



For Immediate Release

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News Media Contact:

Anthony Swinger, (317) 233-2747 or

aswinger@oucc.IN.gov

Federal tax relief agreement to reduce Duke Energy customer bills

Duke Energy will reduce electric bills for its Indiana customers, due to changes in federal tax law, if a newly filed settlement agreement is approved.

The Indiana Office of Utility Consumer Counselor (OUCC), industrial customers, and Duke Energy have reached the agreement in the Indiana Utility Regulatory Commission's (IURC's) investigation into the federal Tax Cuts and Jobs Act's effects on utility rates. Taking effect in January 2018, the law reduced the federal tax rate for most investor-owned utilities from 35 percent to 21 percent. The parties filed the agreement late Wednesday with the IURC, which may accept, modify, or deny any agreement before it.

"I am proud of our staff's efforts to help ensure that these dollars are returned to consumers as quickly as possible," said Indiana Utility Consumer Counselor Bill Fine. "Most affected Indiana utilities have worked collaboratively with our staff to address the federal tax cuts and make sure their customers share in these savings. Duke Energy is the latest example."

Federal income taxes are among the costs investor-owned utilities may recover through rates on a dollar-for-dollar basis.

If approved by the IURC, the agreement would resolve all matters regarding Duke Energy in both phases of the IURC's pending investigation, reducing an average monthly residential bill (1,000 kWh) by nearly five percent in 2018.

For each investor-owned utility:

- Phase One focuses on short-term rate relief by adjusting utility tariffs to reflect the new federal income tax rate.
- Phase Two is looking at longer term issues such as customer credits for taxes collected at the older, higher rate since January 1, 2018 and deferred income tax accounting matters.

All issues in the investigation's first phase, addressing immediate rate relief, have been resolved for most Indiana utilities. In addition to Duke Energy, utilities that have either adjusted their rates or agreed to do so in the near future include:

- Aqua Indiana,
- Indiana Michigan Power (I&M),
- Northern Indiana Public Service Company (NIPSCO),
- Vectren, and
- A number of smaller investor-owned natural gas, water, and wastewater utilities throughout the state.

In Phase Two, the OUCC and several utilities (including NIPSCO Gas and Vectren) have reached agreements that are now pending before the Commission. The second phase for most other utilities is still pending with the OUCC scheduled to file testimony in late August.

Updates on the investigation are being posted on the OUCC's website at www.in.gov/oucc/2891.htm.

(IURC Cause No. 45032)

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.

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