then the utility will have to use an avoided cost trajectory that may be entirely inconsistent with the avoided costs it develops through IRP modeling. Running the DSM cost-effectiveness tests has significant value in the DSM planning process, but not in the IRP.

We also noted how the legislature through Senate Enrolled Act 412 elevated the IRP to a new level of importance. It's now one of the pieces of information against which utility DSM plans will be evaluated going forward. Given the IRP's new importance, it is essential that the non-utility stakeholders, including the IURC, be able to thoroughly evaluate the IRP and its assumptions. Representations of an IRP by a utility can be entirely inconsistent with the IRP itself. For example, one utility could be adamant that it never forced resources into its plan, yet its modeling files reveal that it had forced in all resources. Another utility could describe its modeling as allowing a choice of additional energy efficiency and yet its modeling files showed that no additional energy efficiency was made available to the model. As it stands now, the only way non-utility stakeholders will be assured an opportunity to review the IRP in its entirety is through a docketed proceeding in which discovery can be filed about the IRP. That is, a proceeding that would likely occur after the IRP has been closed, comments have been filed, and the Director's report issued. Requiring the inclusion of the information in a "technical appendix," even if subject to a non-disclosure agreement, will afford the parties the opportunity to make in-depth investigations into the IRP. It will also bring more transparency to the IRP modeling which is an essential ingredient in being able to judge its reasonableness.

COURT OF APPEALS

44370/44371 (NIPSCO's Electric Transmission Distribution and Storage System Improvements) (REMANDED; pending)

NIPSCO received approval of about $1.07 billion in capital improvement projects, including $314.2 million in transmission projects, $544.5 million in distribution projects, and $214 million in overhead and economic development. Under Indiana's Act 560, the 2013 law authorized quick utility recovery of costs for qualifying energy transmission, distribution and storage system projects. Whereas utilities typically cannot begin billing customers for large projects until the projects go into service, the Indiana law allows utilities to collect 80 percent of project costs through a customer bill "tracker" while the projects are under construction. The remainder of project costs must be recovered through a rate case. Projects throughout NIPSCO's electric service territory included new transmission and distribution lines, new substations, upgrades to existing lines and substations, and replacement of aging infrastructure (such as poles, transformers, etc.). Construction was to start in 2014 with a proposed electric rate increase of approximately 0.4 percent in 2015. The annual rate increase amounts were projected to grow over the course of the

plan, reaching 1.7 percent in 2020. The average annual percentage increase over the 7-year term was 0.9 percent. NIPSCO received approval in February 2014. However, the Office of Utility Consumer Counselor, US Steel, and NIPSCO Industrial Group appealed the IURC's approval, arguing that certain features of NIPSCO's cost-recovery system allow the utility to over-collect. We did not join the OUCC, US Steel, and Industrial Group in their appeal, but they won! The Court of Appeals found on April 8, 2015 that the Commission erred by approving the 7-year plan given its lack of detail regarding all of the years. In addition, the order established a presumption of eligibility regarding the undefined projects, and there does not appear to be any statutory support for establishing such a presumption. This Court of Appeals decision helped parties achieve denial of the Duke TDSIC plan (44526) and the I&M TDSIC plan (44542/44543). This got even more interesting when the NIPSCO case got remanded back to the Commission. NIPSCO reached a settlement with the parties that appealed[2], but the Commission rejected said settlement on September 23, 2015. The Commission did, however, grant a Joint Petition for Rehearing by those parties, stating that it "provides a timely and efficient means to address these issues and more fully develop the record." An evidentiary hearing was held in late October and NIPSCO was required to answer Docket Entry questions[3].

44446 (Vectren MATS) (REMANDED)

CAC, Sierra Club, and Valley Watch intervened in this case wherein Vectren requested to retrofit several of its units, including units Brown 1 & 2, Culley 2 & 3, and Warrick 4. Typically when a utility makes this type of request, they do 20 year modeling; here, however, Vectren's case in chief only presented 10 year modeling as they repeatedly emphasized that this was necessary due to the uncertainty regarding regulatory requirements and the markets. Thus, they wanted to do a shorter timeframe and re-evaluate at a later date. This case took some interesting turns when we found out that Vectren did not disclose some evidence and important modeling. At the hearing, however, we made a strong record that the Company's own modeling showed that retiring and replacing Brown 1 and 2 is the least cost option, and that the Company's pattern of hiding results from the Commission should result in some sort of penalty (akin to the penalty assessed in the IPL CPCN). We also showed Vectren's lack of need for Culley 2, but Vectren came back saying that it needed this extra capacity over and above its planning reserve margin just in case businesses came to town and needed power. We lost this case at the Commission, but we WON on appeal! The Indiana Court of Appeals reversed approval of Vectren's plans to collect $90 million of ratepayer money to update pollution controls on the aging coal-fueled power plants in Posey and Warrick counties. The decision sends Vectren's plans back to the Commission for remand. The appeals court found that the Commission did not comply with all of the legal requirements in state law before approving the project. One of Vectren's arguments against the appeal was that the groups had no grounds for appeal because we did not request a stay of judgment and the work was already mostly done. The appeals court rejected that argument, writing: "Vectren cannot singlehandedly prevent appellants' ability to pursue an appeal by building the environmental controls at issue while the appeal is pending and then claim that the appeal is moot because they have already built those controls." This was a good win, but now we have an uphill battle at the Commission.

43114 IGCC-9 (Edwardsport's 9th Tracker proceeding)(pending)

The Commission approved the ongoing progress report in this 9th six month tracker proceeding for the construction of Edwardsport, finding that Duke had adequately satisfied the information

[2] https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed_Cases/ViewDocument.aspx?DocID=0900b631801c7391

[3] https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed_Cases/ViewDocument.aspx?DocID=0900b631801cd9ff

reporting requirements and that the concerns of the Joint Intervenors regarding construction problems and conflicts between Duke and GE have been addressed in other proceedings. The Commission approved the IGCC Project costs, including actual investment incurred through March 31, 2012, up to the Hard Cost Cap and Additional AFUDC (as defined by the IGCC 4S1 Settlement Agreement), finding that the cost recovery mechanism was appropriate within the statutory construct in Indiana and that the AFUDC calculation was correct. We appealed.

On September 8, 2014, the Court of Appeals issued its order in our favor, remanding the case back to the Commission for additional findings. Citizens Action Coalition of Ind., Inc. v. Duke Energy Ind., Inc., 16 N.E.3d 449 (Ind. Ct. App. 2014) remanded this proceeding to the Commission "[f]or findings as to whether the three-month delay was chargeable to Duke, and if so, what impact that delay had on Duke's customers' rates." Id. at 460. Further, the Remand Order remanded this proceeding to the Commission "[f]or a clear statement of the policy and evidentiary considerations underlying its determination regarding Duke's request that 50% of the Plant be deemed to be in-service." Id. at 462.

The Commission issued its Remand Order on Feb. 25, 2015 without opening the record to take additional evidence to further evaluate the issues remanded; and so we appealed it (again) on March 27, 2015. We won in part again at the Court of Appeals. The Court of Appeal has reversed in part the Commission Order on Remand from Cause No. 43114-IGCC-9, finding that the Commission erred by not reopening the record to allow additional evidence on otherwise factually deficient issues. It wrote:

> *"[T]here are insufficient findings as to the value of the rate increases caused by Duke's declaration that the plant was partially in-service for tax purposes, and whether the increases were reasonable. Furthermore, the Intervenors did not have an opportunity to seek discovery on the rate increases, due to Duke's late clarification of the issue. In addition, the Commission on remand considered additional evidence in the form of orders from ECR 19 and ECR 20, although those orders were not part of the record in IGCC-9 and the Commission did not follow the procedure for taking administrative notice of prior orders. The Commission's consideration of these orders sharply contradicts its determination that it did not need to reopen the record on remand to receive additional evidence."*

We filed a Petition for Rehearing at the Court of Appeals regarding the issues that we lost. We are awaiting a decision on that now and expect an uphill battle once the case is remanded…again.

IGCC-10 (Edwardsport's 10th Tracker proceeding) (closed)

The Commission approved the ongoing progress report, finding that Duke had adequately satisfied the information reporting requirements and declining the request of the Joint Intervenors for an independent investigation to assess the future reliability of the plant. The Commission approved the IGCC Project costs, including actual investment incurred through September 30, 2012, up to the Hard Cost Cap and Additional AFUDC (as defined by the IGCC 4S1 Settlement Agreement), finding that the cost recovery mechanism was appropriate within the statutory construct in Indiana and that the AFUDC. Interveners present two issues for review: whether the ratemaking order is contrary to law because: I. The Commission applied an incorrect statutory standard that placed an undue burden upon Interveners when the Commission approved the total of requested construction-related financing costs despite a two and one-half month delay in construction; or II. The Commission disregarded relevant case law by approving capitalized financing costs that permitted a return on capital contributed from ratepayers attributable to deferred taxes. We were

denied transfer to the Indiana Supreme Court, and this case is now over.

Graphic Packaging Int'l Inc.; Rock-Tenn Converting Co. and Cathy Weinmann (Appellants) v. City of Indianapolis and the City of Indianapolis Board of Public Works (Appellees), Indiana Court of Appeals Cause No. 49A04-1504-PL-165 (Covanta Recycling Indianapolis Deal) (pending)

Mayor Ballard made an agreement with Covanta to combine its waste incinerator operation with a recycling program. There was no competitive bidding process and it was done behind closed doors. Because trash and recycling will be thrown together, many recyclable products will become contaminated before being separated, and thus unusable by many firms that use recycled materials. Also, Covanta will not separate glass at all and many types of plastics that are normally recycled. Also, it incentivizes incineration, i.e. Covanta makes more money to burn it than recycle. There's also the fact that taxpayers will pay if they don't generate enough trash.

The lawsuit started and was lost in the Marion Superior Court, where plaintiffs challenged the deal on the grounds that the $112 million agreement was not transparent and without a competitive bidding process. Spaulding and Hilmes are representing the plaintiffs. Carey Hamilton with the Indiana Recycling Coalition reached out to us to see if we would help them find them an attorney to write an amicus brief for the Court of Appeals on the good government issues. Gavin Rose with the ACLU of Indiana was kind enough to be the lead on this amicus brief for us, which was filed on September 3, 2015.

INDIANA SUPREME COURT CASE

CAC, Common Cause-Indiana, and Energy and Policy Institute, Plaintiffs, vs. Eric Koch and Indiana House Republican Caucus, Defendants.

We are asking the Court to hold that Defendants have violated Indiana's Access to Public Records Act, Indiana Code §5-14-3, by failing to allow them to inspect and/or copy certain records which they have requested pursuant to the APRA. On Jan. 16, 2015, EPI emailed to Koch a request for copies of correspondence between Koch and his staff and Duke and IPL from 9/1/14 – 1/15/15 regarding House Bill. They responded claiming that APRA did not apply to the Indiana General Assembly. On 2/2/15, EPI sent a second APRA request. On 2/9/15, Koch and the Caucus again denied the request. On 3/6/15, the Public Access Counselor, responding to EPI's formal complaint against Koch and the Caucus, determined that the Indiana General Assembly is subject to the APRA. On 3/9/15, CAC joined EPI and submitted a revised and expanded APRA request. On 3/16/15, Koch and the Caucus denied the request on the grounds that the APRA does not apply to them and, in any event, it was lacking in specificity and sought "work product" of the Indiana General Assembly. On 3/23/15, EPI and CAC filed a second complaint with the PAC who, on 4/1/15, issued a second advisory opinion in which the counselor found that the request by EPI and CAC satisfied the elements of specificity and was thus reasonably particular. We filed our Complaint for Declaratory and Injunctive Relief at the Trial Court with EPI and Common Cause the week of April 13, 2015. We had oral arguments on Tuesday, August 11th to oppose the House Republican Caucus' motion to dismiss, but the Trial Court sided with the House Republican Caucus, issuing an order that very same day, which was unusual. We decided to petition Emergency Transfer with the Indiana Supreme Court, which was granted. Our brief was filed on November 9, 2015. Some of our arguments included: the trial court erred by determining that our APRA claims presented a nonjusticiable political question; Article 4, Section 16 of the Indiana Constitution does not expressly reserve to the General Assembly the authority to conduct its affairs on public matters privately;

Article 4, Section 13 is not a textually demonstrable constitutional commitment to the Legislature of the right to conduct its affairs in secret; and Article 4, section 10 is not a textually demonstrable constitutional commitment to the Legislature to conduct its affairs in secret. Bill Groth's firm is representing CAC et al and doing an outstanding job.

Results of the 2015 Indiana General Assembly

Lindsay Shipps, Organizer

Varied Issues, Steadfast Response

The 119th session of the Indiana General Assembly began on Tuesday, January 6th and ended seconds before the required midnight deadline on April 29th. The 2015 legislative session was the "long" session during which the biennial budget is viewed as the most critical bill to be considered by the legislature. Though the conversation is dominated by the budget bill, we tracked many other smaller pieces of legislation that have as much, if not more, effect on Hoosiers' daily lives.

More than 1200 bills were filed. At the midway point 400 were still alive. By sine die, 250 were on their way to—or had already been signed by—Governor Mike Pence.

Aside from the budget, the 2015 legislative session was dominated by the Religious Freedom Restoration Act, the Solar Freedom bill (House Bill 1320) and numerous other, often unreported issues that affect Hoosiers' bottom lines.

As Citizens Action Coalition's mission directs, we followed issues and Statehouse discussions focusing on: energy and utilities, the environment and healthcare. Our presence on behalf of our 40,000 members was felt each day at the Statehouse in every hearing, event and conversation that affected each of these issue areas.

It became quite clear early on in the legislative session, before all bills had been filed, that a sizeable energy bill would be on our plate—similar to each legislative session we've seen in the past decade (both budget and non-budget years). In all, CAC tracked 74 bills and 14 non-binding resolutions, in addition to maintaining a pro-consumer presence in more than 60 committee hearings. Throughout the legislative session CAC kept a day-to-day presence in the Statehouse by attending more than 250 meetings with legislators, partners and stakeholders in order to protect consumers' interests and safeguard a complete representation in conversations where the consumer perspective would be otherwise absent.

CAC presented testimony encompassing pro-environment and pro-consumer policy positions in the Senate Committees of Agriculture; Appropriations; Natural Resources; Environmental Affairs; and Utilities in addition to the House Committees on Agriculture & Rural Development; Environmental Affairs; Government & Regulatory Reform; Rules & Legislative Procedures; Utilities & Energy; and Ways & Means.

Statehouse Fight over Solar Rights

The much anticipated bill that sought to curb Indiana's net metering policy landed in our laps on January 13th and dominated our focus until the late evening of February 23rd when it did not appear on the House calendar for second reading debate. During House Utilities Committee debate on February 18th, our coalition of partner organizations amassed a sizeable demonstration de force

in the basement hearing rooms, drawing unprecedented media attention and amassing onlookers thanks to our sheer numbers and mustachioed Monopoly Man doling out paper money.

Utilities Chairman Eric Koch (R-Bedford) chose to present his House Bill 1320 and allow Vice-Chairman Heath VanNatter (R-Kokomo) to conduct the hearing. More than thirty individuals signed up to testify, more than two-thirds of whom were denied the ability to speak. Despite overwhelming opposition to the bill, a standing room only committee room and a line out the door of individuals ready to present testimony, the Indiana Energy Association (IEA), with an assist from Ball State University economics professor Michael Hicks, succeeded in getting the bill out of committee.

Subsequent to the hearing, individuals originally barred from presenting testimony during the hearing sent complaint letters to Speaker Brian Bosma (R-Indianapolis), alleging a violation of House Rule 61 which states,

Open Meetings. All standing committee and subcommittee meetings shall be open to the public, and citizens shall have the right to be heard. To the extent feasible, meetings will be held at times and places convenient to the public.

With the complaint working its way through the Speaker's office, our coalition work continued in the lobby. During the time between the House committee hearing and 3rd Reading Deadline in the House, there was wide assumption the bill would proceed to the House floor where it would receive lively debate. CAC and our many allies worked to prepare many State Legislators with facts and information countering the proponents' false arguments. CAC coalition partners included Carmel Green Initiative, Creation Care Network, Hoosier Interfaith Power & Light, Hoosier Environmental Council, Indiana DG, NAACP, Indiana Moral Mondays, Organizing for Action, Sierra Club, SIREN, The Alliance for Solar Choice, Valley Watch, multiple solar installers, and others. . Our work came to an abrupt halt when the House calendar was released late February 23rd. House Speaker Brian Bosma pulled the bill and it did not appear on the calendar. House Bill 1320 died.

To this day, coalition partners are in constant contact discussing other states' legislation and regulatory status as it concerns Indiana's net metering rule. There are daily discussions regarding Indiana policy and situational reports from every corner of the state. A strong coalition with national partners remains in good shape to welcome the next legislative session.

Revenue Protections for Energy Efficiency

Senate Enrolled Act 412 was authored by Senator Jim Merritt and coauthored by Sens. Randy Head (R-Logansport) and Jean Breaux (D-Indianapolis). The bill was the IEA's cherry on top of the successful effort to dismantle Indiana's statewide energy efficiency program which was canceled pursuant to Senate Enrolled Act 340-2014.

SEA412 enshrined into statute the ability for the utilities to request significant financial incentives for utility-sponsored energy efficiency programs, including excessive lost revenues, otherwise known as charging ratepayers for the energy that they did not use because of energy efficient upgrades. SEA412 also allows utilities to set their own efficiency goals. After vehement objections to the language initially, the Governor's staff included the word "reasonable" in defining lost revenues. While this was a slight improvement, the bill remained a dangerous public policy statement and did not enjoy CAC's support. SEA412 advanced through the Senate with a vote of 7-3. Sen. Jean Breaux attempted to improve the bill on second reading by limiting lost revenues to three

years—the industry standard—but failed with only 9 supporting votes. The Senate eventually passed the bill with a vote of 42-8.

There was a continued discussion of SEA 412 in the House Utilities Committee with two amendments taken by consent from Rep. Matt Pierce (D-Bloomington) that improved our ability to leverage energy efficiency within the context of each utility's integrated resource plan. When pressed during testimony, CAC was asked if we'd rather not have a bill passed than see SEA412 advance. Of course our answer was that SB412 was so bad that Hoosiers would be better off without any bill. Another effort to return lost revenues to the three year limit by Rep. Pierce was rejected by a vote of 4-7 and the bill was passed 8-3.

Before the full House State Rep. Matt Pierce launched yet another effort to return lost revenues to the three year limit was rejected by a vote of 26-67. One day later the House passed the bill by a vote of 72-26 and Sen. Merritt concurred with the House changes to the bill, with the Senate voting 38-10 to send the bill to the Governor. After an abnormally long time transitioning from the 3rd to 2nd floor and after thousands of phone calls and letters asking the Governor to veto SB412, Governor Pence signed the bill on May 6th.

Bad Bills That Died a Quick Death

Senate Bill 178 sought to allow utilities to charge ratepayers for nuclear power plants while they are being built and not producing any electricity, and even if they never produce any electricity. Legislation intended to extend CWIP to nuclear power plants has been introduced at the Indiana State House every session since 2008. As we know, nuclear power plants as well as new coal plants, are subject to significant cost overruns. CWIP removes any incentive for the utility to control construction costs which is evident in Indiana with the significant cost overruns realized at Duke Energy's Edwardsport IGCC plant. SB178's author, Sen. Jim Merritt (R-Indianapolis), did not giving this nuclear CWIP bill a hearing.

A bill that would prevent any home rule or local oversight of hydraulic fracturing, House Bill 1321, also died in committee without receiving a hearing. Its author Rep. Eric Koch, was the subject of a stinging Indianapolis Star article regarding a possible conflict as the result of his investments in gas and oil stocks in late January and could be the reasoning HB1321 was shelved.

For Second Year in a Row "No More Stringent Than" Bill Ends in the Recycle Bin

CAC presented committee testimony regarding the harmful "no more stringent than" bill which was authored by State Rep. Dave Wolkins (R-Winona Lake). House Bill 1351 prohibits Indiana from enacting any policy stricter than federal environmental policy. This would bind the state's hands when it comes to air and water quality management, limiting our ability to swiftly act in situations when Indiana problems require unique, Indiana solutions. CAC was part of a joint coalition led by the Hoosier Environmental Council in fighting the measure which died in Senate Committee after passing the House 78-18.

Steadfast Partnerships Defeat Bad Agriculture Legislation

CAC worked closely with colleagues from Hoosier Environmental Council, the Humane Society of the United States, CAFO Watch and other partners in opposition of legislation seeking to amend Indiana's Constitution in order to enumerate special rights for corporate agriculture, Senate Joint Resolution 12, the Right to Farm & Ranch Act. In an unexpected triumph, SJR12 failed the Senate, falling 22-28. Our coalition was joined by the Indiana Planning Association and CAFO Watch in opposition of another bill, Senate Enrolled Act 249, designed to preempt local (zoning) ordinances

governing animal agriculture. Thanks to the lead taken by HEC and other partners, SEA249 was watered down to a study to be conducted by Purdue University, examining all county and/or municipal CFO/CAFO ordinances. While CAC viewed the bill as an uneconomic use of taxpayer funds, the bill became law with Gov. Mike Pence's signature on April 5th. Subsequent to the bill's passage, CAC was part of a conversation led by HEC's Kim Ferraro in August with Associate Dean in the College of Agriculture and Director of Purdue Extension, Jason Henderson, about the University's point of contact and research staff.

Public Records Dodge an Anti-Transparency Bomb

During the last 48 hours of session, Speaker Brian Bosma quietly arranged for the concurrence motion on Senate Bill 528, a public records bill, to be withdrawn. He then scheduled a conference committee meeting for Senate Bill 528 with plans to amend the bill to exempt legislative calls and emails from the state's Access to Public Records Act (according to the Fort Wayne Journal Gazette). Considering our litigation CAC v. Eric Koch and Indiana House Republican Caucus, this legislation was rather bold—especially given the age-old legislative custom of not enacting legislation that would affect in process litigation. Niki Kelly (Fort Wayne Journal Gazette) and Tony Cook (Indy Star) got wind of the committee hearing, its contentious amendment and headed to the committee room to start asking questions. Speaker Bosma abruptly canceled the hearing, reinstituted the concurrence motion and the amendment never saw the light of day. After session adjourned sine die we received word Speaker Bosma changed the Indiana House Employee Handbook to redefine legislative work product. Despite this, our litigation continues, with the Supreme Court granting transfer of our request.

Good Legislation, Nary a Chance

Many legislators authored legislation that would expand consumers' options in terms of the cheapest, cleanest resource for their personal utility portfolio.

State Rep. Ryan Dvorak (D-South Bend) authored House Bill 1121 which would require Indiana to have a 25% renewable energy standard (RES) with stair-stepped goals through the year 2025. State Sen. Mark Stoops authored mirror legislation in the Senate with Senate Bill 378.

As a response to the Energy Center of Wisconsin report released in August 2014 by the Indiana Utility Regulatory Commission (IURC) detailing the successes of the Energizing Indiana program, State Rep. Ryan Dvorak (D-South Bend) authored House Bill 1427 which repealed Senate Enrolled Act 340-2014.

Also pointing to the consumer unfriendly status of utility billing practices in Indiana, State Sen. Brent Steele (R-Bedford) authored Senate Bill 11 which would improve policies that govern estimated billing practices for electric, gas, water and/or wastewater utilities.

While none of these bills received their proper public hearing, consumers and ratepayers should breathe some relief as legislation yet exists despite a supermajority in each house with an extremely active utility lobby.

In this, our forty-first year, CAC looks to continue a much needed role at the Indiana Legislature, a venue in dire need of ethics, utility and environmental reform. With the coordinating efforts of state and national partners, Statehouse conversations affecting consumers will continue to have a comprehensive, omnipresent ombudsman.

CAC Education Fund Organizing

The Downstream Project
Julia Vaughn, Project Director

In 2015 The Downstream Project continued its work to build a statewide network of producers and consumers who will work together to enact federal, state and local policies to reduce the proliferation of industrial agriculture in Indiana and protect its citizens from the environmental, economic, health and quality of life problems it entails.

At the state policy level. the Project worked with environmental and animal rights groups to defeat SJR12, which would have inserted Right to Farm language into the Indiana Constitution. This was a major victory for grassroots citizen lobbyists. We also helped stop SB249, which would have prohibited local government from passing laws to regulate confined animal feeding operations, a victory for local control in Indiana.

The Project has also participated and provided input to the Hoosier Grown Initiative, an attempt by the state to nurture the growth of local food systems in Indiana. We have also formed a Food Policy Roundtable to begin the development of a proactive platform for building locally based and sustainable food production systems in the state. We have also supported policies to address the problems of food deserts in both urban and rural Indiana.

At the local level we have worked in a number of counties to help local groups fight back against the siting or expansion of factory farms in their community. In 2015 we helped groups in Hancock, Rush, Fayette, Steuben, Grant, Decatur, Bartholomew, Jay and DeKalb counties get organized, develop and implement strategies and pressure local officials. In several of these cases widespread community opposition caused the farmer proposing the CAFO to back off and abandon their plans, at least for the immediate future.

The Project has also provided assistance to several counties that are working to improve their local agriculture ordinance to better deal with CAFO issues or making changes to their County Comprehensive Plan to deal with industrial agriculture issues. We have helped citizens in Decatur, Jay, and Bartholomew counties in this area.

The Project has done outreach at numerous farmer's markets in Central Indiana to build our database of small producers with the hope of getting these folks involved in the Food Policy Roundtable.

Project staff are Julia Vaughn, Director and Steve Peckinpaugh, East Central Indiana Organizer. Dave Menzer worked for part of 2015 with the Project but ill health has forced him to resign from his position. The effort is funded by a grant from the GRACE Communications Fund.

2015 CAC in the Press Highlights

In Indiana, utilities 'rewriting the rules' on efficiency, solar

Indiana State Capitol in Indianapolis. (Photo by MarkStaff via Creative Commons)

EnergyWire | 01/16/2015

By Jeffrey Tomich

Indiana's legislative session is scarcely a week old, but a pair of bills has already re-established a wedge between utilities and clean energy advocates.

One of the measures would allow utilities to propose their own energy efficiency goals and programs. The other would alter terms and impose demand charges for utility customers who choose to generate a share of their electricity with solar energy systems.

The bills dive into two of the thorniest energy policy issues facing states today -- how to encourage reductions in energy use and give consumers the ability to generate energy with rooftop solar arrays while keeping utilities financially strong and able to reinvest in the grid.

The Indiana Energy Association, a group made up of the state's investor-owned natural gas and electric utilities, believes the measures filed this month strike the right balance. But environmental and consumer advocates say the bills tip the scales too far in favor of utilities and make Indiana a test bed for utility-friendly legislation.

"The utilities are absolutely rewriting the rules of the game in Indiana," said Kerwin Olson, executive director of the Citizens Action Coalition.

The distributed generation bill, H.B. 1320 (http://www.eenews.net/assets/2015/01/15/document_ew_04.pdf), was filed by state Rep. Eric Koch (pronounced Cook). It would reduce the credits that solar-owning customers receive for selling excess power back to the grid. It would also established fixed charges for solar owners.

Olson said the measure would crush the hopes for solar expansion in Indiana, where solar arrays are few and far between -- a reason he's reached out to national solar advocacy groups for support.

"It's a kill PV bill," he said. "There's going to be a solar fight in Indiana."

Mark Maassel, president of the Indiana Energy Association, whose members include Duke Energy and Indianapolis Power & Light, said the lack of solar penetration makes this a good time to establish a stable, transparent policy framework.

He disagreed that the measure is anti-solar and said it would specifically legalize leasing of solar systems, a practice that's currently not allowed. The bill would also "grandfather" existing customers, meaning they would see no change in net metering terms.

The efficiency bill, S.B. 412 (http://www.eenews.net/assets/2015/01/15/document_ew_01.pdf), is sponsored by Sen. Jim Merritt, chairman of the Senate Utilities Committee. But the policy originated with Republican Gov. Mike Pence, based on a recommendation by the Indiana Utility Regulatory Commission (*EnergyWire* (http://www.eenews.net/energywire/stories/1060011723/www.eenews.net/energywire/stories/1060007282/), Oct. 14, 2014).

The measure comes almost a year after Pence signed another of Merritt's bills, S.B. 340, that made Indiana the first state to roll back an efficiency requirement. The 2009 mandate, which targeted a 2 percent reduction in retail electricity sales by 2019, was established by state regulators under former Gov. Mitch Daniels, also a Republican.

An independent report prepared with the IURC last summer showed the independently run Energizing Indiana program was overwhelmingly cost-effective, saving $3 for every dollar spent. On the commercial and industrial side, the savings were as much as $5.49 for each dollar invested (*EnergyWire* (http://www.eenews.net/energywire/stories/1060011723/www.eenews.net/energywire/stories/1060004581/), Aug. 18, 2014).

But Republican critics said the one-size-fits-all program was ill-suited for big energy users and later raised concerns about future costs.

In the end, Pence signed S.B. 340, pulling the plug on Energizing Indiana. As he did so, he promised to put forward new efficiency legislation in 2015.

A plan from utilities

In the meantime, utilities have proposed their own efficiency programs for 2015. The programs largely mimic the core programs established under Energizing Indiana but are less ambitious in their energy savings goals.

The bill filed Monday would similarly require utilities to propose their own efficiency programs and goals specific to their service area every three years beginning in 2017. The programs would be submitted as part of long-range integrated resource plans submitted to regulators that outline how utilities will meet electricity demand.

Large industrial and commercial energy users would be allowed to opt out of utility-run efficiency programs.

And the bill would let utilities recover administrative costs as well as "lost revenues."

Maassel said lost revenues are defined as those fixed costs, such as maintaining the local grid and providing billing services, that remain constant even with lower energy use. Some of those costs are recovered through fixed customer charges. But some are collected through variable per-kilowatt-hour rates.

Overall, utilities may seek a couple of tweaks in the efficiency bill as written but are generally pleased with it, he said.

Not so for Citizens Action Coalition. While the general parameters of the bill are no surprise, Olson said the measure "goes even further than we expected."

Specifically, he said the lost revenue provision is too generous and will lead to the annual transfer of hundreds of millions of dollars from consumers to electricity providers. That will erode the cost effectiveness of the efficiency and undermine efforts to reduce energy use.

"We can live with a weak bill," he said. "But we can't live with a weak bill that's a profit center for utilities."

Feb 04 2015 Page A01 Clip resized 48%

The Indianapolis Star

INDIANA NEWS TRACKER

Who'll pay Edwardsport's big bill?

Duke Energy wants to pass on extra costs; consumer advocates object

John Russell
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The massive Edwardsport power plant, originally billed as a producer of low-cost energy, has been racked over the years with constructions problems and huge cost overruns. The plant, with a price tag of about $3.5 billion, is one of the most expensive projects in Indiana history.

Now the question is who should pay mounting operating costs: owner Duke Energy or its 780,000 customers across Indiana?

The state's utility regulators will hear testimony starting Wednesday morning on a request by Duke Energy to pass along tens of millions of dollars in extra costs to its customers through higher rates.

The average residential customer would expect to see electricity bills climb by about $2.40 a month if the Indiana Utility Regulatory Commission approves Duke Energy's petitions.

Consumer advocates object, saying that Duke Energy should swallow those costs, because the company placed the plant in service in 2013 before it was truly ready. They say customers should not continue to pay for a plant that is not up to speed. And some even want Duke to refund money to customers.

The plant has suffered numerous outages and maintenance issues. Last February, the plant's output fell to less than 1

» See DUKE, Page A4

CHARLIE NYE/THE STAR 2013 FILE PHOTO

Duke Energy's $3.5 billion coal-gasification plant in Edwardsport started commercial operation June 7, 2013. The plant has had numerous outages and maintenance issues.

Duke

Continued from A1

percent of capacity. Duke Energy said the low amount was due to "equipment challenges" and a decision to move up spring maintenance.

The plant has since ramped up to higher levels, but rarely above 50 percent. It generated about 15 percent of capacity in September, 27 percent in October, 71 percent in November and 20 percent in December.

The Indiana Office of Utility Consumer Counselor wants regulators not only to prevent Duke from passing along $63.2 million in operating costs, but force the utility to refund about $51.6 million to Indiana customers. That reflects fees included in the utility's rates since September 2013.

"While state law allows a utility to recover costs through rates for a plant that is fully operational and providing electricity to customers, these costs do not rise to that level," said David Stippler, the state's utility consumer counselor, in pre-filed testimony.

A consumer group, Citizen Action Coalition, released a study Tuesday that concludes the plant is the least efficient of Duke Energy's coal plants.

It also said the plant's two gasifiers were operating less than 40 percent of the time during its first 15 months of operation. The company had forecast that the gasifiers would run about 72 percent of the time during the period.

"We strongly believe that ratepayers should not have to pay for Duke Energy's failure to deliver on its promises," said Kerwin Olson, the group's executive director.

Large industrial customers are also upset by the plant's performance.

"Duke's declaration that Edwardsport was in-service was premature," said Tim Stewart, an attorney at Lewis & Kappes who represents the industrial customers. "The plant was not ready for its intended use."

Under a settlement reached in 2012, Duke Energy agreed to pay for costs related to startup, testing, validation and commissioning of the plant.

The agreement also capped the total construction costs that Duke Energy could pass along to consumers at $2.595 billion, plus millions of dollars in financing costs.

Duke had originally estimated that the plant would cost $1.9 billion to build. The total price tag has since soared more than $1 billion higher, due to wildly wrong estimates on the amount of steel, piping and concrete needed to construct the facility, along with labor issues and a costly, unforeseen water-disposal system.

Duke Energy has repeatedly said it would take time to get the plant's coal-gasification technology operating consistently at a high level.

The company touts the plant as the largest in the world to use advanced technology to "gasify" coal, stripping out many of the pollutants and then burning that cleaner gas to produce power. It would replace power-generating units that are more than 60 years old.

"It's important to look at performance over a longer term period, and we're on track to reaching our long-term projections," company spokeswoman Angeline Protogere said.

She said the company was confident it will be one of the lowest-cost energy producers in the system. She also pointed out the company recently reached a settlement with a major coal supplier that could reduce fuel costs for customers by about 4 percent, if approved by state regulators.

Still, the Edwardsport plant now ranks as the company's most expensive project ever built based on per kilowatt of electricity generated.

The utility regulatory commission will meet at 9:30 a.m. Wednesday in Room 222 of the PNC Center, 1-115 W. Washington St., Downtown.

Duke, based in Charlotte, N.C., is the largest electric utility in Indiana, serving customers in 69 of the state's 92 counties.

★ **Call Star reporter John Russell at (317) 444-6283. Follow him on Twitter: @johnrussell99**

Feb 12 2015 Page A03 Clip resized 41%

INDIANA NEWS TRACKER

The Indianapolis Star

Decision impacts BlueIndy plan

Commission lessens potential rate hike for electric-car chargers

John Tuohy
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The future of the city's expansive electric car-sharing plan is uncertain after state regulators on Wednesday denied a $16 million rate increase to Indianapolis Power & Light Co. to pay for charging stations.

The Indiana Utility Regulatory Commission's decision, if it survives appeal, likely means the city and IPL will need to find alternative funding for the chargers before the BlueIndy cars can leave the curb.

"Our next step is to review the order and meet with the city and BlueIndy to determine whether the project can move forward," said Brandi Davis-Handy, a spokeswoman for IPL.

The commission reduced an agreement among the city, IPL and the Office of Utility Consumer Counselor to charge all Indianapolis electric customers 28 cents a month to cover the $16 million cost to IPL of building the powering stations. Instead, the commission said the utility could pass along only $3 million in costs to extend power lines to the stations.

"We ultimately determined that there was insufficient evidence to justify the use of ratepayer funds to install infrastructure owned by a private company," Commission Chairwoman Carol Stephan said in a statement.

The ruling by the five-member commission aligned with opponents of the proposal, who contended that all ratepayers should not have to pay for a car rental that would be used by a small percentage of the population.

But the commission said it was fair to charge consumers for the line extensions and upgrades because they would benefit economic development.

BlueIndy has been ready to roll out its car share for months but had been waiting until the IURC's decision before it started. Company spokesman Bob Briggs refused to comment on the ruling Wednesday or say whether it would force the company to delay or scrap the program.

On Tuesday, he said a ruling against IPL would not deter BlueIndy.

In a statement, Mayor Greg Ballard said the city was not giving up on the program and said the commission ignored the

» See BLUEINDY, Page A10

BlueIndy

Continued from A3

good it could do for the community.

"Despite this finding, the city remains committed to working with our partners ... to implement a successful electric vehicle car-share program for the benefit of our entire community," Ballard said.

"The order was contrary to recommendations of OUCC — the state's consumer protection agency — and contained little mention of the proposed program's public benefit or economic development impact."

The commission called the program laudable and urged the city to try to keep it alive.

"We encourage the parties to continue to work together to provide this service to our community's residents and visitors," Stephan said.

The stations would power cars run by The Bolloré Group, a French conglomerate that wants to invest $35 million to provide 1,000 all-electric cars at 250 charging stations. It would be the largest electric car-sharing program in the country.

The Citizens Action Coalition, a utility watchdog group that opposed the hike, praised the commission for its ruling.

"We applaud them for having the courage to say 'No,'" said Kerwin Olson, executive director of the coalition.

But Olson said ratepayers shouldn't have to pay for the line extensions, either, because IPL failed to show that it would make a profit from the BlueIndy program.

"No evidence was presented that consumers would be made whole eventually," Olson said.

Rep. Cherrish Pryor, D-Indianapolis, said the ruling showed the commission "will listen when the cause is just."

"I must say that I am shocked at today's news, but this is the best kind of surprise," she said. "The mayor of Indianapolis should have worked with the private company to find a way of funding this proposal without demanding participation from all IPL customers."

IPL has 20 days to appeal the ruling.

★ Call Star reporter John Tuohy at (317) 444-6418. Follow him on Twitter: @john_tuohy.

INDIANA NEWS TRACKER

The Indianapolis Star

Feb 19 2015 Page A12 Clip resized 55%

Electric companies 1, solar power generators 0

Tim Evans
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Indiana's electric companies won the first round Wednesday in a contentious fight over a bill that critics say would slam the state's startup solar energy industry.

But opponents promised to keep fighting. And despite the serious smackdown, one critic of House Bill 1320 said he left a House committee hearing feeling upbeat.

Only time will tell whether he had reason for that optimism — or was just punch-drunk.

"We're not going to give up," said Kerwin Olson, executive director of Citizens Action Coalition. "This will probably pass the House, but I think we can stop it in the Senate."

It likely will take a herculean effort, if Wednesday's hearing is any indication.

For nearly two hours, members of the House Utilities, Energy and Telecommunications Committee listened as a parade of speakers urged them to table the solar energy bill until its full impact could be studied.

HB 1320 would cut the amount that power companies must pay when they buy excess energy generated by home systems and would allow utilities to charge a "user fee" to solar customers to help cover their fixed costs of the power grid. The bill also would set safety standards for system installations and allow for leasing of small-scale systems.

The pros and cons of those changes were at the heart of Wednesday's debate.

First up were four people the acting committee chairman described as "neutral."

Three of them called for the committee to delay action on HB 1320 — which critics contend could cripple the state's solar energy industry — until an in-depth study could be conducted.

The fourth was a Ball State professor who spoke about findings of a new study commissioned by the Indiana Energy Association, the trade group behind the legislation.

Then came the "opponents."

Eight of the 42 people who signed up to speak against the proposed legislation got an opportunity to share their concerns before Rep. Heath VanNatter, R-Kokomo, shut down the critics. He said the committee would be there all night if he allowed everyone to speak.

Each of those who did get to speak asked lawmakers to slow the rush, to step back and follow the lead of other states that have studied the complicated issue.

Finally, it was time for supporters to speak.

There were only two, and just one — Mark Maassel, the head of the Indiana Energy Association — was there to fully support the legislation sponsored by Rep Eric Koch, R-Bedford. The other "supporter" was there to speak for one provision that would help manufacturers, not the more controversial provisions.

Maassel said the bill would eliminate what the utilities see as a subsidy shifting costs to nonsolar users and actually make solar power more accessible to more Hoosiers.

When it was time for the committee to vote, the final tally came down along party lines: nine "yes" votes from Republican members and four "no" votes from Democratic members.

"I think it was shameful," Olson said of the committee vote. "The committee hearing clearly displayed that there is overwhelming opposition. It is patently clear that this is 100 percent the initiative of the utilities."

The bill now moves to the full House, despite an outpouring of concerns from the far-reaching coalition of opponents that include environmentalists, conservative Christians, the NAACP and tea party representatives.

Koch said he thinks the bill — which was amended just hours before the hearing — strikes a fair balance between the concerns of the power companies and small-scale solar energy producers and suppliers.

Rep. Ed Soliday, R-Valparaiso, said the bill is "a step in the right direction" to addressing a rapidly changing dynamic in the power industry. He also was critical of opponents, many of whom spilled into an overflow area outside the hearing room, for cheering and clapping during testimony by some critics.

Rep. Christina Hale, D-Indianapolis, the committee's ranking minority member, said she couldn't understand the rush to push the bill through the legislature this year.

"Where's the fire? What's the urgency?" Hale asked. "Why do we have to do this now?"

★ **Tim Evans is The Star's consumer advocate. Call him at (317) 444-6204. Follow him on Twitter: @starwatchtim.**

INDIANA NEWS TRACKER

Mar 19 2015 Page A10 Clip resized 72%

Evansville Courier & Press

Embrace new energy technology

By Kerwin Olson
Special to the Courier & Press

As members of a diverse coalition working to expand the ability and opportunity for all ratepayers in Indiana to generate their own power using distributed energy, like rooftop solar and small-scale wind energy, we applaud House Speaker Brian Bosma's decision to pull House Bill 1320 from consideration during this 2015 session of the Indiana General Assembly.

The cost of distributed generation, most notably rooftop solar, continues to decline while the efficiency of the technologies continues to improve. The changing economic and technological advances are leading to significant increases in the deployment of customer-owned distributed generation across the country as more and more consumers, big and small, now have increasing flexibility to choose how to spend their energy dollars.

Understandably, this shift in the energy paradigm is creating concerns and even fear among some regarding the reliability and security of the grid, the affordability of electric service for all consumers, and the impact these changes may have on the financial stability of Indiana's electric utilities.

The Indiana Energy Association, which represents the monopoly utilities in Indiana, says it supports policies such as solar leasing to make home renewable generation more affordable and that it wants to "ensure the viability and growth of clean energy options — including customer-owned solar and wind systems."

We could not agree with the Indiana Energy Association more. We believe we must begin an extended dialogue to address the concerns of all interested stakeholders regarding what the utility of the future may look like and the ways in which Indiana can begin to adapt to and moreover, embrace these economic changes and technological advances to the benefit of all Hoosiers.

As we move forward with this conversation, let's discuss policies that would expand access to clean energy such as community-owned solar and wind power, while protecting consumers, fostering free market entrepreneurial businesses, and ensuring a safe and reliable electric grid. Let's consider the benefits to public health and the quality of our environment that accompanies the diversification our energy portfolio by adding more emission-free, renewable resources.

Let's discuss the job opportunities and economic benefits of solar and wind technology, and keeping Indiana's best and brightest minds here working on clean energy projects.

Lastly, let's recognize the complexity inherent in equitable utility ratemaking and long-term energy planning and ensure that the experts at the Indiana Utility Regulatory Commission and the Office of the Utility Consumer Counselor are at the table during an open and transparent process.

We extend our thanks to Bosma for doing the right thing and having the courage to stand up to the influence of the Indiana Energy Association and recognize HB1320 was not ready for prime time.

Kerwin Olson is the executive director of the Citizens Action Coalition and other groups.

INDIANA NEWS TRACKER
May 31 2015 Page C01 Clip resized 49%
The Journal Gazette

Secrecy fight brews for legislators

General Assembly lacks policy on accessible records

NIKI KELLY
The Journal Gazette

INDIANAPOLIS – Indiana legislators are fighting to hide internal communications of all kinds on the heels of a recent lawsuit filed seeking access.

While that case goes through the courts, the Indiana House quietly changed a key definition in its employee handbook that could be used to shield virtually everything from public view.

And House Speaker Brian Bosma doesn't want to talk about it. His spokeswoman declined several interview and information requests because of pending litigation.

The battle comes at a time when secrecy is being panned on the national level. Democratic presidential candidate Hillary Clinton has been embroiled in a controversy over deleted emails and a furtive negotiation with Iran has unnerved lawmakers and the public.

"I think we need to work on making it more clear what is accessible and what isn't," said House Democrat Leader Scott Pelath. "It needs to be done carefully and clearly so the public and the lawmakers understand the ground rules and the implications."

The Indiana General Assembly currently has no policy delineating what records are accessible to the public. Other states have very specific rules and regulations.

For instance, in Florida there is an exemption from access for "A legislatively produced draft, and a legislative request for a draft, of a bill, resolution, memorial, or legislative rule, and an amendment thereto, *which is not provided to any person other than* the member or members who requested the draft, an employee of the Legislature, a member of the Legislature who is a supervisor of the legislative employee, a contract employee or consultant retained by the Leg-

Secrecy, Page 2C

SECRECY

Continued from Page 1C

islature, or an officer of the Legislature."

And the New York State Assembly has a detailed guide on how to seek records and a list of all available records.

The Indiana Access to Public Records Act provides one specific exemption for "the work product of individual members and the partisan staffs of the general assembly."

But there is no definition of what "work product" is.

When the Citizens Action Coalition of Indiana and the Energy and Policy Institute filed an open records request in January they sought correspondence between Rep. Eric Koch and various utilities regarding a bill about solar power.

The Indiana House immediately denied the request saying the Indiana General Assembly is exempt from Indiana's Access to Public Records Act.

The state's Public Access Counselor disagreed and ruled the legislature must comply with the state law.

Kerwin Olson, executive director of Citizens Action Coalition, pointed out that if the General Assembly was wholly exempt why would there be a specific exemption for work product of legislators and staffs?

And Steve Key, lobbyist for the Hoosier State Press Association, said lawmakers in 2001 passed a law that carved themselves out but it was vetoed by Gov. Frank O'Bannon.

"Legislative history shows they are still a part of the statute," he said.

Olson said over the years his group has been turned down numerous times for various legislative records.

"It was accepted that this was the way it was but it bothered us," Olson said.

But he said this year's attack on solar energy was too much to ignore.

"I felt this issue was important enough to pursue. The energy and utility industry drives policy. These aren't legislators coming up with great public policy ideas. It comes from the industry, and I thought we could expose that."

A second request was drafted to more directly specify what records were sought. But the Indiana House still balked, continuing to claim it isn't required to by law but also now referencing the work product exception in denying the request.

Public Access Counselor Luke Britt said in his ruling that the legislature has the discretion to define its own work product, but he cautioned lawmakers to favor transparency.

"I hope they use that exception conservatively but I don't think that's the end game," he told The Journal Gazette.

Leadership considered putting a new work product definition into law on the last few days of session, but Bosma pulled back.

Instead, just after session ended in late April, the House came out with an updated work product definition that appears to cover any and all communications of any kind.

"Work product of the individual members, the staff and officers of the House of Representatives includes but is not limited to, documents, notes, or other writing or records, in any form, composed, edited, or modified by members, staff or officers of the House and any communications that are made or received by means of electronic mail, voice mail, text messaging, paper or video audio recording or in any other form."

The Senate did not make changes to its rules or definition.

Bosma's spokeswoman, Tory Flynn, declined to explain the definition or give examples of things that would not be covered by the definition.

Key said the definition is extremely broad and goes against the construction of the statute that focuses on content of a record, not the form.

"An email about lunch would be work product," he said. "They are trying to define everything they do as work product which is very unfortunate."

In the past Bosma and Senate President Pro Tem David Long, who also declined to comment, have stressed that constituent communication needs to be respected.

They note that average Hoosiers regularly share personal information with lawmakers when they are having a problem with state government.

That's why in Colorado any "communication from a constituent to the member that clearly implies by its nature or content that the constituent expects that it is confidential or a communication from the member in response to such a communication from a constituent" is protected.

But Olson said their request isn't about that, and constituent privacy is being used to block discussion on the real issue.

He said he and the Energy and Policy Institute want to know what utilities, lobbyists and special interest groups are working with legislators and how intimate and cozy the relationships are.

"An email from me to Rep. Koch is not work product. And I know they are shared with the energy association because we frequently see handouts that are in response to our correspondence," Olson said. "If they can give my stuff to the energy association then that should go both ways."

Key said a 1993 Indiana Supreme Court ruling complicates the entire debate. In that case, the court declined to get involved in a voting record dispute citing the separation of powers.

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MIDWEST ENERGY NEWS

NEWS

Steve Baker / Creative Commons

Indiana watchdogs: 'Our fears are coming true' on utilities and efficiency

Kari Lydersen | 09/24/2015

More than a year after Indiana lawmakers repealed the state's energy efficiency standard, utilities are scaling back their efforts while – advocates argue – seeking to overcharge ratepayers for their plans.

Last year Indiana passed legislation (http://midwestenergynews.com/2014/03/17/whos-behind-the-effort-to-kill-indianas-efficiency-law/) eliminating the state's Energy Efficiency Resource Standard (EERS) (http://aceee.org/topics/energy-efficiency-resource-standard-eers) and also killing its Energizing Indiana program, which had led to substantial energy efficiency investments (http://midwestenergynews.com/2015/06/26/before-being-dismantled-indianas-efficiency-program-was-effective-2/) and energy savings.

To replace the EERS, the legislature passed Senate Bill 412 (https://iga.in.gov/legislative/2015/bills/senate/412#digest-heading), calling for utilities to file energy efficiency and demand side management (DSM) plans with the state utility commission every three years.

Now Duke Energy Indiana (http://www.duke-energy.com/company.asp) and NIPSCO (https://www.nipsco.com/) (Northern Indiana Public Service Company) have filed these plans for 2016-2018 with the Indiana Utility Regulatory Commission. And the Citizens Action Coalition of Indiana (CAC) (http://www.citact.org/) watchdog organization says the proposals show just how inadequate the new requirement is, especially compared to the sizable efficiency improvements that were being made before.

For example, NIPSCO's proposed energy savings in 2018 are 114 GWh. Under the EERS, they would have had to save 339 GWh. Natalie Mims, an expert witness who testified on behalf of CAC before the utility commission, said that NIPSCO's proposed spending on energy efficiency in 2016-2018 is only 40 percent of its 2014 spending.

"Our fears are coming true or being confirmed," said CAC executive director Kerwin Olson. "The legislation allows the utility companies to establish their own goals. It puts the utilities in the drivers' seat in terms of how much energy efficiency they're going to do.

'It's widely accepted and understood that energy efficiency requires policy to drive the investment.'

"But it's widely accepted and understood that energy efficiency requires policy to drive the investment; that energy efficiency is not in the utility company's best interest and in order to drive utility companies to invest in efficiency you need a little bit of a stick behind it."

Both the CAC and the Indiana Office of Utility Consumer Counsel (OUCC), (http://www.in.gov/oucc/) a governmental agency, are calling on the commission to reject Duke's and NIPSCO's plans and demand they be revamped to include greater energy efficiency and conservation measures.

Overcharging and opting out

While the CAC laments how the utilities are not bolstering energy efficiency, testimony filed by the CAC (https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed_Cases/ViewDocument.aspx?DocID=0900b631801cba66) and the OUCC complain that Duke and NIPSCO are also trying to charge ratepayers too much for "lost revenue" that the company expects because of lower demand.

Utilities are allowed to recoup revenue they lose because less energy is purchased after efficiency measures are taken. But the testimony says that the utilities want to charge way too much for such lost revenue, and that their plans are causing many large industrial customers to opt out of the energy efficiency program altogether.

Duke and NIPSCO did not respond to questions or requests for comment for this story.

A group of industrial customers filed testimony in the NIPSCO (https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed_Cases/ViewDocument.aspx?DocID=0900b631801cbb6e) case charging that the amount NIPSCO is trying to gain through lost revenue "substantially exceeds" the money it would lose due to electricity conservation.

NIPSCO wants to collect $72.7 million in lost revenue, which makes up more than half its DSM program's total budget. Duke's plan proposes to collect $77.6 million in lost revenue for 2016-2018, making up 40 percent of the DSM budget.

The legislation that ultimately ended the EERS started out as a much narrower provision meant to give industrial customers the right to opt out of energy efficiency programs. This remains an option, even though the energy efficiency programs are much less ambitious going forward. Opting out can free industrial customers from paying the lost revenue charges that they say are way too high.

The CAC's testimony argues that while utilities are required to give industrial users the choice of opting out, they should try harder to convince those users to stay involved in the program.

"The Company should modify the language to focus on the benefits the customer is declining when it opts out of efficiency programs," said Mims in her NIPSCO testimony. "Currently, the language focuses on the ease with which the customer can opt out of the program."

Almost half of the industrial customers eligible for opting out have done so, according to the CAC.

'The utility feels like it is upon them to make opt-out as easy as possible.'

"The opt out forms the utilities are using are just pathetic," said CAC attorney Jennifer Washburn. "We joke that the industrial customer just has to whisper the word 'opt-out' and they're done. The utility feels like it is upon them to make opt-out as easy as possible. And good luck getting any big guys to participate in any of these programs with lost revenues [they must pay the utility] so out of control."

OUCC utility analyst Edward Rutter's testimony (https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed_Cases/ViewDocument.aspx?DocID=0900b631801cb9be) indicated that the amount Duke seeks to recover from ratepayers as compensation for lost revenue is disingenuous. He noted that if Duke had to build a new power plant to serve customers instead of simply reducing electricity demand, it would have massive costs up front with slow recovery and the risk that the plant would not be financially viable.

"Duke faces no disincentive," to invest in reducing demand, Rutter's testimony says. "Instead, the opposite is true."

Lack of data

Both the OUCC and CAC comments criticize Duke for not providing data to show how much revenue they will be losing because of energy efficiency improvements.

Among other things, they say the company has a seriously inflated number for how much it will spend on "energy measurement and verification," or EM&V, for its demand side management programs. Such measurement and evaluation usually costs about five percent of the total program cost, Olson said.

In testimony for the OUCC (https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed_Cases/ViewDocument.aspx?DocID=0900b631801cb9bd) in the Duke case, utility analyst April Paronish noted that Duke's former CEO, James Rogers, chaired a public-private initiative that recommended EM&V should make up three to six percent of the overall DSM costs.

Duke proposes instead to spend about nine percent of its total DSM program costs, or $9 million a year, on EM&V.

"EM&V is incredibly important –we strongly support it," said Olson. "But Duke's budget for EM&V is outrageous. If it costs that much to evaluate a program, something is wrong. Either the number is inflated or there's an inherent problem in the design of program. Either way, that budget is absurd."

Paronish's testimony notes that Duke proposes to reduce the rebates it pays consumers for replacing inefficient appliances, from $50 to less than $30, with no explanation.

"There is no information explaining the decrease, how many customers are expected to participate or why [Duke] believes this new amount will be sufficient to motivate participation after providing $50 rebates," Paronish testified.

Olson said that CAC has been fighting for data that sheds light on Duke's proposals, through Freedom of Information Act requests. But citizens shouldn't have to go to that length to get data the company should have included in its public filings before the utility commission, Olson said.

Rutter testified that if the company wants to recoup costs for energy efficiency programs and incentives, it should have to provide a cost-benefit analysis of what it is proposing.

'Is it reasonable to award performance incentives to a utility that sets it own savings targets?'

Rutter also questioned the concept of Duke receiving performance incentives for meeting the goals that it sets for itself. Performance incentives are a standard way to ensure that utilities meet energy efficiency targets, but those goals are less meaningful when set by the utility itself.

"Is it reasonable for the Commission to award performance incentives to a utility that sets it own savings targets?" Rutter asked.

In the CAC's testimony regarding NIPSCO (https://drive.google.com/file/d/0B11CqcHuFrscd3Etd3htZGJPX2I1TmI3c2k3Ul90YV94Wl80/view?pli=1), Mims notes that among other problems, NIPSCO wrongly quantified the value of supply side and demand side resources in the same way, which does a disservice to energy efficiency or other demand reduction programs.

"A single program targeting residential lighting, for example, may not defer or displace a generating unit, where a comprehensive portfolio of programs including residential lighting would," Mims testified.

Other demands

The CAC's testimony also makes other requests of Duke and NIPSCO, in part to restore programs that were included in Energizing Indiana.

The CAC asks that the utility make it explicit that single-family manufactured homes qualify for energy efficiency programs. The CAC asks that Duke and NIPSCO offer a $1,000 rebate for people buying manufactured homes certified as efficient, and that real estate agents get a $200 bonus for making such sales.

"Given the amount of Indiana's housing stock that is comprised of manufactured homes and the use of manufactured homes as affordable housing, it is critical that NIPSCO design successful programs to reach this market," Mims said in her testimony.

The CAC also asks Duke and NIPSCO to include incentives for efficiency in new home construction, since some important efficiency measures like quality insulation are typically only done during construction.

The CAC also asks Duke and NIPSCO to revive a schools program that previously existed, known as School Audit and Direct Install (SADI) that includes LED exit signs, occupancy sensors for power strips and whole classrooms, vending machine timers and other energy-saving measures. In 2014 that program saved 547 net MWh.

A silver lining?

When Energizing Indiana was still in place, utilities were required to enlist independent auditors to develop action plans for improving energy efficiency. The CAC's testimony includes charts showing how much lower the utilities' proposed energy efficiency goals are compared with the action plans that had been formulated under the old rules.

For example, Duke's proposed goal calls for saving 196 GWh, or 0.6 percent of sales, in 2018. The action plan had called for saving 445 GWh, at 1.6 percent of sales. Those action plan numbers are adapted to reflect the industrial customers opting out of the program; with fewer opt-outs, the energy savings could be even greater.

For 2016-2018, Duke's proposed goal for low-income energy efficiency programs is 9.7 gross GWh, whereas the action plan called for 50.8 gross GWh. For appliance recycling, the plan was 40 GWh compared to just 2 GWh in the proposed goal.

Washburn noted that the Energizing Indiana program was developed in part by the utility regulatory commission, and she is hopeful that the commission could still try to hold utilities to their previous action plans, which can be even more ambitious than the now-defunct EERS.

"All that's required under Senate Bill 412 is that [the proposed goal] has to be reasonably achievable," and in keeping with the company's integrated resource plan, she said. "We're saying what's reasonably achievable is what the action plan said they could do.

"We hope the commission will be proud enough [of what they had accomplished before] to make lemonade out of these horrible lemons we were given," Washburn continued. "The silver lining could be if the commission says they have to follow these independent action plans, we might get something that looks really good."

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Ruling: IURC fell short in Duke Energy case

Tim Evans
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CHARLIE NYE / THE STAR

Duke Energy's new $3.5 billion coal-gasification plant in Edwardsport began operating in June 2013.

The Indiana Court of Appeals has, for a second time, sent a rate case involving Duke Energy's controversial new coal-gasification plant back to the Indiana Utility Regulatory Commission.

In a unanimous ruling issued Wednesday, the three-judge panel found the commission had failed to follow a 2014 court directive to address two issues in a long-simmering fight with consumer groups over what construction costs Duke can recover from ratepayers.

The dispute entails when the controversial plant was "in-service" and whether the power company could pass along to ratepayers millions in financing costs associated with construction delays.

In April 2013, the IURC allowed Duke to pass along $61 million to customers.

However, that decision was appealed by consumer groups — including the Citizens Action Coalition of Indiana, Save the Valley Inc. and the Sierra Club — and the Court of Appeals last year sent the case back to the IURC with instructions to issue findings on two issues:

» Whether a three-month delay was "chargeable to Duke, and if so, what impact that delay had" on customers.

» A "clear statement of the policy and evidentiary considerations underlying (the IURC's) determination regarding Duke's request that 50 percent of the plant be deemed to be in-service."

The IURC issued a new order in February, upholding its original ruling on what Duke could recover. But that ruling also was appealed, which led to Wednesday's order. In its latest ruling, the Court of Appeals found the IURC failed to "determine the impact of (Duke's) in-service declaration upon the rates Duke sought" and address whether the rates were reasonable under Indiana law.

"The findings in the commission original order and the order on remand do not adequately address these points," the ruling said.

The ruling also found the IURC was wrong to not accept new evidence from critics of Duke's plan, after considering new evidence in support of Duke's request to recoup its costs.

"The commission's consideration of these orders sharply contradicts its determination that it did not need to reopen the record on remand to receive additional evidence," the order said.

Angeline Protegere, a spokeswoman for Duke Energy, released this prepared statement responding to the appellate court ruling.

"Today's court decision upholds the Indiana Utility Regulatory Commission's decision on a key issue and asks for additional evidence to support another part of the commission's order. We're confident that the regulatory and appellate process will support the commission's decision."

The case will now return to the IURC.

Call Tim Evans at (317) 444-6204 and follow him on Twitter: @starwatchtim

Oct 29 2015 Page A06 Clip resized 47%
The Times (Munster)

Ask state Legislature to support ratepayers' interests

GUEST COLUMN

BY GRANT SMITH

Mark Maassel's recent column regarding the pay-as-you-go utility ratemaking mechanisms known as trackers leaves a lot to be desired. I know because I dealt with this issue since the early 2000s as a staffer for Citizens Action Coalition and now as a volunteer.

Utility-speak is always replete with misleading statements. Maassel's letter is no different.

First, it is true that CAC and environmental organizations support clean air regulations. But Maassel, president of Indiana's utility lobby organization, doesn't tell you there are various ways to comply. Utilities always pick the most expensive option because they know they usually get their way. So they retrofit coal plants with pollution control equipment instead of investing in renewables, efficiency, distributed power that would go a long way to reducing costs and improving environmental quality. They even go for this option when they know the targeted coal plants are hopelessly uneconomic and should be retired.

Second, they choose pollution control over cleaner more financially sound options because of the tracker they get when they invest in pollution control equipment. This is known as construction work in progress. So, in essence, the decision was made for them. Why expose stockholders to the risks of construction when you can shift that risk to the ratepayers? Incidentally, wind and solar projects don't need CWIP because they are infinitely less risky investments.

Third, trackers were originally meant to apply to large costs the utilities could not control. Fuel is about the only aspect of their operations that fall into this category. Thanks to the General Assembly's inability to say no, utilities can now track just about all of their costs.

Fourth, trackers may not increase rates, but they do increase bills. They are tacked on to the bill whether it's listed separately on the bill or not. And people pay bills, not rates.

Trackers are essentially subsidies for utility companies. Subsidies shift risk, and trackers shift financial risk from stockholders to ratepayers. Despite the fact that trackers substantially reduce utility risk in terms of their expenditures ultimately being recovered from ratepayers, they still enjoy grossly inflated returns on investment, which further unjustifiably increases profit margins.

As it happens, the Indiana Energy Association (Maassel's group) and their utility members represent a huge threat to the Indiana economy. They have worked tirelessly to destroy any programs that reduce cost to ratepayers. After agreeing to the Energize Indiana program (the former statewide energy efficiency program), which was a proven cost-saver for ratepayers, they killed it in the Legislature. They continue to attack rooftop solar to kill an important economic sector and a way to reduce customer bills.

Sadly, the Indiana General Assembly has not passed a pro-ratepayer piece of legislation in over 30 years.

The only line of defense left is the ratepayer, the public. Please write your legislator and ask why they pass whatever the IEA demands, with no understanding of the impacts, no study of the issues, and no extended public discussion.

Grant Smith is former executive director, and current board president, of Citizens Action Coalition. The opinions are the writer's.

MIDWEST ENERGY NEWS

INDIANA

Before being dismantled, Indiana's efficiency program was effective

Kari Lydersen | 06/26/2015

"Bittersweet" is how Citizens Action Coalition (http://www.citact.org/) Executive Director Kerwin Olson described a recent performance report for Energizing Indiana, an energy efficiency program that was canceled during its third year of existence, by state legislation hastily passed (https://iga.in.gov/legislative/2014/bills/senate/340/) in spring 2014.

"I told you so" may be the more blunt sentiment from many clean-energy and energy efficiency advocates.

That's because the report, done by the independent company GoodCents (http://www.goodcents.com/our-company), showed that Energizing Indiana resulted in energy savings of about 11 million megawatt hours, significant cost savings and created almost 19,000 jobs.

"The evidence clearly displays that the programs were incredibly cost-effective, generating significant cost-savings for customers," said Olson. "And perhaps the biggest implication here was the impact on jobs and the impact on customer utility bills."

Republican legislators pushing a bill to end the program argued that the energy efficiency mandates that drove it were too expensive. That bill, SB 340 (https://iga.in.gov/legislative/2014/bills/senate/340/), also quashed the energy efficiency targets that had been set for utilities and ended the role of an independent administrator (GoodCents) to evaluate the programs.

The Indiana Utility Regulatory Commission created Energizing Indiana through a 2009 order after an extensive process involving state legislators and with the support of then-Gov. Mitch Daniels, a Republican. It was the first program of its type to be shuttled by a state legislature.

Republican Gov. Mike Pence did not sign SB 340, but he also declined to veto it, allowing it to become law. (http://www.ibj.com/articles/46897-pence-lets-bill-ending-energize-indiana-become-law)

Rep. Matt Pierce, a Bloomington Democrat and also an opponent of SB 340, said the recent Energizing Indiana report "just validates" what advocates said in defense of the original program.

"The current [House] majority is not very interested in science or facts, they're pretty much driven by ideology."

"The current [House] majority is not very interested in science or facts, they're pretty much driven by ideology," he continued. "They just did not like the idea of government being proactive in promoting energy efficiency."

Impressive results

The report filed with the IURC on June 9 quantifies Energizing Indiana's impact in its third year and over the course of the program. It covers the utilities Duke Energy, Indianapolis Power & Light, Indiana Michigan Power Company, Northern Indiana Public Service Company and Vectren.

Energizing Indiana consisted of five components: home assessments, weatherizations for low-income households, energy efficiency for schools, discounts for more efficient residential lighting and commercial and industrial rebates for efficiency investments.

The report found that overall the program was cost-effective and all of the individual components were also cost effective in their own right, with the exception of the low-income weatherization program.

In the second year the school program, which includes an education component, was not cost-effective, but by the third year it was.

The commercial and industrial rebates drove about half of the energy savings, the report found, and the lighting program accounted for about a quarter of the savings. The analysis took into account "freeriders" who would have made efficiency improvements even without the program, and "spillover savings" that were not part of the Energizing Indiana program but were influenced by it.

The report notes that its estimate of spillover savings was conservative, meaning the true savings could have been greater. The analysis also accounted for jobs that could have been lost because of the effects of the program.

Job creation

To measure employment impacts, the study used three different approaches drawn from other accepted studies.

The report notes that Energizing Indiana created direct jobs in the administration and implementation of the program. Indirect jobs were created in manufacturing, delivering, installing and otherwise meeting increased demand for energy-efficient products that were purchased thanks to the program. For example, the program would have created jobs for people installing insulation or new windows.

Finally, the report notes, "As energy-efficient products are used, energy is saved, causing the customer's facilities to be more efficient, reducing energy bills. This allows those cost savings to be spent in ways that produce jobs."

While the utility and power-generation industries and the jobs they support could have been hurt by the program, the report explains that dollars saved on bills have a greater economic ripple effect than the amount paid to the utility company through bills.

"The dollars saved by participants who use less energy do not enter the utility industry via the payment of a utility bill but instead are spent in the more labor-intensive industries associated with discretionary spending (clothing, food, education, home repair, retail sales, etc.)," the report says.

Moving backwards

The Energizing Indiana analysis found that the cost of saved energy, or CSE, was less than 4 cents per kilowatt-hour. This is a positive finding and in line with similar programs around the nation, according to Marty Kushler, senior fellow at the American Council for an Energy-Efficient Economy (http://aceee.org/).

ACEEE's 2014 analysis (http://aceee.org/press/2014/03/new-report-finds-energy-efficiency-a) of utility energy efficiency programs in 20 states across the nation found an average CSE of 2.8 cents per kilowatt-hour. It also noted: "Electricity efficiency programs are one half to one third the cost of alternative new electricity resource options such as building new power plants."

"This was a very high-quality evaluation," Kushler said of the Energizing Indiana report. "It was noteworthy within the industry for the process. Indiana should be congratulated for setting up that evaluation process and for the positive results that were seen. It's definitely backward to have done away with these programs. Canceling the program was not at all a data-based decision, it was a philosophical objection."

Kushler recently made similar comments (http://www.midwestenergynews.com/2015/04/01/can-better-utility-planning-replace-clean-energy-standards/) to *Midwest Energy News* about active legislative attempts in Michigan to do away with its energy efficiency program, despite findings from state regulators that the program saves ratepayers nearly $4 for every dollar spent (http://michigan.gov/documents/mpsc/2014_eo_report_475141_7.pdf). The two states appear on a similar course to replace efficiency standards with utility-driven programs, which clean-energy advocates say would weaken efficiency programs.

ACEEE publishes an annual scorecard (http://aceee.org/research-report/u1408) judging states' commitment to energy efficiency. In 2014, Indiana ranked 40th — a tumble of 13 spots from the year before driven largely by SB 340, the scorecard notes.

A troubling history

SB 340 was originally written to allow industrial users to opt out of energy efficiency programs. It was later amended to end the entire program and passed with no debate in the legislature and with no public input.

Large industrial companies had been the primary funders of the energy efficiency programs carried out under the bill: Residents had seen an increase of $2 or $3 per household per month.

It appeared to local experts that utility companies were driving the bill, (http://www.midwestenergynews.com/2014/03/17/whos-behind-the-effort-to-kill-indianas-efficiency-law/) presumably seeking to be released from the requirement that they make "good faith" efforts to reduce demand by 2 percent by 2019.

"It was a horrifically bad idea to not at least wait for a report of any kind, to not at least study the program, study the impacts of the commission order that created the resource standard, like other states have done prior to taking this drastic step," Olson said.

"It's clear that energy efficiency has tremendous impacts on our economy [by] creating jobs, saving folks money. Before, we couldn't answer the question 'how many jobs' [were created], but now we know. This was a horribly short-sighted, abrupt decision by the General Assembly to cancel something that was serving the public."

The lead sponsors of SB 340 — state Rep. Heath Van Natter (http://ballotpedia.org/Heath_VanNatter) and state Sen. James Merritt (http://ballotpedia.org/James_Merritt,_Jr.) — did not return requests for comment.

A poor replacement

Pence has said that he still supports energy efficiency as part of an "all of the above" strategy. Another bill — SB 412 (https://iga.in.gov/legislative/2015/bills/senate/412), signed by Pence on May 6 — is meant to be the replacement for the repealed program.

But that bill relies on utilities drafting their own energy efficiency plans and, by the end of 2017, filing three-year demand-side management plans.

But advocates say the plans submitted by utilities so far will not do much to spark efficiency improvements. The law also allows industrial customers to opt out of efficiency programs.

"Governor Pence did not push to end Energizing Indiana," said spokesperson Kara Brooks. "The Indiana legislature pushed the bill that ended the program in 2014. Governor Pence reluctantly let the bill become law without his signature, while promising to propose a new approach in the 2015 session.

"Governor Pence kept his promise by proposing SB 412, which passed the legislature with bipartisan support. Under the new law, for the first time ever, Indiana statute will require utilities to pursue energy efficiency, codifying the importance of energy efficiency's role in Indiana's energy mix."

But Olson said that replacing Energizing Indiana with SB 412 "really put the nail in the coffin of energy efficiency."

"It's tying the commission's hands, putting energy efficiency programs in the hands of energy companies whose main goal is to sell energy," he said.

Pierce noted that changing the state's energy efficiency policies or bringing back any elements of Energizing Indiana would require legislation.

"That's not likely to happen until we have some change in the makeup of the legislature next election," Pierce said. "The problem with the current Republican majority is they're very backward-looking, all about preserving the status quo, the [interests of] the utilities, the coal industry."

ACEEE is a member of RE-AMP (http://www.reamp.org/), which also publishes Midwest Energy News.