

Annual Report



Indiana Office of Utility
Consumer Counselor

2018-2019



Insights

2018 - 2019

OUCC at a glance

1300+ Years
Combined Experience

Professionals
55

Participated In:

364
*2
Cases

\$ 43.81
*4
Savings Per Dollar


283
Million Dollars
in Consumer
Savings^{*3}

Notes:

*1. Based on 55 OUCC employees & the following respective years of professional experience: 358 legal, 770 technical, 189 support.

*2. Total number of IURC dockets open in State Fiscal Year 2018-2019 (7/1/18 - 6/30/19).

*3. Difference between utility requests & amounts approved in IURC orders during fiscal year. \$881M in Vectren CPCN savings not included.

*4. Consumer savings amount divided by approved funding in OUCC budget for State Fiscal Year 2018-2019.

Welcome

All Hoosier consumers deserve safe, dependable service from their utilities at the most reasonable prices possible. Our highly trained and dedicated team at the Indiana Office of Utility Consumer Counselor (OUCC) focuses on this every day.

We provide consumers with high-quality legal, accounting, economic, and engineering representation when utilities seek rate increases and make other requests before the Indiana Utility Regulatory Commission (IURC).

We also participate in state appellate court cases and proceedings before the Federal Energy Regulatory Commission (FERC), when warranted.

It is crucial that ratepayers have strong, committed legal and technical representation in cases that will determine what they pay for their utility services and what they will receive in return, including infrastructure improvements for safety and reliability.

This is especially important now with our state at a pivotal junction in determining how we meet the energy needs of our residential, commercial, and industrial consumers.

Indiana is in the midst of two sweeping transitions along with the rest of the nation: 1.) The shift in electric generating fuel from our traditional reliance on coal, and 2.) The replacement of aging infrastructure throughout our electric, natural gas, water, and wastewater utility systems.

In the OUCC's Annual Report for the State of Indiana's 2018-2019 fiscal year, you will learn more about our commitment to Indiana's future and our role in keeping reliability and affordability at the forefront as these challenges are addressed.

You'll also learn more about our commitment to consumers in each legal case, and how we continue to fulfill our mission each day.

Sincerely,

A handwritten signature in black ink that reads "Bill Fine".

Bill Fine
Indiana Utility Consumer Counselor



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.

An Overview

The utility regulatory process in Indiana and other states is the surrogate for competition for monopoly electric, natural gas, water, and sewer utility services. While certain utilities are regulated at the local government level, others are overseen by the IURC, which sets rates and considers other utility requests through legal proceedings.

The proceedings resemble civil court cases. Attorneys represent the utility with expert witnesses testifying on its behalf. In a rate case, the utility has the burden of proof to show its need for additional revenue.

The OUCC, as a state agency separate from the IURC, participates in these cases on behalf of all utility consumers (including residential, commercial, and industrial consumers) as prescribed by state law.

Our team of 55 highly trained and experienced professionals includes accountants, economists, engineers, and attorneys who analyze hundreds – or even thousands – of pages of testimony, exhibits, and work papers in each case. Based on our analysis in each docket, we prepare testimony that we file with the Commission. State law requires the Commission to balance utility and consumer concerns as it weighs the evidence in individual cases.

The OUCC At A Glance

Legal Division

Our team of attorneys is committed to giving ratepayers the strongest possible representation in the utility regulatory process. With nearly 400 years of combined legal experience, our attorneys cross-examine witnesses at hearings, ask questions through legal discovery, and participate in settlement negotiations. The attorneys on our team have strong backgrounds in the highly specialized field of utility law and the expertise to zero in on issues critical to customers.

The OUCC's administrative staff includes a team of professionals dedicated to running the agency efficiently and being good stewards of our public resources. In recent years, our Business Office has developed a number of successful initiatives that have improved our operations and the performance of our entire team. Our administrative assistants are highly versed in regulatory procedures and work together to ensure accurate, timely filings in each case.

Administrative Staff

Technical Divisions

The OUCC's Electric, Natural Gas, and Water/Wastewater Divisions include seasoned professionals who thoroughly examine all utility requests in pending cases. Most of our accountants and economists hold advanced degrees and professional certifications along with our engineers, environmental analysts, and financial analysts. Our technical team puts hundreds of years of combined professional experience to work for Hoosier consumers every day.



The OUCC's Jeffrey Reed and Brien Krieger discuss a case with IPL customers.

Serving as the public face of the agency, our External Affairs Division is committed to providing great government service to ratepayers throughout Indiana. It assists consumers with questions and

concerns on numerous utility issues. The division also focuses on efforts to engage the public through consumer education via the OUCC's website, social media sites, and monthly newsletter, along with consumer outreach at public hearings and other events.

External Affairs Division

Rate Cases

A base rate case gives the OUCC and IURC the opportunity to conduct a full examination of a utility's financial health. Each case is unique and involves the review of numerous accounting, economic, engineering, and legal issues. But in the end, it comes down to making sure the utility has the revenues needed to provide safe and reliable service to all customers, at rates that are fair.

In each rate case, the OUCC has a window of approximately three months in which it closely examines the utility's testimony and exhibits. The examination includes accounting reviews, site visits by the agency's engineers, questions the agency asks through legal discovery, and much more.

Just as importantly, the OUCC invites consumer comments in each case. Written comments received before the OUCC's testimonial deadline are filed with the IURC for the case's formal record. The IURC also conducts public field hearings in certain cases, where consumers can speak directly to the Commissioners, under oath, with their comments becoming evidence in the case record.

The OUCC participated in 28 base rate cases in the State's 2018-2019 fiscal year. In some cases, the agency's analyses showed utilities seeking much higher increases than necessary. In others, a utility's case met its burden of proof, showed the need for additional revenue, and proved that the utility was seeking to use the money on necessary capital improvements while approaching those improvements in a prudent manner. In other cases, the utility demonstrated a need for an increase but the OUCC found efficiencies and improvements reducing that increase's impact on customers.

Some rate cases require litigation before the IURC, with the Commission weighing the evidence from the utility, OUCC, and any parties that may intervene, and then issuing a ruling through a formal order.

In other cases, the OUCC succeeds in negotiating a settlement agreement that brings the case to a fair resolution. Any settlement filed with the Commission may be approved, denied, or modified. Importantly, the settling parties must file testimony supporting an agreement and demonstrating that it is in the public interest.

Indiana law requires the IURC to issue a rate case order within 300 days of the utility's filing, if it includes all testimony, exhibits, and work papers when initiating the case. However, the Commission may add 60 days if it finds cause to do so.

Rate Case: Typical Time Frame	
Day 1	Utility Case-In-Chief: Utility files detailed testimony and exhibits.
Days 1-91	Public Comments: The OUCC invites written consumer comments for the formal case record. The IURC may hold field hearings in certain cases.
Day 98	OUCC Case-In-Chief: The OUCC files detailed testimony and exhibits based on its review of the utility's request. Intervenors may also file.
Day 126	Rebuttal Testimony: Utility responds to OUCC & intervenor recommendations.
Day 147	Evidentiary Hearing: The OUCC, utility, and other parties may cross-examine each other's technical witnesses. The IURC may also ask questions.
Days 180-210	Closing Arguments: Parties may file written briefs and proposed orders.
Day 300	Final Order: The IURC issues its final decision in a written order.
	Timeline applies if a utility files its complete case on Day One. The IURC may add 60 days to the order deadline if warranted.

Rate Cases (Continued)

Nationwide, 89 electric utilities (or nearly half of all major electric utilities in the US) filed rate cases before state regulators in 2018, according to the US Energy Information Administration (EIA). This was the highest total in a single year since 1983. The aggregated value of the requests in 2018 was \$6.8 billion, with regulators approving \$2.8 billion.

In Indiana, the OUCC negotiated settlement agreements with four major utilities in the State's last fiscal year. All four received IURC approval. Agreements with Northern Indiana Public Service Company's (NIPSCO's) natural gas utility, Indianapolis Power & Light Co. (IPL), Indiana American Water, and Citizens Energy Group's sewer utility will save consumers a combined total of \$130.7 million annually. The Indiana American Water and Citizens agreements also create low-income assistance programs from a balance of customer and utility funding.

Several natural gas utilities serving parts of southern Indiana had rate cases over the last year that were either litigated, settled, or partially settled. Those cases involved Boonville Natural Gas Corp., Community Natural Gas Co., Indiana Utilities Corp., South Eastern Indiana Natural Gas Co., Switzerland County Natural Gas Co., and Sycamore Gas Co.

The majority of rate cases involving municipal utilities are settled, including the most recent water rate requests from Fort Wayne and Evansville. In those cases, the utilities demonstrated the need for most proposed infrastructure projects. They also demonstrated that they had taken prudent and cost-effective approaches to meeting safety and reliability needs for their customers. A common theme in these and other cases was the need to replace aging infrastructure, some of which has been in use for more than 100 years.

Several rate cases are pending at the time of this report, including requests from three major electric utilities:

- NIPSCO's \$111 million request,
- Indiana Michigan Power's (I&M's) request for \$172 million, and
- Duke Energy's first base rate case in 15 years, a \$359 million request.



OUCC Water/Wastewater Division Director Scott Bell recently celebrated 30 years of service with the State of Indiana. He is pictured with Executive Director of Technical Operations Barbara Smith.

Fixed Residential Monthly Charges

A typical utility bill includes portions based on a customer's usage, along with a fixed charge that does not vary from customer to customer. The fixed charges, often referred to as "customer charges" or "facility charges," have been a major issue in recent rate cases. Residential customer charges vary by utility.

Natural Gas	
Utility	Charge
Citizens Gas	\$12.00
Northern Indiana Public Service Company (NIPSCO)	\$14.00
Vectren North	\$11.25
Vectren South	\$11.00

Electric	
Utility	Charge
Duke Energy	\$9.01
Indiana Michigan Power (I&M)	\$10.50
Indianapolis Power & Light (IPL)	\$17.00
Northern Indiana Public Service Company (NIPSCO)	\$14.00
Vectren	\$14.00

Trackers

In addition to rate cases, Indiana utilities use a variety of rate adjustment mechanisms, or trackers, to make rate changes for specific items as allowed by state law. Trackers may be created either by the Indiana General Assembly or by the IURC.

All of Indiana's investor-owned electric utilities use trackers to recover costs for specific items. Trackers may be used to adjust rates every three, six, or 12 months. Each is subject to OUCC review and IURC approval.

The OUCC may recommend the disallowance of certain costs if its review shows them to be excessive, inaccurate, or not in line with legal requirements for that tracker.

62 of the 161 tracker cases in the last fiscal year were gas cost adjustment (GCA) cases. Natural gas utilities recover actual wholesale costs on a dollar-for-dollar basis, with their rates changed every three, six, or 12 months to reflect wholesale cost changes. Utilities are required to demonstrate they have shopped prudently in the wholesale market and that the proposed costs do not include profits or markups.

In the State's most recent fiscal year, the OUCC's natural gas division identified reasons for disallowances in 11 GCA cases. Those reductions resulted in a total consumer savings of more than \$321,000.

For electric utilities, fuel adjustment clause (FAC) cases allow for rate adjustments every three or six months to recover costs for coal, natural gas, and other fuels at their generating facilities. As with the GCAs, an FAC billing adjustment must reflect a dollar-for-dollar cost pass-through and evidence that the utility is procuring its fuels in a prudent manner. In most FAC cases, the OUCC has 35 days to review the utility's filing.

Electric utilities also use trackers to recover costs for energy efficiency programs, compliance with federal environmental mandates, regional (multi-state) transmission costs, and more.

Water and sewer utilities can seek expedited rate recovery once per year through the Distribution System Improvement Charge (DSIC). The DSIC may be used specifically for the replacement of aging water distribution or sewage collection system infrastructure between general rate cases, with costs capped at ten percent of the base

revenues approved in its most recent rate case. Replacements of lead and galvanized steel service lines may also be recovered through the DSIC and do not count toward the ten percent cap.

In a DSIC case, the OUCC must file its report within 30 days of the utility's request. A Commission order is required within 60 days of the utility's initial filing.

An additional tracker for water and sewer utilities is the System Integrity Adjustment (SIA), which allows a utility to raise rates if it falls short of recovering the revenue amounts authorized in its most recent rate case.



Analysts Lauren Aguilar and Wes Blakley bring years of environmental and accounting experience to each case.

Commitment to Improved Energy Infrastructure

Aging infrastructure is a major concern throughout Indiana and the United States. To cite just one example, 70 percent of the nation's electric transmission lines are more than 25 years old, according to the US Department of Energy's most recent quadrennial technology review.



Indiana law allows utilities to recover infrastructure costs through rates. There are two major avenues:

A traditional rate case. This allows for a full examination of a utility's finances and operations by the OUCC and IURC. In these cases, a utility must demonstrate that the assets are used and useful for its customers before it starts collecting rates on them.

Trackers. An electric or natural gas utility may seek IURC approval of a 5-to-7-year infrastructure improvement plan, with rate increases to follow as often as every six months as the projects are built. The rates are raised through a Transmission, Distribution, and

Storage System Infrastructure Charge (TDSIC), which is subject to change every six months. (Water and sewer utilities may use a similar tracker, noted elsewhere in this report.)

Indiana energy utilities are authorized to recover a total of more than \$4.1 billion under TDSIC plans that have received IURC approval. Three of the state's five investor-owned electric utilities - Duke Energy, NIPSCO, and Vectren - are authorized to recover approximately \$3 billion through their plans when added together. In addition, IPL is seeking approval of a \$1.2 billion plan.

The NIPSCO and Vectren natural gas utilities are authorized to recover just over a total of \$1 billion, cumulatively, through their plans. Two small gas utilities - Community Natural Gas and Midwest Natural Gas - have also received TDSIC plan approval.

The TDSIC law took effect in 2013. Since then, a series of cases before the Indiana Court of Appeals and Indiana Supreme Court have further defined the scope of the law, and the types of projects utilities may include in their plans. Legislative changes in 2019 will give utilities greater flexibility in developing and making changes to their plans. The OUCC will remain diligent in ensuring the statute is followed properly and that the rate increases sought are as prudent and reasonable as possible.

Major Utilities: Base Rate & TDSIC Approval

Electric		
Utility	Using TDSIC	Base Rates Approved
Duke Energy	Yes	2004 *
Indiana Michigan Power (I&M)	No	2018 *
Indianapolis Power & Light (IPL)	Proposed	2018
Northern Indiana Public Service Company (NIPSCO)	Yes	2016 *
Vectren	Yes	2011

Natural Gas

Utility	Using TDSIC	Base Rates Approved
Citizens Gas	No	2011
Northern Indiana Public Service Company (NIPSCO)	Yes	2018
Vectren North	Yes	2008
Vectren South	Yes	2007

* Base rate case currently pending as of 10-1-19.

** 2 small natural gas utilities (Community & Midwest) have used TDSIC plans.

Commitment to Improved Water/Wastewater Infrastructure

As with the energy industry, water distribution and sewage disposal systems throughout the United States are aging as underground mains approach the end of their useful lives.

Considerable investments are needed to ensure the dependability of safe drinking water and environmentally responsible wastewater treatment and discharge.

A 2016 Indiana Finance Authority (IFA) study showed the need for an immediate \$2.3 billion in water/wastewater infrastructure investments, with an additional \$815 million needed annually for future maintenance. Nationally, the US Environmental Protection Agency projects a need of more than \$384 billion in improvements over the next 20 years to ensure safe drinking water delivery.

The OUCC demonstrated its commitment to improved infrastructure in several rate case settlement agreements in the State's last fiscal year, including agreements with Indiana American Water Co. and Citizens Energy Group's sewer utility in Indianapolis.

The Indiana American Water agreement and other water rate case agreements acknowledged the need for water utilities to replace mains and treatment plant infrastructure that have reached or exceeded their expected useful life spans.

In the Citizens sewer rate agreement, the OUCC recognized the utility's need to complete new infrastructure projects that will nearly eliminate sewage discharges into Marion County waterways and allow Indianapolis to comply with the terms of a federal court order.

In both cases, the OUCC's analysts identified areas for better efficiency and, in turn, reductions to the utilities' requested increases.

Both cases also included utility proposals of customer-funded low-income assistance programs. The settlement agreement terms improved these proposed programs by adding non-ratepayer funding from the companies themselves.

State policies approved by the Indiana General Assembly in recent years are encouraging additional infrastructure investments along with regional collaboration and consolidation of utilities where warranted. The IURC, in the last two years, has approved Indiana American Water's proposals to acquire four municipal utilities throughout the state.

The OUCC negotiated settlement agreements in half of these cases (Sheridan and Georgetown). The other two cases (Lake Station and Charlestown) included intervening parties and have been reviewed by the Indiana Court of Appeals.



OUCC water/wastewater analysts tour Citizens Energy Group's DigIndy project. The underground tunnel will play a major role in reducing sewage discharges into local waterways.

Continued Shift in Generation

The growth in renewable energy throughout Indiana and the United States is only part of a greater transition, as electric utilities shift away from coal and toward renewable resources and natural gas. The development of natural gas generation can be used either as a “bridge fuel” to renewable generation and large-scale battery storage technology, or as a longer term solution.

With any proposed generation project, the utility and/or developer(s) must demonstrate that the project is the right solution, that they have modeled multiple scenarios, and that they are following the best approaches.

One of the largest cases in some time involved Vectren Energy Delivery’s proposal to close four of its five coal generation units and replace them with a new \$881M natural gas-fired power plant. The OUCC opposed the request noting Vectren had not fully examined options and alternatives, along with considering flexibility needed to meet customer needs over the next 30 years. The IURC denied the utility’s request in April 2019.



OUCC External Affairs Director Anthony Swinger addresses consumers at an IURC public field hearing in Carmel.

The OUCC has a long history of supporting renewable energy growth, as long as projects are built at reasonable costs.

In the most recent fiscal year, the OUCC, Citizens Action Coalition, and Vectren reached an agreement on Vectren’s proposal to build a 50-megawatt solar farm in Spencer County, which received Commission approval in March 2019. Additional utility-scale solar projects proposed by Vectren, Duke Energy, and Indiana Michigan Power (I&M) received OUCC support in recent years.

Wind energy also continues to grow rapidly. 15 utility-scale wind farms are operating in Indiana. An additional five have received IURC approval and are projected to be in service in 2020, according to Purdue University’s State Utility Forecasting Group (SUFG).

The OUCC has supported purchased power agreements between NIPSCO and three wind farms in recent months. Wind projects with recent OUCC support include the Bitter Ridge Wind Farm in Jay County, the Headwaters II Wind Farm in Randolph County, and the Rosewater Wind Farm in White County.

Moving forward, the OUCC continues to participate in the Integrated Resource Planning (IRP) processes, through which each major electric utility develops a 20-year plan for its future generation needs. IRPs are typically updated every three years. Each utility’s IRP is developed through an informal process that does not require IURC approval or result in immediate rate changes. Requests for specific rate changes happen later in individual, formal cases, where the OUCC looks to ensure they are consistent with state law, are being approached responsibly, and reflect reasonable costs.

Evolving Issues

Federal environmental regulations have ranked among the major drivers in higher electric rates over the last decade. With stricter limits on sulfur dioxide, nitrogen oxide and other emissions, coal-fired generating plants throughout the nation have faced the challenge of either being shut down and replaced, or fitted with emissions reduction technology. Construction and financing costs for scrubbers and other devices are very expensive. In addition, utilities face the challenge and expense of disposing of coal ash and complying with requirements to protect groundwater resources.

Indiana law allows electric utilities to recover those costs, if the Commission finds them to be reasonable, through rates. These costs have affected Indiana disproportionately compared to other states because of its heavy reliance on coal for many years.

The current federal administration has reversed or changed a number of environmental rules over the last two years. However, utilities have needed to move forward with projects for reliability reasons and because of the unpredictable nature of how challenges to the rules may fare in federal court. Economic factors have also driven these decisions.

In the State's last fiscal year, Indiana electric utilities recovered more than \$300 million through environmental compliance rider (ECR) trackers. Also, many clean coal technology costs have been embedded in utility base rates as allowed by law.

NIPSCO and Duke Energy - within the last year - have announced plans to retire coal-fired units at earlier dates than originally planned. The costs of shutting those units down are recoverable through rates, along with environmental remediation costs.

As Indiana and other states transition to greater use of renewable sources and battery storage technology, the construction of new transmission lines is evolving as a major issue at both the state and federal levels. The OUCC participates in cases before the Federal Energy Regulatory Commission (FERC) as warranted, when proceedings may directly affect Indiana consumers. Our federal staff is also engaged in ongoing matters with regional transmission operators (RTOs), which manage the multi-state grid in ways similar to air traffic control.

Two RTOs serve Indiana. I&M is a member of the PJM Interconnect, whose region includes 13 states and the District of Columbia. The state's four other major electric utilities are members of the Carmel-based Midcontinent Independent System Operator (MISO), which manages the grid throughout 15 states and the Canadian province of Manitoba. The costs of each utility's participation in an RTO are recoverable through rates.



Administrative assistants Kim Remy, Theresa Davis, Takia Bland, and Dezara Atherton (L to R) work together to ensure that the agency's filings are accurate, complete, and timely.

Cybersecurity continues to be a critical issue for utilities, and one that continues to evolve within the industry and at the federal and state government levels. Federal requirements are designed to guide utilities in developing procedures to protect their electronic and physical infrastructure.

Additional cases the OUCC participates in include utility financing and debt, depreciation, and demand side management (DSM), or energy efficiency programs that are offered by electric and natural gas utilities. Each utility's DSM program has an oversight board with the OUCC and additional stakeholders participating. New energy efficiency plans for each utility receive OUCC review and IURC approval at least every three years.

Federal Tax Relief and Rate Cuts

Most investor-owned utilities saw their federal income tax rates reduced from 35 to 21 percent under the Tax Cuts and Jobs Act of 2017. In Indiana, this has led to more than \$200 million in customer rate savings to date.



Deputy Consumer Counselor Tiffany Murray and Chief Technical Advisor Margaret Stull spent many hours on the IURC's TCJA investigation, ensuring consumer savings.

State laws in Indiana and elsewhere allow utilities to recover income taxes through rates on a dollar-for-dollar basis.

With federal corporate income tax rates being changed for the first time in 30 years, state commissions and consumer advocates throughout the United States needed to ensure that utility rates were changed accordingly so consumers would share in the relief.

For each affected Indiana utility, an IURC investigation has focused on sharing the tax relief through three important changes:

- Adjusting each utility's current tariffs to reflect the lower rates.
- Providing bill credits to refund over-collected money in 2018.
- Addressing long-term accounting practices to reflect the new rate.

In the IURC's investigation, the OUCC worked diligently to ensure consumers would receive appropriate corresponding rate reductions due to the federal tax cuts. With certain utilities, this was as simple

as verifying their proposed changes and confirming the accuracy. Others sought to keep the over-collections for infrastructure purposes instead of sharing them with customers. In those instances, the OUCC litigated cases and the IURC made final determinations to order immediate ratepayer relief.

The investigation included two phases, with the first focusing on immediate tariff adjustments to allow customers to share in the savings as quickly as possible. These tariff adjustments in the investigation's first phase have resulted in nearly \$205.7 million in rate reductions.

The second phase addressed bill credits for over-collections and adjustments to long-term accounting in the future. In this phase, the OUCC's efforts contributed to an additional \$16.6 million in rate savings consumers may not have otherwise seen. Cases with certain utilities, including Indiana American Water and Sycamore Gas Co., were eventually settled after several months of litigation.

For some utilities, TCJA issues have been addressed through rate cases rather than investigation subdockets.

“Not enough positive feedback is given to public service employees/organizations who are truly serving their respective populace well. As such, I wanted to tip my cap and tell the OUCC to keep up the fine work.”

- From an IPL Customer

Appellate Activity

The OUCC appeared in 18 cases before the Indiana Court of Appeals and Indiana Supreme Court during the 2018-2019 fiscal year.

Any party to an IURC case may appeal a Commission order to the Court of Appeals within 30 days of its issuance. In some cases, an appeal will be filed by either the OUCC, the utility, or one of the parties that intervened in the case before the Commission.

In these cases, the OUCC does its own appellate work, filing briefs and participating in oral arguments as warranted.



Deputy Consumer Counselors Daniel Le Vay and Scott Franson have written a number of briefs before the Indiana Court of Appeals.

Depending on the circumstances, the OUCC may recommend that an IURC order be upheld or overturned.

OUCC attorneys review all IURC orders to determine whether or not an appeal is warranted based on legal grounds.

By law, the appellate courts use the same standards when reviewing appeals from certain administrative state agencies (including the IURC), as used in appeals from trial courts throughout the state. Rather than re-weighing the case's evidence or merits, an appellate docket focuses on whether or not laws have been misinterpreted or improperly applied, or whether there is a lack of evidence to support a finding.

A number of appeals in recent years have focused on the 2013 TDSIC statute, the

scope of projects allowed in an infrastructure plan, and the manner in which rate recovery should be applied to different customer classes.

One of these appeals, involving a NIPSCO electric TDSIC tracker, focused on allocation to industrial customers and whether "firm load" or "total load" should be used in calculating the amounts of costs shifted from industrial to residential customers. Unlike total load, firm load does not include coverage of "interruptible" industrial customers, who agree to have their power supplies disrupted in cases of very heavy demand.

In oral arguments before the Indiana Supreme Court, OUCC Deputy Consumer Counselor Jeffrey Reed maintained that the IURC had ruled correctly in the case by approving NIPSCO's proposed cost structure, and doing so in a manner consistent with a previously approved settlement agreement addressing those terms. The Supreme Court upheld the Commission order, preventing potentially millions of dollars in costs from being shifted from industrial to residential ratepayers.

Consumer Engagement

Along with dedicated advocacy and creative problem solving, consumer education is an important part of the OUCC's mission. Our External Affairs team is committed to keeping Hoosiers informed about their utility services and pending cases involving their utilities. We strive to help consumers better understand the case process and the importance of being engaged.



External Affairs Specialist Olivia Rivera shares OUCC publications at an outreach event in Indianapolis. The OUCC is available to take part in events and speak to organizations throughout Indiana.

Our monthly newsletter, "Consumer News... For You," is designed to give the consumer a quick overview while providing resources for those who may want to dig deeper into a particular case. The newsletter focuses on case updates and general information on a wide range of energy, water/wastewater, and telecommunications topics. It is available at no charge, and consumers can subscribe at www.in.gov/oucc/2877.htm.

The OUCC also keeps consumers informed through its Twitter, Facebook, and LinkedIn feeds, and issues news releases to invite public comments in pending rate cases.

Online, the OUCC's website - www.in.gov/oucc - continues to serve as a resource where consumers can check the status of a pending case and receive general information about their utility services. Our External Affairs staff is also available to speak to groups and participate in public outreach events at no charge.

In certain cases, the IURC will hold a public field hearing where consumers can address the Commission under oath or offer written comments. The OUCC facilitates consumer participation at each of these hearings, helping consumers understand the process, providing background information on the case, and answering consumer questions. One public field hearing is required in any base rate case in which a utility requests an annual increase of at least \$2.5 million. Additional field hearings may be held at the IURC's discretion.

In all cases, the OUCC invites written consumer comments regardless of whether a public field hearing is held. Comments we receive before our testimonial deadlines are submitted in our filings with the Commission so they may be included in the formal case record.

An additional service our External Affairs team offers is consumer education on utilities outside of the IURC's jurisdiction. All Indiana rural electric cooperatives (REMCs) have withdrawn from IURC oversight of their rates and charges as allowed by law. More than 90 percent of the state's municipal electric and water utilities have also withdrawn while state law does not give the IURC oversight of municipal sewer and regional sewer district rates and charges. Those utilities are regulated at the local level.

When the OUCC receives consumer questions about locally regulated utilities, our External Affairs team takes the time to explain why certain utilities are regulated locally. We also give the consumer the information needed to present concerns to the appropriate local entity.

Consumer Engagement (Continued)



OUCC Social Media

We keep Indiana ratepayers apprised of utility-related issues through our Twitter, LinkedIn, and Facebook pages. In addition to offering updates on key cases, current trends, and job opportunities, our social media pages offer practical advice on a regular basis to help consumers make the most of their electric, natural gas, and water/wastewater utility services.

Consumer News... For You

The OUCC's monthly newsletter is designed to give the consumer a quick overview of current utility-related topics while providing resources for those who may want to dig deeper into a particular case or issue.

"Consumer News... For You" includes case updates and general information covering a wide range of energy, water/wastewater, and telecommunications subjects. It's a free service and is our primary source for consumer information and engagement.

To subscribe to our monthly newsletter,
just visit www.in.gov/oucc/2877.htm
and enter your email address.
We will send you one email per month.

OUCC

Indiana Office of Utility Consumer Counselor

CONSUMER NEWS... FOR YOU
AUGUST 2019

SUMMER WARMTH

Even if you don't notice small differences in your home's temperature, your thermostat will. That can make your air conditioner work harder than it needs to. Things you can do right now to save energy include:

1. Waiting until after sundown to do laundry.
2. Cooking with the microwave or grilling out instead of using the stove or oven.
3. Making sure rugs & furniture don't block vents.
4. Checking your HVAC filter and replacing it if it's dirty.
5. Unplugging phone chargers & other small appliances if you're not using them.

On especially hot days, you can take additional steps to stay safe by following [tips](#) from the Indiana Dept. of Homeland Security.

DUKE ENERGY RATE CASE

The OUCC has requested a series of public field hearings throughout Duke Energy's service territory. The motion is pending before the IURC, with case updates to be posted on the OUCC's website. An Oct. 30 deadline is set for the OUCC's testimony with our staff now reviewing Duke Energy's filings. A Commission decision on the utility's \$395 million request is expected in 2020.

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Looking to the Future

Decisions made today regarding electric transmission and generation may affect Hoosier consumers for the next 30 to 40 years. With that in mind and in a major step forward, the Indiana General Assembly approved legislation in 2019 to create the 21st Century Energy Development Task Force.



Kim Weaver, Krista Orton, and Mary Lyons of the OUCC's Business Office ensure that the agency runs efficiently and that our staff has the ongoing training it needs.

Utility Consumer Counselor Bill Fine - appointed by Gov. Eric J. Holcomb - is one of 15 members of the task force, which is meeting regularly in 2019 and 2020 to address issues concerning a statewide energy policy. The task force's focus is on the state's generation and power supply needs, and how changes in utility generation portfolios may impact the electric transmission grid throughout Indiana. Questions about state and regional transmission infrastructure are being explored by the task force, which is reviewing what types of tools and resources the industry and regulators will need to ensure reliability, resilience, and affordability in the years to come.

The task force is scheduled to complete its work and make its recommendations to the Governor and General Assembly in time for the 2021 legislative session.

into the integration of distributed generation (consumer-owned solar panels, windmills, etc.) into the national grid. A number of national organizations are coordinating this task force, including the National Association of Regulatory Utility Commissioners (NARUC) and the National Association of State Energy Officials (NASEO).

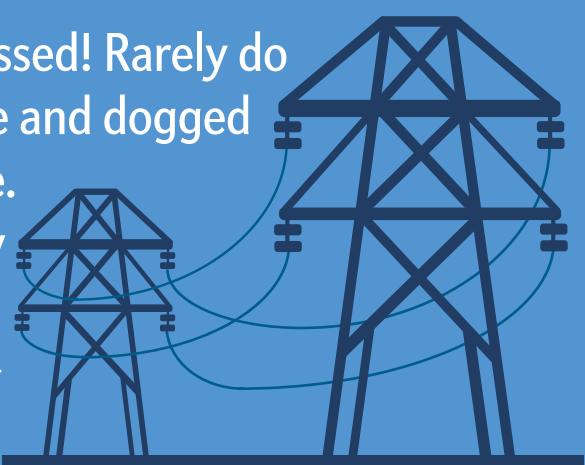
The OUCC and 54 additional agencies throughout North America belong to the National Association of State Utility Consumer Advocates (NASUCA), which gives the agencies the chance to share information, determine best practices, and build on each other's experiences.

Indiana Utility Consumer Counselor Bill Fine continues to serve on NASUCA's executive committee with OUCC staff participating on all NASUCA committees.

As the utility industries continue to evolve and as the issues keep growing in complexity, the OUCC is up to the challenge. Our team is committed to giving Hoosier ratepayers the strongest representation possible in the months and years to come.

“I am quite impressed! Rarely do I see this attentive and dogged pursuit of an issue. Thank you so very much.”

- From a Vectren Customer



OUCC Team

This report and the efforts described within it would not be possible without the OUCC team members who have worked tirelessly over the past year.

Executive Leadership

William Fine - Utility Consumer Counselor
Abby Gray - Executive Director, Legal Operations
Barbara Smith - Executive Director, Technical Operations

Leadership

Scott Bell - Director, Water/Wastewater Division
Leja Courier - Director, Natural Gas Division
Michael Eckert - Assistant Director, Electric Division
Stacie Gruca - Director, Electric Division
Randall Helmen - Chief Deputy Consumer Counselor
Krista Orton - Executive Office Director
April Parish - Assistant Director, Electric Division
Heather Poole - Assistant Director, Natural Gas Division
Anthony Swinger - External Affairs Director

Our Office Professionals

Dezara Atherton - Administrative Assistant
Takia Bland - Administrative Assistant
Theresa Davis - Administrative Assistant
Mary Lyons - Professional Development & Technical Specialist
Kimberly Remy - Administrative Assistant
Olivia Rivera - External Affairs Specialist
Kimberly Weaver - Office Operations Assistant
Cheryl Williams - Paralegal
Scott Wright - Project Manager



OUCC attorney Karol Krohn (left) recently celebrated 25 years of service to the OUCC. She is pictured with Executive Director of Legal Operations Abby Gray.

Our Attorneys

Scott Franson
Jason Haas
Lorraine Hitz-Bradley
Karol Krohn
Daniel Le Vay
Tiffany Murray
Jeffrey Reed

Our Analysts

Lauren Aguilar
Anthony Alvarez
Cynthia Armstrong
Wes Blakley
Peter Boerger, Ph.D.
Richard Corey
Michael Gahimer
Leon Golden
Isabelle Gordon
Angela Griffith
Mark Grosskopf
Eric Hand
John Haselden
Brien Krieger
Kaleb Lantrip
Amy Larsen
Caleb Loveman
Thomas Malan
James Parks
Cinthia Sabillon
Carl Seals
Margaret Stull
Carla Sullivan
Kristen Willoughby

Several OUCC team members have recently retired or accepted positions outside of state government. Farheen Ahmed, Edward Kaufman, Bradley Lorton, Robert Mork, and Edward Rutter particularly contributed to our efforts throughout the last fiscal year, and we greatly appreciate their many years of public service.

Indiana Office of Utility Consumer Counselor

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