

## Important IURC Opt-Out Information for Lebanon Utilities Electric Customers

**Lebanon Utilities Service Board has recommended to the Lebanon City Council that the Electric Utility withdraw from the IURC.**

### **What does this letter mean?**

This letter is letting you know, as a Lebanon Utilities (LU) electric customer, that there will be two public meetings held by the Lebanon City Council to receive your feedback on whether the LU Electric Utility should leave/opt-out of the state regulatory jurisdiction of the Indiana Utility Regulatory Commission (IURC). Those public meetings will be held on:

Meeting #1: June 24, 2024 at 7:15 pm – John W. Lasley Memorial Council Chambers 401 S. Meridian Street Lebanon, IN 46052

Meeting #2: July 8, 2024 at 7:15 pm – John W. Lasley Memorial Council Chambers 401 S. Meridian Street Lebanon, IN 46052

The final Council vote must be at least 30 days following this written notice to customers and the IURC. Here are some frequently asked questions about this process:

#### **1. What is the IURC (Indiana Utility Regulatory Commission)?**

The IURC is an administrative Indiana state government agency that regulates a utility's rates and charges, their ability to borrow money, and its rules and policies.

#### **2. What process must LU Electric follow to opt out of the IURC's jurisdiction?**

LU Electric must follow the process required by Indiana Code 8-1.5-3-9.1 to withdraw from the IURC's jurisdiction. That process requires LU Electric to send this written notice to all ratepayers and the IURC at least 30 days before the final vote on the ordinance authorizing the withdrawal from IURC jurisdiction. LU Electric must also hold two public meetings before the final vote on the Ordinance removing LU Electric from the IURC's jurisdiction. Finally, LU Electric must mail to the IURC written notice of the withdrawal within thirty days after the ordinance becomes effective.

#### **3. Why does LU Electric want to leave the IURC?**

It costs LU Electric significant legal, consulting, compliance, and regulatory fees (money) to stay under state regulation with little or no benefit. Those costs get passed on to our customers. Additionally, LU Electric would like the ability to adapt more quickly to the changing development within the City with the goal being to be protective of our ratepayers as the development occurs. The Utility Board operates under the philosophy that development should pay for development.

#### **4. If LU Electric withdraws from IURC jurisdiction, aren't you just going to raise our rates sooner?**

The decision to raise rates has always been made by our local Utility Board members and elected officials. LU Electric has not raised base electric rates since 2013. LU Electric is well managed and provides a cost-effective, reliable service to our community. The rates that you pay for electricity will increase

periodically due to the pass-through costs from our supplier, the Indiana Municipal Power Agency (IMPA). Like LU Electric, IMPA is a non-profit, so when IMPA's rates go up, our rates go up, and when IMPA's rates go down, our rates go down. These pass-through costs have been occurring for many years. However, withdrawal from the IURC does not mean that your rates will always stay the same. It will, however, lower the cost of changing rates and make that process less time-consuming, which will lessen the impact of rate increases to customers of LU Electric.

**5. Why is LU Electric under the IURC now?**

Until 1988, all municipal and not-for-profit electric utilities fell under IURC jurisdiction. At that time, the law changed to allow a city owned not for profit utility the ability to “opt out” of the IURC. Lebanon withdrew from the IURC jurisdiction for our water utility in 2001. Now, only six municipal electric utilities, including LU Electric, remain under the jurisdiction of the IURC.

**6. What would result in the lowest rates for me - staying in or withdrawing?**

Due to the increased professional costs associated with formal legal proceedings to obtain IURC approval for rate increases, the fees charged by the IURC, as well as the length of the rate review process, lower rates would result from withdrawal from the IURC than if LU Electric remains under IURC jurisdiction. Day-to-day operations will continue to be the responsibility of LU employees and the LU Service Board, which monitors the financial situation on an ongoing basis.

**7. What prevents LU from increasing rates more than the utility’s needs?**

First, the LU Service Board members and the City Councilors as representatives are customers of LU Electric, so any increase in rates will also affect them. Next, utility funds cannot be used for other purposes and LU is a non-profit, under state law. Lastly, state law requires utility rates to be reasonable and just, based upon the costs to provide electricity to customers. Customers may take the utility to court if they believe the utility has not complied with the law.

**8. What if I do not think that LU electric should withdraw from IURC jurisdiction?**

Please feel free to call LU Electric with questions or concerns at 765-482-5100. If the City Council approves the withdrawal Ordinance, and if within the sixty (60) days after adoption, the City Council receives a petition requesting the legislative body to submit the question of removal from IURC jurisdiction to the voters that is signed by at least the number of the registered voters required under IC 3-8-6-3 to place a candidate on the ballot, the City Council must certify the question for the ballot in the next election. If a majority of the votes indicate that LU Electric should not be taken out of the IURC's jurisdiction, then LU Electric will remain subject to IURC oversight.

Ed Basquill, GM  
Lebanon Utilities