

**IURC News Release**  
**Indiana Utility Regulatory Commission**  
101 W. Washington St.  
Suite 1500 E.  
Indianapolis, IN 46204

**For Immediate Release**  
August 25, 2010

**Contact Information:**  
Danielle McGrath  
Office: (317) 232-2297  
E-mail: [dmcgrath@urc.in.gov](mailto:dmcgrath@urc.in.gov)

## **The IURC Issues a Decision on the NIPSCO Electric Rate Case**

**INDIANAPOLIS** – The Indiana Utility Regulatory Commission (Commission) issued its decision on Northern Indiana Public Service Company’s (NIPSCO) request for an increase in its electric rates and charges in Cause No. 43526. The Commission last reviewed NIPSCO’s base rates more than 20 years ago.

The Commission decreased NIPSCO’s authorized operating revenue by approximately \$49 million, which includes the finding of a 9.9 percent return on equity; a much lower return than in existing rates. The amount the company has been authorized to earn on its equity investment serves as a directive to the company that it must improve the customer and operational shortcomings that were a subject of the proceedings.

While the Commission has seen recent positive efforts by senior management to address customer and operational shortcomings, the Commission will continue to monitor and evaluate managerial efforts, and will review and revisit those efforts in NIPSCO’s next rate case.

The significant amount of time since the Commission last aligned customer rates with NIPSCO’s underlying cost-of-service components fostered a general condition of misalignment and interclass subsidies. The Commission directed the company to apply its overall revenue requirement such that interclass subsidies were eliminated while applying an allocation scheme that served to moderate the increase to residential customers.

The actual impact on individual customer rates will be determined after NIPSCO files a revised cost-of-service study and new schedule of rates and charges. NIPSCO has 30 days from the date of this order to file the revised information with the Commission. The Commission estimates that typical residential ratepayers will see a bill increase due to a yearly \$55 million credit being removed and the approval of an approximate 4 percent increase in base rates. The Commission estimates that the net effect on residential customers will be approximately 10 percent.

NIPSCO’s existing rates and charges for electric utility service were established in 1987 in Cause No. 38045. On September 23, 2002 in Cause No. 41746, the Commission approved a settlement agreement in a proceeding initiated by the Commission to investigate NIPSCO’s electric rates.

Although the settlement agreement left the base electric rates from the 1987 rate order unchanged, it required the company to apply customer bill credits of approximately \$55 million per year until the Commission issued an order approving new base rates. Under the terms of the settlement, the credit expires with the conclusion of this rate case.

For more information on Cause No. 43526, please visit the Commission's Electronic Document System at <https://myweb.in.gov/IURC/eds/>.

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*The Commission is a fact-finding body that hears evidence in cases filed before it and makes decisions based on the evidence presented in those cases. An advocate of neither the public nor the utilities, the IURC is required by state statute to make decisions that balance the interests of all parties to ensure the utilities provide adequate and reliable service at reasonable prices.*