OUCC
Indiana Office of Utility Consumer Counselor

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Agreement Reached in IPL Rate Case

The Indiana Office of Utility Consumer Counselor (OUCC), Indianapolis Power & Light Company (IPL), and numerous additional parties have reached a comprehensive settlement agreement resolving all issues in the utility's pending rate case.

If approved by the Indiana Utility Regulatory Commission (IURC), the agreement would hold the fixed, monthly residential customer charge for most customers at its current $17.00 level.

Under the agreement, IPL's overall operating revenues would increase by $43.9 million. IPL requested a $124.5 million increase when it initiated this case in December 2017. The utility's request was adjusted to $96.7 million in February 2018 following passage of the federal Tax Cuts & Jobs Act, and then to $88.3 million in rebuttal testimony filed in June 2018.

"Preventing a major increase in the monthly customer charge is a high priority for us, and we have achieved that through this agreement," said Indiana Utility Consumer Counselor Bill Fine. "We weighed new evidence presented during the case and considered the significant litigation risk as we and nearly all of the case's intervening parties reached a settlement resulting in a substantial and justifiable overall reduction to IPL's request. The OUCC's legal and technical staff worked extra hard in this complex case, putting in countless hours of research and participating in numerous hours of intense negotiations over the last several weeks."

All formal parties to the case have either joined in the agreement or agreed not to oppose it. Additional settling parties include the Citizens Action Coalition of Indiana (CAC), the City of Lawrence, Indiana Coalition for Human Services, Indiana Community Action Association, IPL Industrial Group (Allison Transmission, Cargill, Eli Lilly and Company, Indiana University Health, Ingredion, PepsiCo, Praxair Surface Technologies, and Vertellus Integrated Pyridenes), the Kroger Company, Rolls-Royce Corporation, the Sierra Club, the University of Indianapolis, and Wal-Mart Stores and Sam's East.

Among the agreement's consumer benefits:

- For customers using more than 325 kilowatt hours (kWh) per month, the monthly residential customer charge will remain at $17.00. IPL had proposed raising the charge to $27.00.
- For customers using 325 kWh or less per month, the monthly residential customer charge will rise from $11.25 to $12.50. IPL had proposed raising the charge to $16.00.
- The utility will have a 9.99 percent authorized return on equity (ROE). IPL had sought to raise its authorized ROE to 10.32 percent.
- All issues regarding tax relief due to the federal Tax Cuts & Jobs Act will be resolved.
- IPL will contribute $150,000 in shareholder funds to the Indiana Community Action Association to expand low-income weatherization projects.

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- Using $650,000 in shareholder funds, IPL will initiate a three-year pilot program to forgive low-income customer arrearages.
- IPL will implement its proposed “roundup” program on a three-year pilot basis, and contribute $100,000 in shareholder funds for operational costs. The program, similar to those offered by many rural electric membership cooperatives (REMCs), will allow customers to round their bill payments up to the next dollar, with the difference going to low-income customer assistance.
- It will provide additional benefits negotiated by the case’s parties.

The settlement was filed this morning with the IURC, which may accept, deny or modify any agreement before it. Testimony from the settling parties is due on July 23, 2018, with an IURC settlement hearing scheduled for August 9, 2018.

Updates on this case are being posted on the OUCC’s website at **www.in.gov/oucc/2889.htm**.

(IURC Cause No. 45029)