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Turning On Citizen Power

www.citact.org

NIPSCO Electric Rate Case, ENOUGH IS ENOUGH!!

In June 2008, NIPSCO filed with the Indiana Utility Regulatory Commission (IURC) to raise their electric rates by an unwarranted 16.5%, or an \$85 million increase in operating revenues. CAC intervened in the case.

Two years later, the IURC finally made a ruling in this case. In that ruling, the IURC ordered NIPSCO to **REDUCE** operating revenues by \$49 million. Yet, despite the reduction in revenues, the IURC ordered NIPSCO to **INCREASE** rates on residential customers 16.8%! A reduction in revenues should lead to a rate decrease, not an increase!

Why? The IURC is shifting costs from large industrial customers to small business and residential ratepayers. In other words, small business and residential ratepayers are **SUBSIDIZING** large industry. The IURC feels that protecting the profits of monopoly, investor-owned utility companies and large industries is more important than ensuring that small business and residential ratepayers have access to affordable energy.

The rate hike was never applied to your bills because it was appealed and NIPSCO decided to drop it. Instead, NIPSCO filed another rate case. NIPSCO is requesting a 7.9% increase in this case.

NIPSCO ratepayers have already been hit with a nearly 16% increase in their electric bills since 2003 and cannot afford anymore; especially in this economy and considering that NiSource, NIPSCO's parent company, is reaping record profits:

- NiSource profits rose 33% in the first quarter of 2010, compared with the first quarter of 2009.
- NIPSCO electric operations reported a 77% increase in operating earnings from 2009 to 2010.
- NiSource Inc.'s board of directors received \$2.46 million in compensation in 2009, up 4.5% from the \$2.35 million they received in 2008.
- NiSource CEO Robert Skaggs Jr.'s overall compensation jumped 40% to \$4.14 million in 2009.
- NiSource's five most highly paid executives received a total of \$10.34 million in 2009, a 17% boost from 2008.

NiSource is realizing massive profit and executive salary increases. At the same time, they are asking ratepayers to pay more for electric and gas service during the worst economy since the Great Depression. They are literally forcing ratepayers to make choices between heat and food while they run away with the money. Their behavior is unethical and immoral.

CAC will continue to be diligent in our efforts to protect ratepayers. In the meantime, we need you to contact the Chair of the Indiana Utility Regulatory Commission and let him know you cannot afford another rate increase!

Take Action!

Contact Jim Atterholt, Chair of the Indiana Utility Regulatory Commission. Remind him that the job of the Commission is to protect ALL ratepayers. Tell him that monopoly utilities should not profit from poor performance!

Tell Chairman Atterholt to deny the NIPSCO rate increase.

The IURC is charged with balancing the interests of **ALL** parties to ensure the utilities provide adequate and reliable service at just and reasonable prices.

Remind him that NiSource profits are increasing and the ability for their customers to pay is decreasing. Tell him to honor the directive given to the IURC by Indiana law and give equal weight to the interests of **ALL** ratepayers!

Indiana Utility Regulatory Commission

Attn: Chairman Jim Atterholt

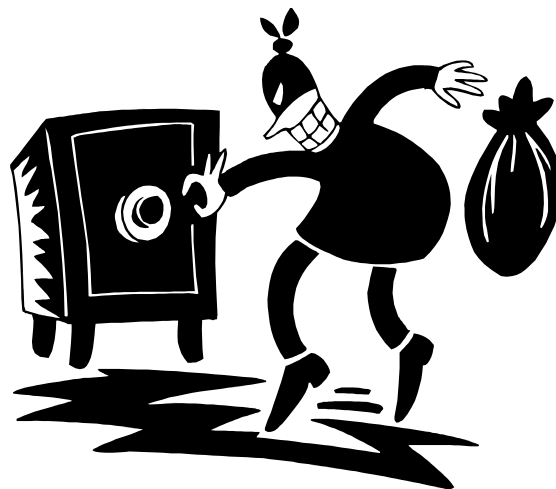
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NIPSCO Gas Choice Program

In 1997, NIPSCO began an untested “Gas Choice” pilot program intended to provide gas customers with different choices for purchasing gas. Competition supposedly would lead to improved quality of service, greater options for customers, and lower prices. Instead, customers have seen spotty service, greater confusion, and higher prices!

Traditionally regulated gas utilities are not allowed to earn a profit on the cost of the gas commodity. However, under a “Gas Choice” program, you can purchase the gas commodity not from the utility but from a deregulated “gas marketer” (essentially a “middle man”) who **DOES** make a profit on the cost of gas.

NIPSCO won approval of its “Gas Choice” program based on promises of cost savings and better service. But there is **NO EVIDENCE** that they have delivered on those promises. To make matters worse, NIPSCO continues to oppose a full and fair investigation of the Gas Choice program to uncover whether or not customers are satisfied with the program, or whether or not customers have saved any money by participating.



In March of 2010, the IURC once again extended this pilot program for another two years, despite any evidence that this program is in the public interest. In fact, the IURC concluded in the order: ***“However, despite...almost 13 years experience with this program, no witness was able to speak to the impact of the Choice program. Indeed, when asked at the hearing, NIPSCO witnesses admitted that no studies or analyses were conducted on customer satisfaction or whether customers had saved money by participating in the Choice program.”*** (Cause No. 43837, IURC Final Order March 31, 2010, pages 15-16)

CAC is once again monitoring this situation, and we will keep our members notified of new developments.

NIPSCO Natural Gas Rate Case

In August, 2010, NIPSCO filed for a natural gas rate increase with the IURC. If the proposed rate increase had been approved, NIPSCO ratepayers would have seen their monthly fixed charge increase from \$6.36 to \$20.00.

CAC intervened in this case, and we helped negotiate and signed onto a settlement along with the Indiana Office of Utility Consumer Counselor (OUCC). The key provisions of the settlement are:

- All ratepayer classes will see a decrease. NIPSCO will reduce its overall natural gas rates by \$14.8 million, based on a \$5 million reduction for residential customers and a \$9.8 million reduction for commercial and industrial customers. The average reduction in residential gas bills will be about \$7.50 per year.
- NIPSCO’s fixed charges will go up from \$6.36 to \$11.00, instead of the \$20 they wanted.
- NIPSCO will reduce its low income heating assistance program from \$1.5 million to \$1 million, which still keeps it in line with the other natural gas utilities in the state.

The settlement was approved by the Indiana Utility Regulatory Commission in November, 2010.