

STATE OF INDIANA  
BEFORE THE  
INDIANA UTILITY REGULATORY COMMISSION

IURC  
PETITIONER'S  
EXHIBIT NO. 4  
4-1-20 AT  
REPORTER

PETITION OF SOUTHERN INDIANA GAS )  
AND ELECTRIC COMPANY D/B/A )  
VECTREN ENERGY DELIVERY OF )  
INDIANA, INC., A CENTERPOINT ENERGY )  
COMPANY ("VECTREN SOUTH") FOR ) CAUSE NO. 38708-FAC126  
APPROVAL OF A CHANGE IN ITS FUEL )  
COST ADJUSTMENT FOR ELECTRIC )  
SERVICE IN ACCORDANCE WITH THE )  
ORDER OF THE COMMISSION IN CAUSE )  
NO. 37712 EFFECTIVE JUNE 18, 1986 AND )  
SENATE BILL NO. 529 EFFECTIVE APRIL )  
11, 1979 )

VERIFIED PETITION

To The INDIANA UTILITY REGULATORY COMMISSION:

Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., a CenterPoint Energy Company ("Petitioner" or "Vectren South") respectfully shows to the Commission the following:

1. Petitioner is a public electric generating utility corporation organized and existing under the laws of the State of Indiana, and has its principal office at One Vectren Square, Evansville, Indiana 47708. It is engaged in rendering electric public 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 production, transmission, delivery and furnishing of such service to the public. Petitioner is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act and other laws of the State of Indiana.

2. The names and addresses of Petitioner's attorneys in this matter are Heather A. Watts, Justin C. Hage and Robert E. Heidorn, of One Vectren Square, Evansville, Indiana 47708. The said attorneys and Wayne D. Games, One Vectren Square, Evansville, Indiana 47708, are duly authorized to accept service of papers in this Cause on behalf of the Petitioner.

3. This Petition is filed pursuant to provisions of the Public Service Commission Act, IC 1971, 8-1-2-42 (b), Senate Bill No. 529 which became effective April 11, 1979, as well as 8-1-2-42(a) to the extent applicable, for the purpose of securing authorization for and approval of a change in the fuel cost adjustment and the reconciliation of the incremental fuel cost billed and the incremental fuel cost actually experienced during September 2019 – November 2019 (the "reconciliation period").

4. Petitioner received approval on April 27, 2011 in its most recent electric base rate case, Cause No. 43839, to utilize line-loss-adjusted FACs for the various voltage-level rate classes. The various rate classes have base costs of fuel that vary according to their line losses and their fuel cost adjustments are based on the same line loss adjustments.

5. Petitioner's cost of fuel per kilowatt-hour supplied, based upon the three-month average for the months of May, June and July 2020 (the "FAC period") is estimated to be \$0.025972 including the reconciliation of the incremental fuel cost billed and the incremental fuel cost actually incurred during the reconciliation period. The line-loss-adjusted fuel adjustment charges, modified for the estimated cost of Company Use and the recovery of the Utility Receipts Tax, in mills per kilowatt-hour billed during the FAC period by Rate Schedule are as follows:

	RS, B, SGS, OSS, OL and SL	DGS/ MLA	LP	HLF	Special Contracts
Line-Loss Adjusted					
Fuel Cost per kWh Sold	28.173	28.164	27.364	26.507	25.325
Est. cost of Company Use	<u>0.057</u>	<u>0.057</u>	<u>0.057</u>	<u>0.057</u>	<u>0.057</u>
Total Fuel Cost per kWh Sold	28.230	28.221	27.421	26.564	25.382
Less Base Cost of Fuel	<u>38.295</u>	<u>38.275</u>	<u>37.123</u>	<u>35.883</u>	
FAC per kWh Sold	(10.065)	(10.054)	(9.702)	(9.319)	25.382
FAC including IURT	(10.216)	(10.205)	(9.848)	(9.459)	25.763

The estimated cost data supporting the estimated fuel cost adjustment and the actual reconciliation period cost data supporting the fuel cost variance amount are set forth in Petitioner's Exhibit No. 2, Attachment KJT-2. Such fuel cost charges are calculated in accordance with the fuel cost adjustment formula set forth in this Commission's orders in Cause No. 37712 and in Cause No. 43839.

6. The bill for a residential customer using 1,000 kilowatt-hours of electricity in any month under Petitioner's Rate RS, without adjustments, is \$146.24. Petitioner's estimated cost of fuel for Rate RS during the FAC period of 28.230 mills per kWh, is 10.065 mills per kWh lower (10.216 mills per kWh lower when modified for the recovery of the Utility Receipts Tax) than the base cost of fuel of 38.295 mills per kWh. Thus, the estimated monthly bill during the FAC period for a Residential-Standard customer using 1,000 kWh will include an incremental fuel cost charge of \$(10.22), which is (6.99)% of such bill at base

rates. The requested fuel cost adjustment is a decrease of 0.897 mills per kWh from the currently approved fuel cost adjustment.

7. Petitioner represents that: (i) Petitioner has made every reasonable effort to acquire fuel and generate and/or purchase power so as to provide electricity to its retail customers at the lowest fuel cost reasonably possible; (ii) the actual increases in fuel cost through the latest month for which actual fuel costs are available since the last order of the Commission approving Petitioner's basic rates, in said Cause No. 43839, have not been offset by actual decreases in Petitioner's other operating expenses as set forth in Petitioner's Exhibit No. 3, Attachment DMB-1; (iii) the fuel cost charge applied for will not result in Petitioner earning a return in excess of the return authorized by the Commission in the last proceeding in which the basic rates and charges of the electric utility were approved as set forth in Petitioner's Exhibit No. 3, Attachment DMB-2; and (iv) the estimate of its prospective average fuel costs for the FAC period are reasonable after taking into consideration the reconciliation of its actual fuel cost recoveries for the reconciliation period.

8. In Cause No. 43414, Petitioner agreed in an approved settlement, that remains in effect, that a Daily Benchmark is used to evaluate the reasonableness of purchased power costs. The Daily Benchmark is based upon a generic GT, using a generic GT heat rate of 12,500 btu/kWh, using the NYMEX Henry Hub Gas day ahead natural gas price plus \$0.60 gas transport charge for a generic gas-fired GT. The calculations supporting the applicable benchmarks for September 2019 – November 2019 are set forth in Petitioner's Exhibit No. 1, Attachment WDG-1, attached hereto and made a part thereof.

9. Pursuant to the settlement approved in Cause No. 43672, a Daily Benchmark has been established to determine whether Petitioner incurred any Contestable Revenue Sufficiency Guarantee ("RSG") amounts from the Midcontinent Independent System Operator ("MISO"). This Daily Benchmark is based upon a generic GT, using a generic GT heat rate of 12,500 btu/kWh, using

the NYMEX Henry Hub Gas day ahead price plus \$0.60 gas transport charge for a generic gas-fired GT. The calculations supporting the applicable benchmarks for September 2019 – November 2019 are set forth in Petitioner's Exhibit No. 1, Attachment WDG-1, attached hereto and made a part thereof. Pursuant to the Commission's Order in Cause No. 42962, Petitioner identifies for informational purposes the amount of Contestable RSG in the testimony of Ms. Katie J. Tieken in this Cause. However, recovery of Contestable RSG amounts is addressed in Petitioner's MISO Cost and Revenue Adjustment ("MCRA").

10. Petitioner's fuel cost adjustment includes a request for recovery of certain MISO charge types, as authorized in the Commission's Order in Phase II of Cause No. 43426 dated June 30, 2009 ("Phase II Order"). The charge types result from participation in the MISO Ancillary Services Market ("ASM"). The Commission also found that all other MISO charge types should continue to be treated for ratemaking purposes as they were on the date of the Phase II Order. Pursuant to the Phase II Order, Vectren South will report the monthly average ASM Cost Distribution Amounts for Regulation, Spinning and Supplemental Reserves in the testimony of Mr. Wayne D. Games. Petitioner's fuel cost adjustment includes recovery of modified charge types and one new charge type that became effective on June 12, 2012 as a result of FERC Order 719 and FERC Order 745. FERC Order 719 reforms aspects of the operation of organized wholesale electric markets in the area of demand response. FERC Order 745 addresses the demand response compensation in the organized wholesale Energy Markets.

11. Applying the benchmarks set forth in paragraph 9 to individual power purchase transactions included in this proceeding, Petitioner is requesting recovery of purchased power costs in excess of the Daily Benchmarks in the amount of \$19,092.82 in September 2019, \$75,237.58 in October 2019 and \$23,353.03 in November 2019.

12. This Petition is made in conformity with the Commission's Orders in Cause No. 42685, Cause No. 43426 Phase I and Cause No. 43426 Phase II.

13. Vectren South utilizes Indiana coal as its primary fuel source for electric generation. Coal is purchased both under long term contracts and from spot market sources to maintain a reliable source of low cost, high quality coal.

14. The books and records of Petitioner supporting such data and calculations are kept in accordance with the Uniform System of Accounts for Electric Utilities prescribed by this Commission and are available for inspection and review by the Indiana Office of Utility Consumer Counselor and this Commission. Petitioner is simultaneously pre-filing with the Commission its direct testimony and additional exhibits in support of this Petition.

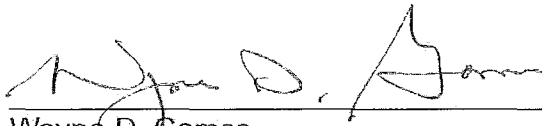
WHEREFORE, Petitioner respectfully prays that the Indiana Utility Regulatory Commission hold a public hearing pursuant to Senate Bill 529 which became effective April 11, 1979 and Commission Cause No. 37712 effective June 18, 1986, and enter an order in this Cause:

- (i) authorizing and approving the reconciliation of the incremental fuel cost billed and the incremental fuel cost actually incurred during September 2019 – November 2019;
- (ii) authorizing and approving the estimated fuel cost adjustment set forth in Petitioner's Exhibit No. 2, Attachment KJT-1 to this Petition to become effective May 1, 2020;
- (iii) issuing such orders within twenty (20) days from the date the Commission received the report of the Indiana Office of Utility Consumer Counselor; and

- (iv) making such other and further orders in the premises as the Commission may deem appropriate and proper.

DATED: this 17th day of February 2020.

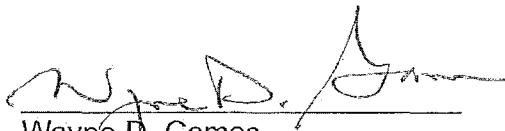
Southern Indiana Gas and Electric Company  
d/b/a Vectren Energy Delivery of Indiana, Inc., a  
CenterPoint Energy Company ("Vectren South")

A handwritten signature in black ink, appearing to read "Wayne D. Games", is written over a horizontal line.

Wayne D. Games  
Vice President, Power Generation Operations

**VERIFICATION**

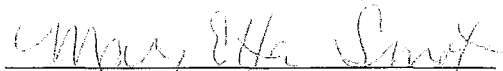
The undersigned, Wayne D. Games affirms, under penalty of perjury, that he is Vice President, Power Generation Operations of Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., a CenterPoint Energy Company, and that in such capacity he has executed the foregoing Verified Petition and that the representations contained therein are true to the best of his respective knowledge, information and belief.

  
Wayne D. Games

STATE OF INDIANA                     )  
  ) SS:  
COUNTY OF VANDERBURGH    )

Before me, the undersigned, a Notary Public in and for said County and State, personally appeared Wayne D. Games and verified the execution of the foregoing instrument and his incumbency this 17<sup>th</sup> day of February 2020.

WITNESS my hand and Notarial Seal this 17<sup>th</sup> day of February 2020.

  
Notary Public

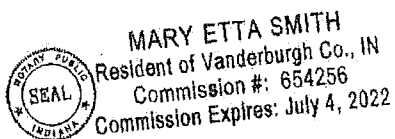
Mary Etta Smith  
Notary Public (Printed)

County of Residence:

Vanderburgh

Commission Expires:

July 4, 2022





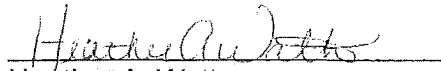
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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the Verified Petition and pre-filed Testimony and Exhibits of Petitioner, Southern Indiana Gas and Electric Company, d/b/a Vectren Energy Delivery of Indiana, Inc., a CenterPoint Energy Company ("Vectren South"), has been served on the Office of the Utility Consumer Counselor, PNC Center, 101 W. Washington Street, Suite 1500 South, Indianapolis, Indiana, this 17th day of February 2020.

  
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Robert E. Heidorn  
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