



Nov
30

2022

Page
A01

Clip
resized
58%

LaPorte County Herald Dispatch



'Dire utility affordability crisis'

NIPSCO seeking temporary \$6 electric rate hike, on top of major rate increase and one that took effect Oct. 27

STAFF REPORTS

INDIANAPOLIS — A state utility watchdog group says Northwest Indiana residents already hit hard by rising prices could find themselves

in a "dire utility affordability crisis" after NIPSCO's latest rate request.

But the utility says these are near-term costs associated with its plan to switch to clean, renewable energy,

which will mean saving for customers in the long run.

NIPSCO recently initiated its quarterly Fuel Adjustment Clause tracker before the Indiana Utility Regulatory Commission, and a second FAC is

being sought later this winter season.

The adjustable-rate mechanism allows utilities to adjust the price customers pay to reflect fluctuations in the cost of fuel, such as coal and natural gas, and



OLSON

the costs of purchased power used to supply electricity, according to Kerwin Olson, executive director of the Citizens Action Coalition.

If the latest request is approved, the average NIPSCO residential electric bill will increase by \$6.14 for three months, beginning in

See **RATES**, page A3

RATES

From page A1

February 2023, he said.

Last month, NIPSCO began charging the average customer \$4.75 a month, after the IURC approved its previous FAC filing. That hike was effective Oct. 27 and will last three months.

A statement from NIPSCO said the FAC “reflects the fluctuations in the dollar-for-dollar price NIPSCO pays in the marketplace for fuel and energy ... and it is a direct pass-through cost to customers, meaning NIPSCO does not make any ‘profits’ when fuel costs increase.”

It also said it has an “approved hedging plan where NIPSCO will utilize financial hedges to mitigate economic impacts and volatility within each fuel adjustment clause.”

Olson said the proposed temporary increase “is not included in, and would be above and beyond the \$19.69 a month permanent rate increase NIPSCO is seeking in a separate, pending base rate case before the IURC.

That two-phase increase would take effect in September 2023 and March 2024, if approved.

The NIPSCO statement said, “To continue to deliver a safe, reliable supply of electric service, we must continue to invest in our system to upgrade aging infrastructure, just as investments are made in bridges, roads and other infrastructure ... Costs to implement and complete these upgrades have increased.”

“But wait, there’s more,” Olson said. “NIPSCO also has two separate pending rate increases before the IURC, both related to costs for cleaning up some of its toxic legacy coal ash ponds at its Michigan City and Schahfer coal plants.”

NIPSCO said it is in the process of a multiyear initiative to close coal-fired generating stations and replace them with “lower cost, more efficient and sustainable sources of renewable generation,” such as solar, wind and battery storage.

“There are short-term costs associated with this electric transition, which will deliver customer cost savings over the long term,” the statement said.



INSKEEP

“At a high level, NIPSCO remains on track with its plans to see coal-free by 2026-2028 and there are near-term costs associated with the investments being made to get our wind and solar projects off the ground.”

But, the utility said, “customers are already benefiting from existing renewable projects, and will continue to see savings grow in the long term when we’re able to eliminate the costs associated with running our remaining coal-fired electric generating facilities.”

The utility added, “Global and domestic market impacts have increased the price of commodities across the industry ... due to global energy demand, rising electric demand, high commodity prices, increased coal demand, constrained coal supply and transportation. Additionally, purchase power costs have increased.”

The CAC sees it differently.

“Hoosiers are already facing a dire utility affordability crisis, and NIPSCO is just making it worse by proposing rate increase on top of rate increase,” said Ben Inskeep, CAC program director.

A major reason for the looming increase, he said, is that the utility’s “fossil-fueled power plants have not operated reliably, forcing NIPSCO to purchase more power, and at a much higher price, from the wholesale market than originally anticipated.”

NIPSCO stated in its filing, “The differences [between forecasted and actual fuel costs] were primarily driven by volatility in commodity prices and a significant increase in purchased power volumes and costs because of reduced availability at coal-fired generation stations due to unexpected outages...”

“NIPSCO is proposing another rate increase because its coal and gas plants have been unreliable,” Inskeep said.

“And that’s in addition to two pending rate increases that would allow it to profit on cleaning up its toxic coal ash ponds, as well as a separate pending massive rate increase

Field hearings scheduled on NIPSCO rate hike

Northwest Indiana residents who would like to comment on NIPSCO’s pending base electric rate case will have the chance to do so. The Indiana Office of Utility Consumer Counselor will hold two public field hearings in the case — one in Hammond and one in Valparaiso.

NIPSCO’s request would raise an average monthly residential electric bill (668 kwh) from \$107.78 to \$127.21 under a two-phase increase taking effect in September 2023 and March 2024. The bill would then rise to \$133.43 under a new “tracker,” or rate adjustment mechanism, that would gradually raise rates beginning in July 2024.

The IURC’s public field hearings will be Dec. 12 in the Purdue University Northwest, Student Union and Library Building at 2233 173rd St. in Hammond; and Jan. 4, 2023 in the Valparaiso High School auditorium at 2727 N. Campbell St.

Each hearing will begin at 6 p.m. and consumers are encouraged to arrive by 5:45 p.m. for an overview of hearing procedures and rate case process. No final decisions about the case will be

made at the hearings, and the OUCC panel will not answer questions.

The sole purpose of hearings is to receive public testimony. Consumers can speak directly to the Commission under oath and on the record, and comments will become part of the case record.

NIPSCO will not make presentations or answer questions during field hearings. The utility filed its testimony and exhibits in September. The IURC will render a decision after weighing evidence from the utility, the OUCC and intervening parties.

Public comments can also be made in writing through Jan. 13, 2023. Written comments can be made via www.in.gov/oucc/2361.htm, by email at uccinfo@oucc.IN.gov, or by mail at Public Comments, Indiana Office of Utility Consumer Counselor, 115 W. Washington St., Suite 1500 SOUTH, Indianapolis, IN, 46204.

Comments should include the consumer’s name, mailing address, and a reference to either “IURC Cause No. 45772” or NIPSCO Electric Rates. Consumers with questions about submitting written comments can call 888-441-2494.

... where it wants regulators to significantly increase its allowed profit margin,” he said.

“There is no relief in sight for Hoosier families from the crushing weight of increasing utility bills as long as our policymakers continue to tolerate this avalanche of monopoly rate increases.”

In the filing, NIPSCO indicates it performed “root cause analysis” reports to detail reasons for one or more of the fossil fuel power plant outages and the factors that contributed, but it is keeping those reports from the public, according to Olson.

“Transparency in the regulatory process is critical for the public to have any confidence in its integrity ... Captive ratepayers are entitled to all of the information pertaining to rate increase requests from monopolies.”

The NIPSCO statement said, “The root cause information ... is already available to the IURC, OUCC and others participating in the review of our filing.

“Because of the sensitive nature associated with the security of operating a power plant, including proprietary information pertaining to unit operating characteristics and methods, some of those details are not available to the public.”

NIPSCO said it “leverages all the resources possible at any given time to provide electricity to customers economically and reliably. In addition to utilizing more and more renewable resources, NIPSCO sells ‘renewable energy credits’ and passes back 100 percent of those proceeds directly to customers, which helps to mitigate fuel cost impact.”