

## **NIPSCO Demands Unjustifiable 16.5% Rate Increase on Residential Ratepayers in Indiana!**

NIPSCO wants the Indiana Utility Regulatory Commission (IURC) to let them raise base rates by an unwarranted **\$85 million**. CAC has intervened in the case.

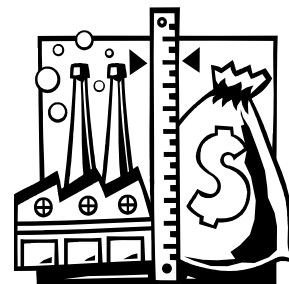
### **NIPSCO's Scheme for Excessive Rate Increase:**

- ◆ NIPSCO recently purchased the Sugar Creek power plant and wants to add it to their rate base. However, NIPSCO's costs have gone down in other areas. It has closed its Mitchell power plant and has been depreciating its other power plants over the 15 years since its last rate case.
- ◆ NIPSCO is requesting a 12% return on equity for its shareholders, higher than any other utility in Indiana. This despite the fact that they have the worst customer satisfaction rating of all the Indiana investor-owned utilities (according to a 2008 JD Power survey: [www.jdpower.com/corporate/news/releases/pdf/2008090.pdf](http://www.jdpower.com/corporate/news/releases/pdf/2008090.pdf)).
- ◆ NIPSCO has a poor credit rating, so its debt costs are higher because it has to pay more interest on its debts. This is due in large part to the fact that its parent company, Nisource, bought troubled Columbia Energy nine years ago. The hostile takeover has not been paid off yet.
- ◆ Much of the increase for residential customers is not due to increased costs but to "reallocating" existing rates to shift costs from large customers to residential customers.
- ◆ As recently as 2001, a rate investigation by the IURC (Cause No. 41746) included strong evidence that NIPSCO was over-earning. According to CAC's analysis, NIPSCO was over-earning by \$120 million. As a result of settlement negotiations in this case, NIPSCO agreed to credit customers over \$6 million – those credits will now go away.
- ◆ NIPSCO has proposed new trackers for "reliability." Trackers allow NIPSCO to raise your rates when their costs go up in certain areas without having to lower your rates when their costs go down in other areas. NIPSCO's responsibility as a public utility is to provide reliable electric service to its customers. They should not need incentives to do what they are already supposed to be doing. These trackers would also remove a significant amount of regulatory oversight from a utility that, if anything, needs more oversight.
- ◆ In addition, NIPSCO wants to disguise the true size of the increase in base rates by moving all of its fuel costs into a separate tracker.
- ◆ There are periods of time when NIPSCO generates more electricity than they need. The extra electricity is then sold on the wholesale market to the highest bidder. NIPSCO wants to keep a significant amount of the profits from those off-system sales for their shareholders. However, that electricity is generated by power plants paid for by ratepayers, so the profits from the extra electricity should be returned to ratepayers in the form of reduced rates.



At the IURC public field hearing in Gary on March 3, 2009, over 600 people showed up to testify against NIPSCO's requested rate increase. The hearing was held at a venue that only seated about half of those people, so about 300 people were left outside protesting and chanting "Fight the Hike!" Here is why:

- ◆ In the 4th quarter of 2008, NiSource profits rose nearly \$100 million dollars compared to the same quarter in the previous year. Their profits rose to \$162 million, up from \$67 million in the 4th quarter of 2007.
- ◆ NiSource directors more than doubled their salaries last year. In 2007, NiSource directors made \$80,000. In 2008, they raised that to \$165,000.
- ◆ NiSource announced that it plans to cut about 370 jobs across its 16-state operating territory over the course of 2009.



If NiSource profits are increasing and it is doubling the salaries of its board members, why is it cutting jobs and asking for rate increases in the worst economy we have seen since the Great Depression? We need to make our voices heard! We need to demand more public field hearings across Northern Indiana so that all of the people who did not have the chance to testify can voice their plights and let the IURC understand how this rate increase would impact them!

## Take Action!

**Come to the public Field Hearing and speak out against unfair rates and bad service!**

**When:** Wednesday, July 15, 2009 - 2 sessions:  
1:30 p.m. - 4:00 p.m. & 6:00 p.m. until everyone has testified

**Where:** Orak Shrine  
3848 N Frontage Rd  
Michigan City, IN 46360



**Write to the Office of Utility Consumer Counselor!**

**Tell them to DENY NIPSCO's request for a 16.5% rate increase!**

- Tell them to make NIPSCO credit 100% of off-system sales to ratepayers;
- Tell them to deny NIPSCO's request for additional "reliability" trackers. It is NIPSCO's responsibility as a regulated utility is to provide reliable service. They should not need incentives to do what they are already supposed to be doing.
- If you have had problems with NIPSCO's quality of service, include that in your letter. Let the IURC know that NIPSCO does not deserve to have the highest rate of return for the poorest quality of service of all the Indiana investor-owned utilities.
- Tell them to demand that the Indiana Utility Regulatory Commission schedule more public field hearings across Northern Indiana!
- **Ask that your letter be included in the testimony that the OUCC files with the Regulatory Commission for Cause No. 43526.**

**Indiana Office of Utility  
Consumer Counselor**

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