



**For Immediate Release**

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## **CenterPoint/Vectren North Gas Rate Case: OUCC Recommendations**

The Indiana Office of Utility Consumer Counselor (OUCC) is recommending denial of CenterPoint Energy's requested natural gas rate increase for customers in the Vectren North service territory.

Seven OUCC witnesses filed testimony with the Indiana Utility Regulatory Commission (IURC) Wednesday, following a three-month review of the utility's pending rate request. The OUCC is the state agency representing the interests of all consumers in cases before the IURC.

"This case's evidence demonstrates that the utility has made significant investments in infrastructure improvements in recent years, which were needed to improve the gas distribution system's safety and reliability. However, the evidence demonstrates savings and opportunities for savings that more than offset the need for the requested rate increase," said Indiana Utility Consumer Counselor Bill Fine.

Vectren North's request would raise annual revenues by \$20.8 million in two phases due to higher operating and maintenance costs, along with infrastructure investments. The OUCC's analysis shows that a rate reduction of \$26.9 million is justified based on the case's current evidence and applicable law.

The OUCC recommends:

- Reducing the monthly fixed charges on a residential natural gas bill from \$17.59 to \$12.00.
  - Each Vectren North bill includes a flat, monthly residential natural gas customer service charge of \$11.25. OUCC recommendations would set the charge at \$12.00. Vectren has requested approval to raise the charge to \$21.50.
  - Each Vectren North bill also includes a fixed, monthly \$6.34 charge for infrastructure improvements and federal pipeline safety mandates. That charge would reset to \$0.00 at the end of this case, under both the utility's request and the OUCC's recommendations.
- Decreasing the natural gas utility's authorized return on equity to 9.2 percent, which is consistent with authorized returns for similar utilities throughout the US in recent years. Vectren North's current authorized return of 10.2 percent was approved in a 2008 settlement agreement. In this case, the utility proposes a return of 10.15 percent.
- Reducing numerous line items from the utility's proposed amounts, including depreciation expense and operating and maintenance expenses.
- A 50-50 sharing of legal costs and other rate case expenses between ratepayers and shareholders.
- Requiring additional details and transparency on customer bills, including line items on specific charges.

Rebuttal testimony from Vectren North is due on May 3, 2021 with an IURC evidentiary hearing scheduled to start on May 24, 2021. A final Commission order is expected later this year.

**(Continued)**

Base distribution rates comprise approximately 55 percent of a typical Vectren North residential bill. They cover “non-gas” costs such as operating and maintenance expenses and capital infrastructure improvements. The remaining 45 percent of a typical monthly bill pays for the natural gas itself, which the utility recovers on a dollar-for-dollar basis subject to OUCC review and IURC approval every three months.

The Vectren North service territory includes more than 620,000 customers in 51 Indiana counties, covering the region formerly served by Indiana Gas Co.

CenterPoint Energy's request for a natural gas rate increase in the Vectren South territory is pending in a separate docket.

The OUCC is posting case updates online at [www.in.gov/oucc/featured-topics/vectren-north-gas-rates](http://www.in.gov/oucc/featured-topics/vectren-north-gas-rates). Case updates are also available through the agency's monthly electronic newsletter. Consumers can subscribe at [www.in.gov/oucc/news](http://www.in.gov/oucc/news).

(IURC Cause No. 45468)

The Indiana Office of Utility Consumer Counselor (OUCC) represents Indiana consumer interests before state and federal bodies that regulate utilities. As a state agency, the OUCC's mission is 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.