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CAC: IURC Must Consider Affordability in I&M Solar Case

Coalition recommends approval of Solar PPAs and denial of costly Solar PSAs

INDIANAPOLIS – On March 28th, Indiana Michigan Power (“I&M”) petitioned the Indiana Utility Regulatory Commission (“IURC”) for approval of four separate solar projects.¹ I&M is proposing to purchase the output from two independently owned and operated solar projects through renewable power purchase agreements (“PPA”), while proposing to invest about \$1 billion² of ratepayer money to own and operate the other two solar projects through purchase sale agreements (“PSA”). The case is docketed at the IURC as Cause No. 45868.³

Last week, CAC filed the testimony of Ben Inskeep, CAC Program Director, recommending that the IURC approve the two solar PPAs while denying the two costly PSA projects proposed to be owned and operated by the Company.⁴ “In lieu of the Solar PSA Projects, I&M should pursue more cost effective solar PPA projects and/or wind PPA projects as well as creating one or more tariff options for distributed solar and third-party community solar,” stated Mr. Inskeep.

Under a PSA model, ratepayers assume the costs and risks associated with, among other items, the operation and maintenance of the solar facilities, and the utility earns a significant rate of return (aka profit) which is paid for by ratepayers. In comparison, under a PPA model, ratepayers pay only the costs associated with the output from the solar facility with no mark-up for profit, and the costs and risks of operations and maintenance are assumed by the independent owner and operator, not ratepayers.

“I&M’s bills have risen precipitously in the past two decades,” stated Mr. Inskeep, who used IURC data to calculate that **an I&M residential bill for 1,000 kWh of monthly electricity usage has risen more than 45% since 2004 after adjusting for the impacts of inflation.** He urged the IURC when making their determinations in this case to consider the affordability of I&M monthly electric bills and the impact that soaring electricity bills are having on I&M residential customers.

“While CAC applauds I&M for their move away from dirty, expensive, and climate-wrecking coal and towards cleaner renewable energy, we must be mindful of the energy and utility affordability crisis currently crushing Hoosier households,” said Kerwin Olson, Executive Director. “There are two paths to choose from: monopoly

¹ <https://www.indianamichiganpower.com/company/news/view?releaseID=8890>

² *Id*

³ <https://iurc.portal.in.gov/docketed-case-details/?id=16ab711e-3bce-ed11-b596-001dd80726a4>

⁴ https://iurc.portal.in.gov/entity/sharepointdocumentlocation/2416a36d-99f8-ed11-8848-001dd8070a7e/bb9c6bba-fd52-45ad-8e64-a444aef13c39?file=45868--CAC%20Ex%201--5-19-2023_RedactedFINAL.pdf

pricing or the markets. Allowing the continuation of confiscatory monopoly pricing schemes will condemn Hoosier ratepayers to unreasonable bill increases for decades to come. Affordability must be a primary consideration driving IURC decisions moving forward. Ratepayers need relief today.”

Additionally, Mr. Inskeep pointed out that data reported to the Office of Utility Consumer Counselor (“OUCC”) displayed that over the six-month period September 2022 through February 2023, I&M issued more than 230,000 disconnection notices and disconnected residential customers 24,501 times.⁵

“The rapid rise of I&M electric bills results in an increasing number of customers who are unable to afford their electric bill, resulting in arrears or forcing families to undertake risky coping strategies (e.g., forgo food and medicine) to be able to pay their utility bills,” wrote Mr. Inskeep. “When a Hoosier family cannot afford to pay their electricity bills, they are sent a disconnection notice from I&M, and can be involuntarily disconnected from service thereafter, jeopardizing their health and safety and creating a massive hardship that can prevent them from participating in society.”

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⁵ <https://www.in.gov/oucc/featured-topics/arrearage-and-disconnection-data-investigation/>