The average Indiana home uses 50 percent more electricity per month than a home in Michigan, and 30 percent more than a home in Illinois. Rather than taking responsibility to help customers lower their energy bills, utilities like Indiana Michigan Power (I&M) want to minimize their energy savings efforts so they can pad their profits at the expense of working families in our community.

WHY ENERGY EFFICIENCY?
Energy efficiency helps reduce energy waste, prevent pollution and lower electricity bills, but monopoly utilities led the charge in 2014 to eliminate Indiana’s energy savings goals. The statewide Energizing Indiana savings program was saving nearly $3 for every dollar spent and had saved enough electricity in three years to power more than 110,000 homes.

The State Utility Forecasting Group at Purdue University projected that the energy efficiency goals set by the Daniels Administration in 2009 would have helped flatten Indiana’s growing energy demand — saving on the need to build expensive new power plants to replace the many older coal-fi red power plants that are retiring.

Indiana now ranks 40th among states for energy efficiency, according to the American Council for an Energy Efficient Economy. Instead of meeting state goals, I&M can now set its own energy savings goals — kind of like the fox guarding the hen house. But customers have the ability to demand that I&M do more to save energy and reduce customer bills.

INDIANA MICHIGAN POWER’S ENERGY SAVINGS PLAN
In September 2015, I&M asked state regulators for permission to charge customers $48.5 million in 2016 for their latest energy savings plan. Their proposed plan falls 37 percent short of the Energizing Indiana 2016 savings goal, which would have required I&M to achieve 225,000 megawatt hours of savings. Instead, I&M plans to achieve 141,000 megawatt hours of energy savings through programs for homes, schools and businesses.

I&M is also stealing the benefits of energy efficiency from its customers by padding its profits at your expense. Since 2014, I&M has collected more in “lost revenues” and incentives than the actual costs of operating efficiency programs. These excessive utility giveaways are stealing the benefits of energy efficiency from I&M customers and giving them to shareholders of I&M’s out-of-state parent company, Ohio-based AEP Corp.

I&M CONSISTENTLY FAILS TO MEET ENERGY SAVINGS GOALS
I&M has failed to meet the Indiana savings goals every year except 2013, when the statewide Energizing Indiana
programs helped exceed the goals in I&M service-area. I&M responded to Energizing Indiana’s success by working to kill the Energizing Indiana program, eliminate energy savings goals and give I&M control over programs designed to reduce energy use (see Chart 1 below).

IN-HOME ASSISTANCE PROGRAMS FALL SHORT
I&M has a duty to help low-income residents lower their rising energy bills, because they can least afford home repairs and conservation measures. Well-run energy savings programs also help individual homeowners at higher income levels with comprehensive home energy audits. In 2013, Energizing Indiana performed nearly 6,000 home energy audits and helped weatherize more than 1,600 low-income homes in I&M territory. I&M has gutted those programs. I&M recorded no home energy audits and no low-income weatherization in the first six months of 2015 – despite promising more than 100 home energy audits per month and 1,030 low-income weatherization projects this year. In 2016, I&M proposes just 588 low-income weatherization projects and 1,281 home energy audits. I&M must do more to help customers save energy in their homes.

Instead of providing in-home assistance, I&M emphasizes “customer behavior” programs that have less lasting impact. I&M is relying too much on a “Home Energy Reporting” program, which mails bimonthly reports to customers describing their current energy usage, compares them to their neighbors, and recommends ways to save energy. Programs designed to change customer behavior do not deliver the persistent energy savings that come with programs that help change light bulbs and thermostats, improve building insulation, caulk and improve air sealing, or repair or replace inefficient appliances.

In addition to customer mailings, I&M should work with community organizations to expand in-home energy savings programs. These programs can create local jobs helping customers save energy and lower their electricity bills. Customers will be more comfortable in their homes and better able to afford their electricity bills.

I&M CHARGING MORE FOR ENERGY SAVED THAN ENERGY DELIVERED
The Indiana Utility Regulatory Commission allows I&M to collect “lost revenues” for electricity it no longer sells, as well as shareholder incentives. The average I&M customer pays $2.03 per month for energy savings programs, but if I&M has its way, 70 cents of every dollar in 2016 would go to pad I&M profits with “lost revenues.”

In 2013, I&M charged customers, on average, 5 cents in “lost revenues” for every kilowatt-hour of energy saved; in 2016, they want to charge you 23 cents in lost revenues for each kilowatt-hour saved. Since I&M charges the average residential customer 10 cents/kilowatt hour for actual electricity delivered to your home, I&M is charging you more for energy it doesn’t produce than energy it delivers. In other words, I&M is stealing the benefits of energy efficiency, which should be saving money for all customers. I&M’s lost revenues are not reasonable, as required under Indiana law, and must be rejected by the Utility Regulatory Commission.
CALL FOR THE IURC TO REJECT I&M'S EXPENSIVE ENERGY SAVINGS PROGRAM

The Indiana Utility Regulatory Commission will rule by early 2016 on I&M's proposed one-year energy savings plan. The Indiana Office of the Utility Consumer Counselor (OUCC), which represents utility customers in Indiana, is collecting public comments on I&M's proposed plan.

Tell I&M and the OUCC that you support these changes to I&M's energy efficiency programs:

- I&M should provide at least 6,000 home energy audits in 2016 in its Indiana territory, which includes more than 400,000 residential customers;
- I&M should offer programs to weatherize and improve efficiency in at least 1,600 low-income homes per year, to help vulnerable families manage I&M's electricity bills, which have risen 45 percent since 2004;
- I&M should offer rebates and incentives for highly efficient LED light bulbs in addition to CFL light bulbs;
- The IURC should reject I&M's windfall “lost revenue” request because it costs more than electricity delivered and is stealing the benefits of energy efficiency from customers. Incentives and lost revenues must be “reasonable” under the law. They should only be considered when I&M achieves 100 percent of projected energy savings and should be based on energy savings, and not the total dollars spent.

Chart 3 shows the costs to ratepayers of I&M's energy savings programs since 2010. The cost of operating the programs, shown in blue, include staff, materials, rebates for energy efficiency, marketing and other expenses required to offer energy savings to I&M customers. Lost revenues and shareholder incentives pad I&M's bottom line and steal savings away from I&M customers.

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