

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE COMMISSION'S )  
INVESTIGATION, PURSUANT TO IC § 8-1-2-58, )  
INTO THE EFFECTIVENESS OF DEMAND SIDE )  
MANAGEMENT ("DSM") PROGRAMS )  
CURRENTLY UTILIZED IN THE STATE OF )  
INDIANA, INCLUDING AN EXAMINATION OF )  
ISSUES THAT COULD IMPROVE THE ) CAUSE NO. 42693-S1  
EFFECTIVENESS OF DEMAND SIDE )  
MANAGEMENT PROGRAMS IN THE STATE, )  
INCLUDING CONSIDERATION OF THE )  
ESTABLISHMENT OF AN INDEPENDENT DSM )  
ADMINISTRATOR MODEL ON A STATE-WIDE )  
BASIS )  
)  
)  
RESPONDENTS: ALL JURISDICTIONAL )  
ELECTRIC AND GAS UTILITIES IN THE STATE )  
OF INDIANA )

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NORTHERN INDIANA PUBLIC SERVICE COMPANY'S  
THIRD SUPPLEMENTAL RESPONSE TO JUNE 3, 2014 DOCKET ENTRY  
REQUESTING ADDITIONAL INFORMATION

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Northern Indiana Public Service Company ("NIPSCO"), by counsel, respectfully responds to the requests for information set forth in the Indiana Utility Regulatory Commission's ("Commission") June 3, 2014 Docket Entry with additional supplemental information as follows:

**Request:**

With respect to each Core Plus program for years 2011 and 2012, provide total costs and total benefits, and the associated benefit-cost ratios, for each of the following benefit-cost tests:

- Utility Cost Test
- Total Resource Cost Test
- Ratepayer Impact Measure Test
- Societal Cost Test
- Participant Cost Test

**Response:**

NIPSCO's Oversight Board ("OSB") is responsible for selecting the vendor to perform the evaluation, measurement and verification ("EM&V") of NIPSCO's Core Plus programs. Rather than have TecMarket Works include the benefit cost test results in the overall EM&V report, the OSB elected to have Terra Vista Energy Group ("Terra Vista") perform the benefit cost tests for the 2011 programs. Terra Vista provided the following test scores based on actual results for the residential programs for Program Year 2011. Terra Vista did not run the Societal Cost Test. In addition, because TecMarket Works had one subcontractor (Opinion Dynamics) provide the analysis of the residential programs and another (Cadmus) do the review of the commercial and industrial programs, the results were not received by NIPSCO at the same time, and, therefore, not shared with Terra Vista in order to allow a complete analysis of the 2011 programs. Once that analysis has been complete, NIPSCO will file the results with the Commission.

**NIPSCO**

**Results by Program**

<b>Program Name</b>	<b>Participant Test</b>	<b>Utility Test</b>	<b>RIM Test</b>	<b>TRC Test</b>
Residential Ref Recycling	n/a	1.49	0.47	1.97
Residential Freezer Recycling	n/a	1.29	0.45	1.83
Residential Opower	n/a	1.23	0.31	1.23
Multi Family Direct Install	n/a	4.08	0.51	4.08
Residential Weatherization-Audit/DI	0.59	0.92	0.36	0.20
Residential Weatherization-Insul./Infil.Measures	0.85	0.49	0.37	0.31
Residential New Construction	1.52	1.17	0.63	0.73

NIPSCO is working with its OSB on the appropriate vendor to perform the analysis of the 2012 and 2013 programs and will file those results with the Commission when they are available.

**Supplemental Request:**

On June 16, 2014, Northern Indiana Public Service Company (“NIPSCO”) filed its response to a June 3, 2014 Docket Entry issued in this Cause. The June 3, 2014 Docket Entry requested that NIPSCO provide the total costs, total benefits, and associated benefit-cost ratios for each Core Plus program for years 2011 and 2012. NIPSCO provided the benefit-cost ratios, but failed to provide the total costs and total benefits used to calculate each ratio. Please provide the total costs and total benefits for each benefit-cost test on or before July 14, 2014.

**Supplemental Response:**

The total costs and total benefits used to calculate the benefit-cost ratios for the residential Core Plus programs for Program Year 2011 is attached hereto as Attachment A.

NIPSCO continues to work with its vendors to calculate the benefit-cost ratios for the commercial and industrial Core Plus programs for Program Year 2011 and all Core Plus programs for Program Years 2012 and 2013 and will file those analyses when complete.

**Second Supplemental Response:**

The benefit-cost ratios for the commercial and industrial Core Plus programs for Program Year 2011 is attached hereto as Attachment B.

NIPSCO continues to work with its vendor to calculate the benefit-cost ratios for all Core Plus programs for Program Years 2012 and 2013 and will file those analyses when complete.

**Third Supplemental Response:**

The benefit-cost ratios for the commercial and industrial Core Plus programs for Program Years 2012 and 2013 are attached hereto as Attachment C.

Respectfully submitted,

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## Certificate of Service

The undersigned hereby certifies that the foregoing was served this 11<sup>th</sup> day of

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Claudia J. Earls

2012 Core Plus Evaluation Results - Electric Programs

*Residential*

	TRC			UCT			RIM			Participant		
	Benefits (000\$)	Costs (000\$)	Results									
A/C Cycling	\$ 348	\$ 911	0.38	\$ 348	\$ 911	0.38	\$ 348	\$ 911	0.38	\$ -	\$ -	N/A
Appliance Recycling	\$ 567	\$ 464	1.22	\$ 567	\$ 395	1.43	\$ 567	\$ 1,107	0.51	\$ 895	\$ 175	5.12
Energy Efficiency Rebate	\$ 553	\$ 279	1.98	\$ 553	\$ 226	2.45	\$ 553	\$ 607	0.91	\$ 509	\$ 182	2.79
Home Energy Conservation	\$ 1,237	\$ 642	1.93	\$ 1,237	\$ 642	1.93	\$ 1,237	\$ 2,023	0.61	\$ 1,381	\$ -	N/A
Home Weatherization	\$ 14	\$ 539	0.03	\$ 14	\$ 539	0.03	\$ 14	\$ 547	0.03	\$ 7	\$ 2	4.61
Multi Family Direct Install	\$ 1,492	\$ 706	2.11	\$ 1,492	\$ 706	2.11	\$ 1,492	\$ 2,778	0.54	\$ 1,788	\$ -	N/A
New Construction	\$ 84	\$ 184	0.46	\$ 84	\$ 110	0.76	\$ 84	\$ 197	0.43	\$ 97	\$ 134	0.72

*Commercial & Industrial*

	TRC			UCT			RIM			Participant		
	Benefits (000\$)	Costs (000\$)	Results									
C&I Custom	\$ 17,339	\$ 7,542	2.30	\$ 17,339	\$ 2,730	6.35	\$ 17,339	\$ 27,676	0.63	\$ 24,794	\$ 8,758	2.83
New Construction	\$ 722	\$ 332	2.17	\$ 722	\$ 79	9.19	\$ 722	\$ 1,137	0.64	\$ 701	\$ 275	2.55

**Notes:**

1. The incentive costs are the actual incentive costs paid to the participants in each year. When the measure incentive exceeded the incremental cost, the variance was considered an additional "other" utility cost. Free rider incentives were also considered an additional "other" utility cost.
2. The EM&V costs are the actual costs paid out in each year.
3. DSMore Market-Based Option Values were used for the enclosed program scores.
4. Verified net savings (ex-post) were used for the analysis of Home Energy Conservation, Residential New Construction, and the 95% AFUE Furnace measure within the Energy Efficiency Rebate program. For those measures where no verification data was available, the ex-ante net savings were used in the analysis.
5. There are no assumed participant costs for the Home Energy Conservation and Multi Family Direct Install programs.
6. There are no assumed participant benefits and costs for the A/C Cycling program.
7. Residential A/C Cycling Program: The 2012 cycling period verified savings were used for the analysis. Also, the actual installed cost of the residential AC switches (switch cost plus installation cost) was amortized over the 15 year life of the switches and the annual amortized cost was used in the analysis.
8. The C&I implementer did not track incremental costs for the 2012 program year. Therefore, the assumption was made that the C&I measures delivered a 3 year payback to the participant and used that process for calculating proxy incremental costs for the DSMore analysis. A 3 year payback is a reasonable estimate for the acceptable payback period for most commercial EE investments.

**2013 Core Plus Evaluation Results - Electric Programs**

**Residential**

	TRC			UCT			RIM			Participant		
	Benefits (000\$)	Costs (000\$)	Results									
A/C Cycling	\$ 1,457	\$ 1,406	1.04	\$ 1,457	\$ 1,406	1.04	\$ 1,457	\$ 1,406	1.04	\$ -	\$ -	N/A
Appliance Recycling	\$ 526	\$ 425	1.24	\$ 526	\$ 359	1.47	\$ 526	\$ 1,018	0.52	\$ 833	\$ 169	4.93
Energy Efficiency Rebate	\$ 1,240	\$ 915	1.36	\$ 1,240	\$ 665	1.87	\$ 1,240	\$ 1,711	0.72	\$ 1,258	\$ 578	2.18
Home Energy Conservation	\$ 1,968	\$ 806	2.44	\$ 1,968	\$ 806	2.44	\$ 1,968	\$ 3,004	0.66	\$ 2,198	\$ -	N/A
Home Weatherization	\$ 194	\$ 74	2.64	\$ 194	\$ 56	3.48	\$ 194	\$ 173	1.12	\$ 109	\$ 47	2.32
Multi Family Direct Install	\$ 1,735	\$ 1,076	1.61	\$ 1,735	\$ 1,076	1.61	\$ 1,735	\$ 3,925	0.44	\$ 2,465	\$ -	N/A
NEST Thermostat (Pilot)	\$ 153	\$ 33	4.68	\$ 153	\$ 33	4.68	\$ 153	\$ 215	0.71	\$ 176	\$ -	N/A
New Construction	\$ 83	\$ 372	0.22	\$ 83	\$ 351	0.24	\$ 83	\$ 438	0.19	\$ 162	\$ 120	1.35

**Commercial & Industrial**

	TRC			UCT			RIM			Participant		
	Benefits (000\$)	Costs (000\$)	Results									
C&I Custom	\$116,210	\$30,992	3.75	\$116,210	\$5,630	20.64	\$116,210	\$147,711	0.79	\$126,129	\$39,713	3.18
New Construction	\$1,452	\$742	1.96	\$1,452	\$170	8.55	\$1,452	\$2,212	0.66	\$1,841	\$855	2.15

**Notes:**

1. The incentive costs are the actual incentive costs paid to the participants in each year. When the measure incentive exceeded the incremental cost, the variance was considered an additional "other" utility cost. Free rider incentives were also considered an additional "other" utility cost.
2. The EM&V costs are the actual costs paid out in each year.
3. DSMore Market-Based Option Values were used for the enclosed program scores.
4. When available, verified net savings (ex-post) were used for the analysis. For those measures where no verification data was available, the ex-ante net savings were used in the analysis.
5. There are no assumed participant costs for the Home Energy Conservation, Multi Family Direct Install and NEST Thermostat (Pilot) programs.
6. There are no assumed participant benefits and costs for the A/C Cycling program.
7. Residential A/C Cycling Program: The 2013 cycling period verified savings were used for the analysis. Also, the actual installed cost of the residential AC switches (switch cost plus installation cost) was amortized over the 15 year life of the switches and the annual amortized cost was used in the analysis.
8. The C&I implementer did not track incremental costs for the 2013 program year. Therefore, the assumption was made that the C&I measures delivered a 3 year payback to the participant and used that process for calculating proxy incremental costs for the DSMore analysis. A 3 year payback is a reasonable estimate for the acceptable payback period for most commercial EE investments.