

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., A )  
CENTERPOINT ENERGY COMPANY )  
REQUESTING THE INDIANA UTILITY )  
REGULATORY COMMISSION TO APPROVE )  
CERTAIN DEMAND SIDE MANAGEMENT )  
PROGRAMS AND GRANT 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**

**CAUSE NO. 45387**

**STIPULATION AND SETTLEMENT AGREEMENT AMONG  
VECTREN SOUTH, INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR,  
AND CITIZENS ACTION OF COALITION OF INDIANA, INC.**

This Stipulation and Settlement Agreement (the “Settlement Agreement”) is entered into by and among Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., a CenterPoint Energy Company (“Company” or “Vectren South”), the Indiana Office of Utility Consumer Counselor (“OUCC”), and Citizens Action Coalition of Indiana, Inc. (“CAC”) (collectively the “Settling Parties” and individually “Settling Party”). The Settling Parties, solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts, and counsel, stipulate and agree that the terms and conditions set forth in this Settlement Agreement represent a fair, just, and reasonable resolution of all matters raised in this proceeding, subject to their incorporation by the Indiana Utility Regulatory Commission (“Commission”) into a final, non-appealable order without modification or further condition that is unacceptable to any Settling Party (“Final Order”). The Settling Parties agree that this Settlement Agreement resolves all disputes, claims, and

issues arising from the Commission proceeding currently pending in Cause No. 45387 as between the Settling Parties. The Settling Parties agree that Vectren South's requested relief in this Cause should be granted in its entirety except as expressly modified herein.

**I. TERMS AND CONDITIONS.** The Settling Parties agree to Commission approval of the Company's 2021-2023 Demand Side Management ("DSM") Plan ("2021-2023 Plan" or "Plan") and associated accounting and ratemaking treatment modified as follows:

**A. DSM Programs and Implementation**

1. Lighting

a. Effective Useful Life ("EUL") for General Service Light ("GSL") Bulbs.

The Settling Parties agree that the EUL for LED GSL bulbs (i.e. standard, pear-shared, screw-based bulbs) associated with the Company's 2021-2023 Plan shall be two years from the date of installation when replacing halogen or incandescent bulbs.

b. Baseline for Residential LED GSL. The Settling Parties agree that, except for the Income Qualified Weatherization ("IQW") Program and Modified School Education Program (defined below), the Company will remove LED GSLs from all of its programs in its 2021-2023 Plan. The Company will adopt a non-Energy Star baseline for the GSL measures in its IQW Program. The Energy Star baseline for GSL measures in the Modified School Education Program is not applicable as the Modified School Education Program will be offered through Marketing and Outreach efforts and no savings will be captured.

2. Overall Savings Goal. Due to the program changes contained herein, the Settling Parties agree to work collaboratively, in good faith, through the Company's OSB, and use best efforts to achieve the overall energy savings projections (1.3% of eligible sales) of the Company's filed 2021-2023 Plan.
3. Income Qualified Weatherization ("IQW") Program Eligibility. The Settling Parties agree Vectren South will remove its proposal to expand IQW program eligibility to 201-300% of federal poverty level ("FPL") guideline and instead retain its up to 200% FPL guideline program eligibility. The Settling Parties agree that the Company's Oversight Board ("OSB") will explore ways to improve IQW program reach and participation by expanding the eligibility and verification requirements of the program in other ways. The Company will transfer the funds (a total of \$343,352 over the 2021-2023 Plan) aimed at acquiring customers between 201-300% FPL ("IQW Transferred Funds") to the Company's Marketing Budget for its 2021-2023 Plan for use in the Modified School Education Program. Vectren South will use best efforts to still meet the originally filed energy savings projections of the IQW program.
4. Filed and Modified School Education Programs. The Settling Parties agree that Vectren South will remove the filed School Education Program from the 2021-2023 Plan due to the change in cost-effectiveness after the revised EUL for GSL bulbs and baseline are implemented as discussed above in Section I(A)(1) ("Filed School Education Program"). Vectren South will move the funding previously assigned to the Filed School Education Program under the

filed Plan<sup>1</sup> to other programs based on OSB guidance; and the Settling Parties agree to work collaboratively, in good faith, through the Company's OSB to identify programs for which the reallocated funds could be used and that have the potential to produce reasonably achievable, cost-effective energy savings.<sup>2</sup> Due to significant and intangible benefits previously realized through the Filed School Education Program, including cross-promotion of the Company's other DSM programs, the Company will fund a modified School Education Program ("Modified School Education Program") with the IQW Transferred Funds that were shifted to the Company's Marketing Budget. The Modified School Education Program may contain LED GSLs. Savings from this program will not be recognized as within the Plan, and the Company will not earn performance incentives or lost revenues from the Modified School Education Program.

5. Home Energy Assessment ("HEA") Program. Vectren South will remove the HEA Program from its 2021-2023 Plan due to the change in cost-effectiveness after the revised EUL for GSL bulbs and baseline are implemented as discussed above in Section I(A)(1). Vectren South will reallocate the funding previously assigned to the HEA Program under the filed Plan<sup>3</sup> to other programs based on OSB guidance; and, the Settling Parties agree to work collaboratively, in good faith, through the Company's OSB to identify programs for which the

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<sup>1</sup> 2021-2023 Annual School Education Program Budget – \$118,451, \$122,451, \$102,451, respectively.

<sup>2</sup> Such efforts of the Company's OSB may result in new measures, new programs, and/or the redesign of existing programs.

<sup>3</sup> 2021-2023 Annual HEA Budget – \$240,000, \$257,000, \$297,000, respectively.

reallocated funds could be used and that have the potential to produce reasonably achievable, cost-effective energy savings.<sup>4</sup> The Settling Parties also agree to work collaboratively, in good faith, through the Company's OSB to continue evaluating and exploring the potential for: (1) a revised HEA channel; and (2) instituting the HEA's blower door test measure in one or more non-IQW residential program(s).

**B. Lost Revenues.** The Settling Parties agree:

1. Given Vectren South's planned electric base rate case in 2023, the Settling Parties agree to Commission approval of the lost revenues for measures installed during the DSM Plan (2021-2023) Period which will be recovered through Vectren South's Demand Side Management Adjustment ("DSMA") Rider for: (a) the life of the measure; (b) four (4) years from implementation of any measure installed in 2021, three (3) years from the implementation of any measure installed in 2022, and two (2) years from the implementation of any measure installed in 2023; or (c) until new electric base rates are effective post rate case, whichever occurs earlier. Subsequent to approval of new base rates in Vectren South's next base rate case proceeding, Vectren South will zero out, in its DSMA Rider, all lost revenue recovery approved for the DSM Program years up to, and including, the test year adopted for the setting of base rates in the Company's next base rate case proceeding.
2. Commercial and Industrial ("C&I") Program Review. During the 2021-2023 Plan Period, at the end of each calendar year, Vectren South will review the

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<sup>4</sup> Such efforts of the Company's OSB may result in new measures, new programs, and/or the redesign of existing programs.

account status for each C&I customer that enrolls, and begins participating, in rebate programs that are associated with programs under the Company’s 2021-2023 Plan to determine whether any such customer account is “inactive”. For those C&I accounts identified as “inactive” during the year-end review, Vectren South will re-evaluate the account status prior to filing the Company’s next DSMA Rider. If the account status remains “inactive”, Vectren South will adjust the useful life of measure(s) rebate(s) for purposes of net lost revenue tracking and recovery.

**C. Opportunity to Earn Financial Incentive.**

1. The Settling Parties agree that Vectren South will continue its current shared savings approach tied to the implementation and encouragement of cost-effective programs. The Settling Parties further agree that Vectren South’s proposed financial incentive shall be approved with the following modification:

Performance Incentives	
Achievement Level (kWh)	Incentive Level (Net Present Value of net benefits of Utility Cost Test)
110%	13%
100 - 109.99%	8%
90 - 99.99%	7%
80 - 89.99%	6%
75 - 79.99%	5%
0 - 74.99%	0%

2. During the Plan Period, prior to filing its annual DSMA Rider, Vectren South will exclude \$129,679 per year from the base calculation of the annual performance incentives. If the Company reaches the 110% achievement level, Vectren South will reduce its performance incentive an additional \$129,679 per year, during the Plan Period prior to filing its annual DSMA Rider. In addition, Vectren South will further reduce its proposed performance incentives by \$60,000 per year, regardless of the incentive level achieved. Each of these three annual reductions only apply to the calculation of performance incentives; the reductions do not apply to the calculation of cost-effectiveness of the Company's programs in the 2021-2023 Plan.

**D. Vectren South's Interruptible Tariff.** Vectren South agrees to use best efforts in working with its OSB to update Vectren South's Interruptible Contract ("IC") Rider by the end of calendar year 2020.

**E. Other Matters.**

1. Any matters not addressed by this Settlement Agreement will be adopted as proposed by Vectren South in its direct and rebuttal case in this Cause.
2. The Settling Parties agree to work cooperatively to seek Commission approval of this Settlement Agreement so that Vectren South may implement its 2021-2023 DSM Plan (as modified herein) no later than January 1, 2021.

**II. Settlement Agreement -- Scope and Approval**

1. Neither the making of this Settlement Agreement nor any of its provisions shall constitute in any respect an admission by any Settling Party in this or any other litigation or proceeding. Neither the making of this Settlement Agreement, nor the provisions thereof, nor

the entry by the Commission of a Final Order approving this Settlement Agreement, shall establish any principles or legal precedent applicable to Commission proceedings other than those resolved herein.

2. This Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any Settling Party in any other proceeding except as necessary to enforce its terms before the Commission, or any tribunal of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process and, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any of the Parties may take with respect to any or all of the issues resolved herein in any future regulatory or other proceedings.

3. The Settling Parties' entry into this Settlement Agreement shall not be construed as a limitation on any position they may take or relief they may seek in pending or future Commission proceedings not specifically addressed in this Settlement Agreement.

4. Authority to Enter Settlement. The undersigned have represented and agreed that they are fully authorized to execute this Settlement Agreement on behalf of their designated clients, and their successors and assigns, who will be bound thereby, subject to the agreement of the Settling Parties on the provisions contained herein.

5. Privileged Settlement Communications. The communications and discussions during the negotiations and conferences have been conducted based on the explicit understanding that said communications and discussions are or relate to offers of settlement and therefore are privileged. All prior drafts of this Settlement Agreement and any settlement proposals and counterproposals also are or relate to offers of settlement and are privileged.

6. Conditions of Settlement. This Settlement Agreement is conditioned upon and



subject to Commission acceptance and approval of its terms in their entirety, without any change or condition that is unacceptable to any Settling Party.

7. Evidence in Support of Settlement. The Settling Parties may offer supplemental testimony supporting the Commission's approval of this Settlement Agreement and will request that the Commission issue a Final Order incorporating the agreed proposed language of the Settling Parties and accepting and approving the same in accordance with its terms without any modification. Such supportive testimony will be agreed-upon by the Settling Parties and offered into evidence without objection by any Settling Party. The Settling Parties hereby waive cross-examination of each other's witnesses.

8. Commission Approval. The Settling Parties will support this Settlement Agreement before the Commission and request that the Commission accept and approve the Settlement Agreement. This Settlement Agreement is a complete, interrelated package and is not severable, and shall be accepted or rejected in its entirety without modification or further condition(s) that may be unacceptable to any Settling Party. If the Commission does not approve the Settlement Agreement in its entirety, the Settlement Agreement shall be null and void and deemed withdrawn, upon notice in writing by any Settling Party within fifteen (15) business days after the date of the Final Order that any modifications made by the Commission are unacceptable to it. In the event the Settlement Agreement is withdrawn, the Settling Parties will request that an Attorneys' Conference be convened to establish a procedural schedule for the continued litigation of this proceeding.

9. Proposed Order. The Settling Parties will work together to prepare an agreed-upon proposed order to be submitted in this Cause to address the issues addressed in this Settlement Agreement. The Settling Parties will request Commission acceptance and approval

of this Settlement Agreement in its entirety, without any change or condition that is unacceptable to any party to this Settlement Agreement.

10. The Settling Parties also will work cooperatively on news releases or other announcements to the public about this Settlement Agreement.

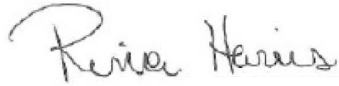
11. The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of any Final Order entered by the Commission approving the Settlement Agreement in its entirety without changes or condition(s) unacceptable to any Party (or related orders to the extent such orders are specifically and exclusively implementing the provisions hereof) and shall not oppose this Settlement Agreement in the event of any appeal or a request for rehearing, reconsideration or a stay by any person not a party hereto.

12. This Settlement Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Accepted and Agreed on this 20th day of October, 2020

(signature pages follow)

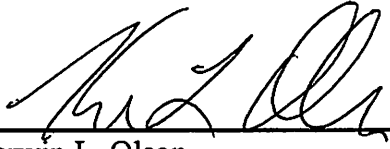
SOUTHERN INDIANA GAS AND ELECTRIC  
COMPANY D/B/A VECTREN ENERGY  
DELIVERY OF INDIANA, INC., A  
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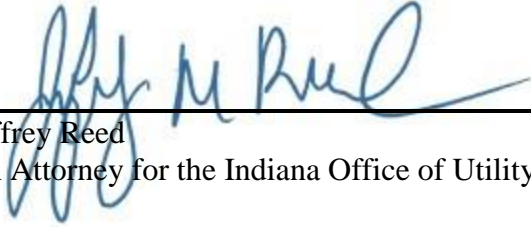
Rina A. Harris  
Director, Energy Efficiency  
Southern Indiana Gas and Electric Company  
d/b/a Vectren Energy Delivery of Indiana,  
Inc., a CenterPoint Energy Company

CITIZENS ACTION COALITION OF INDIANA,  
INC.

A handwritten signature in black ink, appearing to read 'K. L. Olson', written over a horizontal line.

Kerwin L. Olson  
Executive Director

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



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Jeffrey Reed

An Attorney for the Indiana Office of Utility Consumer Counselor