



For Immediate Release

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Agreement reached in Duke Energy Infrastructure Case

The Indiana Office of Utility Consumer Counselor (OUCC), industrial customers, Duke Energy, and additional parties have reached a settlement agreement that will provide measurable benefits to the utility's Indiana customers over the next seven years. The agreement will reduce infrastructure project costs to be recovered from customers, through periodic rate increases, by nearly \$400 million.

If approved by the Indiana Utility Regulatory Commission (IURC), the agreement will allow Duke Energy to proceed with its proposed infrastructure improvement plan, with periodic rate increases for the plan's projects to be capped at approximately \$1.4 billion. Duke Energy had originally valued the proposed plan at approximately \$1.8 billion.

Customer benefits include:

- Removal from the plan of the utility's \$192 million proposal to install advanced metering infrastructure throughout its Indiana service territory. The OUCC viewed such a project as beyond the scope of the 2013 Indiana law allowing an energy utility to receive expedited cost recovery of infrastructure projects under an approved seven-year plan. The agreement does not preclude Duke Energy from seeking the recovery of costs for advanced metering infrastructure in a future rate case.
- Reductions of \$175 million in transmission project costs and \$30 million in distribution project costs under the terms of the proposed plan.
- A 10.0 percent return on equity (ROE) for plan investments made during the seven-year term. Duke Energy had sought a 10.5 percent ROE for the plan; the same percentage included in the utility's last base rate case in 2004.

This is the second time Duke Energy has sought IURC approval of a seven-year infrastructure plan under Indiana's Transmission, Distribution, and Storage System Improvement Charge (TDSIC) statute. Duke Energy's first plan was denied in May 2015 following objections from the OUCC and other consumer parties regarding the lack of detail in the utility's plan and the proposed inclusion of projects beyond the scope of the TDSIC statute. Projects that are eligible for TDSIC rate recovery include line and pole replacements, new transformers and substations, and other efforts to replace aging transmission and distribution system infrastructure.

"I am pleased that the OUCC has been able to negotiate a compromise with Duke Energy regarding its pending infrastructure plan," said Indiana Utility Consumer Counselor David Stippler. "Building upon the experience that our office and the utility have gained since Duke Energy's earlier TDSIC case, the parties were able to attain a reasonable balance between Duke Energy's need to modernize its infrastructure and the rate impact such a proposed plan would have on its customers. This agreement enables Duke Energy to continue to provide safe, reliable service to its customers while doing so in the most cost-effective way possible."

The settling parties will file testimony in support of the agreement in the near future. Any agreement filed with the IURC may be accepted, modified, or rejected.

(IURC Cause No. 44720)

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. Visit us at www.IN.gov/OUCC, www.twitter.com/IndianaOUCC, or www.facebook.com/IndianaOUCC.