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Agreement to substantially reduce Indiana American Water Company's requested rate increase

The Indiana Office of Utility Consumer Counselor (OUCC) has reached a settlement agreement with Indiana American Water Company (IAWC) in the utility's pending rate case. If approved, the agreement will allow for a small rate increase while dismissing a number of additional requests IAWC made in the case.

The agreement was filed this week with the Indiana Utility Regulatory Commission (IURC) which will review it as part of its deliberations. Any settlement filed with the IURC may be approved, modified or rejected.

Under the terms of the newly filed agreement:

- IAWC would receive an increase of approximately 2.55 percent in its annual operating revenues. By comparison, the utility requested a 9.8 percent increase in January 2014. The OUCC filed testimony in May 2014 recommending a rate decrease based on the evidence pending at the time.
- IAWC's current cost of equity would rise slightly, from 9.70 percent to 9.75 percent. The utility had asked that it be increased to 10.8 percent in this case.
- A moratorium on any new general rate case filings by IAWC would be in place until 2018. Under Indiana law, IAWC would otherwise be eligible to file a new rate case as early as April 2015.
- A pending subdocket including several additional requests from IAWC would be dismissed, including the utility's request for an earnings rate sharing mechanism and revenue stability rate mechanism, effectively decoupling its rates. The utility's efforts to make acquisition adjustments in this case would also be dismissed.

"Through intense negotiations in recent weeks, we have been able to reach an agreement that will save consumers more than \$12 million each year," said Indiana Utility Consumer Counselor David Stippler. "The agreement dramatically lowers the increase ratepayers could have faced, and offers a reasonable outcome to a contentious case."

(Continued)

The settlement agreement is focused on IAWC's overall revenue requirement and does not address how costs will be allocated among service territories or among customer classes (residential, commercial, and industrial). After the IURC issues its final order in the case, the utility will file a tariff demonstrating how it intends to implement the terms and conditions of the order. The OUCC and other parties have the right to object to the proposed tariff if necessary.

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(IURC Cause No. 44450)

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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