



# **Indiana Utility Regulatory Commission**

## **Overview of Tariff Design and Rate Setting Methodology**

**Jerry Webb**

**Director, Gas/Water/Sewer Division**

**July 27, 2004**

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# Main IURC Role



Utilities

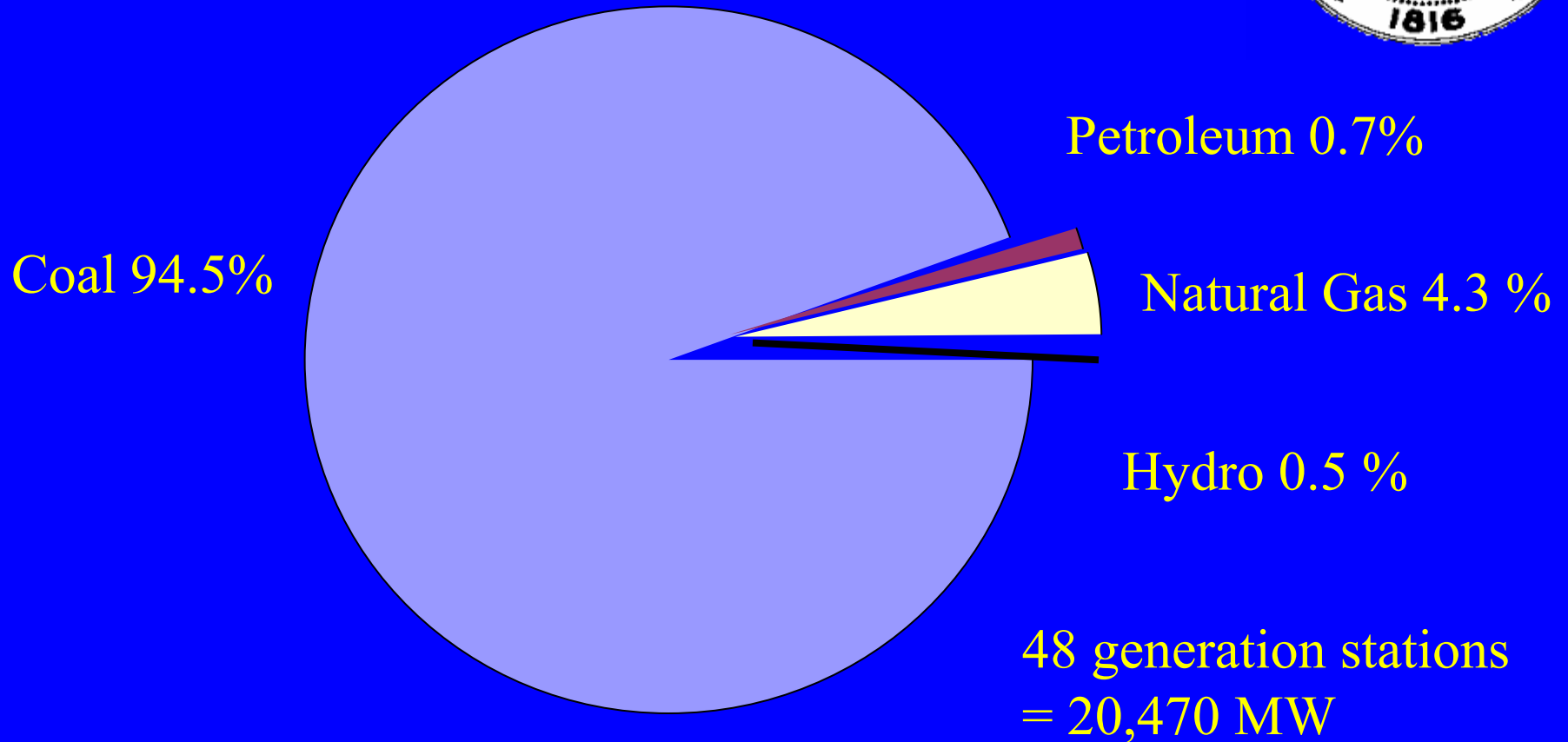
Consumers

Represented by the Utility Consumer Counselor

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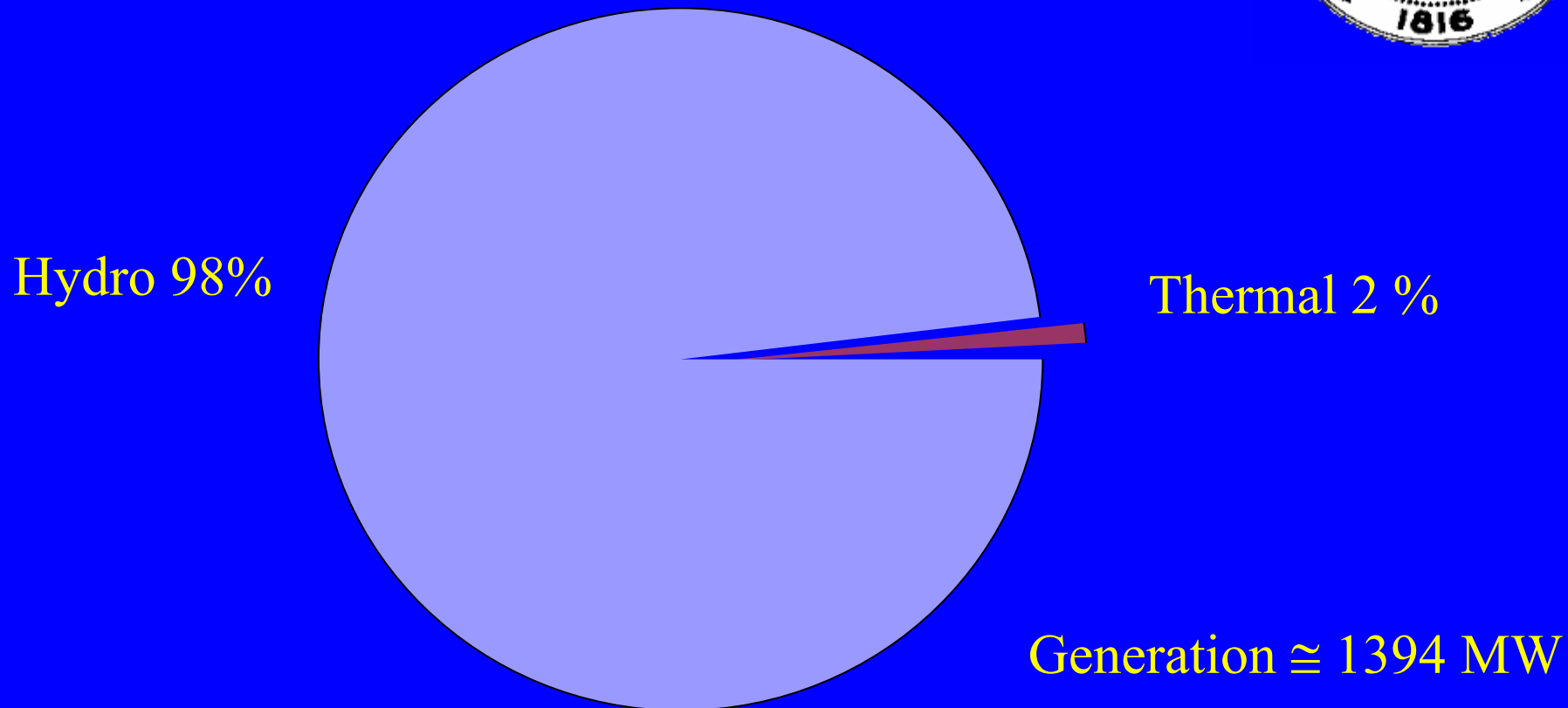


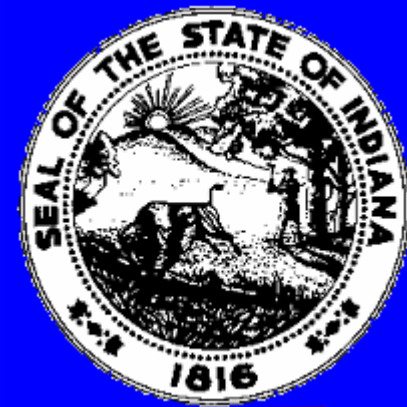
# Generation by Fuel Type In Indiana





# Generation by Fuel Type In Albania

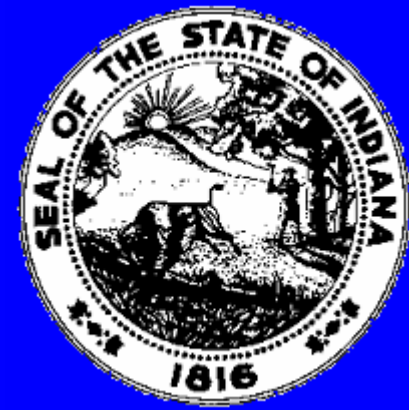




# Rates

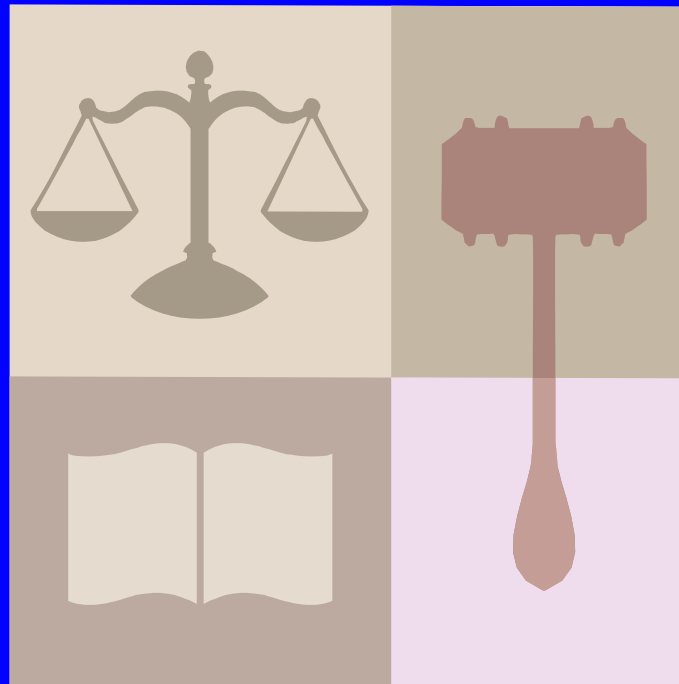
- Overview
- Cost of Service
- Sources of information
  - IURC Annual Reports
  - FERC Form 1
  - Utility Load and Usage Data

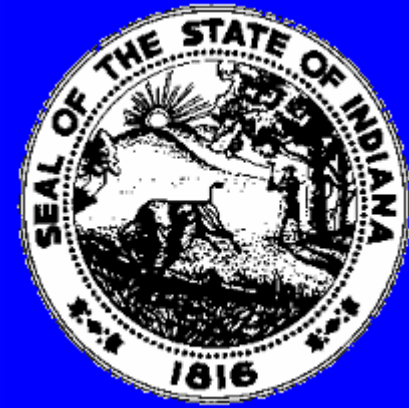




# THE RATE CASE

- Refer to Procedures outlined by Judge Divine





# Rates

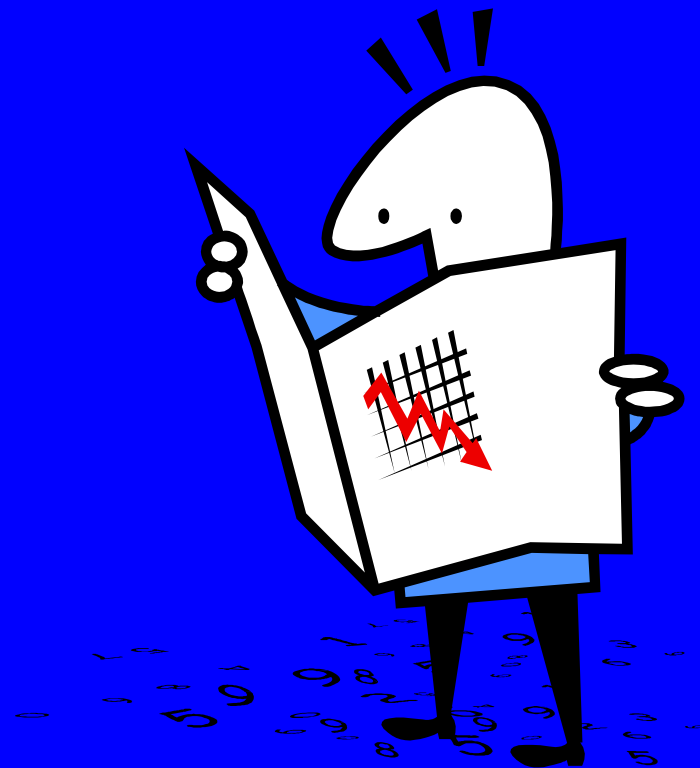
- Capital Investment
  - Return of and on
  - Used and useful
- Expenses
- Revenue





# Rates

- Capital Structure
  - Shareholder Equity
  - Debt
- Rate of Return

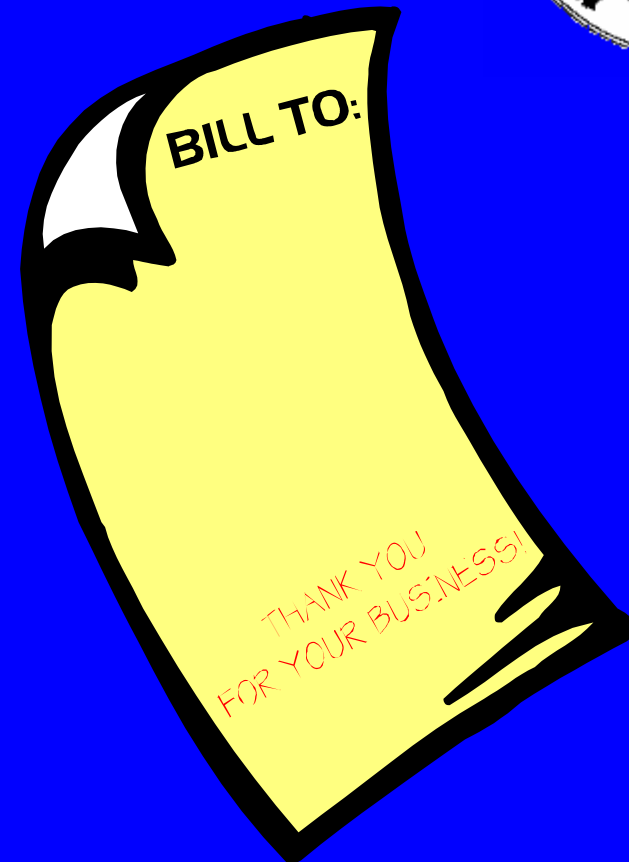






# Rates and Tariffs

- Monthly charge
- Energy charge
- Demand charge
- Trackers





# Typical Residential Rate: PSI Energy



- Connection Charge.....\$9.40
- First 300 kWh.....\$0.092945 per kWh
- Next 700 kWh.....\$0.054178 per kWh
- Over 1000 kWh.....\$0.044464 per kWh
- Plus Trackers





# TRACKERS

- Fuel cost
- Pollution Control Revenue
- SO<sub>2</sub> and NO<sub>x</sub> Emission Allowance
- Demand Side Management
- Preapproved Purchase Power Costs
- Midwest ISO cost
- Summer Reliability Adjustment
- Clean Coal Operating cost adjustment

