



For Immediate Release

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OUCC recommends substantial reduction to NIPSCO's proposed electric rate increase

The Indiana Office of Utility Consumer Counselor (OUCC) is recommending a substantial reduction to the electric rate increase requested by Northern Indiana Public Service Company (NIPSCO).

In a pending case before the Indiana Utility Regulatory Commission (IURC), NIPSCO is seeking nearly \$126.6 million in new annual operating revenues for its electric utility. The OUCC, which represents consumer interests in IURC cases, has filed testimony recommending that the increase be limited to approximately \$15.6 million.

"Between the base rates that were approved in 2011 and the multiple trackers that have effectively allowed NIPSCO to increase its rates since then, the facts show that NIPSCO's electric utility is essentially financially healthy," said Indiana Utility Consumer Counselor David Stippler. "The modest rate increase which we recommend today will help ensure that the utility has the revenue necessary to provide safe, reliable electric service throughout northern Indiana. However, in our view the increase should be fairly limited as demonstrated by the OUCC's thorough analysis of NIPSCO's request."

In testimony filed today, the OUCC recommends:

- Keeping the utility's flat, monthly electric residential and small commercial customer charges at their current levels. NIPSCO is proposing to raise the monthly residential charge from \$11.00 to \$20.00 while raising the monthly small commercial customer charge from \$20.00 to \$30.00. The OUCC's testimony notes that the proposed customer charge increases would discourage energy efficiency, among other arguments against the changes.
- Lowering NIPSCO's authorized return on equity to 8.7 percent. The utility's current authorized return is 10.2 percent, and it is requesting an increase to 10.75 percent in this case.
- Denying the utility's proposed early retirement date for Bailly Generating Station Unit 8 and corresponding depreciation costs.
- Modifying various line items pertaining to the electric utility's operating expenses including personnel costs, operations of environmental compliance equipment, planned outage expenses, and vegetation management.
- Modifying NIPSCO's proposed low-income electric assistance program by advocating for the creation of an assistance fund. NIPSCO customers, employees, and shareholders would be able to contribute to the fund voluntarily with the company matching the voluntary contributions.

In addition, the OUCC today filed written comments from 170 NIPSCO customers to be included in the case's formal record. The IURC held a public field hearing in Hammond on December 14, 2015.

The utility's rebuttal testimony is due February 12, 2016 with an IURC evidentiary hearing scheduled to start on February 29, 2016 in Indianapolis. While evidentiary hearings are open to the public, participation is typically limited to attorney and Commission questioning of technical witnesses who have filed testimony on behalf of the case's formal parties.

(Continued)

NIPSCO provides electric utility service to approximately 461,000 customers in 20 northern Indiana counties. Its current electric base rates were approved in 2011.

Natural gas rates and charges are not at issue in this case.

In a separately pending case, NIPSCO is requesting IURC approval of a \$1.33 billion infrastructure plan, to be accompanied by rate increases over the next seven years. The OUCC has not yet taken a position in that case and anticipates filing testimony in late March.

(IURC Cause No. 44688)

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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