Commission Modifies Indianapolis Power & Light’s $16 Million Cost-Recovery Request

INDIANAPOLIS (Feb. 11, 2015) – The Indiana Utility Regulatory Commission (Commission) significantly modified Indianapolis Power & Light’s (IPL) approximately $16 million alternate regulatory plan (ARP) by denying the $12.3 million cost-recovery request for the installation of charging stations and kiosks for the BlueIndy electric vehicle project. The Commission approved approximately $3 million of distribution system upgrades as proposed in a settlement agreement made by IPL, the City of Indianapolis, and the Indiana Office of Utility Consumer Counselor (OUCC).

“While the Commission applauds the vision shown by the City of Indianapolis, BlueIndy, and IPL regarding their innovative electric car sharing program, we ultimately determined that there was insufficient evidence to justify the use of ratepayer funds to install infrastructure owned by a private company,” said Commission Chair Carol Stephan. “As such, we encourage the parties to continue to work together to provide this service to our community’s residents and visitors.”

IPL’s proposal sought the authorization of a future rate increase to pay for certain infrastructure costs and for the installation of BlueIndy vehicle charging stations. The charging stations would have been owned by Bolloré Group. The portion of the ARP approved by the Commission is authorized by Indiana law that allows a utility to request recovery for the cost of extending utility service to a new customer if shown to be in the public interest. The Commission found that the ARP is in the public interest only with regard to the distribution system upgrades costs, often referred to as the utility line extension costs. The approval, however, is contingent upon the BlueIndy Project moving forward. IPL now has 20 days from the date of the Commission’s order to accept or reject the modifications to its proposed ARP, per Indiana law.

Commissioners Weber and Ziegner each concurred in part and dissented in part with separate opinions with regard to the Commission’s order. Commissioner Weber concurred with the order for the denial of the ARP for installation costs for the electric vehicle charging stations. In her dissent, she stated that she also would deny the ARP for line extension costs due to a lack of evidence regarding the profitability of the BlueIndy project or a benefit to IPL’s customers. She also expressed concern that this project benefits a private entity at the expense
of ratepayers. Commissioner Ziegner concurred with the Commission regarding the approval of the ARP for the extension costs for the project, but dissented from the denial of the ARP for installation costs for the BlueIndy charging stations. In his dissent, Commissioner Ziegner said that he would approve the installation costs because the build out of charging stations would be available for public use and therefore can help remove barriers to electric vehicle deployment. He also referenced the opportunity for IPL to explore the use of electric vehicles for demand side management as a source of stored energy. He indicated, however, that his approval would be subject to certain modifications, requiring that costs for the project be shared by IPL shareholders and that certain low-income ratepayers be able to opt out of any tariff established under the ARP.

IPL’s petition in Cause No. 44478, which was filed in April 2014, sought up to $16 million in ratepayer funds, which would have had a bill impact of 44 cents per month over five years for a typical customer. In August 2014, the Commission held a public hearing during which residents, ratepayers, elected officials, and other interested parties provided more than three hours of testimony regarding the proposal. Ratepayers who did not intend to use the program expressed concern about the additional cost and lack of benefits for those who would be supporting the program through their utility bills. Subsequent to this public hearing, on Aug. 21, 2014, the OUCC, IPL, and the City of Indianapolis reached a settlement agreement that was considered in the Commission’s final order. If the full settlement agreement had been approved, it would have extended the recovery period to 10 years and reduced the estimated bill impact to 28 cents per month for a typical customer. The proposed settlement agreement would have increased the total cost to ratepayers.

About the Indiana Utility Regulatory Commission (IURC)
The IURC 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 safe and reliable service at just and reasonable rates. For more information, please visit www.in.gov/iurc.

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