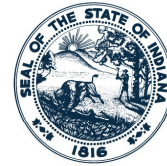**Indiana Office of Utility Consumer Counselor**

OUCC

115 West Washington Street, Suite 1500 South,
Indianapolis, Indiana 46204
Toll-Free: 1.888.441.2494 • Fax: 317.232.5923
Web: www.IN.gov/OUCC

**The State Agency Representing
Hoosier Utility Ratepayers**

July 16, 2025

The Indiana Office of Utility Consumer Counselor (OUCC) appreciates the opportunity to provide further comments for the Indiana Utility Regulatory Commission's (IURC's) study on performance-based ratemaking (PBR).

The OUCC reiterates the comments it submitted on September 26, 2024 and November 22, 2024, along with the report from Dr. David Dismukes the OUCC submitted on November 22, 2024.

Indiana's current regulatory framework is not broken and sufficiently incents utilities to make necessary infrastructure improvements. As the OUCC and Dr. Dismukes noted previously:

- The risk of changing the current regulatory framework far outpaces any potential "hypothetical" benefit, and it is a risk that would be fully borne by Indiana ratepayers.

- Indiana's regulatory framework already incents energy and water/wastewater utilities, respectively, with the TDSIC and DSIC ratemaking mechanisms in addition to numerous trackers and statutory provisions that greatly reduce the investment risks borne by investor-owned utilities.

- Multi-year rate plans and performance mechanisms, when adopted in other states, have resulted in a deterioration of capital investment discipline and operating cost efficiencies.

- Annual rate adjustments according to formulae based on inflation and industry productivity only allow rates to move upward, without corresponding base rate proceedings.

- Formula-based approaches are consistently biased against ratepayers and can lead to exceptionally large annual rate increases with very few decreases or earning sharing opportunities. These approaches also facilitate capital cost inefficiencies and overcapitalization.

As noted in the OUCC's previous comments, Indiana's regulatory process already has substantial mechanisms and statutory guidelines that incent utility investment. These mechanisms are highly utilized and based upon years of stakeholder experience and study, rendering alternative regulatory mechanisms such as PBR and multi-year rate plans unnecessary in Indiana.