

**RESOLUTION NO. 2024-01**

**RESOLUTION OF THE SPENCER COUNTY COMMISSIONERS  
OPPOSING CENTERPOINT ENERGY'S REQUEST  
FOR ELECTRIC RATE INCREASES**

WHEREAS, the Board of Commissioners of Spencer County, Indiana, recognizes the costs Spencer County residents pay for electricity and natural gas;

WHEREAS, Southern Indiana Gas and Electric d/b/a CenterPoint Energy Indiana South ("CEI South") has filed a petition with the Indiana Utility Regulatory Commission ("IURC") that would raise monthly electric rates for a typical residential customer by about ten dollars (\$10.00) in late 2024, nearly six dollars (\$6.00) in early 2025, and by more than twelve dollars (\$12.00) in early 2026;

WHEREAS, a major factor affecting businesses and residents when deciding on location or expansion is utility costs;

WHEREAS, the Board of Commissioners of Spencer County, Indiana, seeks to foster growth and development by providing the most competitive business and regulatory climate in order to reduce costs and expenses on its citizens and businesses;

WHEREAS, excessive and burdensome utility costs could threaten the growth and expansion of Spencer County by adding burdens and impediments to new residents looking to relocate to Spencer County, hinders business expansion by adding uncompetitive rates on local business and might deter new businesses from locating in Spencer County;

WHEREAS, the Board of Commissioners of Spencer County, Indiana, has heard from many constituents and businesses opposing the requested rate increases;

WHEREAS, CEI South's rates and taxes already rank the highest in the state since 2008 and among the highest in the region and this increase will only further the disparity between utility rates in Spencer County and other nearby regions that might be competing for the same residents and businesses;

WHEREAS, the average customer will see their monthly electric bills increase of \$47.24 (30.7%) by 2026 while 22% of CEI South customers who are electric heating customers (Rate EH), who will see their average monthly bill increase by \$63.33 by 2026;

WHEREAS, CEI South also requests a 114% increase of the monthly fixed charge of \$23.20 before you even use any electricity disproportionately impacting low-and fixed-income households (seniors, people with disabilities, homes with children and other vulnerable populations), while penalizing households that conserve energy and make their homes more efficient;

WHEREAS, CEI South and their predecessors spent over Five Hundred Million Dollars (\$500,000,000) in pollution control equipment for aging coal fired power plants, but then retired many of them before recovering these costs leading to this filing requesting the ratepayers of Spencer County to cover CEI South's business decisions while still ensuring a profit;

WHEREAS, CEI South has had the highest authorized return on equity, or profit margin, for its shareholders, for many years;

WHEREAS, in this case, CEI South is proposing to keep its 10.40% return on equity. In contrast, Indiana's other four investor-owned electric utilities have an authorized return on equity below 10%; and

WHEREAS, in the regulatory landscape of utilities, the approach to rewarding utility companies can significantly impact both the companies' behavior and the services provided to consumers;

WHEREAS, Indiana traditionally employs a rate-of-return regulation model, which ties utility companies' revenue to their investment in capital assets, which ensures that utilities can recover their costs plus a reasonable return on their investments, making it attractive for utilities to invest in long-term assets;

WHEREAS, this existing model incentivizes utilities to invest in infrastructure, as their profits are directly linked to the capital they deploy, leading to overinvestment in physical assets and inefficiency, as CEI South can earn more by spending more;

WHEREAS, the Board of Commissioners of Spencer County, Indiana, respectfully requests that Indiana General Assembly and the IURC move toward performance-based regulation (PBR), which determines revenue based on key areas such as service reliability, customer satisfaction, and efficiency measures;

WHEREAS, PBR aims to align utilities' financial incentives with desired outcomes, fostering efficiency, innovation, and customer satisfaction by rewarding utilities for meeting specific performance criteria rather than for the sheer scale of their investments; and

WHEREAS, transitioning from a rate-of-return to a performance-based model involves challenges, including establishing appropriate performance metrics, but the shift can lead to a more dynamic utility sector that better serves the interests of consumers and promotes sustainable practices.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of Spencer County, Indiana, hereby opposes CEI South's request as proposed; and

BE IT FURTHER RESOLVED, that the Board of Commissioners of Spencer County, Indiana, encourages the Indiana General Assembly and the IURC to a performance-based regulation model that rewards key metrics such as service reliability, customer satisfaction, and efficiency measures in lieu of investment in capital assets.

So adopted this 5<sup>th</sup> day of March 2024.

**THE BOARD OF COMMISSIONERS OF  
SPENCER COUNTY, INDIANA**

By:  \_\_\_\_\_

Heather Gries, President

By:  \_\_\_\_\_

Jim Seiler, Vice President

By:  \_\_\_\_\_

Tom Brown, Member

ATTEST:

I, the undersigned Auditor of Spencer County, Indiana, do hereby certify that above and foregoing is a full, true, and complete copy of Resolution No. 2024-01 passed by the Board of Commissioners of Spencer County, Indiana, on the 5<sup>th</sup> day of March, 2024, by a vote of 3 AYES and 0 NAYS and now remains on file and on record in my office.



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Melissa Bunner, Auditor