

STATE OF INDIANA

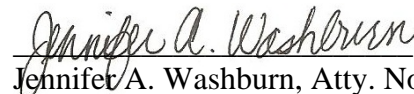
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC SERVICE)
COMPANY FOR (1) AUTHORITY TO MODIFY ITS RATES)
AND CHARGES FOR GAS UTILITY SERVICE THROUGH A)
PHASE IN OF RATES; (2) MODIFICATION OF THE)
SETTLEMENT AGREEMENTS APPROVED IN CAUSE NO.)
43894; (3) APPROVAL OF NEW SCHEDULES OF RATES)
AND CHARGES, GENERAL RULES AND REGULATIONS,)
AND RIDERS; (4) APPROVAL OF REVISED) CAUSE NO. 44988
DEPRECIATION RATES APPLICABLE TO ITS GAS PLANT)
IN SERVICE; (5) APPROVAL OF NECESSARY AND)
APPROPRIATE ACCOUNTING RELIEF; AND (6))
AUTHORITY TO IMPLEMENT TEMPORARY RATES)
CONSISTENT WITH THE PROVISIONS OF IND. CODE CH.)
8-1-2-42.7.)

SUBMISSION OF TESTIMONY IN OPPOSITION TO SETTLEMENT

Citizens Action Coalition of Indiana, Inc. ("CAC"), by counsel, hereby submits the
Testimony in Opposition to Settlement of Kerwin L. Olson (CAC Exhibit 1-S).

Respectfully submitted,


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The undersigned hereby certifies that the foregoing was served by electronic mail or U.S.

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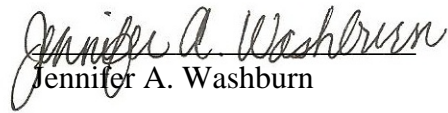
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Jennifer A. Washburn

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC)
SERVICE COMPANY FOR (1) AUTHORITY TO)
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UTILITY SERVICE THROUGH A PHASE IN OF)
RA TES; (2) MODIFICA TION OF THE)
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SCHEDULES OF RA TES AND CHARGES,)
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GAS PLANT IN SERVICE; (5) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING)
RELIEF; AND (6) AUTHORITY TO IMPLEMENT)
TEMPORARY RATES CONSISTENT WITH THE)
PROVISIONS OF IND. CODE CH. 8-1-2-42.7.)

TESTIMONY IN OPPOSITION TO SETTLEMENT

KERWIN L. OLSON

ON BEHALF OF

CITIZENS ACTION COALITION OF INDIANA

MAY 4, 2018

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. Please state your name, position and business address.

A. My name is Kerwin L. Olson, and I am the Executive Director of Citizens Action Coalition of Indiana, Inc. (“CAC”). My business address is 1915 W. 18th Street, Suite C, Indianapolis, Indiana 46202.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of CAC.

Q. Are you the same Kerwin L. Olson who previously submitted direct testimony in this Cause?

A. Yes.

Q. What is the purpose of this testimony?

A. This testimony reviews one specific condition of the Stipulation and Settlement Agreement filed by Northern Indiana Public Service Company (“NIPSCO” or the “Company”) on its own behalf and on behalf of the other settling parties. I address the proposed increase in the fixed customer charge from the current rate of \$11 per month per residential customer, to the increased rate of \$14 per month per residential customer.

Q. What is your understanding of the Settlement Agreement term relating to the fixed customer charge?

A. The proposed Settlement includes an increase in the fixed customer charge from \$11 to \$14 per month per residential customer. This represents an increase of 27% in the fixed customer charge, significantly out of proportion to other proposed rate increases in this case.

1 **Q. What is the justification for the proposed increase in the fixed customer charge?**

2 **A.** There is no new evidence from the Company or any other parties justifying the proposed
3 increase in the fixed customer charge. Where the Company had originally intended to
4 recover a much larger fraction of its revenue requirement increase through the non-
5 bypassable fixed customer charge in its filed application, the parties reported and testified
6 only that the proposal in the proposed Settlement was a product of negotiation and
7 compromise.

8 **Q. Is the proposal to increase the fixed customer charge just and reasonable or in the**
9 **public interest?**

10 **A.** No. In my pre-filed direct testimony, I offered evidence and explanation as to why the
11 proposed fixed charge increase was not just and reasonable and not in the public interest.

12 My major concerns are:

- 13 • the Company (and now also the Settling Parties) have offered no sound justification
14 for recovering any of the proposed increased revenue requirement assigned to
15 residential customers through the fixed customer charge;
- 16 • the charge would have a regressive impact by being heavily weighted onto the bills of
17 low use and low income customers;
- 18 • the charge is not justified under any sound economic principles and would not
19 advance economic efficiency; and
- 20 • the increased charge would create a disincentive to customer investments in energy
21 efficiency and other distributed energy resources, and punish customers who have
22 previously made such investments.

1 **Q. Does the proposed Settlement address the concerns that you raised in your prefiled**
2 **direct testimony?**

3 **A.** There remains no justification for any increase in the fixed customer charge. The other
4 impacts are mitigated somewhat by the reduced size of the increase. The undeserved
5 punishment is less severe.

6 **Q. Is the record adequate to support the imposition of an increase in the fixed customer**
7 **charge in this proposed Settlement among some of the parties?**

8 **A.** No. The testimony of the Settling Parties reflects only that the proposed fixed customer
9 charge increase was the product of “compromise” between less than all the parties in the
10 case. (NIPSCO witness Shambo, Petitioner’s Exhibit 2-S, p. 8, line 8; OUCC witness
11 Rutter, Public’s Exhibit 2-S, p. 2, line 2).

12 **Q. Why is the compromise between NIPSCO and the Settling Parties an inadequate**
13 **foundation for the approval of the fixed customer charge increase?**

14 **A.** Increases in fixed customer charges have many adverse public policy and fairness
15 impacts. No party in this proceeding has presented any evidence that increases in fixed
16 customer charges, even where a Cost of Service Study finds increased fixed costs, are
17 sound ratemaking. There is no economic theory cited in this record that economic
18 efficiency is improved by modifying rate structure to align with cost structure. The
19 proposed Settlement does nothing to change that with its recitation that a “compromise”
20 occurred. Given the weighty issues, the impact of the proposed rate change on many
21 struggling families, the adverse policy consequences, and the lack of economic theory
22 evidence to support the underlying Company proposal, this Commission should reject the

1 proposed fixed customer charge increase and reserve any decision on this matter for a
2 case in which there is a fully developed record.

3 **Q. Based upon your review of the proposed Settlement, what is your conclusion?**

4 **A.** I conclude that the proposed increase in the fixed customer charge is not just and
5 reasonable, and not in the public interest.

6 **Q. What is your recommendation to the Commission?**


7 **A.** Consistent with my earlier recommendations in this matter, I recommend that the
8 Commission disapprove any proposed increase in the fixed customer charge and allocate
9 any revenue increase assigned to the residential class to the volumetric charge.
10 Additionally, the Commission should initiate a discussion or investigation regarding
11 policy options and rate design to find an alternative to increasing the fixed customer
12 charge and the addition of more trackers.

13 **Q. Does this conclude your testimony?**

14 **A.** Yes.

VERIFICATION

I, Kerwin L. Olson, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



Kerwin L. Olson

May 4, 2018

Date