

FILED
April 10, 2017
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN)
INDIANA GAS AND ELECTRIC COMPANY)
D/B/A VECTREN ENERGY DELIVERY OF)
INDIANA, INC. REQUESTING THE INDIANA)
UTILITY REGULATORY COMMISSION TO)
APPROVE CERTAIN DEMAND SIDE)
MANAGEMENT PROGRAMS AND GRANT) CAUSE NO. 44927
COMPANY AUTHORITY TO RECOVER)
COSTS, INCLUDING PROGRAM COSTS,)
INCENTIVES AND LOST MARGINS,)
ASSOCIATED WITH THE DEMAND SIDE)
MANAGEMENT PROGRAMS VIA THE)
COMPANY'S DEMAND SIDE)
MANAGEMENT ADJUSTMENT)

VERIFIED PETITION

Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South", "Petitioner", or "Company") petitions the Indiana Utility Regulatory Commission ("Commission") for approval of the demand side management ("DSM") plan as outlined in the Vectren South 2018-2020 Electric DSM Plan ("2018-2020 Plan") and for authority to recover all program costs, including lost margins, financial incentives, and capital costs associated with the 2018-2020 Plan through its Demand Side Management Adjustment mechanism ("DSMA") pursuant to Ind. Code §§ 8-1-2-42(a), 8-1-8.5-9 and -10 and 170 IAC 4-8-5 and 4-8-6. In accordance with 170 IAC 1-1.1-8 and 1-1.1-9 of the Commission's Rules of Practice and Procedure, Petitioner respectfully submits the following information in support of this Petition:

1. **Petitioner's Corporate and Regulated Status.** Petitioner is an operating public utility, incorporated under the laws of the State of Indiana, with its principal office and place of business located at One Vectren Square, 211 NW Riverside Drive, Evansville, Indiana 47708. Petitioner is engaged in rendering electric utility service in the state of Indiana and owns, operates, manages and controls, among other things, plant and equipment within the state of Indiana used for the generation, transmission distribution and furnishing of such service to the public. Petitioner

is a "public utility" within the meaning of Ind. Code § 8-1-2-1 and is an electricity supplier within the meaning Ind. Code §§ 8-1-2.3-2(b) and 8-1-8.5-9 and -10 and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana.

2. **Petitioner's Operations.** Petitioner provides electric utility service to approximately 140,000 customers in six (6) counties in southwestern Indiana. Petitioner renders such electric utility service by means of utility plant, property, equipment and related facilities owned, leased, operated, managed and controlled by it which are used and useful for the convenience of the public in the production, treatment, transmission, distribution and sale of electricity.

3. **Section 9.** In 2014, the Indiana General Assembly enacted Senate Enrolled Act ("SEA") 340, codified at Ind. Code § 8-1-8.5-9 ("Section 9") allowing an electricity supplier to offer a cost-effective portfolio of energy efficiency ("EE") programs to customers, and, if the Commission determines that the portfolio is reasonable and cost effective, to recover EE program costs in the same manner as such costs were recoverable under the Commission's December 9, 2009 (Phase II) Order in Cause No. 42693. Section 9 also provides certain industrial customers the ability to opt out of participation in an EE program.

4. **Section 10.** In 2015, the Indiana General Assembly enacted SEA 412 related to EE that requires electric utilities in Indiana to file a plan with the Commission for approval at least one (1) time every three (3) years beginning not later than 2017. SEA 412 was codified at Ind. Code § 8-1-8.5-10 ("Section 10"). The plan must contain EE goals, EE programs to achieve the EE goals, program budgets and program costs, and evaluation measurement and verification ("EM&V") procedures that must include independent EM&V. Section 10(j) lists ten (10) factors the Commission must consider when determining whether a plan is reasonable and if the Commission finds the plan to be reasonable, then the utility is allowed to recover costs associated with implementation of the plan, including program costs, financial incentives and lost margins. One

factor the Commission must consider when determining the reasonableness of a plan filed for approval is the link between the plan and the utility's Integrated Resource Plan ("IRP").

5. Petitioner's 2018-2020 Plan. Vectren South's current portfolio of EE programs and demand response ("DR") programs (collectively "DSM") is embodied in its 2016-2017 Plan approved by the Commission's Order dated March 23, 2016 in Cause No. 44645 ("44645 Order")¹. Vectren South now seeks authority to implement the DSM programs in its 2018-2020 Plan, designed to save approximately 1% of adjusted retail sales, excluding the roughly 73% of eligible load that has opted out of participation in Company sponsored DSM programs as a result of Section 9. The 2018-2020 Plan is designed to save more than 111 million kilowatt hours ("kWh") of energy and produce nearly 26 thousand kilowatts ("Kw") in peak demand reduction during the three-year period beginning January 1, 2018 and ending December 31, 2020. Vectren South has estimated the program budgets associated with these levels of savings to be approximately \$27.5 million, with \$9.0 million in 2018, \$9.4 million in 2019, and \$9.3 million in 2020, not including capital investments or other program costs such as financial incentives and lost margins.

6. Ratemaking Mechanism. Vectren South proposes to continue recovering costs associated with the 2018-2020 Plan via the DSMA. Petitioner's DSMA includes the following components: (1) the direct load control ("DLC") component, which recovers or passes back the difference between the actual amount of DLC credits and the amount of such credits included in base rates, as well as the costs associated with the Company's DLC inspection and maintenance program; (2) the energy efficiency funding component, which recovers direct and indirect program costs associated with offering Commission-approved DSM programs; (3) recovery of performance incentives as most recently approved in Cause No. 44645, which includes performance incentives for all DSM programs, except the conservation voltage reduction ("CVR") Program and Income Qualified Weatherization Program; (4) the lost margin component, that recovers EM&V verified lost margins associated with large commercial and industrial customer participation in the Company's

¹ On March 7, 2017, the Indiana Court of Appeals issued a decision in Docket No. 93A02-1604-EX-914 reversing the 44645 Order and remanding it to the Commission for further findings.

DSM programs, as approved in Cause No. 43938, as well as the lost margin component, that recovers lost margins associated with residential and small general service customer participation in the Company's DSM programs, as approved in Cause No. 43405 DSMA 9 S1. In addition, Vectren South is proposing to recover the needed return on and of the CVR program investment in the DSMA until the Company's next base rate case, as previously approved in Cause No. 44645.

7. **Applicable Law.** Vectren South considers the provisions of the Public Service Commission Act, as amended, including IC §§ 8-1-2-4, 8-1-2-12, 8-1-2-42, 8-1-2-46, 8-1-2-61, 8-1-8.5-3, 8-1-8.5-9 and 8-1-8.5-10 to be applicable to the subject matter of this Petition, in addition to 170 IAC § 4-8-1 *et seq.* and believes that such statutes and rules provide the Commission authority to approve the relief requested.

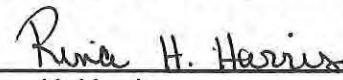
8. **Petitioner's Counsel.** Robert E. Heidorn (Atty. No. 14264-49), P. Jason Stephenson (Atty. No. 21839-49) and Michelle D. Quinn (Atty. No. 24357-49), Vectren Corporation, One Vectren Square, 211 N.W. Riverside Drive, Evansville, Indiana 47708 and Hillary J. Close (Atty. No. 25104-49), Barnes & Thornburg LLP, 11 S. Meridian Street, Indianapolis, Indiana 46204 are counsel for Petitioner and are duly authorized to accept service of papers in this Cause on Petitioner's behalf.

9. **Request for Prehearing Conference.** Pursuant to 170 IAC § 1-1.1-15(b) of the Commission's Rules of Practice and Procedure, Petitioner requests that a date be promptly fixed for a prehearing conference and preliminary hearing for the purpose of fixing a procedural schedule in this proceeding and considering other procedural matters.

WHEREFORE, Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. respectfully requests that the Commission: (1) promptly publish notice; (2) make such other investigation; (3) hold such hearings as are necessary or advisable in this Cause; (4) approve the 2018-2020 Plan; and (5) issue a Final Order in this proceeding.

Respectfully Submitted,

SOUTHERN INDIANA GAS & ELECTRIC
COMPANY D/B/A VECTREN ENERGY
DELIVERY OF INDIANA, INC.


Rina H. Harris
Director, Energy Efficiency

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VERIFICATION

I, Rina H. Harris, Director, Energy Efficiency, affirm under the penalties of perjury that the statements and representations in the foregoing Petition are true to the best of my knowledge, information and belief.

Rina H. Harris
Rina H. Harris
Dated: April 10, 2017

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 10th day of April, 2017 a copy of the foregoing Petition was served by electronic mail transmission upon the Indiana Office of Utility Consumer Counselor to:

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Michelle D. Quinn

A handwritten signature in black ink, appearing to read "Michelle D. Quinn". The signature is fluid and cursive, with "Michelle" and "D." being more stylized and "Quinn" having a more traditional look.