City of Bloomington
Common Council

Legislative Packet – 2nd Addendum

Posted on Tuesday, 18 June 2024

Tuesday, 18 June 2024

Regular Session at 6:30 pm

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City of Bloomington

June 18, 2024

Indiana Office of Utility Consumer Counselor
115 W. Washington St., Suite 1500 South
Indianapolis, IN 46204

Re: Impact of Duke Energy Indiana's Proposed Rate Increase on Bloomington Residents

To Whom It May Concern:

We are writing on behalf of our constituents, the residents of Bloomington, regarding Duke Energy Indiana's proposed rate increase in Cause Number 46038. We urge the Office of Utility Consumer Counselor (OUCC) to strongly advocate for—and the Indiana Utility Regulatory Commission (IURC) to order—a modified proposal and schedule of rates and charges that prioritizes customer affordability and more prudently addresses environmental sustainability as outlined below.

We believe the magnitude of the proposed change would increase energy insecurity and cause harm in our community. First, it would reduce residents' ability to pay their bills and lead to tragic tradeoffs like foregoing adequate food or medicine. Second, it would increase the rate of disconnection for nonpayment—a life threatening prospect for some, especially during extreme temperatures and only made worse by a lack of protections against shut-offs during extreme heat in Indiana. According to data compiled by the Indiana University Energy Justice Lab, Duke made over 25,000 disconnections in its Indiana service territory last year. Energy insecurity harms many Hoosiers, but especially low- and moderate-income households and, disproportionately, Black and Hispanic households.

While we applaud Duke's efforts to increase the safety, resiliency, and stability of the electrical grid, if Duke cannot keep rates more affordable—and provide targeted relief to those who are most vulnerable—then the safety and stability of its *customers* will decrease. As such, we believe affordability must have a stronger emphasis in Duke's proposal, following the Indiana General Assembly's recently adopted "Five Pillar" framework in IC 8-1-2-0.6. In its Petition, Duke states it "has structured its request … to support the first four of the Five Pillars—reliability, resiliency, stability, and environmental sustainability—while at the same time balancing and designing the Company's overall request with a view to the fifth pillar of affordability." While we agree Duke must balance these pillars, affordability seems to be a relatively low priority given the size of the requested rate increase, especially for residential customers.

Duke describes the projected monthly bill impact for a typical residential customer (using 1,000 kWh per month) as a 19% increase—or about $28 per month and over $300 per year. Notably, this increase is not in comparison to *current* rates and charges, but rather, in comparison to rates *projected* to be in effect in March 2025, the estimated time of approval of this rate case. While Duke is correct to state that only the $28 per month figure will occur as a result of the rate case, it is also critical *not* to ignore other, near-term projected bill increases when analyzing the affordability pillar. Regardless of the source of increased bills, the reality that will be felt by our residents is a major bill increase in a less than two year span. Recognizing this, the nonprofit organization Citizens Action Coalition has pegged the projected impact of the proposed rates *and* other anticipated increases to *collectively* lead to an increase of $42 per month or more than $500 per year for the typical residential customer. This is an increase of nearly 33% compared to today's rates.

Additionally, we believe Duke's environmental sustainability efforts are too narrowly focused on mitigating the environmental and health harms of coal generation—lacking a broader and long-term sustainability approach. While we agree that existing coal ash must be more safely managed, continued reliance on this harmful and cost-*ineffective* resource only sets up customers to unnecessarily pay for future cleanups and related costs. Similarly, we do not see carbon capture and sequestration as a sound focus for environmental sustainability, because it is largely not cost effective and does not mitigate many of the environmental and health harms associated with the extraction, distribution, and combustion of fossil fuels.

Rather, we believe Duke should redirect investments into significantly more renewable energy deployment, customer-sited energy efficiency resources, and demand side management (including in holistic virtual power plant applications). These are more cost effective and environmentally sustainable strategies for grid management that can also reduce bills for customers—truly balancing the affordability and environmental sustainability pillars. These approaches are more consistent with the climate and sustainability goals of the City of Bloomington, the 2040 carbon neutrality goal of Indiana University, the commitments of the U.S. government under the Paris Agreement, and even Duke's own commitments to eliminate climate pollution. Finally, these approaches augment the reliability, resiliency, and stability pillars.

We are requesting and urging the following changes be ordered in Cause Number 46038:

- Replace the use of declining block rates for residential customers in favor of a flat rate, or ideally, increasing block rates, which are less regressive.
- Reduce the proposed return on equity to below 10.0%, more in line with other Indiana investor-owned utilities.
- Increase focus on programs that alleviate energy insecurity (e.g., percent-of-income payment plans, arrearage management programs, bill payment assistance, and direct install programs).
- Improve protections against disconnection for nonpayment and ease the ability to reconnect service, including through the elimination of punitive fees that energy burdened households are the least able to afford.

- Increase focus on renewable energy (including distributed renewable generation), customer-sited energy efficiency, and demand side management to lower costs and mitigate future risks associated with an overreliance on fossil fuel generation assets.
- Initiate programs to support and facilitate residents in maximizing and stacking the value of the many utility, state, and federal resources available to help lower home energy bills through efficiency, renewable energy, and electrification (e.g., rebates, tax credits, and forthcoming financing options through the Indiana Energy Independence Fund or Greenhouse Gas Reduction Fund).

Our constituents—both residents and local businesses—depend on affordable energy for their health, safety, and economic vitality. While we are grateful for Duke's role as a dedicated partner in Bloomington's community and economic development efforts, including its support of the arts and its recent investment in tree canopy, we must acknowledge the inherent challenges in the rate case as proposed. We strongly urge the consideration of the changes above in Cause Number 46038.

Respectfully,

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Isabel Piedmont-Smith, President Bloomington Common Council	Kerry Thomson, Mayor City of Bloomington