

NIPSCO 2024 ELECTRIC RATE CASE

October 22, 2024

*This presentation and a recording of tonight's Town Hall
will be available at [citact.org/nipsco-electric-rate-hike-2024](https://www.citact.org/nipsco-electric-rate-hike-2024)*



AGENDA

- **Introduction**
- **Background**
- **Rate Case Overview**
- **Attend the Public Field Hearing**
- **Q & A**

INTRODUCTIONS

PRESENTERS

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CITIZENS ACTION COALITION

- CAC is Indiana's oldest and largest consumer and environmental advocacy organization.
- Since our inception in 1974, we've helped to save Hoosiers **billions** in excess utility charges.
- CAC advocates on behalf of Hoosiers on issues regarding energy policy, utility reform, health care, pollution prevention, and family farms.

Grassroots organizing



Legislative advocacy



Regulatory advocacy



BACKGROUND

LOW INCOME CUSTOMERS FACE HIGH ENERGY BURDENS, FEW PROTECTIONS

- **Low-income customers are experiencing extraordinary utility affordability challenges**
 - **2022 was the largest increase in poverty on record in the U.S.**, increasing from 7.8% to 12.4% of Americans, or 40.9 million Americans, due to expiring COVID policies.
 - **Federal funding for LIHEAP is falling:** \$6.1 billion (FY23) to \$4.1 billion (FY24), a 32% year-over-year decrease. LIHEAP benefits primarily help with winter bills.
 - **The proportion of households unable to pay an energy bill is increasing:**

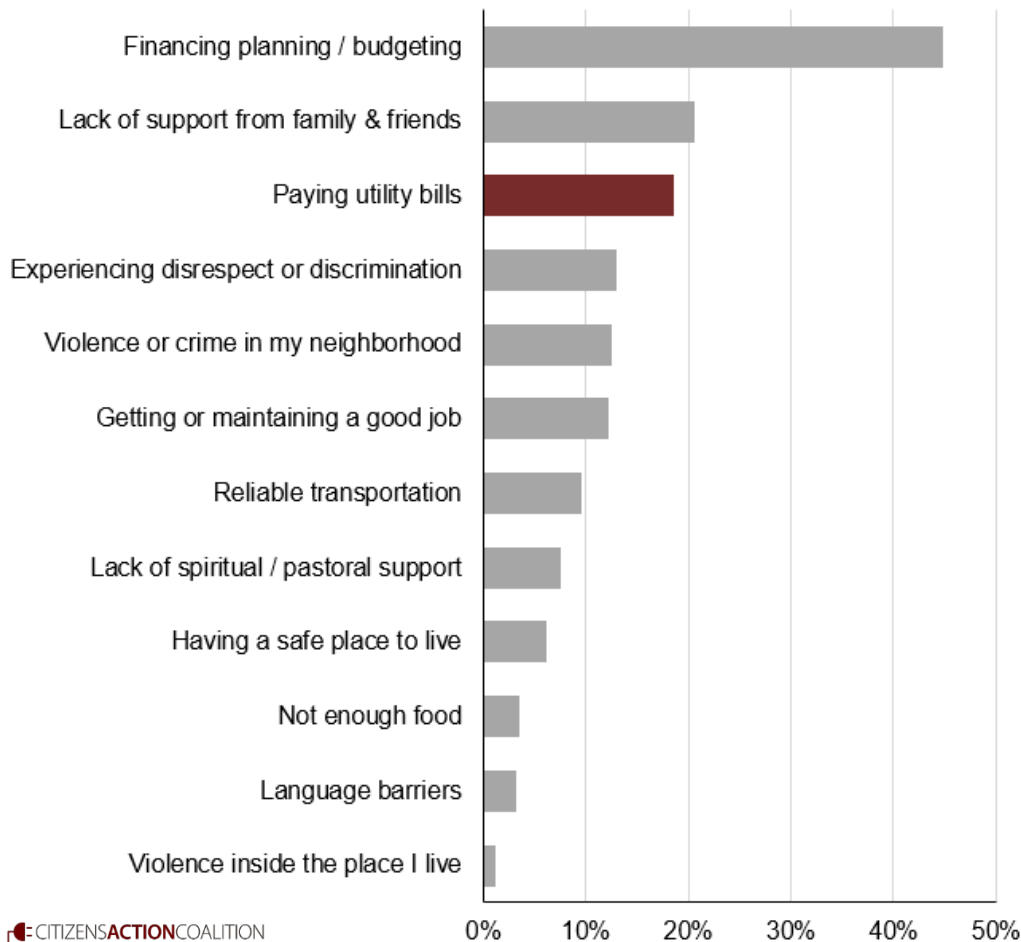
Household was unable to pay an energy bill or unable to pay the full bill amount, at least one month in the last year

Time Period	National Average	Low- and Moderate-Income (<\$50k)	Households with Children	Households of Color
4/26/2023 - 5/8/2023	16.7%	34.6%	20.7%	21.4%
4/2/2024 - 4/29/2024	19.4%	36.8%	25.8%	25.3%

Table: NEADA • Source: Census Pulse Survey April 2024 • Created with Datawrapper

UTILITY AFFORDABILITY IS A TOP ISSUES FOR HOOSIERS

Which of These Items Cause You Stress In Your Daily Life (Lake County)



- **Utility affordability is a top issue for Hoosiers**

- #3 stress in Lake County (see figure)
- #3 issue addressed when Hoosiers call 211 (after #1 housing and #2 food)

Source: Franciscan Health, Lake County Community Health Needs Assessment 2022-2024 Report

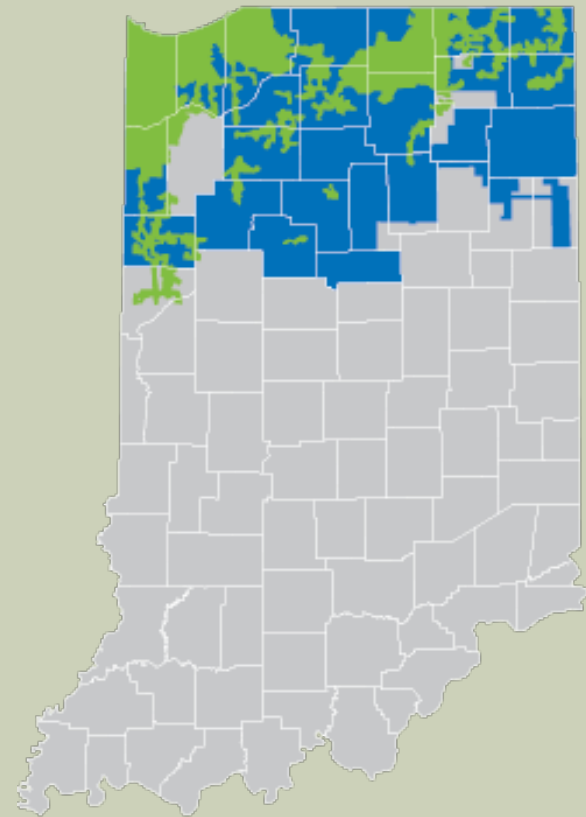
INDIANA LAWS

- **Indiana lacks meaningful electric utility affordability programs and consumer protections**
 - No electric low-income rate
 - Few protections from disconnection
 - Late fees, reconnect fees, convenience fees, & security deposits
 - Many utility bill “trackers” (surcharges)
 - Limited transparency and inconsistent data reporting
 - Affordability prioritized for industry (and shareholders) over residents
 - Energy efficiency and solar net metering programs undermined

ABOUT NIPSCO

■ NIPSCO

- Provides both Electric and Natural Gas service in Northern Indiana
 - 859,000 natural gas customers
 - 483,000 electric customers
- NIPSCO is owned by NiSource, a publicly traded company
 - Only Indiana investor-owned electric utility with a parent company headquartered in Indiana
- \$1.8 billion in electric revenues in 2023



■ NIPSCO Gas Service Territory ■ NIPSCO Electric Service Territory

RATE CASE OVERVIEW

RATE CASE BASICS

- **The Indiana Utility Regulatory Commission (IURC) oversees utilities, including NIPSCO**
 - 5 Commissioners appointed by Governor
 - No more than 3 from the same political party
- **A proceeding at the IURC where the utility requests a change in base rates is called a “rate case.”**
 - NIPSCO must get IURC approval to change its base rates
 - A rate case is similar to a trial
 - IURC can approve, deny, or modify a utility’s requests

Commission Chairman and Commissioners



Chairman
Huston



Commissioner
Bennett



Commissioner
Freeman



Commissioner
Veleta



Commissioner
Ziegner

*Your comments at **public field hearings** count as evidence the Commission can consider in deciding this rate case!*

NIPSCO RATE CASE

- **NIPSCO filed a new rate case on September 12, 2024**
 - IURC Cause No. 46120
 - 17 expert witness testimonies, thousands of pages of attachments and spreadsheets
- **This case will determine:**
 1. How much money NIPSCO's rates are designed to collect each year
 2. How to spread those costs out across different groups of customers
 3. What types of charges and their amounts that each group of customers pays
- **What is not part of this rate case?**
 - NIPSCO Gas rates
 - Planning NIPSCO's future energy resource portfolio
 - Changes to Indiana laws or regulations

REVENUE REQUIREMENT

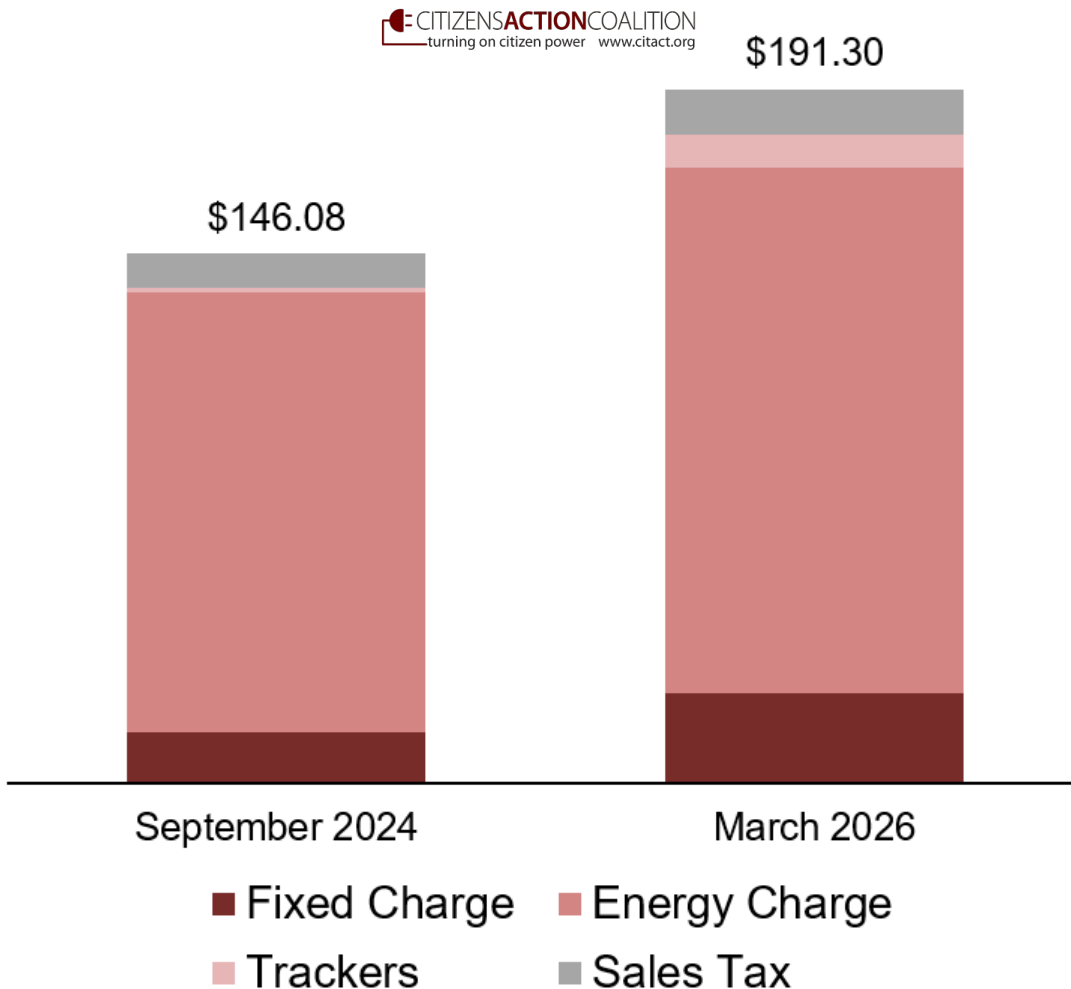
- **How much money NIPSCO's rates are designed to collect each year**
 - **Currently:** NIPSCO will charge about **\$1.8 billion** per year
 - **Proposed:** NIPSCO would charge about **\$2.2 billion** per year

- **Increase Requested: \$369 million (20%),** phased in over two steps:
 - **Step 1:** September 2025
 - **Step 2:** March 2026

AVERAGE RESIDENTIAL BILL INCREASE

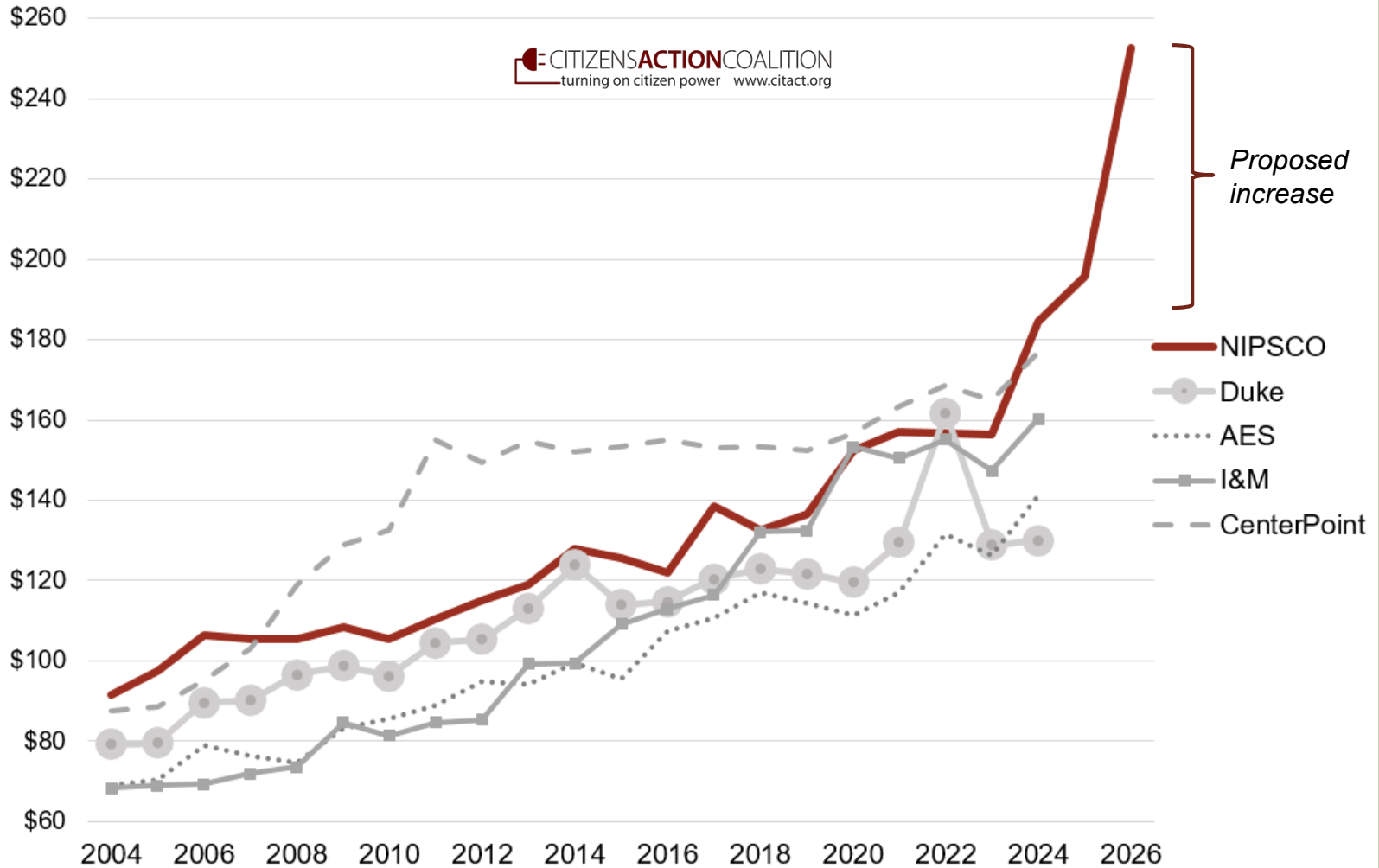
NIPSCO Residential Bill for 729 kWh per Month

 CITIZENS ACTION COALITION
turning on citizen power www.ctact.org




- **\$45 per month average bill increase**
- So why does NIPSCO claim it is “only” a \$32 per month increase?
- NIPSCO’s calculation does not include:
 - \$10 per month increase forecasted by NIPSCO to its **bill trackers** by Sept. 2025
 - 7% **sales tax**

RESIDENTIAL BILL INCREASE (1,000 KWH/MONTH)



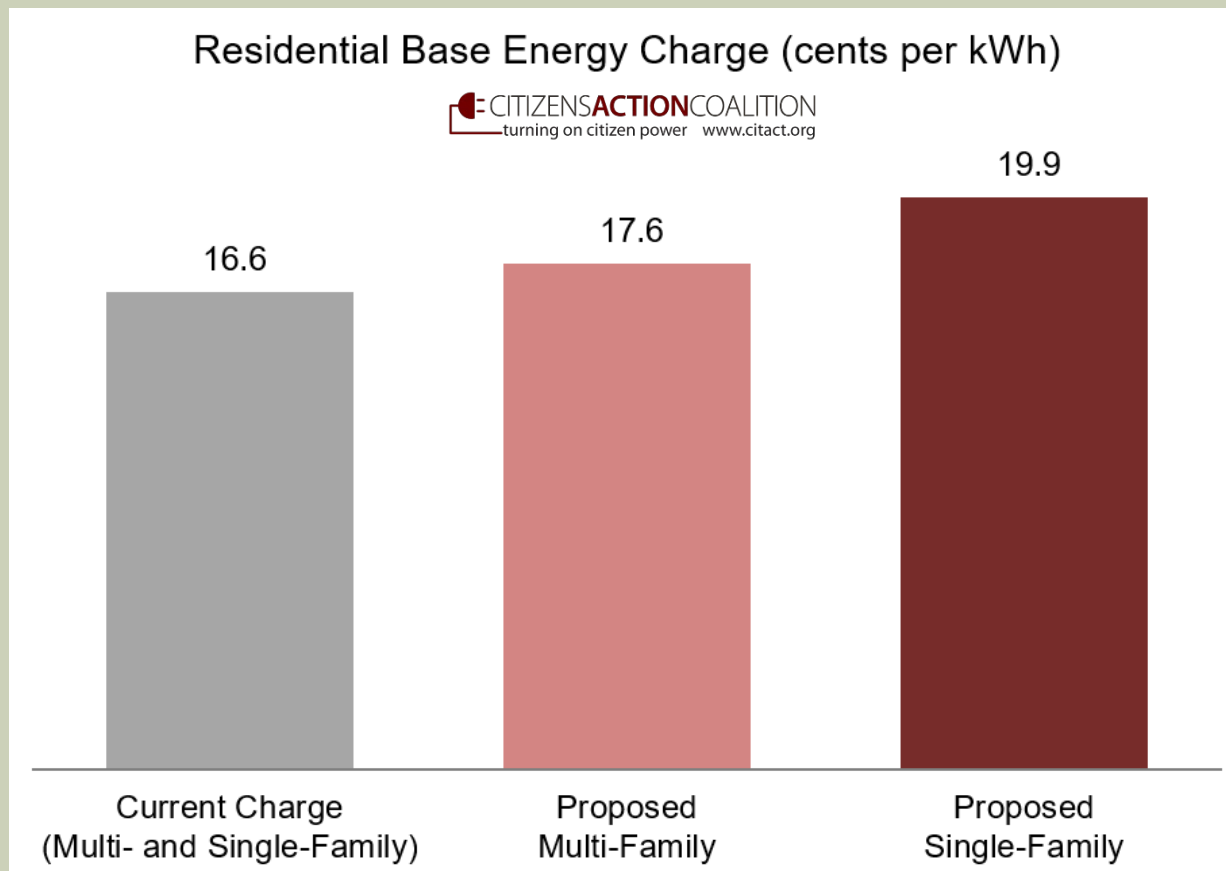
RESIDENTIAL CHARGES

 Description	Current Rates (September 2024)	Proposed Rates (March 2026)	Change
Base Rates			
Customer Charge (per month)	\$14.00	\$25.00	+79%
Energy Charge (per kWh)	16.6 cents / kWh	19.9 cents / kWh	+19%
Trackers			
Trackers for fuel, coal ash, transmission & distribution, etc. (per kWh)	0.2 cents / kWh	1.2 cents / kWh	+574%

- **NIPSCO's proposal to increase the customer charge should be rejected**
 - Hurts households that use less electricity
 - Reduces control over bill
 - Bad for energy efficiency, conservation, and rooftop solar

NEW MULTI-FAMILY RATE

- Lower base per-kWh charge for customers in multi-family dwellings to reflect lower cost to serve these customers



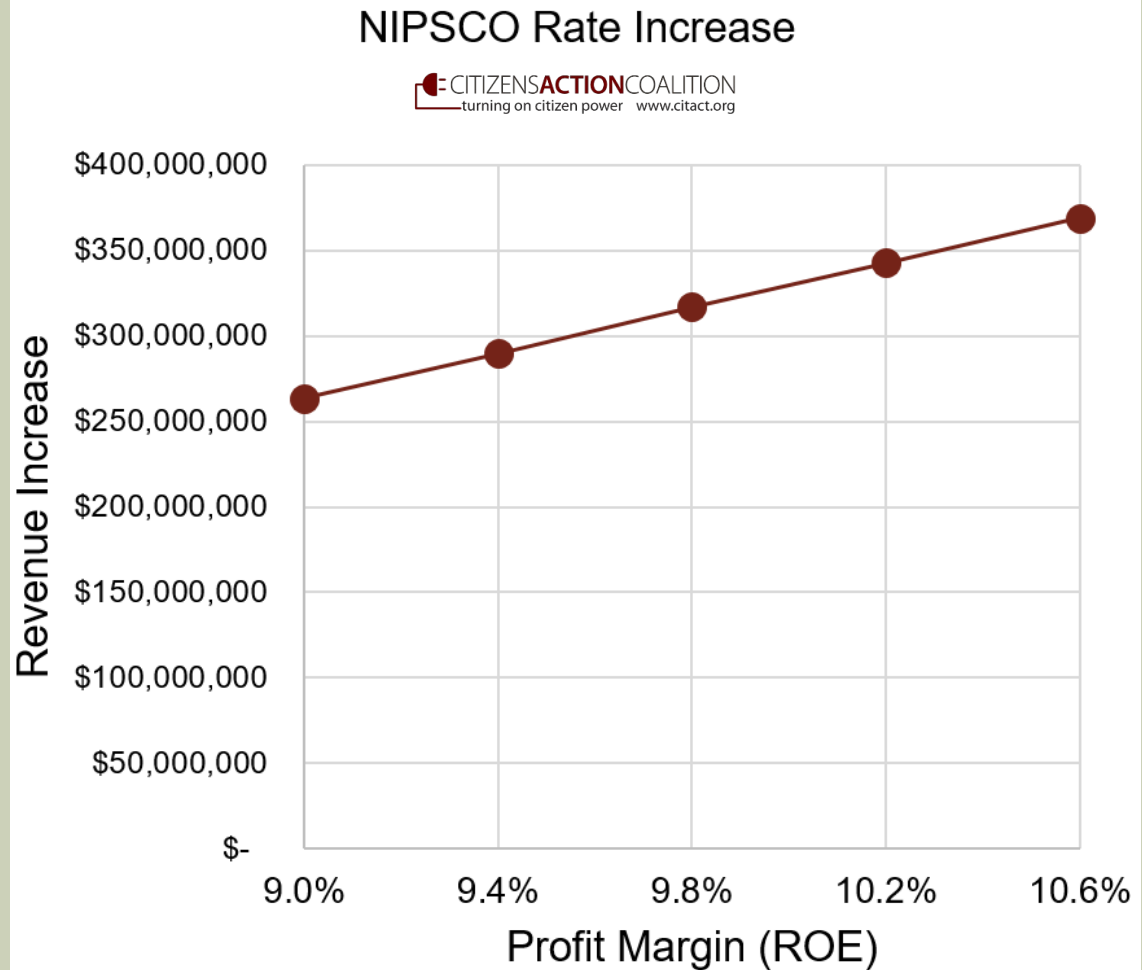
DRIVERS OF HIGHER RATES

- Higher profit margin for NIPSCO
- Shifting costs caused by industrial customers onto residential customers
- Coal plants
 - Coal ash cleanup
 - Paying off undepreciated amounts through rates, years after they retire
- New investments in renewable energy
- New natural gas power plant
- Spending on the transmission and distribution grid

HIGHER PROFIT MARGIN = HIGHER RATES

- **NIPSCO is requesting to increase its profit margin (return on equity, or ROE) from 9.8% to 10.6%**

- This would give NIPSCO an extra **\$51.9 million** in profit *every year* compared to its current ROE.
- Reducing ROE to 9.0% would save ratepayers **\$105 million per year**, cutting NIPSCO's request by 29%!



NEW LOW-INCOME PROGRAM

- **Bill reductions applied to low-income customers in summer months**
 - Three tiers of monthly discounts: \$15 / \$20 / \$26
- **Security Deposit and late payment fee assistance**
 - Up to \$100,000 per year
- **How it would be funded**
 - \$0.40 per customer per month charge (\$2.3 million per year)
 - NIPSCO shareholders would contribute \$400,000 per year

REMOTE DISCONNECTION

- **NIPSCO has started deploying smart meters (AMI)**
- **NIPSCO is requesting permission to remotely disconnect and reconnect customers.**
 - Remote disconnection means the utility does not have to do a door-knock before cutting off power when a customer is late in paying their bill
 - Makes it easier for utilities to disconnect customers
- **Phase-out of \$90 reconnection charge**
 - Customers would be able to be reconnected to electric service without paying a reconnection charge if they have a smart meter

RELIABILITY CHALLENGES

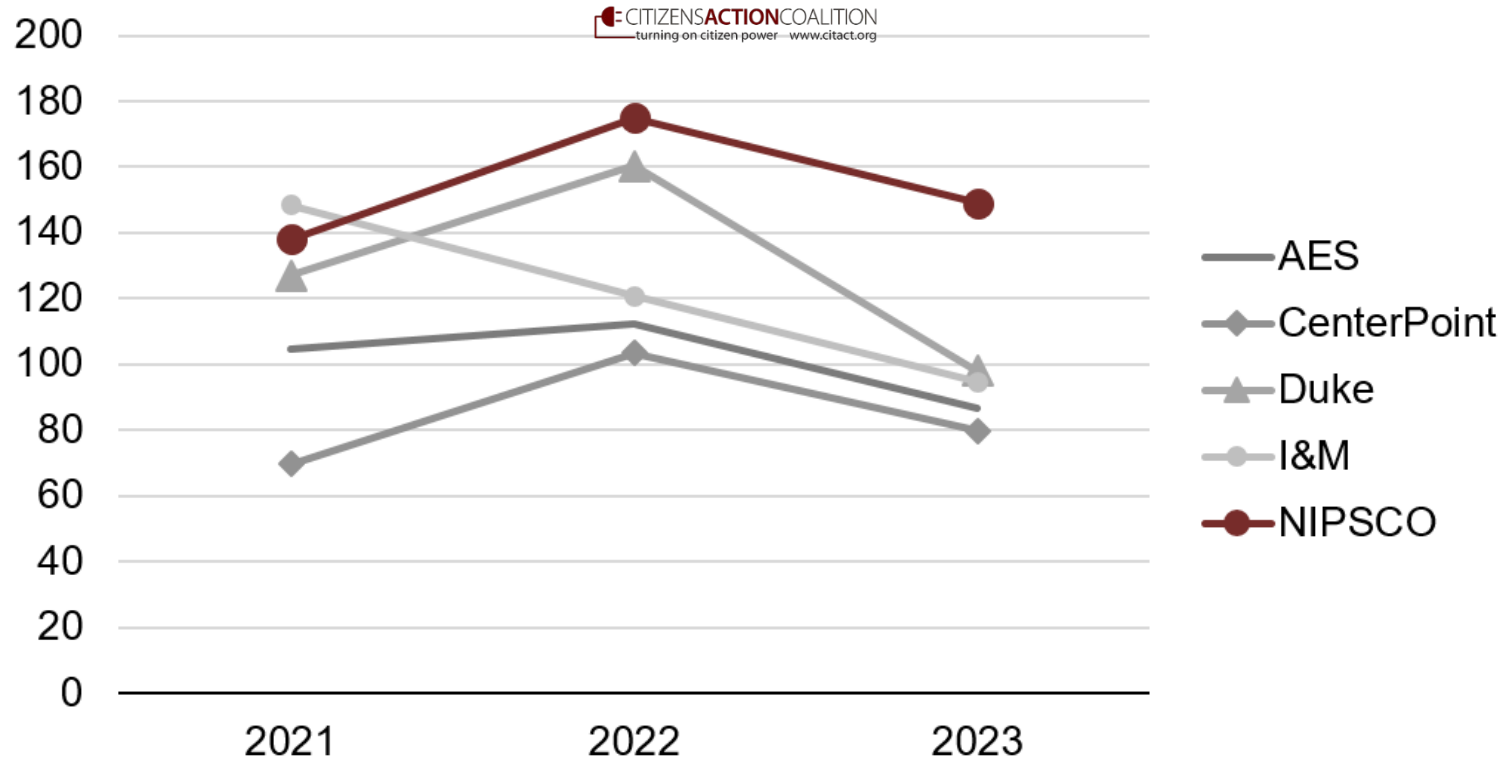
- NIPSCO has longer duration outages than other Indiana utilities (excludes big storms)

*Longer
power
outages*



*Shorter
power
outages*

Key Reliability Metric:
System Average Interruption Duration Index (Minutes)



OTHER ISSUES

- Cost allocation between residential, commercial & industrial customers
- Data centers
- Coal ash cleanup and cost recovery
- Coal plant retirement savings passed on to customers
- Rate case lawyer and expert costs
- Trade association membership dues

HOW YOU CAN TAKE ACTION

SCHEDULE

- **September 12** NIPSCO Filed Case
- **October 22** CAC Town Hall
- **November** **Public Field Hearing(s)**
- **December 19** CAC / intervenor testimony due
- **July 2025** IURC Order
- **September 2025** Step 1 rate increase
- **March 2026** Step 2 rate increase

RATE CASE: GET INVOLVED!

- **Attend the public field hearing**

- Date and time: TBD
- Location: TBD

- **Submit written comments**

- Use “one click” form on CAC webpage to send official comments to the Office of Utility Consumer Counselor

- **Spread the word in your community**

- **Visit CAC’s webpage to learn more**

- Submit written comments
- Sign up for emails and texts
- More rate case information and updates:
 - www.citact.org/nipsco-electric-rate-hike-2024

PUBLIC FIELD HEARINGS

Your chance
to speak out!



PUBLIC FIELD HEARINGS – WHAT TO SAY

- **This is your opportunity to tell the Commission what you think about NIPSCO's rate increase proposal**
 - **Share your story.** It is important for Commissioners to hear how this rate increase impacts you and your community.
 - **You can read written comments aloud.** Consider writing down your comments in advance and reading them aloud so you don't forget anything important and you stick to your key points.
 - **Be polite, concise, and stick to your key points.** We want to convince regulators to our point of view – not make them defensive.

QUESTIONS & ANSWERS

- Please raise your hand to ask a question.
- Visit CAC's website www.citact.org to learn more and stay connected
 - Make a donation to support our work (THANK YOU!)
 - Find out about upcoming public field hearings
 - Download this presentation and find more resources
 - Submit official comments on this rate case easily and quickly through “one click” action
 - Sign up to receive emails and texts

Submit your comments
about this rate hike!

Scan to visit
act.citact.org/6looU4
to tell utility regulators to reject
NIPSCO's rate hike!

