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CAC to IURC: Bold Action Needed in Shocking CenterPoint Rate Case

CAC calls for dismissal of rate case, 12-month disconnection moratorium, and management audit of CenterPoint

INDIANAPOLIS – Yesterday, Citizens Action Coalition filed testimony in the pending electric rate case of CenterPoint Energy, making numerous recommendations to the Indiana Utility Regulatory Commission ("IURC") intended to mitigate the impact of this obscene proposal on captive ratepayers. If CenterPoint's request is approved, a residential customer using 1,000 kWh would see their bill increase from $165.00 as of July 1, 2023, to $253.40 by early 2026, or an increase of $88.40 (53.6%). This case has garnered significant and unprecedented outcry from the public and elected officials across southwestern Indiana as CenterPoint's electric bills have already been the highest in the State for over 16 years now. The case is docketed before the IURC as Cause No. 45990.

"The Commission should be highly alarmed that a regulated entity under its jurisdiction would have the audacity to put forth this filing, which would impose extreme rate shock on a customer base that has experienced the highest electric bills for many years," declared Ben Inskeep, CAC Program Director. "CenterPoint's proposals are patently inconsistent with House Enrolled Act 1007 and the General Assembly's repeated emphasis that electric utility bill affordability is a priority and policy of the State of Indiana. I urge the Commission to do everything in its power to ensure affordability is incorporated into its decision."

Mr. Inskeep's testimony recommended that the IURC:

- **Dismiss this rate case** and direct CenterPoint to refile a rate case in the near future that includes appropriate consideration of ratepayer affordability.
- **Direct CenterPoint to freeze or curtail non-essential spending and investments** until it can present an adequate plan demonstrating a pathway toward more affordable ratepayer bills.
- **Order a management audit of CenterPoint** to identify additional efficiencies and opportunities to reduce costs, examine leadership decision-making processes and incentives, and identify reforms to ensure ratepayer affordability is appropriately prioritized by management and incorporated into decisions.
- **Disallow a return "of" or "on" utility plant** that is no longer used and useful or otherwise not in the public interest or resulting in just and reasonable rates.
- **Make additional adjustments to revenue requirement** to remove items such as a portion of CenterPoint management employee compensation.
- **Reduce CenterPoint's authorized Return on Equity (ROE), or profit**.

"I recommend that the Commission find and conclude that the utility unaffordability crisis is harming CenterPoint ratepayers and that CenterPoint's current and proposed rates are not just or reasonable," stated Mr. Inskeep. "The Commission should find that it is in the public interest that this extreme and unprecedented unaffordability crisis imposed by CenterPoint on southwestern Indiana necessitates an equally forceful Commission response."

Testimony on behalf of CAC was also filed by Justin Barnes, President of EQ Research LLC. Mr. Barnes discusses issues around rate design and the proper and fair allocation of costs between customer classes related to utility investments, like power plants. Importantly, Mr. Barnes also recommends the IURC reject CenterPoint's proposed monthly fixed charge of $23.20 and, instead, order CenterPoint to reduce their monthly fixed charge to $8.71.

Mr. Barnes also recommends that the IURC review the special contracts between CenterPoint and certain large customers to ascertain if those customers are paying their fair share, given that these 4 special contract customers create a base revenue deficit of $41.5 million, or roughly 33% of the $126.3 million base rate increase proposed for other customers. Additionally, Mr. Barnes recommends the IURC direct CenterPoint to analyze the costs necessary to serve customers in multi-family housing versus the costs associated with serving single-family housing.

Should the IURC decline to dismiss the case, Mr. Inskeep made the following additional recommendations:

- **The IURC should direct CenterPoint to establish a residential affordable power rider** that will provide immediate, direct bill assistance to some of CenterPoint's most vulnerable low-income households;
- **The IURC should significantly reduce CenterPoint's proposed revenue requirement** including reducing its authorized return on equity from 10.4% to an ROE that the Commission determines is on the lowest end of the range it determines is reasonable;
- **The IURC should deny the use of unreasonable cost allocation methodologies when setting rates** which have disproportionately burdened residential customers, as detailed in the direct testimony of CAC witness Justin Barnes;
- **The IURC should deny CenterPoint's proposal to increase the monthly fixed charge**, which reduces a customer's ability to control their bill and benefit from energy efficiency, and instead assign the cost-based fixed charge recommendation supported by CAC witness Barnes;
- **The IURC should modify the TDSIC tracker** to remove the fixed charge component so that all TDSIC Plan costs are recovered through variable per-kWh charges for Residential ("RS"), Water Heating ("B"), and Small General Service ("SGS") customers;
- **The IURC should direct CenterPoint to analyze the creation of a separate multi-family rate class** for presentation in its next base rate case, so that the lower cost to serve multi-family customers relative to single-family premises can be reflected in lower rates for these customers;
- **The IURC should reduce or eliminate late payment fees**, **reconnection fees, and per-transaction fees**, which reduce electric bill affordability primarily for customers dealing with economic hardship; and

- **The IURC should deny CenterPoint's proposal for remote disconnections**, which would exacerbate residential disconnections, and implement a 12-month moratorium on residential disconnections for nonpayment.

Kerwin Olson, CAC Executive Director, filed testimony which summarizes the loud chorus of opposition expressed at the nearly nine-hour field hearing on February 29th in Evansville as well as the unprecedented response from southwestern Indiana elected officials to the proposed rate increase.

"We heard heartbreaking stories about the reality of CenterPoint's currently unaffordable bills: small businesses struggling to survive; families, young people, and the elderly facing eviction and homelessness; impossible choices between paying CenterPoint's bills and paying for medicine or food; the decision to move from centuries old homesteads to across the river to Henderson, Kentucky, just because of unaffordable utility bills," wrote Mr. Olson.

Evidentiary hearings in the case before the IURC are scheduled to commence on April 30th in Indianapolis with a final order expected from the IURC in the fourth quarter of 2024.

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The testimony filed by CAC is available upon request.