



Electric



Natural Gas



Water & Wastewater

***2021-2022 Annual Report***  
**Indiana Office of Utility Consumer Counselor**

# OUCC 2021-2022

## *Our Mission:*

To represent all Indiana consumers to ensure quality, reliable utility services at the most reasonable prices possible through dedicated advocacy, consumer education, and creative problem solving.

**49**  
Dedicated staff  
members




  
**\$73.82**  
Savings per dollar  
spent in OUCC budget

  
**24**  
Staff members with  
advanced degrees

Nearly  
**\$520 Million**  
in consumer savings



  
**58**  
Utility receipts  
tax filings

**378**  
Docketed  
IURC cases



**23**  
Base rate  
cases



  
**152**  
Tracker cases

*378 IURC dockets were open during State Fiscal Year 2022 (7/1/2021-6/30/2022).  
\$519.6 million is the difference between utility requests & amounts approved in IURC orders during the same fiscal year.  
The consumer savings amount is divided by actual spending in OUCC budget for State Fiscal Year 2022.*



# OUCC

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## Executive Summary

Rate requests from electric and natural gas utilities were under consideration in 29 states in March 2022. According to S&P Global Market Intelligence, the requests added up to \$14.8 billion.

Indiana is no exception to the trend. Utilities here and in other states continue to deal in part with factors including replacement of aging infrastructure, the nationwide transition in how electricity is produced and delivered, and market conditions.

In this environment, ratepayers need strong and dependable representation, and that's the role of the Indiana Office of Utility Consumer Counselor (OUCC).

The Indiana Utility Regulatory Commission (IURC or Commission) and OUCC considered nearly 300 cases during the State of Indiana's 2022 fiscal year (July 1, 2021 through June 30, 2022). These cases are very similar to civil court proceedings. The Commission is required to render decisions based on formal evidence in each docket, as each year's cases implicate billions of dollars.

OUCC attorneys and technical experts go toe-to-toe with lawyers and experts representing regulated utilities in cases before the Commission. Indiana law designates the OUCC as the statutory representative of all consumers' interests before the IURC. On behalf of the public, the OUCC's accountants analyze financial data in utility requests. Our engineers evaluate capital improvement projects for prudence and reasonableness. Our attorneys ask tough, detailed questions in evidentiary hearings and throughout the legal discovery process. Our additional analysts use their respective expertise to dig through utility requests which may include hundreds if not thousands of pages of technical information, and hold utilities accountable as required by law.

In cases before the Commission during the State's most recent fiscal year, the OUCC's efforts helped reduce utility requests by nearly \$520 million.

The process of regulating monopoly utilities in Indiana and other states is the surrogate to competition that makes sure utilities operate efficiently and cost-effectively as they carry out their legal obligation to provide safe and reliable service to their customers at affordable rates.

“ **IC 8-1-2-0.5:** The general assembly declares that it is the continuing policy of the state, in cooperation with local governments and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to create and maintain conditions under which utilities plan for and invest in infrastructure necessary for operation and maintenance while protecting the affordability of utility services for present and future generations of Indiana citizens. ”

COVID-19, inflation, significant capital spending programs, and numerous additional factors have contributed to the need for a stronger focus on affordability in recent years. Utility rate increases are a major concern for low-income households and a growing concern for residential customers at all economic levels, along with commercial and industrial customers as they operate their businesses and contribute to Indiana's economic development.

The OUCC is committed to promoting a broad-based approach to affordability in its testimonial filings, while tackling cases involving increased complexity within the timeframes required by law.

## Major Accomplishments

- An increased focus on affordability in rate cases and other proceedings, including the IURC's investigation of COVID-19's effect on utility rates, and the OUCC's subsequent request for utility reporting on disconnections and arrearages.
- Base rate cases involving Indiana Michigan Power (I&M), Northern Indiana Public Service Co. (NIPSCO), CenterPoint Energy, and large municipal utilities. With some cases settled and others litigated, the OUCC continues to work diligently to limit proposed rate increases to include only necessary and prudent investments in infrastructure and operating expenses to ensure safe and reliable utility service.
- Dedication of substantial time to examining long-term infrastructure plans requested by energy utilities.
- Ongoing review of periodic natural gas rate adjustments, focused on ensuring that a utility's requests are consistent with Indiana law and that its proposed costs are prudently incurred as it shops in the competitive wholesale market. OUCC analyses in natural gas tracker cases have saved customers of various utilities more than \$1.4 million in the latest fiscal year.
- Confirming that the 2022 repeal of the Utility Receipts Tax was properly calculated and properly allocated to customer rates. The OUCC reviewed nearly 60 utility filings in May and June 2022, after the Indiana General Assembly repealed the tax. OUCC analysts identified errors in two municipal utility filings, which were subsequently corrected, while raising a pending objection to Indiana American Water Company's (IAWC's) proposed changes.
- Significant activity before the Indiana Court of Appeals and Indiana Supreme Court, including appeals of IURC orders involving Duke Energy, AES Indiana, CenterPoint Energy, NIPSCO, and other utilities.



OUCC attorney Lorraine Hitz successfully argued in the Duke Energy rate case appeal before the Indiana Supreme Court on Nov. 16, 2021.

## Welcome

I am pleased to share with you the OUCC's Annual Report for the State of Indiana's 2021-2022 fiscal year.

The past year has seen continued changes in the utility industries, rising inflation, continued emergence from the COVID-19 pandemic, and a host of additional issues affecting consumers. At the same time, the OUCC's staff has continued to work tirelessly on behalf of Hoosier electric, natural gas, water, and wastewater utility ratepayers in the regulatory arena.

Our core mission is to advocate for safe, reliable services at reasonable rates. Affordability is and will continue to be a factor when the Commission considers utility requests for additional money from their customers. As Hoosier ratepayers pay the cost and bear the risk, it is more crucial than ever for our dedicated team of advocates to test the prudence, timeliness, and cost effectiveness of utility requests.

The concept of affordability especially involves the needs of low-income households and the burdens they bear as residential customers. But it goes further. For the small business, affordability is critical to staying afloat and continuing to contribute to its community. For the large industrial customer, affordability is a key factor in whether it locates or stays in Indiana, along with the jobs and local economic benefits it provides.

This report shows how our attorneys, accountants, engineers, economists, and additional analysts are adapting to changes in technology, a volatile economy, an uncertain future, and a regulatory environment that continues to evolve at the state and national levels.

Sincerely,

**Bill Fine**  
**Indiana Utility Consumer Counselor**

## Our Staff

The OUCC draws on combined staff experience of hundreds of years, as it provides consumers with strong, consistent representation.

### Executive

William Fine – Utility Consumer Counselor  
Abby Gray – Executive Director, Legal Operations  
Anthony Swinger – Executive Director, Technical Operations

### Legal

Randall Helmen – Chief Deputy Consumer Counselor  
Kelly Earls – Deputy Consumer Counselor  
Jason Haas – Deputy Consumer Counselor  
Lorraine Hitz – Deputy Consumer Counselor  
Daniel Le Vay – Deputy Consumer Counselor  
Jeffrey Reed – Deputy Consumer Counselor  
Cheryl Williams – Paralegal

### Federal Affairs

Arthur Iler – Deputy Consumer Counselor, Federal Affairs  
Scott Jones – Senior Utility Analyst

### External Affairs

Olivia Rivera – Director of External Affairs  
Harpreet Sandhu – External Affairs Specialist

### Business Office

Krista Orton – Executive Office Director  
Mary Lyons – Professional Development & Technical Specialist  
Kimberly Weaver – Office Operations Assistant  
Scott Wright – Project Manager

### A Vital Service

The OUCC's Business Office and our team of administrative assistants keep the agency functioning at a high level every day. They work long hours to make sure our filings are accurate, our operations are efficient, and that we achieve our organizational goals.

Dezara Atherton (left) and Mary Lyons share a strong commitment to helping all our staff in carrying out our mission.



### Electric

Michael Eckert, CPA – Director  
Caleb Loveman – Assistant Director  
April Paronish – Assistant Director  
Cynthia Armstrong – Chief Technical Advisor  
Wes Blakley – Senior Utility Analyst  
Theresa Davis – Administrative Assistant  
John Hanks – Utility Analyst II  
Kaleb Lantrip, CPA – Utility Analyst II  
Derek Leader – Utility Analyst II  
Kimberly Remy – Administrative Assistant  
Roopali Sanka – Utility Analyst II  
Brian Wright – Utility Analyst II

### Natural Gas

Heather Poole, CPA – Director  
Leja Courter, CRRA – Chief Technical Advisor  
Dezara Atherton – Administrative Assistant  
Linda Devine – Utility Analyst II  
Mark Grosskopf, CPA – Senior Utility Analyst  
Brien Krieger – Utility Analyst II  
Mohab Noureldin – Utility Analyst II  
LaCresha Vaultx – Utility Analyst II

### Water/Wastewater

Scott Bell – Director  
Carl Seals – Assistant Director  
Margaret Stull – Chief Technical Advisor  
Takia Bland – Administrative Assistant  
Shawn Dellinger – Utility Analyst II  
Thomas Malan – Utility Analyst II  
James Parks, PE – Senior Utility Analyst  
Ronald Perkins – Utility Analyst II  
Carla Sullivan – Utility Analyst II  
Kristen Willoughby – Utility Analyst II

### Milestone Anniversaries

Abby Gray recently celebrated her 35th year of service to the State of Indiana and received recognition from Governor. Eric J. Holcomb. Abby served as the IURC's Senior Administrative Law Judge before joining the OUCC. She is currently the OUCC's Executive Director of Legal Operations.

Leja Courter (not pictured), the Natural Gas Division's Chief Technical Advisor, celebrated his 25th year with the OUCC at the beginning of this fiscal year.





## Electric

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## Electric

The electric industry throughout the United States continues to change dramatically. Less than two decades ago, more than 85 percent of the electricity used in Indiana was generated from coal. That percentage has dropped to about 50, following the national trends. Wind and solar technologies continue to improve with more utility-scale renewable energy facilities coming online. Natural gas also plays a much stronger role as a generating fuel. The transition from coal to gas and renewables is happening due to market conditions, aging infrastructure costs, customer demand, environmental compliance costs, corporate governance policies, and additional reasons.

This transition is affecting Indiana more acutely than most other states because of Indiana's traditionally heavy reliance on coal. All major Indiana electric utilities are required to develop "integrated resource plans" every three years, mapping out their anticipated supply needs for the next two decades. With each plan, the OUC's staff participates in numerous meetings and discussions with utilities, IURC staff, and additional stakeholders to help ensure an appropriate level of public input while helping to enhance the plans and make them as beneficial as possible for meeting future energy needs for each utility, its customers, and the state as a whole.

As federal mandates continue to grow, utilities continue to seek cost recovery for construction projects related to compliance, along with relevant financing. These efforts may involve new technology aimed at continuing to use coal-fired power plants in a cleaner and more efficient way, proposals to develop new natural gas-fired generation, and efforts to expand the state's use of renewable energy.

Reliability and resilience are at the forefront as these changes happen. Consumers expect electricity 24 hours a day, and utilities are legally required to provide power in a safe manner. At the same time, generating facilities, transmission lines, and the additional infrastructure carrying the electrons to homes and businesses need to withstand threats from weather, cyberattacks, and other factors.

State policies on Indiana's generation mix, reliability, and resilience are the key focus areas for the 21st Century Energy Policy Task Force, which is in its fourth year of developing recommendations for the Indiana General Assembly's consideration and approval. Utility Consumer Counselor Bill Fine serves on the task force, along with legislators and industry experts.

As policies are implemented, the IURC considers and rules on specific utility proposals for generation, distribution, and transmission investments, deployment of new technology, and power purchase agreements. Ratemaking is also front and center, as electric utilities seek approval of new rates through general rate cases and tracker proceedings, as described in this report.

## Rate Cases

The largest electric rate request in the past year came from Indiana Michigan Power (I&M), which serves 20 counties in northern, northeastern, and east-central Indiana. In July 2021, I&M filed its third base rate case within a five-year span, requesting an annual increase of \$104 million. In its previous rate cases, I&M received approval of an \$84 million increase in 2020 and a \$97 million increase in 2018.

The most recent rate case, however, will result in a major reduction to I&M's base rates when the terms of its order are fully implemented in 2023. A settlement agreement in the rate case was negotiated among the OUC, additional consumer parties, industrial and commercial customers, municipal governments, and I&M.

### Indiana General Assembly

Elected State Senators and State Representatives determine Indiana's energy policy, as approved through statutes and interpreted by the courts. The OUC and IURC work within the laws approved by the Legislature.

### Indiana Utility Regulatory Commission (IURC)

The Commission has jurisdiction over many utilities' rates and charges. State law requires the IURC to balance utility and customer interests and base decisions on evidence it considers in each case.

### Indiana Office of Utility Consumer Counselor (OUC)

The state agency that represents consumer interests in cases before the IURC. OUC attorneys, accountants, economists, & engineers analyze utility requests & make recommendations through written testimony.



In a separate docket, many of the same parties negotiated the terms of upcoming ownership changes for Unit Two at the Rockport Generating Station.

The two settlements, which have both received Commission approval, will work in tandem to reduce annual rates by approximately \$95 million.

Among the benefits:

- I&M's monthly residential customer charge, which does not vary by customer or usage, remains at \$15.00. The utility had proposed raising the charge to \$20.00.
- I&M will recover the costs needed for infrastructure improvements, including advanced metering. But most costs will be offset by savings in operating and maintenance expenses.
- I&M customers will no longer be responsible for Rockport Unit Two's operational costs as of Dec. 8, 2022. After that date, those costs will be recovered through the wholesale electric market.
- The utility's authorized return on equity will remain at its previous level of 9.7 percent.
- An annual cost cap will apply to certain interstate transmission charges.

A typical base rate case allows the OUCC and the Commission to review all aspects of a utility's financial health. A rate case typically lasts 10 months from the time the utility files its testimony and evidence until the Commission issues an order.

Duke Energy Indiana's most recent general rate case was a litigated proceeding in which the IURC approved a \$146 million annual increase in 2020. However, the OUCC appealed certain parts of the order and pursued the matter further through the Indiana Court of Appeals and Indiana Supreme Court. Following briefs and oral arguments, the Indiana Supreme Court reversed and remanded a portion of the Commission's order in March 2022. The appeal focused on specific costs pertaining to coal ash pond remediation, with the Court ruling that the costs violated the state statute prohibiting retroactive ratemaking. The case on remand, before the IURC, is currently pending.

The Duke Energy rate appeal was one of several appeals the OUCC participated in during the State's latest fiscal year. Other recent appellate cases have involved NIPSCO, CenterPoint Energy, AES Indiana (formerly Indianapolis Power & Light), and other utilities. Appeals tend to be complex and extremely time and labor intensive for OUCC lawyers and the appropriate technical staff. Many other State agencies outsource appellate work to the Indiana Attorney General's office, or to private law firms specializing in appellate practice. However, all OUCC attorneys have the training and experience to handle appeals without outside help, from the writing of briefs to oral arguments before the courts.

Unlike investor-owned utilities, Indiana law allows municipal electric utilities and rural electric membership cooperatives (REMCs) to withdraw from Commission oversight of their rates and charges. 69 of the state's 76 municipal electric utilities have withdrawn, with their rates and charges now set solely by locally elected city and town councils.

Municipal utilities under IURC jurisdiction follow the standard rate case process when seeking changes to their rates and charges. However, the OUCC negotiates settlement agreements in most municipal cases. Any agreement can be approved, denied, or modified by the Commission, with the settling parties required to show that an agreement is in the public interest.

Municipal utilities also seek regular rate adjustments to reflect changes in wholesale power costs. Operational rules for these utilities, including billing and disconnection matters, are set at the local government level.

All Indiana REMCs have withdrawn from Commission oversight. As customer-owned utilities, their rates are approved by boards of directors who are elected by each cooperative's member-owners.



A general rate case typically takes 10 months from start to finish. Our timeline video offers a step-by-step look at the process.

## **Transmission, Distribution & Storage Improvement Charge (TDSIC)**

State law allows electric and natural gas utilities to seek IURC approval of five-to-seven-year infrastructure improvement plans, and then recover most project costs through rates as they are incurred.

Indiana's Transmission, Distribution, and Storage System Improvement Charge (TDSIC) statute received legislative approval in 2013 and was updated in 2019. Plans that have been filed under this law have implicated more than \$10.5 billion for electric and natural gas utility consumers. This includes plans in effect now, along with those that are complete.

When a utility seeks approval of a TDSIC plan, the OUCC reviews the request and makes recommendations based on the reasonableness of the proposed costs, and on whether the proposed plan meets the statutory requirements of the TDSIC law.

OUCC analysts and attorneys typically complete their reviews within a 90- to 100-day window.

If the Commission approves the plan, then eligible project costs may be recovered through a TDSIC tracker or rider, which a utility may file as often as every six months. Once a TDSIC plan is approved, OUCC accountants and engineers analyze, through ongoing tracker proceedings, the utilities' accounting schedules, engineering designs, and actual costs incurred for completed projects, determining whether any cost changes are both justified and reasonable.

Incremental rate increases under TDSIC filings may be used to recover up to 80 percent of the project costs as they are incurred. The remaining 20 percent must be deferred until the utility's next base rate case, which it must file before the end of the TDSIC plan's term.

Four of the state's five major electric utilities use TDSIC plans for such costs as replacement of substations, transformers, lines, poles, and other aging infrastructure. Within the last fiscal year, Duke Energy Indiana and Northern Indiana Public Service Company (NIPSCO) have received IURC approval of plans totaling approximately \$3.6 billion.

<b>Major Electric Utilities: TDSIC &amp; Base Rate Approval Dates</b>		
<i>Utility</i>	<i>Current TDSIC Plan</i>	<i>Current Base Rates</i>
AES Indiana	2020	2018
CenterPoint Energy	2017	2011
Duke Energy Indiana	2022	2020
I&M	N/A	2022
NIPSCO	2022	2019

Indiana Michigan Power does not utilize the TDSIC mechanism.

## **Fuel Costs & Additional Tracker Proceedings**

Separately from base rates, Indiana electric utilities track billions of dollars in capital and operating expenses for rate recovery. These cases can be filed on a quarterly, biannual, or annual basis.

The state's 5 major electric utilities use a combined total of 38 trackers to adjust rates between base rate cases. Each tracker has been created either by statute or through an IURC order. All tracker filings include OUCC scrutiny to ensure they are within requirements of state law, are calculated accurately, and do not include charges beyond the scope of that specific tracker's intent. Each change to a utility's tracker requires IURC approval.

In addition to the TDSIC tracker for infrastructure improvements, utilities file tracker cases to adjust rates for environmental cost recovery, federal mandate costs, resource adequacy, off-system sales, energy efficiency programs, federal mandate costs, regional transmission organization (RTO) costs, and most frequently, costs for generating fuel.

Electric utilities have used the Fuel Adjustment Clause (FAC) for several decades to recover changes in generating fuel costs, including coal, natural gas, and nuclear fuel. They may also recover the costs of purchasing power on the wholesale market through the FAC. As allowed by state law, AES Indiana, CenterPoint Energy, Duke Energy, and NIPSCO file FACs every three months. I&M files its FAC twice each year.

Recent FAC filings by AES Indiana and Duke Energy have presented the highest proposed FAC rate increases in recent memory. Through the OUCC's advocacy and its recommendations to spread cost recovery over a greater period of time, AES agreed to reduce a recent request, saving a typical residential customer approximately \$8.60 on the monthly bill.



Electric Division Assistant Directors Caleb Loveman and April Paronish have filed and managed testimony in numerous cases this year.

Issues sometimes arise in FAC cases that require more in-depth reviews. In such instances, the Commission may open a sub-docket. One such example is the pending review of two outages at AES Indiana's Eagle Valley Generating Station.

The outages in April 2021 and November 2021 led to the natural gas-fired plant being out of service for eleven months. AES purchased nearly \$42 million in wholesale power to replace the electricity Eagle Valley would have otherwise generated. Those costs, and whether they should be charged to ratepayers, are the focus of the ongoing sub-docket.

An additional sub-docket examined issues related to a fire at NIPSCO's Schahfer Generating Station in northwest Indiana. The Commission found that NIPSCO had been imprudent because the transformer that exploded had been on a watch list for several years due to an accumulation of excess gases (the ignition of which caused the explosion), and the failure of the command room operator to act on a high temperature warning for over five hours (he was working two consecutive twelve-hour shifts, and the incident occurred during the second). NIPSCO was ordered to refund \$7.9 million to customers through credits.

## Electric Bill Breakdown

A typical residential electric bill has three basic parts.

### Base Rates

Base rates cover operating and maintenance costs including capital improvements, safety costs, and personnel costs.

A base rate typically includes a flat portion and a volumetric portion. The flat portion is typically called a customer service or facilities charge. It does not vary from month to month or by customer. The remaining rate is charged volumetrically, or on a per kilowatt hour (kWh) basis.

Base rates can only be changed through cases before the IURC.

### Trackers

State law allows utilities to make rate adjustments for specific costs between base rate cases. These are known as trackers or riders and may change every 3, 6, or 12 months.

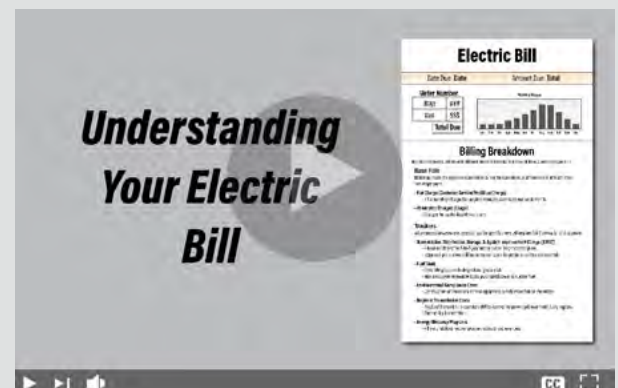
All 5 major electric utilities use trackers to recover costs for generating fuels, energy efficiency programs, federal environmental mandates, and regional transmission.

The use of additional trackers, including the TDSIC, varies by utility.

### Taxes

The Indiana state sales tax of 7 percent applies to electric utilities.

## Learn more in the OUCC's video:



## Environmental Compliance

Electric utilities are subject to a plethora of federal environmental regulations, designed to limit air and water emissions, and are allowed under state law to recover compliance costs through rates.

The OUCC works regularly on cases involving rate recovery for compliance projects, particularly for coal-fired power plants, as utilities seek IURC approval of projects designed to comply with US EPA regulations and associated cost recovery. Much of the recent focus has centered on the EPA's coal combustion residuals (CCR) rule and effluent limitations guidelines (ELG).

These reviews have become more complex in recent years as federal regulators have delayed, repealed, or significantly amended deadlines associated with requirements. Projects vary in scope, type, and complexity, with recovery of significant completion costs falling to ratepayers.

In recent cases driven by environmental regulations:

- In a pending appeal of a Duke Energy order, the OUCC has asked the Indiana Court of Appeals to disallow recovery of any coal ash pond closure costs the utility incurred prior to November 2021. Doing so would reflect the Court's statement that recovery under Indiana's federal mandates statute is prospective in nature.
- CenterPoint Energy received Commission approval in June 2022 to build two new natural gas combustion turbines at the A.B. Brown generating site in Posey County, providing 460 MW of capacity. The turbines will replace 490 MW of coal-fired generation scheduled to retire in 2023. The OUCC opposed the request, recommending the more cost-effective alternative of converting the existing units to use natural gas. In the same case, the OUCC recommended approval of CCR rule-related projects allowing the existing units to continue operating in the meantime.
- In a separate case, CenterPoint Energy received approval to purchase and operate a 300-MW solar generating facility in Posey County. The Commission accepted the OUCC's proposal to deny the utility's request to account for the potential increase in cost of debt, which will save customers millions of dollars.
- AES Indiana received approval of accounting treatment for retiring units at its Petersburg Generating Station. An approved settlement agreement will reduce ratepayer costs while allowing AES to comply with a consent decree with the EPA and IDEM.
- The OUCC and numerous additional parties reached a settlement with Indiana Michigan Power (I&M), in which I&M agreed to remove all costs and expenses associated with Rockport Unit 2 after the unit's lease expires in December 2022. The utility will continue to operate Unit 2 after then but will sell its power directly to the wholesale market. I&M may continue to recover costs associated with environmental projects previously approved by the IURC.

## Securitization

A 2021 state law allows CenterPoint Energy to seek Commission approval of a pilot program for cost securitization of retired electric utility assets. The Securitization Act allows the utility to refinance long-term debt at much lower-than-usual interest rates for assets it is retiring. In turn, ratepayers should pay less as the utility continues to recover lower costs over a longer term.

In May 2022, CenterPoint Energy filed its request for approval to securitize and issue securitization bonds for the A.B. Brown Units mentioned above. The OUCC has filed extensive testimony in this case seeking consumer protections similar to those approved in other states, including CenterPoint Energy's securitization efforts in Texas. Recommendations from the OUCC focus strongly on the need for ratepayer interests to be protected when bonds are issued after Commission approval of a financing order, to ensure ratepayer savings are maximized.



Jason Haas is the OUCC's lead attorney on securitization and excess distributed generation.

## Resource Planning

Each major Indiana electric utility must submit an integrated resource plan (IRP) to the IURC every three years, covering how it intends to meet customer power needs over the next 20 years. An IRP is non-binding, does not immediately affect rates, and does not require IURC approval. Each utility leads its respective process to develop its IRP, including meetings with the OUCC, additional consumer advocates, and other stakeholders.

When a utility seeks to implement a specific project and recover the costs through rates, it seeks a Certificate of Public Convenience and Necessity (CPCN) from the Commission. With CPCN cases directly affecting rates, the OUCC reviews these requests closely with a focus on whether the project offers the most cost-effective means of meeting customer needs for reliable, resilient, and affordable power.

AES Indiana, Duke Energy, and NIPSCO are among the utilities that have retired coal-fired generating units in Indiana in the last two years, with additional retirements scheduled. Key factors driving coal generation retirements nationwide include age, federal environmental requirements, a preference for renewable generation, and market conditions.

Renewable energy continues to grow in Indiana. The OUCC's Electric Division spent considerable time and resources on solar and wind energy project proceedings in the last year, with its environmental experts reviewing proposals for proper environmental and land use regulatory compliance, accountants reviewing cost-effectiveness, and engineers reviewing each project's compatibility with the grid.

## Customer-Owned Renewable Energy

Until July 2022, each investor-owned electric utility in Indiana allowed customers to install their own solar panels and receive rate credits through IURC-approved net metering tariffs. A 2017 Indiana law ended net metering in 2022, with new excess distributed generation (EDG) tariffs to be used by customers who install renewable energy devices going forward.

All 5 investor-owned electric utilities have received IURC approval of new EDG tariffs. The OUCC challenged each tariff, on the grounds that they calculate rates for affected customers in a manner inconsistent with the 2017 statute's language. Arguments from the OUCC have focused entirely on the legality of the tariffs, and not on policy matters supporting specific forms of generation.

Each EDG tariff is currently on appeal, as OUCC analysts and attorneys have dedicated considerable time and effort to these cases. As CenterPoint Energy's EDG tariff was the first to be approved by the Commission, it is now before the Indiana Supreme Court.

## Regional Transmission

Electric industry changes are not limited to generation. The need for new interstate transmission infrastructure is equally crucial, as aspects of it are considered at the federal, state, and local levels.

The OUCC's Deputy Consumer Counselor for Federal Affairs is responsible for representing Indiana ratepayer interests before the Federal Energy Regulatory Commission (FERC) when a particular case's outcome will affect Indiana utility consumers. Federal issues involve an unusually wide range of highly technical matters that can have a direct and immediate impact on state issues. As the national transition toward renewable generation continues, this shift is resulting in significant electric transmission investment within the FERC-regulated regional transmission organizations (RTOs). These changes have the potential for significant cost pressure on consumers as the RTOs allocate the high cost of the new transmission facilities to their member utilities and ultimately to consumers. This trend is expected to continue and accelerate.

While highly complicated due to myriad engineering, economic, and legal matters (including inconsistent policies among states), multi-state regional transmission planning is becoming more complex due to both the nationwide generating transition and aging infrastructure. As electricity is generated from new locations, transmission infrastructure must be in place not only to add the new electricity to the grid but also to ensure that it is added safely and economically. Costs of these projects and costs of participating in regional transmission organizations are ultimately borne by ratepayers, requiring strong voices from consumer advocates at the state and federal levels.

Indiana's location puts it within the territories of two RTOs. Indiana Michigan Power (I&M) is a member of the Pennsylvania-based PJM Interconnection. The rest of the state's major electric utilities belong to the Midcontinent Independent System Operator (MISO), based in Carmel, Indiana.



Arthur Iler and Scott Jones handle federal matters for the OUCC, with a focus on interstate transmission.

## ***Additional Electric Issues***

*Demand Side Management (DSM):* The OUCC participates actively in DSM proceedings, which primarily focus on ratepayer-funded energy efficiency programs. This includes reviewing three-year plans through docketed IURC cases to determine each program's feasibility and associated benefits to Indiana ratepayers. The OUCC closely examines each proposal to ensure customers receive the most cost-effective programs possible.

The most recent such case involved I&M's DSM plan for 2023 through 2025, in which a settlement agreement has been negotiated and is currently pending. In each DSM proceeding, the OUCC reviews shareholder incentives and lost revenues (as defined in statute) to ensure the charges passed on to ratepayers are correct and appropriate.

Agency staff also participates in each utility's energy efficiency oversight board. The boards make decisions related to planning programs, program budgets, decisions to add, modify, or discontinue programs, and the evaluation, measurement, and verification of program performance. On each board and in each Commission case, the OUCC provides a crucial and balanced voice on behalf of ratepayers.

*Cybersecurity:* Electric utilities continue requesting and receiving IURC approval for Critical Infrastructure Plan implementation, as federally required, to ensure reliable services. The OUCC will continue investing time and resources to evaluate the utilities' capital projects, operational costs, and compliance activities required by ongoing federal initiatives and mandates. Additionally, OUCC staff will continue devoting time toward maintaining a heightened awareness of cybersecurity threats, keeping abreast of evolving rules and regulations dealing with those threats, and understanding the increasing levels and types of technology required to meet and negate these threats.

*Financing:* Other case examples include proceedings in which the state's electric IOUs have requested more than \$2 billion in financing relief. Ensuring that utilities make reasonable use of low-cost financing can help mitigate potentially sizable customer rate increases that would flow through either general rate proceedings or the numerous rate trackers now available to electric utilities.

*Electric Vehicles (EV):* Indiana's current EV adoption rate is only 0.11 percent. However, the interest in and demand for electric vehicles are expected to grow considerably in the coming years. At the federal level, the 2021 Bipartisan Infrastructure Law created the Joint Office of Energy and Transportation and the National Electric Vehicle Infrastructure (NEVI) program. The NEVI program will make significant investments in EV charging infrastructure nationwide. Indiana is poised to receive nearly \$100 million over the next five years to assist in creating its share of EV chargers and related infrastructure.

The OUCC has offered feedback to the Indiana Department of Transportation (INDOT) and the Indiana Office of Energy Development (OED), as the state's plans are developed and implemented. Should investor-owned utilities be awarded funding, they will be expected to match 20% of the federal funds and will likely seek recovery of some or all other operational and maintenance costs from ratepayers.

*Additional Ratemaking Matters:* The OUCC's Electric Division collaborates with other agency divisions in cases involving multiple utility types. Examples include the IURC's investigation regarding the COVID-19 pandemic and related effects on utility rates. The IURC opened in the investigation in May 2020, requiring certain utilities to file monthly reports on customer disconnections and arrearages. These reports were filed throughout most of 2020 and all of 2021.

In separate proceedings, the OUCC reviewed rate adjustments from all jurisdictional utilities implementing the repeal of the Utility Receipts Tax (URT). House Enrolled Act 1002 repealed the tax this year, leading to rate reductions effective July 1, 2022.



## Natural Gas

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## Natural Gas

Natural gas utilities in Indiana and throughout the nation buy wholesale gas for their customers in a competitive market. In February 2021, Winter Storm Uri led to gas supply shortages in Texas, which created ripple effects and led to record-high prices on the wholesale natural gas market. High demand, low inventory, the war in Ukraine, and global and national policies are all factoring in.

In early January, natural gas price volatility reached its highest level in 20 years, according to the US Energy Information Administration. Weather-driven changes in demand, reduced production, and record exports of liquefied natural gas from the United States were cited among the reasons.

While utilities cannot control the wholesale market or its prices, they are required to shop prudently in the market. They are also required, by state law, to demonstrate that they are passing wholesale costs through to customers on a dollar-for-dollar basis.

The OUCC's Natural Gas Division protects consumer interests by ensuring regulated utilities meet their legal obligations regarding prudent wholesale purchases. Our staff closely scrutinizes gas utility supply costs that are passed through customer bills as allowed by Indiana law.

Aging infrastructure is also an issue of concern for natural gas utilities, as they are required to operate mains, storage facilities, and all additional parts of their distribution systems safely and reliably. As a result, OUCC analysts and attorneys scrutinize all rate requests from gas utilities, to ensure they are making the proper levels of investments at the most reasonable costs.

## Rate Cases

New base rates have been established for three of Indiana's four large natural gas utilities in the past year. Unlike wholesale fuel commodity costs, which are recovered through a separate IURC process, base rates cover the costs of operating and maintaining gas distribution systems so they can reliably and safely deliver gas to customers at all times.

All three of the major gas rate settlements in the past year were negotiated by the OUCC, industrial customers, and the respective utilities. Additional parties intervened in these cases but did not oppose the agreements, all of which received Commission approval.

Northern Indiana Public Service Company (NIPSCO) filed a general rate case in September 2021, initially requesting an increase of approximately \$115.3 million, or 17 percent. The OUCC challenged a number of aspects of NIPSCO's request before negotiating the agreement, which will allow NIPSCO to increase its rates and charges by approximately \$71.8 million, saving customers approximately \$43.5 million per year for the life of the rates. An average residential customer saw an increase of about \$6.00 per month when the new rates went into effect in September 2022, not including gas commodity costs. NIPSCO requested approval to raise its monthly residential customer charge, which does not vary by customer or utility, from \$14.00 to \$24.50. The charge was set at \$16.50 under the approved agreement, then reduced to \$16.33 following repeal of the state's Utility Receipts Tax.

The OUCC seeks to obtain shareholder funded consumer assistance programs whenever possible in utility rate settlements. In the most recent NIPSCO Gas rate order, the approved Settlement Agreement increased NIPSCO's shareholder contribution from 25 percent to 30 percent of total costs for the Universal Service Fund, a customer assistance program for low-income and hardship customers throughout the area served by the utility.

Citizens Gas (which received Commission approval of its current base rates in 2011), and CenterPoint Energy's gas utilities also offer Universal Service Funds. The shareholder contribution for CenterPoint Energy's funds has been 30 percent for some time.

CenterPoint Energy Indiana South (CEIS) received Commission approval of new natural gas base rates in 2021. CEIS requested an increase of approximately \$29.6 million to its annual operating revenues, or a 27.8 percent increase over prior rates. The OUCC challenged many provisions in the utility's proposal, including its proposed revenue, operations and maintenance expenses, amortization periods for regulatory assets, method of calculating depreciation, depreciation expense, rate base, cost of equity, rate



design, and monthly customer charges. This case was ultimately settled with CEIS receiving approval to increase its rates and charges by approximately \$20.5 million – a savings to ratepayers of approximately \$9.1 million per year for the life of the rates. Additionally, the flat monthly customer charge, which residential customers pay regardless of how much gas they use, is now set at \$16.33 rather than the \$35.00 the utility had requested. CEIS provides natural gas service to the Southwestern Indiana region formerly served by Vectren South, or Southern Indiana Gas & Electric Co. (SIGECO).

CenterPoint Energy Indiana North (CEIN) also sought approval of new base rates during the past year. CEIN initially requested a rate increase of approximately \$20.8 million, amounting to 3.3 percent more than its previous rates. Many of the same issues in the CEIN rate case paralleled those considered in the CEIS case. The CEIN case was ultimately settled with the utility ordered to decrease its rates and charges by approximately \$6.0 million – a savings to ratepayers of approximately \$26.7 million per year for the life of the rates. Additionally, the customer charge, which residential customers pay regardless of how much gas they use, is \$16.33 rather than the \$21.50 amount CEIN had requested. CEIN covers the large portion of central and southern Indiana formerly served by Indiana Gas Co. and formerly known as the Vectren North service territory.

## Gas Cost Adjustments

The OUCC's Natural Gas Division continues to refine the standardized GCA process for Indiana's regulated natural gas utilities, allowing for more efficient and thorough regular reviews and recurring audits of gas fuel supplies. The OUCC reviews numerous quarterly and biannual GCA filings each year and perform annual audits of 14 natural gas utilities.

Natural gas utilities are allowed, by state law, to use the GCA process to recover wholesale natural gas costs on a dollar-for-dollar basis. GCA cases can increase or decrease rates based on conditions, and utilities must follow guidelines in state law when pursuing these requests. The OUCC scrutinizes utility GCA proposals to ensure that the utility has shopped prudently in the competitive wholesale market, has taken steps to mitigate volatility, and is not attempting to profit on the cost pass-throughs.

The impact of wholesale market cost changes is a national impact not limited to Indiana. In February 2021, Winter Storm Uri brought unprecedented Arctic weather to a significant portion of the United States, causing gas well freeze-offs and pipeline restrictions. These freeze-offs and restrictions, in turn, caused an overall tightening of supplies and historic prices in many regions, particularly for a four-day period. In response to the tightening of supply and storage, pipeline

## Public Input

Consumer comments are an important part of the utility regulatory process.

The OUCC invites consumer comments in all pending cases. Our analysts review comments while developing testimony. In addition, public comments received at least one week before the OUCC's testimonial deadline are included in the agency's filing for the Commission's official case record.

Consumer comments do not need to be technical in nature but should focus on the issues relevant to the specific case. Most importantly, your comments can and should reflect your personal experience as a customer. They may also include any professional knowledge and/or observations you wish to share.

Comments are welcome by mail or email, and through the OUCC's website.

In certain cases, the IURC holds a public field hearing, allowing consumers to speak under oath for the case's formal record. A field hearing is required in each base rate case with a requested annual increase of \$2.5 million or more. Additional field hearings may be held at the Commission's discretion.

The OUCC facilitates public participation at all public field hearings held by the Commission. These include hearings in the past year in Fort Wayne, West Lafayette, Evansville, and additional locations.

While not every case has a field hearing, all cases are open for written comments for the formal record.



Mohab Nouredin of the OUCC's Natural Gas Division welcomes NIPSCO customers at a Commission field hearing in Fort Wayne.

operators and local utilities issued a series of postings, restrictions and flow orders to help maintain the reliability and safety of the gas transportation and distribution systems.

However, due to the large spike in gas prices during and shortly after the storm, most utilities had to purchase extremely high-priced wholesale gas during this period. OUC staff spent many hours reviewing natural gas purchases to ensure that each utility shopped prudently in the wholesale market and obtained the lowest gas prices reasonably possible. The GCA process allows a utility to reconcile its previous estimated cost of natural gas purchases with the actual cost of purchases. The variance for the month of February 2021 alone for NIPSCO was over \$90 million. Variances for CEIN and CEIS, respectively, were over \$98 million and more than \$18 million. These unprecedented variances were collected from customers over the next twelve months.

In the State's most recent fiscal year, OUC analysts discovered errors in 12 GCA filings. The errors were corrected, saving ratepayers \$1.4 million.

## TDSIC

Like their electric counterparts, natural gas utilities are also allowed to seek IURC approval of Transmission, Distribution, and Storage System Improvement Charge (TDSIC) plans and associated cost recovery through rates.

Both of CenterPoint Energy's Indiana gas utilities received approval of new five-year plans in 2022. TDSIC capital expenditures in the CEIN and CEIS plans, respectively, total more than \$418.6 million and over \$49.4 million. As with electric TDSIC cases, the OUC must review and analyze plans on expedited procedural schedules. For each filing, division analysts verify whether the projects meet the statutory requirements, determine if the overall design for each of those projects is reasonable, and verify whether the cost support is sufficient and exists in work order level detail required to gain IURC approval.

After a TDSIC Plan is approved, division accountants and engineers analyze through on-going biannual TDSIC tracker proceedings the utilities' accounting schedules, engineering designs and actual costs incurred for completed projects, determining whether any cost changes are both justified and reasonable. In addition to CenterPoint Energy, TDSIC plans are used by NIPSCO, Midwest Natural Gas and Ohio Valley Gas.

Indiana Code § 8-1-39-9(e) requires a public utility that implements a TDSIC Plan to file a base rate case with the Commission before the end of the plan's term. Ohio Valley Gas will file a rate case before the end of 2025 to meet this requirement.

<b>Large Gas Utilities: TDSIC &amp; Base Rate Approval Dates</b>		
<i>Utility</i>	<i>Current TDSIC Plan</i>	<i>Current Base Rates</i>
CenterPoint Energy North	2022	2021
CenterPoint Energy South	2022	2021
Citizens Gas	N/A	2011
NIPSCO	2020	2022

Citizens Gas does not utilize the TDSIC mechanism.

## Federally Mandated Costs

Three natural gas utilities obtained Commission approval of Federally Mandated Cost Adjustment (FMCA) plans during the State's most recent fiscal year. In 2022, CenterPoint Energy's North and South gas utilities received approval of long-term plans with capital expenditures totaling over \$800 million and more than \$230.3 million, respectively. In both cases, the OUC advocated to remove escalation costs on the contingency amounts included in the plans, resulting in a combined decrease of over \$6 million in capital costs.

NIPSCO received approval of its 5-year FMCA plan in December 2021, with operation and maintenance expenses of over \$73.3 million. In April 2022, NIPSCO filed another 5-year plan with capital expenditures of more than \$219.8 million and operations and maintenance expenses of over \$34.1 million.

Federal Pipeline and Hazardous Materials Safety Administration (PHMSA) regulations have recently taken effect, and all projects included in a FMCA plan must qualify as federally mandated requirements.

For each proposed plan, OUCC analysts verify whether the projects meet the statutory requirements, determine if the overall design for each of those projects is reasonable, and then verify if the cost support is sufficient and exists in the work order level detail required to gain IURC approval. After an FMCA plan is approved, OUCC accountants and engineers analyze, through on-going biannual FMCA tracker cases, utility accounting schedules, engineering designs, and actual costs incurred for completed projects, determining whether any cost changes are both justified and reasonable, and if they meet statutory guidelines of cost overages.

## Additional Gas Issues

Energy efficiency is another area in which the OUCC engages regularly in creative problem solving. Each major Indiana natural gas utility has an oversight board for its demand side management (DSM), or energy efficiency, plans and programs. Between participating as a voting member of each board and participating in IURC cases in which plans are considered, the OUCC provides a crucial and balanced voice on behalf of ratepayers.

The division also analyzes Pipeline Safety Adjustments (PSAs), energy efficiency, financing, special contract, and Certificate of Public Convenience and Necessity (CPCN) cases submitted by local gas distribution companies, both large and small, implicating billions of dollars of cost recovery from ratepayers. The division files detailed, persuasive testimony in all of these cases to ensure Indiana utility consumers receive quality, reliable utility services at the most reasonable prices. Ratepayers have received substantial savings in rates as a result of the division's diligent efforts in these cases.

Many Natural Gas Division members also support major casework in other OUCC technical divisions. The division team's strength in accounting, economic analysis, finance, and engineering is frequently in demand in high profile casework to provide technical and testimonial support to the other agency divisions. The COVID-19 investigation and Utility Receipts Tax repeal are among the examples.

## Gas Bill Summary

Details on residential gas bills vary by utility, but they all include the same major parts.

### Base Rates

Base rates typically include two separate charges: A flat, monthly service charge that does not vary by usage or utility, and a volumetric charge per therm.

Distribution charges are set by the IURC through general rate cases. They cover costs for operating and maintaining the utility's distribution system, along with infrastructure costs.

Like electric utilities, a natural gas utility may also use the TDSIC to recover specific infrastructure charges.

### Gas Costs

Utilities buy natural gas in a competitive wholesale market. Indiana law allows them to pass the wholesale costs through rates but requires them to shop prudently and not profit on the pass-throughs.

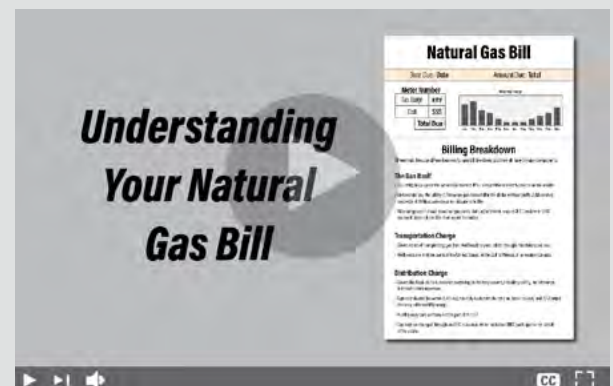
Rates are adjusted every 3 or 6 months through the Gas Cost Adjustment (GCA) process, including OUCC review and Commission approval.

Transportation costs for moving gas from out-of-state wellheads to your utility, including maintenance of the interstate pipeline system, are overseen by the Federal Energy Regulatory Commission (FERC) and included within the GCA.

### Taxes

The 7 percent state sales tax applies to natural gas.

## Learn more in the OUCC's video:





## Water & Wastewater

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## Water/Wastewater

The OUCC's Water/Wastewater Division is involved in a broad range of matters before the IURC each year. These include water utility and wastewater utility requests to (1) increase rates and charges, (2) borrow funds for capital improvements (including through the State Revolving Fund Loan Program, the USDA Rural Development Loan Program, the open market, and local financial institutions), (3) borrow money or establish rates to fund lead service line replacements, (4) acquire the assets and operations of other utilities, and (5) receive special ratemaking treatment as noted later in this section.

Water/wastewater analysts also review applications and file testimony on sewer utility requests to expand service territories, territorial agreements/disputes, depreciation accrual rate studies, cost of service studies, and municipal regulatory ordinances. Many of the division's current responsibilities are the result of relatively new statutes that have increased the division's workload and imposed case-specific deadlines that make accomplishing the division's expanded responsibilities even more challenging.



OUCC attorney Dan Le Vay listens as a Doe Creek Utility customer testifies at the utility's rate case field hearing.

Certain water and sewer utilities are regulated by the IURC, with the OUCC participating in docketed cases. Other utilities are regulated at the local government level instead. Municipal water utilities, for example, may withdraw from IURC jurisdiction over their rates and charges, with rates to be set by locally elected city and town councils. A number of investor-owned and not-for-profit sewer utilities are under IURC oversight. However, sewer utilities operated by local governmental units are regulated locally and not by the IURC. These include municipal sewer utilities, regional sewer districts, and conservancy districts.

## Utility Receipts Tax

In 2022, the OUCC's Water/Wastewater division reviewed numerous utility filings implementing this year's legislative repeal of the Utility Receipts Tax (URT).

The OUCC has filed an objection to Indiana American Water Company's (IAWC's) proposed recovery method, with the objection currently pending before the IURC. Otherwise, all water and wastewater URT filings have reduced rates by proper amounts and done so through reductions to both fixed and volumetric costs on customer rates.

## NASUCA

Indianapolis hosted the mid-year meeting of the National Association of State Utility Consumer Advocates (NASUCA) in June 2022.

NASUCA is an association of 55 utility consumer advocate offices including the OUCC and organizations in 42 additional states, the District of Columbia, and the Caribbean. Indiana Utility Consumer Counselor Bill Fine serves as the organization's vice president, with additional OUCC staff serving on NASUCA committees.



Utility Consumer Counselor Bill Fine welcomes NASUCA members to Indianapolis.

Through NASUCA, the OUCC shares ideas with fellow consumer representatives throughout the nation. The organization also provides a forum helping advocates stay up to date on national and international trends in the utility industries.

During the 2022 mid-year meeting, Margaret Stull received the NASUCA Service Award. Margaret is the Chief Technical Analyst in the OUCC's Water/Wastewater Division. She joined the agency in 2003 and has served in her current position since 2018.



Margaret Stull receives the NASUCA Service Award from the organization's president, Chris Ayers of North Carolina.

Margaret chaired NASUCA's Accounting and Tax Committee from 2016 through 2021. The committee had not met for several years when she reconvened it. Her dedicated work reconvening the committee have strongly improved NASUCA's collaborative efforts, benefitting the OUCC and similar state agencies throughout the nation.

## Base Rate Cases

Base rate cases are a strong focus for the OUCC's Water/Wastewater Division, with several litigated and settled cases in the State's last fiscal year.

A considerable amount of the division's time and resources in recent months have been involved in rate requests from American Suburban Utilities (ASU), a for-profit sewer utility providing service to unincorporated areas west and northwest of West Lafayette. ASU received approval for a three-phase rate increase in 2016. When the utility sought to implement the increase's third phase in 2021, the OUCC objected on the grounds that ASU had not completed the required investments to its treatment plants and other facilities, not following previous directives from the IURC and IDEM.

In September 2021, the IURC ordered ASU to reduce the monthly interim residential rates that were in effect at the time, and refund more than \$500,000 to customers over a six-month period.

In November 2021, while the refunds were still being credited to customers, ASU filed a new rate case seeking to raise its flat, monthly residential sewer rate from \$59.08 to \$99.66.

The OUCC is recommending denial of ASU's request with this case still pending and recommending that the monthly sewer rate be set at less than \$50.00. This highly complex case involves financing concerns with the utility's affiliated companies, along with the utility's request for an authorized return on equity of 12 percent. Other Indiana investor-owned water and wastewater utilities with recent rate cases have been granted authorized returns of less than 10 percent.

Another pending, litigated rate case is the request of Community Utilities of Indiana (CUII) for a significant rate increase. CUII is an investor-owned utility providing water and sewer utility services in four northwest Indiana counties (Lake, Porter, Jasper, and Newton).

An average residential customer's combined water and sewer bill would rise from \$103.78 to \$178.43 under CUII's original request. OUCC recommendations would limit the increase to \$132.26.

Roughly two dozen municipal water utilities remain under IURC jurisdiction over their rates and charges. The rest have withdrawn from Commission oversight as allowed by state law. Most rate cases involving municipal water utilities are settled. Municipal rate cases in the past year have included requests from Evansville, Bloomington, Columbus, and South Bend.

- The Evansville municipal water rate case was litigated, with the IURC awarding a larger increase than the OUCC recommended but lower than the city's request. The major issue in this case was the need to build a new water treatment plant, which the OUCC did not dispute. However, the OUCC and the city disagreed on the necessary size of the proposed plant.
- Bloomington's rate case resulted in a settlement agreement that received IURC approval, as the OUCC, the city, Indiana University, and a wholesale water customer resolved issues pertaining to the size of the necessary increase and the manner in which to allot the increase amounts to various customer classes.
- The Columbus City Utilities rate request also produced a settlement agreement which received IURC approval, raising the city's water rates for the first time since 1994.
- The South Bend rate case is currently pending.

Additional water/wastewater rate cases in the last year have included the Sanitary District of East Chicago's sewer rate request, which resulted in an approved settlement with new rates still well-below the statewide average.

## Trackers & Acquisitions

Over the past several years, the Indiana General Assembly has approved legislation giving water and wastewater utilities greater flexibility to seek approval of higher customer rates. Approved legislation has established:

- The System Integrity Adjustment (SIA), which allows a utility to increase rates if it does not generate the level of revenues on which its rates were based.
- The System Enhancement Improvement (SEI) charge, which authorizes the Commission to approve service enhancement improvement charges in order to allow water and wastewater utilities to adjust their rates and charges to recover depreciation, property taxes, and pretax return incurred in connection with "eligible additions."
- A statutory framework for utility acquisitions which provides favorable ratemaking provisions to investor-owned utilities that acquire smaller water and wastewater systems.

Indiana's statute governing water and wastewater utility acquisitions was initially approved in 2015 and has been amended a number of times since then. The OUCC anticipates that more acquisition cases will be filed in the future using these statutes.

In addition, the Distribution System Improvement Charge (DSIC) allows water and wastewater utilities to raise rates between rate cases for investments to replace aging distribution or collection system infrastructure.

The laws creating water/wastewater trackers require expedited timeframes for IURC cases. On DSIC and SIA filings, the OUCC must complete its reviews within 30 days.

Within the past two years, Indiana American Water Company (IAWC), the state's largest investor-owned water and wastewater utility, has filed cases at the IURC seeking approval to:

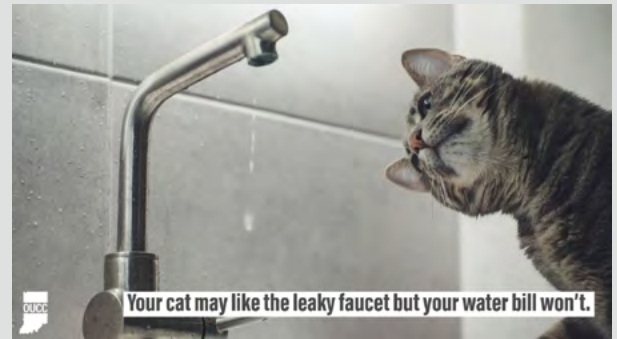
- Raise rates twice through the DSIC,
- Raise rates through the System Enhancement Improvement (SEI) mechanism,
- Acquire the utility assets of three water and wastewater utilities (River's Edge Utility and the Towns of Lowell and Claypool), and
- Issue \$206 million in debt.

More recently, Citizens Energy Group has requested a new DSIC for its water utility. The request would raise monthly residential rates by \$2.87 and is under review.

## Social Media

Our team is committed to providing consumers with regular case updates and helpful consumer tips on a variety of utility issues, including water savings, scam warnings, energy savings, safety tips, and more!

- Facebook: @IndianaOUCC
- Instagram: @Indiana.OUCC
- LinkedIn: /IndianaOUCC
- Twitter: @IndianaOUCC
- YouTube: @IndianaOUCC



## Payment Arrangements

If you're behind on your bills, call your utility today.



Utilities will not demand immediate payment over the phone to keep your services on.

SCAM ALERT



A toilet leak can be very expensive. But a flapper that'll fix it may cost less than \$10.



## Additional Issues

OUCC Water/Wastewater Division analysts are called upon to work on a wide range of issues surrounding capital improvements, aging infrastructure, financing proposals, operation and maintenance of facilities, water quality, non-revenue water, cost-of-service, rate design, water trackers, and reviews of utility financial information.



Analyst Ron Perkins uses his accounting expertise in the OUCC's Water/Wastewater Division.

When reviewing utility operations, the OUCC relies upon utility compliance filings with the Indiana Department of Environmental Management (IDEM) to determine whether water and wastewater utilities are complying with applicable state and federal environmental laws. As consolidation continues in the water and wastewater utility industry, the OUCC evaluates

whether purchase prices for utility assets are reasonable, particularly taking into consideration the financial and operational impact on ratepayers.

Funding the replacement of customer-owned lead service lines is a utility request the OUCC continues to support. The OUCC recently reviewed and supported Citizens Water's request for approval of its Lead Service Line Replacement Plan and the establishment of a rider on its tariff to fund the program.

The Water/Wastewater Division has also reviewed and supported utility requests to obtain subsidized loans from the Indiana Finance Authority's SRF loan program to fund replacements of customer-owned lead service lines.

## Newsletter

Since 2015, the OUCC has been providing consumers with a monthly newsletter in their email inbox at the start of each month.

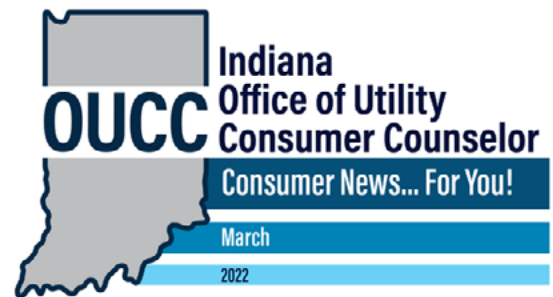
"Consumer News... For You" is designed to give the consumer a quick overview of current utility-related topics while providing resources and links for those who may want to dig deeper into a particular case or issue.

The newsletter includes case updates and general information covering a wide range of energy, water/wastewater, and telecommunications subjects.

The newsletter works in tandem with our social media efforts as the primary source for consumer information and engagement.

During the fiscal year, the OUCC sent 12 newsletters to over 64,000 recipients. This is the most newsletters delivered in a year to date and has allowed the OUCC to connect with more consumers than ever before.

**Subscribe today: [www.in.gov/oucc](http://www.in.gov/oucc)**



Indiana's [winter disconnection moratorium](#) for electric & natural gas utilities continues through Mar. 15 under state law. Any consumer who cannot pay a bill in full and on time is urged to contact their utilities as soon as possible to make payment arrangements. If you need financial assistance with bills, Indiana's [2-1-1 help line](#) is reachable any time. Also, the Low-Income Home Energy Assistance Program ([LIHEAP](#)) has local contact offices in all 92 counties.



**Fix a Leak Week**  
March 14-20

Did you know that a leaking toilet can waste up to 200 gallons of water each day? A dripping faucet can also waste more water - and more money - than you might realize.

[Fix a Leak Week](#) is Mar. 14-20. It's an annual reminder to check your home or business for any water leaks & get them repaired. Many repairs are inexpensive.





**OUCC**



**Looking Ahead**

## Looking Ahead

Each year brings new challenges, and the OUCC is prepared to meet and address these challenges in the year ahead.

Our staff will continue to apply its technical and legal expertise as the electric industry changes rapidly. Consumers will continue to need strong representation in numerous cases and forums as the nationwide shift toward greater use of renewable generation moves forward. Dedicated advocacy and creative problem solving will also be necessary in addressing upgrades to and expansions of the interstate and intrastate transmission grids, along with the numerous factors placing upward pressures on rates.

The OUCC will also continue to ensure that Indiana's natural gas utilities meet their legal obligations to purchase wholesale gas prudently and take steps to mitigate the rising costs affecting consumers nationwide. This challenge will keep growing in both importance and complexity.



Kelly Earls is the OUCC's lead attorney in a variety of electric, gas, and water/wastewater cases. OUCC experts have engaged in a number of complex rate cases involving large and small utilities in recent years, and will continue to do so.

Replacement of aging infrastructure in all utility industries has been a major issue for some time and will continue to be a major issue. Ensuring safe, reliable, and resilient infrastructure while keeping rates as reasonable as possible will continue to be a strong focus for the agency.

Compliance with federal environmental mandates at reasonable costs will also be important, particularly for water and wastewater utilities.

OUCC experts have engaged in a number of complex rate cases involving large and small utilities in recent years, and will continue to do so. In addition, our external affairs team remains committed to consumer education and serving as a valuable resource for ratepayers seeking to better understand their bills and to know more about their services.

The OUCC will remain vigilant in its mission to provide dedicated advocacy, creative problem solving, and consumer education on behalf of Indiana utility consumers during the coming fiscal year and beyond.

## Best Wishes!

Several OUCC team members have retired in recent months. They all contributed to our efforts greatly and we appreciate their years of public service.

### Barbara Smith

The OUCC's Executive Director of Technical Operations since 2015, Barbara retired in June 2022 after a career including more than 35 years of government & utility experience.

Barbara joined the OUCC as an analyst in 2006 and was promoted to Director of the agency's Resource Planning, Emerging Technologies, and Telecommunications Division in 2009.



### Karol Krohn

One of the OUCC's Deputy Consumer Counselors, Karol retired in October 2021 after more than 27 years of service with the agency. Spending most of her legal career here, she worked to protect consumer interests during two major transformations in Indiana's utility industries.

Karol was the OUCC's lead attorney on telecommunications issues in the 1990s and early 2000s. In the years following passage of the federal Telecommunications Act of 1996, Karol represented ratepayers in numerous cases involving the opening of Indiana's local telephone service markets to competition.



After most telecom matters were deregulated in Indiana in 2006, Karol focused on changes in the electric industry, especially the expansion of renewable electric generation and the introduction of new energy technologies in the state.

## Want to learn more?

The OUCC strives to provide consumers with essential information about various utility matters.

The agency offers more than 40 publications on a wide range of consumer issues. They include simple tips for saving money on energy and water bills, guides to understanding bills, fraud prevention, and guides to understanding and participating in utility rate cases.

Learn more about current & past cases, get tips for energy savings and more!

### ***Essential Links***

- The OUCC: An Introduction
- Speaking Out on Pending Cases
- Public Field Hearings
- Locally Regulated Utilities

All publications are available online at [www.in.gov/oucc](http://www.in.gov/oucc) or by calling us at 1-888-441-2494.



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Dedicated Advocacy

Creative Problem Solving

Consumer Education

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