

Important IURC Opt-Out Information for CEL&P Customers

What does this letter mean?

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

- Meeting #1: September 9th at 6:30 pm at 300 East Pike Street in the Council Chambers.
- Meeting #2: October 14th at 5:30 pm at 808 Lafayette Road at CEL&P.

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 their rules and policies.

2. What process must CEL&P follow to opt out of the IURC's jurisdiction?

CEL&P must follow the process required by Indiana Code 8-1.5-3-9.1 to withdraw from the IURC's jurisdiction. That process requires CEL&P 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. CEL&P must also hold two public meetings at different locations before the final vote on the ordinance removing CEL&P from the IURC's jurisdiction. Finally, CEL&P must mail to the IURC written notice of the withdrawal within thirty days after the ordinance becomes effective.

3. Why does CEL&P want out of the IURC?

It costs CEL&P 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.

4. If CEL&P 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. CEL&P is well managed and provides 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 CEL&P, 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 CEL&P.

5. Why is CEL&P 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 utility, such as Crawfordsville, the ability to “opt out” of the IURC. Now, only six municipal electric utilities, including CEL&P, 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, as well as the fees charged by the IURC, lower rates would result from withdrawal from the IURC than if CEL&P remains under IURC jurisdiction. Day-to-day operations will continue to be the responsibility of CEL&P employees and the Utility Service Board, which monitors the financial situation on an ongoing basis.

7. What prevents the City from increasing rates in excess of the utility’s needs?

First, the Utility Service Board members and the City Councilors are customers of the utility, so any increase in rates will also affect them. Secondly, the City Council is elected by you, the customers, so if you disagree with their actions, you have the power to replace them. Thirdly, utility funds cannot be used for other purposes and CEL&P is a non-profit, under state law. Lastly, state law requires utility rates 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 CEL&P should withdraw from IURC jurisdiction?

Please feel free to call CEL&P with questions or concerns at 765-362-1900. If the City Council approves the withdrawal ordinance, and if within the sixty (60) days 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 CEL&P should not be taken out of the IURC's jurisdiction, then CEL&P will remain subject to IURC oversight.