

NIPSCO'S ELECTRIC RATE CASE

What You Need To Know!

December 8, 2022

 CITIZENS **ACTION** COALITION
— turning on citizen power www.citact.org

TODAY'S PRESENTERS

Kelly Hamman

CAC Phone Canvass Director
khamman@citact.org

Kerwin Olson

CAC Executive Director
kolson@citact.org

Ben Inskeep

CAC Program Director
binskeep@citact.org

Sameer Doshi

Senior Attorney, Earthjustice
sdoshi@earthjustice.org

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 more than \$10 billion in excess utility charges.
- CAC advocates on behalf of Hoosiers on issues regarding energy policy, utility reform, health care, pollution prevention, and family farms.



EARTHJUSTICE

- Earthjustice is a nationwide, nonprofit environmental law firm that seeks to assist community advocates with the most important legal challenges.
- Founded in 1972, Earthjustice has offices in 15 cities, including Chicago, and has worked with CAC throughout Indiana for the past decade.
- Earthjustice also assisted CAC as outside attorneys for NIPSCO's previous electric rate case in 2018-2019.

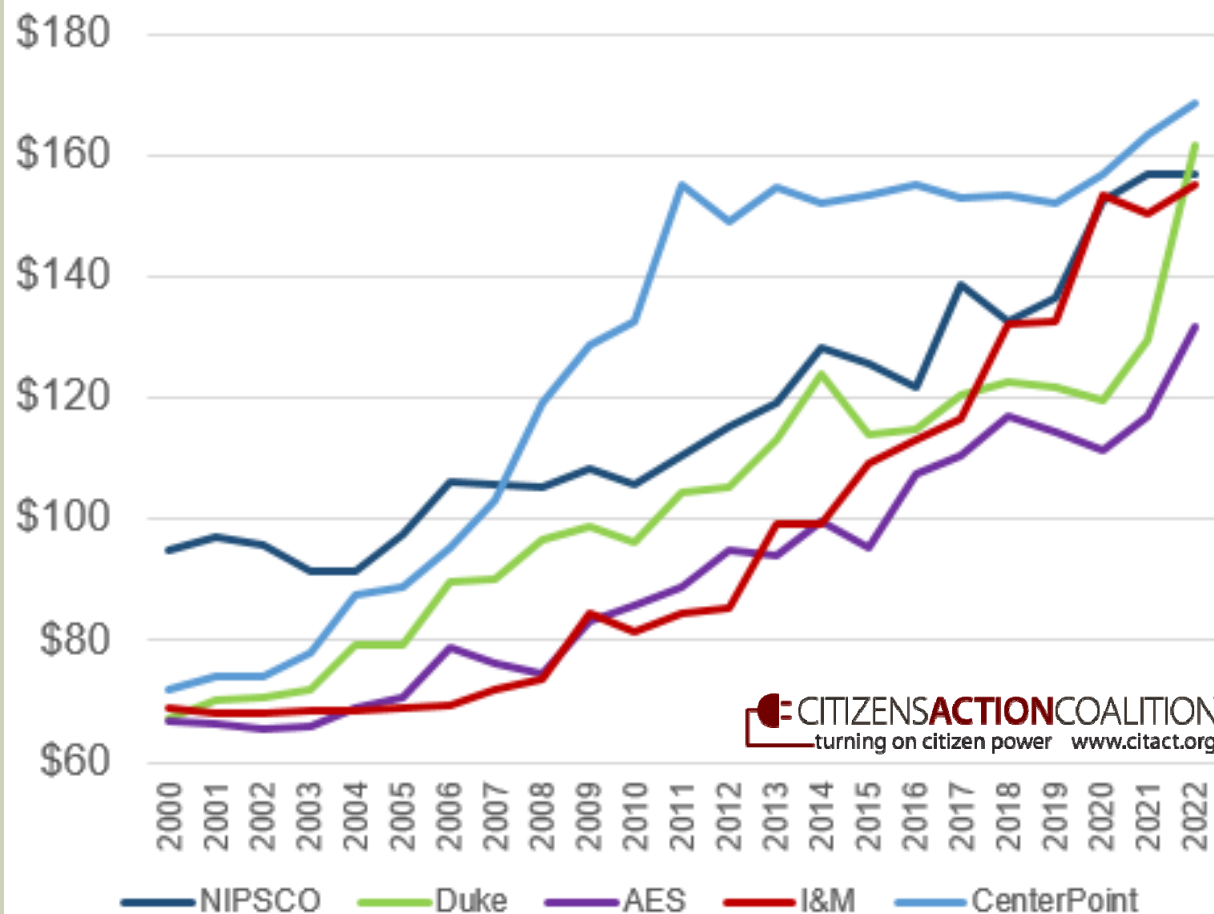


AGENDA

- Utility Affordability Crisis in Indiana
- NIPSCO Rate Case
 - Overview
 - Key Proposals
 - CAC Priorities
 - Procedural Schedule
 - Public Hearing
- Q/A

UTILITY AFFORDABILITY CRISIS

Average Residential Electric Bill



■ Average IOU monthly electric bill increased from \$74 in 2000 to \$155 in 2022 (based on 1,000 kWh/month usage).

■ NIPSCO:

- +32% since 2013
- +72% since 2003

RATE CASE OVERVIEW

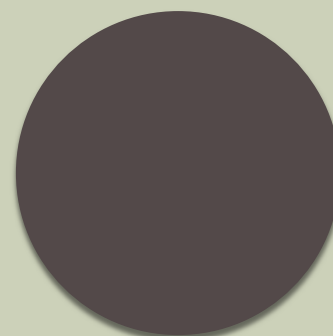
- NIPSCO filed a rate case in requesting that the Indiana Utility Regulatory Commission (IURC) increase electric rates.
 - Docketed under IURC Cause No. 45772
 - The rate case does not include the costs of **coal ash cleanups** and most **trackers/riders** that can separately raise rates
 - Rate cases determine:
 - How much money the utility gets to collect from customers each year (**revenue requirement**)
 - How the total costs are divided up across different types of customers (**cost allocation**)
 - What types of charges and fees the utility is allowed to assess on each type of customer (**rate design**)
 - What programs a utility can offer to their customers

KEY RATE CASE CONCEPTS

Revenue Requirement

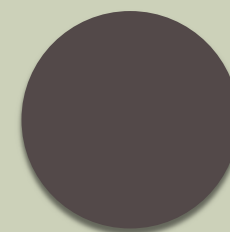
Total amount of money the utility can collect from customers through rates each year

More Expensive



\$393 million increase

Less Expensive

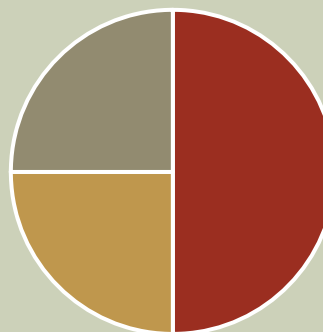


No increase

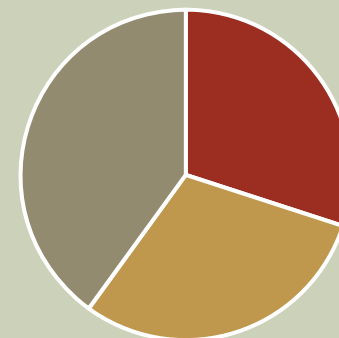
Cost Allocation

How the revenue requirement is split up between different groups of customers

Higher Burden on Families



Lower Burden on Families



■ Residential ■ Commercial ■ Industrial

KEY PROPOSALS

- **Big Increase in Revenue Requirement:** \$393.4 million per year (+25.7%) increase
 - **Higher NIPSCO Profits:** Increase return on equity (profit margin for shareholders) from 9.75% to 10.4%
 - **Big spending on grid:** \$702 million in transmission and distribution investments, yet NIPSCO's reliability has gotten worse
 - **Solar and Wind investments:** New project costs added to rates
 - **Delayed Schahfer coal retirements until 2025:** Coal costs are still in rates
- **Phased-in rate increase:** Rate increase phased in over three phases in September 2023 - July 2024
- **Average residential bill:** Increase by about **\$20 per month** (+16.5%)

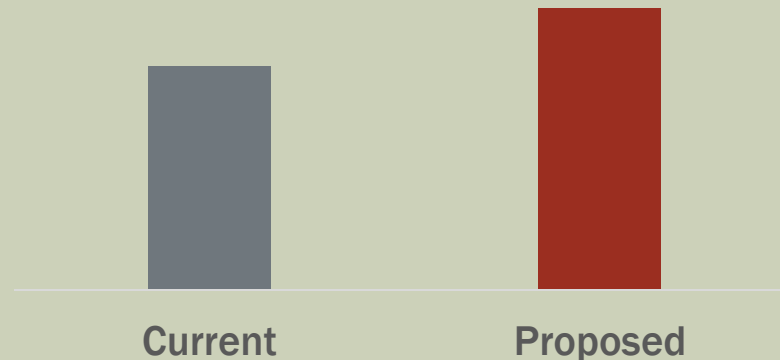
KEY PROPOSALS

- **Coal Tracker (NEW):** variable costs of coal plants recovered through new tracker; as NIPSCO's coal plants retire, tracker costs would decrease
- **Sweetheart deal for big Industrial customers:** special rate implemented in NIPSCO's last rate case would continue, with even fewer costs allocated to industrial customers
- **EV Charging at NIPSCO-owned fast chargers (NEW):** Charging rate would be more than **40¢ per kWh** – cheaper than gasoline, but much higher than residential electric rates

KEY PROPOSALS

- **Variable Charges (\$ per kWh of usage):** Increase from 15.9¢ per kWh to **18.3¢ per kWh** by July 2024
 - Higher total rates are possible due to trackers that can add on costs
- **Fixed Charge:** Increase from \$13.50 to **\$17.00 per month**

Monthly Fixed Charge



KEY PROPOSALS

- **Universal Service Program (NEW):**
 - **Available to LIHEAP-eligible customers**
 - Flat bill discount (**\$12-\$22 per month**) would be applied to bills July through October (covering electricity used June through September)
 - Deposits capped at \$50.
 - NIPSCO continues to offer six-month payment plans (12 months for LIHEAP customers)
 - Program would likely not be implemented until Summer 2024 – we'd like to see it implemented sooner.
 - Funded by collecting \$0.40 per month from each customer, plus \$200,000 per year funded by NIPSCO shareholders
 - There is already a universal service program for gas customers that has worked well for many years.

LIHEAP = Low Income Home Energy Assistance Program

CAC IS FIGHTING FOR YOU

- **CAC is very involved in the case and is hiring experts to file testimony at the IURC to defend consumers like you.**
- **Key priorities for CAC:**
 - Support the Universal Service Program and protections for Hoosiers with limited incomes
 - Support the transition to renewable energy and other clean energy solutions
 - Challenge unfair costs included in Revenue Requirement, such as the higher profits NIPSCO wants for its shareholders
 - Advocate for fair cost allocation and challenge unfair sweetheart deals between NIPSCO and Industrial customers
 - Fight the proposal to increase residential fixed charges
 - Advocate for fair rates for customers living in multi-family housing

RATE CASE SCHEDULE

- Public Hearings:

- Monday, **December 12**, 2022 at 6pm CST (7pm EST) in **Hammond**
- Wednesday, **January 4**, 2023 at 6pm CST (7pm EST) in **Valparaiso**

- CAC and other stakeholders file testimony January 20, 2023
- Evidentiary Hearing: March 13-16, 20-21, and 28-31, 2023
- Final IURC decision issued by August 2023
- First rate increase (if approved by IURC) in September 2023

WE NEED YOUR HELP: PUBLIC HEARINGS

- **This is your opportunity to tell the IURC and NIPSCO what you think about the rate increase proposal**
 - Share your story. It is important for Commissioners to hear how this rate increase impacts NIPSCO customers.
 - You can bring notes or read written comments aloud, or speak from the heart. Be polite, concise, and stick to your key points.
 - You don't have to speak if you don't want. Your attendance matters even if you don't speak! A large turn-out shows this case matters to customers.
- **What should I say?**
 - You will first be asked to give your name and spell it
 - How this rate increase would impact you and your family?
 - What types of customer programs (e.g., Universal Service Program) and energy generation (e.g., renewables) do you support NIPSCO pursuing?

YOU CAN PROVIDE WRITTEN COMMENTS

- Tell the **Office of Utility Consumer Counselor (OUCC)** to oppose NIPSCO's rate hike by sending them written comments.
- Make sure to reference “Cause Number 45772” in your comments.
- CAC’s website has a form allowing you to easily submit comments to the OUCC: <https://www.citact.org/2022-nipsco-electric-rate-hike-45772>

TAKE ACTION

- **Attend the public hearings – and tell your story.**
- **Submit written comments to the OUCC.**
- **Let your friends and neighbors know about this rate increase.** Building power to fight powerful monopoly utilities and their rate increases starts in our communities. We need to organize and mobilize!
 - Share on social media (Facebook, NextDoor, etc.)
- **Tell your state senators and representatives why affordable utility bills matter.** We need to pass new laws focused on making bills more affordable for families. Lawmakers need to hear from their constituents that this issue is important to them.

Q/A

- What questions do you have about the rate case and participating in the public hearings?

Citizens Action Coalition
1915 W. 18th St, Suite C
Indianapolis, IN 46202

