



**For Immediate Release**

**Feb. 19, 2021**

News Media Contact:

Anthony Swinger, (317) 233-2747 or

[aswinger@oucc.IN.gov](mailto:aswinger@oucc.IN.gov)

## **Vectren South Gas Rate Case: OUCC Recommendations**

The Indiana Office of Utility Consumer Counselor (OUCC) is recommending a substantial reduction to CenterPoint Energy's requested rate increase, for natural gas customers in the Vectren South service territory.

Seven OUCC witnesses filed testimony with the Indiana Utility Regulatory Commission (IURC) today, following a three-month review of the utility's pending rate request. The OUCC is the state agency representing the interests of all consumers in cases before the IURC.

"Our team of attorneys and technical experts has carefully analyzed this proposal and is basing its recommendations on that review," said Indiana Utility Consumer Counselor Bill Fine. "We acknowledge that the utility has made significant and necessary infrastructure investments but have also identified a range of opportunities for reducing the ratepayer impact."

Vectren South's request would raise annual revenues by \$28.5 million in two phases due to higher operating and maintenance costs, along with infrastructure investments. The OUCC's analysis shows that an increase of \$14.3 million is justified based on the case's evidence and applicable law.

The OUCC recommends:

- Reducing the monthly fixed charges on a residential natural gas bill from \$25.10 to \$16.50.
  - Each Vectren South bill includes a flat, monthly residential natural gas customer service charge of \$11.00. OUCC recommendations would set the charge at \$16.50. Vectren has requested approval to raise the charge to \$35.00.
  - Each Vectren South bill also includes a fixed, monthly \$14.10 charge for infrastructure improvements and federal pipeline safety mandates. That charge would reset to \$0.00 at the end of this case, under both the utility's request and the OUCC's recommendations.
- Decreasing the natural gas utility's authorized return on equity to 9.2 percent, which is consistent with authorized returns for similar utilities throughout the US in recent years. The utility is proposing to keep its current authorized return of 10.15 percent, which was approved in a 2007 settlement agreement.
- Reducing numerous line items from the utility's proposed amounts, including depreciation expense and operating and maintenance expenses.
- A 50-50 sharing of legal costs and other rate case expenses between ratepayers and shareholders.
- Requiring additional details and transparency on customer bills, including line items on specific charges.

Rebuttal testimony from Vectren South is due on Mar. 19, 2021 with an IURC evidentiary hearing scheduled to start on Apr. 12, 2021. A final Commission order is expected this summer.

**(Continued)**

Base distribution rates comprise approximately 60 percent of a typical Vectren South residential bill. They cover “non-gas” costs such as operating and maintenance expenses and capital infrastructure improvements. The remaining 40 percent of a typical monthly bill pays for the natural gas itself, which the utility recovers on a dollar-for-dollar basis subject to OUCC review and IURC approval every three months.

The Vectren South service territory includes more than 113,000 customers in nine southwestern Indiana counties, in the region formerly served by Southern Indiana Gas & Electric Co. (SIGECO).

Electric rates are not at issue in this case. CenterPoint’s request for a natural gas rate increase in the Vectren North territory is pending in a separate docket.

The OUCC is posting case updates online at [www.in.gov/oucc/featured-topics/vectren-south-gas-rates](http://www.in.gov/oucc/featured-topics/vectren-south-gas-rates). Case updates are also available through the agency’s monthly electronic newsletter. Consumers can subscribe at [www.in.gov/oucc/news](http://www.in.gov/oucc/news).

(IURC Cause No. 45447)

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.