



Indiana Office of Utility  
Consumer Counselor

**For Immediate Release**

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## **State utility consumer advocate opposes most of I&M rate request**

The Indiana Office of Utility Consumer Counselor (OUCC) is recommending denial of substantial portions of Indiana Michigan Power's (I&M's) request for a \$172 million rate increase. OUCC testimony describing the agency's three-month technical and legal review of I&M's proposal was filed Tuesday with the Indiana Utility Regulatory Commission (IURC). It recommends an increase of less than \$2 million.

In testimony, 12 OUCC witnesses explain how the agency examined numerous components of I&M's request to determine whether each component is necessary and prudent. I&M received a \$96.8 million rate increase in Indiana in May 2018.

"I&M is a financially sound utility, and the rate increase it received last year appears to be sufficient to cover its needs," said Indiana Utility Consumer Counselor Bill Fine.

The OUCC's testimony notes the following:

- I&M's monthly residential customer charge should remain at \$10.50. The utility proposes raising the charge to \$15.00.
- The declining block rate structure I&M proposes for residential customers should be denied. Reducing the cost per kilowatt hour (kWh) once usage reaches a certain level would discourage energy efficiency. Along with a higher customer charge, a "bulk discount" would send the wrong pricing signals to residential customers.
- The utility's authorized return on equity should be set at 9.1 percent, instead of the 10.5 percent it requests.
- I&M has not presented a sufficient cost benefit analysis to support charging all customers for automated metering infrastructure (AMI), or "smart meter," deployment. More than 60 percent of the utility's existing meters are not at the end of their useful lives.
- I&M's evidence on its proposed transmission and distribution projects falls short of the level of data and detail that would be required if I&M were seeking to raise rates gradually through a long-term infrastructure plan. Such plans, authorized by state law, allow for incremental rate increases over a five-to-seven-year period.
- OUCC staff recommends further study to determine how the costs of certain multi-state transmission projects should be recovered from ratepayers.
- Rate recovery of proposed environmental upgrades at the Rockport Generating Station should be denied. The upgrades are not needed to maintain compliance with current federal rules. They can also be revisited later when more information is available on the Rockport Unit 2 lease, which is set to end in 2022. The OUCC does not object to any environmental projects the Commission has previously approved.

**(Continued)**

- Ratepayer contributions to the Cook Nuclear Decommissioning Trust Fund should be discontinued. Current Nuclear Regulatory Commission reports show the trust is fully funded.
- Requested annual rate recovery of more than \$23 million for employee incentive compensation plans should be denied. The OUCC's analysis shows that the plans are structured to use ratepayer money either to pay employee bonuses or boost shareholder returns, depending on whether employees meet performance targets. Similar incentives for I&M's sister utilities in Texas and Oklahoma have been denied.

Along with its testimony, the OUCC filed more than 500 written consumer comments. An additional 56 I&M customers testified at the IURC public field hearings in this case in July.

I&M has until September 17, 2019 to file rebuttal testimony. An IURC order is expected in March 2020.

Updates on this case are being posted on the OUCC's website at [www.in.gov/oucc/2926.htm](http://www.in.gov/oucc/2926.htm) and through the agency's monthly newsletter. To subscribe, visit [www.in.gov/oucc/2877.htm](http://www.in.gov/oucc/2877.htm).

(IURC Cause No. 45235)

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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