SOUTHERN INDIANA GAS AND ELECTRIC COMPANY

d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.

(VECTREN SOUTH)

IURC CAUSE NO. 44909

DIRECT TESTIMONY

OF

J. CAS SWIZ

DIRECTOR, RATES AND REGULATORY ANALYSIS

ON

PROPOSED CLEAN ENERGY COST ADJUSTMENT (CECA) REVENUE REQUIREMENT, ACCOUNTING RELIEF, COST RECOVERY AND TARIFF SHEETS

SPONSORING PETITIONER'S EXHIBIT NO. 3,

ATTACHMENTS JCS-1 THROUGH JCS-2

DIRECT TESTIMONY OF J. CAS SWIZ

I. <u>INTRODUCTION</u>

Q. Please state your name and business address.

A. J. Cas Swiz
One Vectren Square
Evansville, Indiana 47708

Q. What position do you hold with Petitioner Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South" or "the Company")?

A. I am Director, Rates and Regulatory Analysis of Vectren Utility Holdings, Inc. ("VUHI"), the immediate parent company of Vectren South. I hold the same position with two other utility subsidiaries of VUHI—Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren North") and Vectren Energy Delivery of Ohio, Inc. ("Vectren Ohio").

Q. Please describe your educational background.

A. I am a 2001 graduate of the University of Evansville with a Bachelor of Science Degree in Accounting, and a 2005 graduate of the University of Southern Indiana with a Masters of Business Administration.

Q. Please describe your professional experience.

A. From 2001 to 2003, I was employed by ExxonMobil Chemical as a Product and Inventory accountant. Since 2003, I have been employed with VUHI in various accounting capacities. In 2008, I was named Manager, Regulatory and Utility Accounting, and in November 2012, I was promoted to Director, Regulatory Implementation and Analysis. I was named to my current position in August 2015.

Q. What are your present duties and responsibilities as Director, Rates and Regulatory Analysis?

A. I am responsible for the regulatory and rate matters of the regulated utilities within VUHI in proceedings before the Indiana and Ohio utility regulatory commissions. I also have responsibility for the financial analysis and implementation of all regulatory initiatives for VUHI's utility subsidiaries, as well as, the preparation of accounting exhibits submitted in various regulatory proceedings.

Q. Are you familiar with the books, records, and accounting procedures of Vectren South?

A. Yes, I am.

Q. Are Vectren South's books and records maintained in accordance with the Uniform System of Accounts ("USOA") and Generally Accepted Accounting Principles ("GAAP")?

A. Yes.

Q. Have you previously testified before this Commission?

A. Yes. I have testified before the Indiana Utility Regulatory Commission ("Commission") on behalf of Vectren South and Vectren North in its TDSIC proceedings, Cause No. 44429 (Vectren South) and Cause No. 44430 (Vectren North). I have testified on behalf of Vectren South and Vectren North in its Gas Cost Adjustment ("GCA") proceedings Cause No. 37366 (Vectren South) and Cause No. 37394 (Vectren North) and on behalf of Vectren South in its Fuel Adjustment Clause ("FAC"), Cause No. 38708. I have also testified before the Public Utilities Commission of Ohio on behalf of Vectren Ohio.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to provide a brief description of Vectren South's proposed solar and storage projects ("the projects") and to explain the proposed accounting and ratemaking treatment related to the construction, ownership, and operation of these projects. I will discuss Vectren South's proposal for timely recovery of the retail jurisdictional costs associated with these investments, including depreciation expense, post-in-service carrying costs ("PISCC"), taxes, and operation and maintenance ("O&M") expenses through the proposed mechanism in accordance with Ind. Code Ch. 8-1-8.8 ("the Statute").

I will also support the adjustment to the authorized net operating income ("NOI") utilized in the FAC earnings tests, in accordance with Ind. Code § 8-1-2-42(d) and § 8-1-2-42.3, to reflect the return earned through the proposed mechanism.

Finally, I will discuss Vectren South's proposal to implement a rate adjustment mechanism ("Clean Energy Cost Adjustment" or "CECA") for recovery of costs incurred pursuant to the Statute. I will describe the proposed allocation of costs and CECA tariff sheet, as well as other proposed changes to Vectren South's Tariff for Electric Service ("Tariff").

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring the following exhibits in this proceeding:

- Petitioner's Exhibit No. 3, **Attachment JCS-1**: (Illustrative) CECA Total Annual Revenue Requirement, reflecting an illustrative filing cut-off date of June 30, 2018, and Rate Derivation, Schedules 1-11; and
- Petitioner's Exhibit No. 3, **Attachment JCS-2**: (Illustrative) CECA Tariff Sheet and other Tariff modifications

Q. Were these exhibits prepared by you or under your supervision?

A. Yes, they were.

II. PROPOSED SOLAR/STORAGE PROJECTS

Q. Please briefly describe the projects Vectren South has proposed in this proceeding?

A. As explained in more detail by Vectren South witnesses Robert C. Sears and Wayne D. Games, Vectren South is requesting Commission approval to construct three solar generation facilities totaling approximately 4.3 megawatts of alternating current ("MW_{ac}") and two battery energy storage system ("BESS") - totaling approximately 4.4 megawatt hours ("MWh") of alternating current within the Company's service territory. Two of the solar projects will be ground-mounted universal solar installations, with one of those to be paired with a BESS. The third project is a rooftop based solar generating facility of approximately 300 kilowatts ("kW_{ac}") in conjunction with approximately 400 kilowatt hours ("kWh") of distributed and shared BESS at the proposed Urban Living Research Center, to be located in Evansville, Indiana. Vectren South will own and operate all solar generation and battery storage equipment associated with the proposed projects, as well as, all energy generated by the proposed projects and the associated renewable benefits. One of the projects will be located on land owned by Vectren South, one will be located on land leased by Vectren South, and one will be located on a customer's roof and will be leased by Vectren South. Each project will constitute a small Vectren South generating unit interconnected to the Vectren South electric distribution system.

III. RATEMAKING AND ACCOUNTING TREATMENT

Q. Please summarize Vectren South's specific ratemaking and accounting proposals and the statutory authority supporting these proposals.

A. The Statute provides for financial incentives including the timely recovery of costs and expenses incurred during the construction and operation of clean energy projects. Ind. Code § 8-1-8.8-2(2) defines clean energy projects as those "to develop alternative energy sources, including renewable energy projects or coal gasification facilities." Ind. Code § 8-1-8.8-10(1) defines renewable energy resources as those listed in Ind. Code § 8-1-37-4(a)(1) through 4(a)(16) – specifically, 4(a)(2) "solar energy", 4(a)(3) "photovoltaic cells and panels", and 4(a)(10) "energy storage systems or technologies." As Vectren South's proposed solar and storage investment meets the statutory definition of a clean energy resource, it is appropriate to define these projects as clean energy projects under the Statute. As explained in Vectren South's petition, in accordance with Ind. Code § 8-1-8.8-11, Vectren South requests the Commission authorize the necessary accounting and ratemaking to permit Vectren South to timely recover through rates the project costs the Company will incur during the construction and operation of the proposed projects. Vectren South is proposing to make an initial CECA filing once all of the project investments have been placed in to service, and to make subsequent CECA rate updates on an annual basis through the Commission's 30 day filing process, as discussed later in my testimony, to recover costs incurred for the proposed projects, including depreciation expense, PISCC, taxes, and O&M expenses. Vectren South proposes to depreciate the BESS investments over a period of 10 years and all other investments over a period of 25 years, consistent with the expected useful life of the solar panel assets. Carrying costs on the proposed project investment will be calculated by applying Vectren South's pre-tax Weighted Average Cost of Capital ("WACC"), utilizing Vectren South's most recent cost of long-term debt and Commission approved cost of equity, to the capital investments for the proposed projects after each project is placed in service, and until each is included for recovery in rates.

CECA revenue requirements will be based on up to date cost and sales forecasts and will be allocated to Vectren South's retail rate schedules using the modified four coincident peak ("4CP") demand allocation percentages recently approved in Vectren South's Reliability Cost and Revenue Adjustment ("RCRA"), MISO Cost and Revenue Adjustment ("MCRA"), and Demand Side Management Adjustment ("DSMA"), and shown below in the table on page 15, which reflect the migration since the Company's last rate case of a large special contract customer to Vectren South's Large Power ("Rate LP") rate schedule. As discussed in the most recent periodic filings for each of the above-mentioned rate adjustment mechanisms, Vectren South has agreed to revisit this issue later in 2017. The allocation of CECA investment costs will be subject to change pursuant to the results of any future discussions on this issue and outcomes in those rate adjustment proceedings.

Approved CECA revenue requirements will be reconciled to actual recoveries in subsequent annual updates, in accordance with the Statute. Credits for the amortization of Investment Tax Credits ("ITCs") associated with the proposed projects will be reflected as offsets to the CECA revenue requirement. The proceeds resulting from the sale of any Renewable Energy Certificates ("RECs") generated by the projects will be included as credits within the Company's RCRA mechanism, filed annually in Cause No. 43406. Vectren South also requests authority to create a regulatory asset of depreciation expense, PISCC, including both debt and equity, taxes, and O&M expenses associated with the proposed projects and defer these amounts until they are recovered in the CECA.

Q. Is Vectren South requesting construction work in progress ("CWIP") ratemaking treatment for the proposed projects in this proceeding?

A. Vectren South is not requesting CWIP ratemaking treatment through the proposed CECA. Vectren South will accrue an allowance for funds used during construction ("AFUDC") to reflect the cost of borrowed or invested funds, both debt and equity, used to finance the construction of the proposed projects. In accordance with GAAP requirements, AFUDC amounts will be recorded and capitalized as part of the total cost of the project. Vectren South will continue to accrue AFUDC on the proposed projects until such time as they are placed in service. Once the proposed projects are placed into service, AFUDC will cease and Vectren South will begin accruing PISCC deferrals, calculated at its WACC, until such time as the project investment expenditures are included for recovery in Vectren South's CECA.

Q. What types of costs will be included as utility plant upon which the Company will earn a return?

A. The proposed ratemaking treatment will apply to the construction costs of the proposed projects, including engineering and project management, permitting, contractor costs, site preparation, equipment and installation, and other costs approved by the Commission.

Q. What capitalized overheads will be included in the construction costs?

A. An allocation for general oversight, management and administrative costs will be included, consistent with Company policy. Costs associated with accounting, legal services, human resource management, insurance and other similar costs are included as overhead costs that are allocated to construction projects. As described by witness Games, these projects will be primarily managed by an outside contracting firm with appropriate overheads directly charged to each project as appropriate, which limits the amount of overheads expected on these projects. The work papers in each CECA filing will segregate the applicable project costs included for recovery into categories of direct costs and indirect capital overheads.

Q. What AFUDC rate will be applied to project construction costs?

A. Vectren South will use the same AFUDC rate it uses for all other construction projects. This AFUDC rate is calculated each calendar month and represents the weighted cost of investor supplied capital adjusted to include short-term debt, as provided by Federal

Energy Regulatory Commission ("FERC") accounting procedures. The periodic AFUDC rate is based on actual cost rates for long-term debt during a particular period and the actual cost rate of short-term debt for the same period. The cost rates for common equity are the cost of common equity determined in Vectren South's last electric base rate case, Cause No. 43839 (10.40%).

Q. Do Vectren South's AFUDC accrual procedures comply with the FERC USOA?

A. Yes.

Q. How will the pre-tax return on net capital investment be calculated?

A. The pre-tax return on the net capital investment will be calculated by multiplying the pre-tax rate of return, based on the WACC, by total net capital investment related to the projects as of the cut-off date.

Q. How will the WACC be calculated and applied to the projects?

A. Vectren South will use the most-recent year end capital structure to calculate the WACC to be utilized in its initial CECA filing in the calculation of its revenue requirement on the proposed projects. The capital structure will be comprised of the typical items included in the Company's base rate case capital structure: (1) long-term debt, (2) common equity, (3) customer deposits, (4) cost free capital, including deferred income taxes, and (5) investment tax credits. The balances and cost of debt will be based on the actual amounts at the cut-off period determined at the time of filing, and the cost of equity will be set at 10.4% as approved in Vectren South's most recent base rate proceeding, Cause No. 43839. The weighted equity component rate will be grossed up for the recovery of income taxes, both state and federal, at then current rates. Vectren South proposes to use the WACC from its initial CECA filing when calculating the pre-tax return on net capital investment in its annual CECA update filings.

Q. Ind. Code § 8-1-8.8-11(a)(2) authorizes "up to three (3) percentage points on the return on shareholder equity that would otherwise be allowed to be earned on [clean energy] projects." Is Vectren South requesting a modification to the cost of equity assumed in the WACC?

A. No. Vectren South is requesting to utilize the return on equity authorized in its last base rate case. The Company is not requesting an incentive return provided for in the Statute.

Q. Please elaborate on the PISCC ratemaking treatment being requested in this proceeding?

A. Vectren South proposes to accrue PISCC on all eligible new capital investment from the date the investment is placed in service until the date the investment is included in CECA rates and charges for recovery. The PISCC balance will be included as new capital investment, and will be multiplied by the Company's pre-tax rate of return.

Q. What rates will be used to calculate PISCC on projects placed in service but not yet recovered in the CECA?

A. The PISCC rate used will be the overall WACC supported earlier in my testimony.

Q. Please describe the accounting associated with the PISCC accruals.

A. At the point a project is placed in service and prior to its inclusion for recovery in the CECA, PISCC will be accrued by multiplying the applicable rates by the new capital investment. This accrual will be recorded as a regulatory asset under FERC Account 182.3, with corresponding entries to income under FERC Account 419.1, Allowance for Funds Used During Construction ("AFUDC Debt") for the debt specific component of the PISCC, and FERC Account 432, Allowance for Borrowed Funds Used During Construction ("AFUDC Equity") for the equity specific component of the PISCC.

Q. How will the amortization of the PISCC deferred balance be calculated?

A. Vectren South proposes to amortize the deferred balance through the CECA over the life of the assets that generated the deferred PISCC, using the depreciable period Vectren South has proposed in this proceeding.

Q. Please explain the proposal to defer and subsequently recover incremental O&M expense in the CECA.

A. Vectren South proposes to defer O&M expenses related to the proposed projects, including lease payments for the land to be used for one of the ground mounted solar projects, and subsequently recover these balances within the CECA. Prior to the establishment of the initial CECA rates and chages, O&M expenses will be charged to FERC Account 182.3 and recovered within the CECA. Vectren South witnesses Sears and Games discuss in greater detail the incremental O&M expenses projected for the projects.

Q. Over what period is Vectren South proposing to depreciate project investments?

A. The BESS investments will be depreciated over a 10 year life, resulting in a 10% annual depreciation rate. All other investments made within the projects will be depreciated over a period of 25 years, a period anticipated to match the service life of the proposed solar panel assets, resulting in a 4% annual depreciation rate applied to all non-land and non-BESS assets installed as part of the projects.

Q. Please explain Vectren South's proposal to defer and subsequently recover incremental depreciation expense on an interim basis prior to inclusion in the CECA.

A. Vectren South proposes to defer depreciation expense associated with the project capital investments from the date a project is placed in service until depreciation expense is included for recovery in the CECA. Commencing on the date projects are placed in service, the depreciation expense would be charged to FERC Account 403, Depreciation Expense, with a corresponding credit to FERC Account 108, Accumulated Provision for Depreciation of Electric Utility Plant. Concurrently, the deferral of depreciation would be recorded as a charge to FERC Account 182.3, Other Regulatory Assets, and a credit to FERC Account 407.4, Regulatory Credits, until such point as the assets comprising Vectren South's project capital investments are included for recovery in the CECA. This proposed accounting for the deferral of depreciation is in accordance with GAAP and, specifically, Statement of Financial Accounting ("SFAS") No. 71. SFAS 71 specifies that, subject to the approval of a regulatory agency and the probability of collection from customers at a future date, the Company may establish a regulatory asset for future recovery in lieu of recording expense.

Q. How does Vectren South propose recovering the regulatory assets in FERC Account 182.3 recorded through the interim deferral of such depreciation expenses?

A. Vectren South will amortize the deferred balances over time, and include the amortization in the CECA revenue requirements. Specific to incremental depreciation expense, Vectren South proposes to amortize the deferred depreciation balances through the CECA over the life of the assets (10 or 25 years).

Q. Please explain the projected expense recovery ratemaking treatment being requested within the CECA?

A. Depreciation expense included for recovery in the CECA will reflect an annualized level of expense related to the gross new capital investment as of the cut-off date of the CECA filing. As investments are placed in service, they will be classified in the appropriate FERC Plant Account to differentiate depreciable investments from non-depreciable investments (land), and depreciated over the life of the assets (10 or 25 years).

In addition, an annualized level of ongoing O&M expense will be included in the CECA revenue requirement for recovery. In each annual update, any variances to this annualized level of O&M expense will be reconciled within the CECA revenue requirement.

Q. How will property tax expense included for recovery be calculated?

A. Property tax expense included for recovery in the CECA will reflect an annualized level of expense related to gross new capital investment in service as of the cut-off date of the CECA filing. The annualized property tax expense will be calculated by multiplying gross new capital investment in service by the then current or most recent tax rate for the period.

Q. Please explain Vectren South's proposed amortization of ITCs.

A. Revenue requirements proposed for recovery through the CECA will reflect credits for the amortization over 25 years of ITCs associated with the solar-specific CECA investments. Under federal tax normalization rules, ITCs must be deferred and amortized through income tax expense over the life of the investment.

Q. How does Vectren South propose to treat RECs generated by the projects?

A. RECs associated with the output of the proposed projects will be monetized through market sales with all proceeds from such sales reflected as a credit to be passed back to customers via the annual RCRA filing. By including the REC proceeds in the RCRA, the Company will limit the changes expected in the annual CECA updates. In the future, if Vectren South becomes subject to a Renewable Portfolio Standard or other regulatory requirement, the RECs may be retained and used by Vectren South in order to satisfy such requirements.

Q. How does Vectren South propose to treat the return associated with its CECA ratemaking treatment in its FAC proceedings?

A. Vectren South proposes to reflect the authorized return on its proposed investments in determining the total authorized NOI level to be utilized in the FAC earnings test as prescribed in Ind. Code § 8-1-2-42 (d)(3).

Q. How long will Vectren's proposed ratemaking treatment remain in effect?

A. The proposed ratemaking treatment will continue until the project investment costs are included in rate base in Vectren South's next base rate proceeding.

IV. <u>REVENUE REQUIREMENT</u>

Q. Please generally explain how the CECA revenue requirement will be calculated.

A. In each annual CECA update, Vectren South will calculate a revenue requirement that includes the return on capital investment, incremental property tax, depreciation, and O&M expenses, as well as, recovery of the regulatory assets recorded through the deferral of O&M expense, the interim deferral of depreciation expense, and PISCC. An illustrative schedule demonstrating the components of the CECA revenue requirement is provided in <u>Petitioner's Exhibit No.</u> 3, Attachment JCS-1, Schedule 1. The total recoverable CECA revenue requirements will be allocated to Vectren South's retail rate schedules using the 4CP demand allocation percentages from Vectren South's last base rate case, Cause No. 43839, as modified in Vectren South's most recent RCRA, MCRA, and DSMA filings, as shown in the table below. Once the CECA revenue requirements have been allocated among the Rate Schedules, Vectren South will utilize the projected annualized sales volumes for its retail Rate Schedules to derive a CECA rate per kWh applicable to each Rate Schedule.

Q. Please describe Schedule 1 (Revenue Requirement) of Attachment JCS-1.

A. This schedule illustrates the calculation of the proposed revenue requirement Vectren South will seek to recover in its periodic CECA updates. The revenue requirement calculation is divided on this schedule between the "Return on New Capital Investment", which calculates the pre-tax return on total net new investment (Lines 1 through 7), and the Incremental Expenses and Credits, which calculates the recoverable expenses, both projected and amortized from previously deferred balances (Lines 8 through 13), and the amortization of ITCs (Line 15).

Q. Please describe Schedule 2 (New Capital Investment) of Attachment JCS-1.

A. This schedule supports the Gross New Capital Investment by project and the Accumulated Depreciation related to new capital investments for each project as of the filing date. These cumulative amounts will be reflected on Lines 1-3 of Attachment JCS-1, Schedule 1, and utilized in the return on new capital investment calculation. Vectren South will provide charge level detail to support these amounts by project within its workpaper schedules in subsequent CECA updates.

Q. Please describe Schedule 3 (Post In-Service Carrying Costs (PISCC)) of Attachment JCS-1.

A. This schedule summarizes the calculation of the PISCC balance on investments placed in service but not yet captured for recovery within the CECA. This schedule will be used to support line 4 of Schedule 1, and the amount will be utilized in the return on new capital investment calculation. In addition, this schedule will be used to determine the recoverable amortization expense on the cumulative deferred PISCC balance, included on line 12 of Schedule 1.

Q. Please describe Schedule 4 (Pre-Tax Rate of Return/After-Tax PISCC).

A. Schedule 4 contains two pages. Page 1 of this schedule calculates the illustrative pre-tax return used in the return on calculation on line 6 of Schedule 1. The pre-tax return is calculated by taking the WACC specific to the CECA revenue requirement and grossing up the equity component to capture recovery of state and federal taxes at current rates. The WACC shown in Schedule 4 is illustrative of rates as of December 31, 2016 and will be adjusted in Vectren South's initial CECA filing to reflect the most current rates. Vectren South will utilize the WACC as of its initial filing in subsequent CECA updates. Lines 6 through 12 of Schedule 4, Page 1 show the detailed calculation of the pre-tax equity rate.

Page two of this schedule calculates the after-tax rate of return to be applied to PISCC deferrals, as shown on Schedule 3 of Attachment JCS-1.

Q. Please describe Schedule 5 (Annualized Depreciation Expense on New Capital Investment) of Attachment JCS-1.

A. This schedule supports the annualized depreciation expense utilized on line 8 of Attachment JCS-1, Schedule 1. This amount is calculated by multiplying the gross new capital investment balance as of the cut-off date from Attachment JCS-1, Schedule 2, by Vectren South's proposed depreciation rate for depreciable assets installed for the projects.

Q. Please describe Schedule 6 (Amortization of Deferred Depreciation) of Attachment JCS-1.

A. This schedule calculates the annualized level of deferred depreciation amortization expense included for recovery on line 11 of Schedule 1. It is calculated by multiplying the cumulative deferred depreciation balance as of the cut-off date by the annual depreciation rate being requested in this proceeding. As previously discussed, depreciation will be deferred on any project placed in service not yet included for recovery in the CECA.

Q. Please describe Schedule 7 (Annualized incremental O&M and Amortization of deferred incremental O&M Expense) of Attachment JCS-1.

A. This schedule calculates the annualized level of O&M and amortization of deferred O&M expense, including lease payments for land, included for recovery in the CECA revenue requirement. As discussed previously, the deferred O&M expense balance represents the cumulative expenses incurred but not yet recovered in the CECA. The deferred balance, less amounts directly amortized for recovery in prior CECA updates, will be amortized and recovered over twelve (12) months. The annualized level of O&M represents the expected level of expense that will be built into the annual revenue requirement for the subsequent twelve (12) month period. This schedule supports lines 9 and 10 of the revenue requirement calculation on Attachment JCS-1, Schedule 1.

Q. Please describe Schedule 8 (Investment Tax Credit Calculation) of Attachment JCS-1.

A. This schedule provides the total amount of ITCs generated by project. In accordance with federal tax normalization rules, ITCs must be deferred and amortized through income tax expense over the life of the investment. This schedule supports line 15 of Attachment JCS-1, Schedule 1.

Q. Please describe Schedule 9 (NOI Adjustment for FAC Earnings Test) of Attachment JCS-1.

A. Vectren South will adjust its statutory NOI earnings test by increasing the authorized NOI utilized in the test to reflect incremental earnings from approved CECA updates. This schedule calculates the after-tax return on investment that will be added to the authorized NOI by multiplying the net new capital investment from line 5 of Attachment JCS-1, Schedule 1 by the after-tax WACC on line 5 of Schedule 4, Page 1.

Q. Please describe Schedule 10 (Variance Calculation) of Attachment JCS-1.

A. This schedule illustrates how future over- and under-recovery variances will be treated in each annual CECA update. Variances will be calculated by taking the difference between actual recoveries, exclusive of Indiana Utility Receipts Tax ("IURT"), and approved recoveries from the prior CECA update. The variance is determined by month and by rate schedule, to ensure that customers are paying for only the costs allocated to and approved for recovery from that Rate Schedule.

Q. Please describe Schedule 11 (Rate Derivation) of Attachment JCS-1.

A. This schedule provides an example CECA rate derivation. CECA revenue requirements from Attachment JCS-1, Schedule 1 will be allocated to Vectren South's various retail Rate Schedules using the 4CP allocation percentages approved in Vectren South's most recent base rate case, modified to reflect the migration of a large customer to Vectren South's LP rate schedule, as described above and within the most recent periodic filings of Vectren South's RCRA, MCRA, and DSMA rate adjustment mechanisms, shown in the table below, and in Column A of this schedule.

		Cause No. 43839			Modified 4CP	
Class	Rate Schedule	Demand (kW)	Original 4CP Allocation	Shift in Demand (kW)	Modified Demand (kW)	Modified 4CP Allocation
Residential	RS	464,042	40.4145%		464,042	40.4145%
Residential	B	1,406	0.1225%		1,406	0.1225%
General Service	SGS	19,622	1.7089%		19,622	1.7089%
General Service	DGS/MLA	300,282	26.1523%		300,282	26.1523%
General Service	OSS	23,196	2.0202%		23,196	2.0202%
Large	LP	218,745	19.0511%	111,284	330,029	28.7431%
Large	HLF	120,912	10.5305%	(111,284)	9,628	0.8385%
		1,148,205	100.0000%	-	1,148,205	100.0000%

Prior period variances will be added to the incremental CECA revenue requirements (column C), and divided by an estimated level of annual sales (column E) for each rate schedule to derive a CECA rate for each Rate Schedule (column F). These rates will be grossed up for recovery of IURT (column G) to derive the final CECA rate for each rate schedule.

V. <u>TARIFF PROPOSAL AND MODIFICATIONS</u>

Q. Please describe <u>Petitioner's Exhibit No. 3</u>, Attachment JCS-2.

A. Attachment JCS-2 is the proposed CECA tariff sheet, Sheet No. 67, Appendix C, CECA.

Q. Are any additional changes required to the Rate Schedules in Vectren South's Tariff?

A. Yes. Vectren South's rate schedules must be updated to reflect that the CECA will be applied monthly. Clean and redlined versions of the Tariff Sheet Index and Rate Schedules reflecting this change, along with revisions to Appendix J (RCRA), are shown in Attachment JCS-2.

VI. <u>PROPOSED PROCEDURAL SCHEDULE</u>

Q. What is Vectren South's proposed filing timeline associated with the CECA?

A. At the completion of all of the proposed the projects, Vectren South will file to establish its initial CECA rates and charges within this Cause. These rates and charges will be based on the annual revenue requirement calculation on all investments placed in-service, along with an annualized level of expense as previously discussed.

Each year thereafter, the Company will submit an update to these rates and charges via the Commission's thirty-day Administrative Filing procedure which will capture only (1) changes in the net plant balance associated with accumulated depreciation expense on the investments, and (2) any over- or under-recovery variances associated with the CECA over the previous 12 month period. The OUCC and the Commission will be provided, via the administrative filing, with all data and calculations of the CECA at least 30-days prior to the effective date of the updated rates. This process will continue until the investments are included for recovery in the Company's base rates.

Q. Why is Vectren South proposing an annual update process to the CECA as opposed to a formally docketed proceeding?

A. The Company is proposing an annual update process to avoid the administrative burden of a docketed proceeding for the Commission and other parties. Once the projects are completed and placed in-service, outside of any collection variances, the only annual updates required will be to capture the declining net plant balance associated with any additional depreciation on the investments each year. The annual update process will capture this decline in the applicable rates and charges. In the event a significant change is made to the components of the calculation via a separate docketed proceeding – i.e., a change in the depreciable life or rate on the investments – this will be captured within the CECA annual updates.

VII. CONCLUSION

Q. Does this conclude your direct testimony?

A. Yes, at the present time.

VERIFICATION

I, J. Cas Swiz, Director of Rates and Regulatory Analysis for Vectren Utility Holdings, Inc., under penalty of perjury, affirm that the foregoing representations are true and correct to the best of my knowledge, information and belief.

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

By: J. Cas Swiz

J. Cas Swiz
Director, Rates & Regulatory Analysis

Dated: February 22, 2017

ILLUSTRATIVE

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment (CECA)
Annual Revenue Requirement Through June 30, 2018

Line	Description		Total Amount	Reference
	Return on New Capital Investment:			
1	Total Gross Plant Investment	$	16,154,220	Schedule 2, Line 18
2	Accumulated Depreciation	$	-	Schedule 2, Line 36
3	Total Net Plant	$	16,154,220	[Line 1 + Line 2]
4	PISCC Deferred Balance	$	-	Schedule 3, Line 18
5	Total Capital Investment	$	16,154,220	[Line 3 + Line 4]
6	Pre-Tax Rate of Return		9.19%	Schedule 4, Page 1, Line 17
7	Annualized Return on New Capital Investment	$	1,484,728	[Line 5 x Line 6]
	Incremental Expenses:			
8	Depreciation Expense - Annualized	$	806,993	Schedule 5, Line 36
9	Annual O&M Expense	$	86,000	Schedule 7, Line 4
10	Amortization Expense - Deferred Incremental O&M Expense	$	-	Schedule 7, Line 3
11	Amorization Expense - Deferred Depreciation	$	-	Schedule 6, Line 10
12	Amortization Expense - Deferred PISCC	$	-	Schedule 3, Line 19
13	Property Tax Expense - Annualized **(A)**	$	101,052	
14	Total Incremental Expenses	$	994,045	[Sum Lines 8 - 13]
15	Amortization of ITCs	$	-	Schedule 8, Line 9
16	**Annual Revenue Requirement**	**$**	**2,478,773**	

(A) The annualized level of property taxes is calculated using an estimated Vectren South rate of 1.98% multiplied by the tax basis of the: (1) gross new capital investment excluding land investments per JCS-1, Schedule 2, estimated to be 30% plus 2.05% multiplied by land investments

ILLUSTRATIVE

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment (CECA)
New Capital Investment as of June 30, 2018

Line	Description	Balance at 12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	Balance at 6/30/2018
	Gross New Capital Investment							
1	Project 1							
2	EPC PV Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,483,929
3	BESS Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,418,735
4	Land Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ 350,000
5	Owner's Cost, EPC Contingencies, and Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,932,760
6	Interconnect Investments and Contingencies with Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ 620,100
7	Total Project 1	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,805,524
8	Project 2							
9	EPC PV Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,935,799
10	Owner's Cost, EPC Contingencies, and Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,822,922
11	Interconnect Investments and Contingencies with Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ 620,100
12	Total Project 2	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,378,821
13	Project 3							
14	EPC PV Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,050,000
15	BESS Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ 495,000
16	Owner's Cost, EPC Contingencies, and Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ 424,875
17	Total Project 3	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,969,875
18	**Total Gross Plant Balance**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 16,154,220**
	Accumulated Depreciated Balance							
19	Project 1							
20	EPC PV Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21	BESS Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22	Land Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
23	Owner's Cost, EPC Contingencies, and Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ -
24	Interconnect Investments and Contingencies with Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25	Total Project 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -
26	Project 2							
27	EPC PV Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
28	Owner's Cost, EPC Contingencies, and Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ -
29	Interconnect Investments and Contingencies with Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30	Total Project 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -
31	Project 3							
32	EPC PV Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
33	BESS Investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34	Owner's Cost, EPC Contingencies, and Overheads	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35	Total Project 3	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Total Accumulated Depreciation Balance**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment (CECA)
Post in Service Carrying Costs (PISCC)

Line	Description	Reference	Balance at 12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	Balance at 6/30/2018
1	PISCC Rate - Monthly	Schedule 4, Page 2, Line 5 / 12		0.52%	0.52%	0.52%	0.52%	0.52%	0.52%
2	PISCC Rate - Debt - Monthly	Schedule 4, Page 2, Line 1,3,4 / 12		0.14%	0.14%	0.14%	0.14%	0.14%	0.14%
3	PISCC Rate - Equity - Monthly	Schedule 4, Page 2, Line 2 / 12		0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
4	New Capital Investment - Amorization Rate Monthly (A)	Schedule 5, Line 18/ 12		0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
	PISCC Cumulative Deferred Balance - Debt		Balance at 12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	Balance at 6/30/2018
5	Project 1	(B)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	Project 2	(B)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	Project 3	(B)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	PISCC Deferred Balance - Debt	[Lines 5 + 6 + 7]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	PISCC Cumulative Deferred Balance - Equity								
9	Project 1	(B)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Project 2	(B)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Project 3	(B)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	PISCC Deferred Balance - Equity	[Lines 9 + 10 + 11]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	PISCC Cumulative Deferred Balance - Debt + Equity								
13	Project 1	Line 5 + Line 9	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	Project 2	Line 6 + Line 10	$ -	$ -	$ -	$ -	$ -	$ -	$ -
15	Project 3	Line 7 + Line 11	$ -	$ -	$ -	$ -	$ -	$ -	$ -
16	PISCC Deferred Balance - Debt + Equity	[Lines 13 + 14 + 15]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
17	Less: Amorization of PISCC	(C)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
18	Total PISCC Deferred Balance	Line 16 + Line 17	$ -	$ -	$ -	$ -	$ -	$ -	$ -
								To Schedule 1, Line 4	
	Annualized Amortization Expenses								
19	Total Amortization Expense	[Line 4 x Line 16 x 12]							$ -
									To Schedule 1, Line 12

(A) Based on Amortization Life of Plant - Annual depreciation rate is 1 divided by Number of Years, as shown on JCS-2, Schedule 6
(B) Calculated as the PISCC rates (lines 2 & 3) multiplied by the monthly PISCC eligible balances.
PISCC eligible balances are based on the gross plant placed in-service not yet captured for recovery in the TDSIC.
(C) Captures actual recorded amortization expense for PISCC during period.

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment (CECA)
Pre-Tax Rate of Return - As of December 31, 2016

		A	B	C	D = B x C
Line	**After Tax**	**Amount ($000'S)**	**Weighting**	**Cost**	**WACC**
1	Debt	$ 658,226	33.86%	4.77%	1.62%
2	Equity	$ 859,818	44.23%	10.40%	4.60%
3	Cost Free Capital	$ 413,320	21.26%	0.00%	0.00%
4	Other	$ 12,628	0.65%	4.22%	0.03%
5	Total	$ 1,943,992	100.00%		6.25%

Line	**Pre-Tax Equity Component Calculation**			
6	After-Tax Cost of Equity per Line 2	4.60%		
7	One		100.00%	
8	Less: Current State Tax Rate		6.125%	(A)
9	Federal Taxable		93.88%	Line 7 - Line 8
10	One Less Federal Income Tax		65%	1 - 35%
11	Effective Tax Gross-Up Factor		61.02%	Line 9 x Line 10
12	Pre-Tax Equity		7.54%	Line 6 /Line 11

Line	**Forecast - Adjusted ROR (fixed ROE)**	
13	Debt	1.62%
14	Equity	7.54%
15	Cost Free Capital	0.00%
16	Other	0.03%
17	Total Pre-Tax Return	9.19%

Line	**Proof**	Equity	Debt and Other	Total	
18	Total Capital Investment	$ 16,154,220	$ 16,154,220		Schedule 1, Line 5
19	Pre-Tax Return	7.54%	1.65%		Lines 13 - 16
20	Return	$ 1,217,778	$ 266,950		Line 18 x Line 19
21	State Tax	$ 74,589			6.125% x Line 20
22	Federal Taxable Return	$ 1,143,189	$ 266,950		Line 20 - Line 21
23	Federal Tax	$ 400,116			Line 22 x 35%
24	After Tax Return	$ 743,073	$ 266,950	$ 1,010,023	Line 20 - Lines 21 and 23
				6.25%	Line 24/Line 18
				Equals Line 5	

(A) - Represents a blended State Tax Rate: June 1, 2016 - May 31, 2017 @ 6.125%
Based on 6.250% @ June 30, 2016 and 6.000% @ June 30, 2017

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment
After Tax PISCC Rate at December 31, 2016

		A	B	C	D = B x C
Line	After Tax	Amount ($000'S)	Weighting	Cost	WACC
1	Debt	$ 658,226	33.86%	4.77%	1.62%
2	Equity	$ 859,818	44.23%	10.40%	4.60%
3	Cost Free Capital	$ 413,320	21.26%	0.00%	0.00%
4	Other	$ 12,628	0.65%	4.22%	0.03%
5	**Total**	$ 1,943,992	100.00%		6.25%

(A) All data in Lines 1 through 5 represent balances as of Decemeber 31, 2016

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment
Annualized Depreciation Expense on New Capital Investment

Line	Description		Balance at 6/30/2018		Reference
	Depreciable In-Service Balance				
1	Project 1				
2	EPC PV Investments	$	2,483,929		Schedule 2, Line 2
3	BESS Investments	$	2,418,735		Schedule 2, Line 3
4	Land Investments	$	350,000	**(A)**	Schedule 2, Line 4
5	Owner's Cost, EPC Contingencies, and Overheads	$	2,932,760		Schedule 2, Line 5
6	Interconnect Investments and Contingencies with Overheads	$	620,100		Schedule 2, Line 6
7	Total Project 1	$	8,805,524		[Sum Lines 2 - 6]
8	Project 2				
9	EPC PV Investments	$	2,935,799		Schedule 2, Line 9
10	Owner's Cost, EPC Contingencies, and Overheads	$	1,822,922		Schedule 2, Line 10
11	Interconnect Investments and Contingencies with Overheads	$	620,100		Schedule 2, Line 11
12	Total Project 2	$	5,378,821		[Sum Lines 9 - 11]
13	Project 3				
14	EPC PV Investments	$	1,050,000		Schedule 2, Line 14
15	BESS Investments	$	495,000		Schedule 2, Line 15
16	Owner's Cost, EPC Contingencies, and Overheads	$	424,875		Schedule 2, Line 16
	Total Project 3	$	1,969,875		[Sum Lines 14 - 16]
	Depreciation Rates				
17	Solar Capital Investment		4.00%	**(B)**	To Schedule 3, Line 4
18	BESS Investment		10.00%	**(C)**	
	Annualized Depreciation Expense		Annual Expense		
19	Project 1				
20	EPC PV Investments	$	99,357		Line 2 x Line 17
21	BESS Investments	$	241,874		Line 3 x Line 18
22	Land Investments	$	-	**(A)**	
23	Owner's Cost, EPC Contingencies, and Overheads	$	117,310		Line 5 x Line 17
24	Interconnect Investments and Contingencies with Overheads	$	24,804		Line 6 x Line 17
25	Total Project 1	$	483,345		Sum Lines 20 - 24
26	Project 2				
27	EPC PV Investments	$	117,432		Line 9 x Line 17
28	Owner's Cost, EPC Contingencies, and Overheads	$	72,917		Line 10 x Line 17
29	Interconnect Investments and Contingencies with Overheads	$	24,804		Line 11 x Line 17
30	Total Project 2	$	215,153		Sum Lines 27 - 29
31	Project 3				
32	EPC PV Investments	$	42,000		Line 14 x Line 17
33	BESS Investments	$	49,500		Line 15 x Line 18
34	Owner's Cost, EPC Contingencies, and Overheads	$	16,995		Line 16 x Line 17
35	Total Project 3	$	108,495		Sum Lines 32 - 34
36	Total Annualized Depreciation Expense	$	806,993		Lines 25 + 30 + 35
			To Schedule 1, Line 8		

(A) - Balance is non-depreciable and excluded from annualized depreciation expense calculation
(B) - Based on 25 year service life
(C) - Based on 10 year service life

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment (CECA)
Amortization of Deferred Depreciation

Line	Description	Balance at 12/31/2017	1/31/2018	2/28/2018	3/31/2018	4/30/2018	5/31/2018	Balance at 6/30/2018	Reference
	Deferred Depreciation Balance								
1	Project 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
2	Project 2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
3	Project 3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
4	Total Solar investment Deferred Depreciation Balance							$ -	
5	Project 1 BESS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
6	Project 3 BESS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
7	Total BESS Deferred Depreciation Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	[Lines 1 + 2 + 3]
8	Depreciation Rate - Project Capital Investment (Equals 1 divided by 25 years)							4%	
9	Depreciation Rate - BESS Investment (Equals 1 divided by 10 years)							10%	
10	Total Deferred Depreciation Amortization Expense							$ -	[Line 4 x Line 8] + [Line 7 x Line 9]
								To Schedule 1, Line 11	

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment (CECA)
Amortization of Deferred Incremental O&M Expense

Line	Description	Amount	Reference
1	Deferrals Prior to Inclusion in Rates	$ -	As of June 30, 2018
2	Less: Recoveries	$ -	
3	Recoverable Balance - at the end of current period	$ -	[Lines 1 + 2]
		To Schedule 1, Line 10	
4	Annual Operations and Maintenance Expense	$ 86,000	
		To Schedule 1, Line 9	

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment (CECA)
Amortization of Investment Tax Credits (ITCs)

Line	Description		
	Total Cumulative Investment Tax Credits Generated		
1	Project 1	$	-
2	Project 2	$	-
3	Project 3	$	-
4	Total Investment Tax Credits	$	-
5	**Amortization Period**	25 Years	
	Amortization of Investment Tax Credits		
6	Project 1	$	-
7	Project 2	$	-
8	Project 3	$	-
9	Total ITC Amortization	$	-
		To Schedule 1, Line 15	

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment
NOI Adjusted For FAC Earnings Test

Line	Description	Amount	Reference
1	Total Capital Investment - As of the End of Period	$ 16,154,220	Schedule 1, Line 5
2	After Tax Return	6.25%	Schedule 4, Page 1, Line 5
3	NOI Adjustment for FAC Earnings Test	$ 1,010,023	Line 1 x Line 2

ILLUSTRATIVE

Petitioner's Exhibit No. 3
Attachment JCS-1
Vectren South
Schedule 10
Page 1 of 1

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment (CECA)
Variance Calculation

Line	Description	Rate Schedule							Amount	Reference
	Actual Recoveries (Inclusive of IURT)	**RS**	**B**	**SGS**	**DGS/MLA**	**OSS**	**LP**	**HLF**		
1	Dec-17	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(C)
2	Jan-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(C)
3	Feb-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(C)
4	Mar-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(C)
5	Apr-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(C)
6	May-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(C)
7	Jun-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(C)
8	Total Actual Recoveries Inclusive of IURT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	[Sum Lines 1-7]
	Actual Recoveries (Exclusive of IURT)	RS	B	SGS	DGS/MLA	OSS	LP	HLF		
9	Dec-17	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Line 1 x 0.9851
10	Jan-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Line 2 x 0.9851
11	Feb-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Line 3 x 0.9851
12	Mar-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Line 4 x 0.9851
13	Apr-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Line 5 x 0.9851
14	May-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Line 6 x 0.9851
15	Jun-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Line 7 x 0.9851
16	Total Actual Recoveries Exclusive of IURT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	[Sum Lines 9-15]
	Approved Recoveries (Exclusive of IURT)	RS	B	SGS	DGS/MLA	OSS	LP	HLF		
17	Dec-17	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(A)
18	Jan-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(A)
19	Feb-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(A)
20	Mar-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(A)
21	Apr-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(A)
22	May-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(A)
23	Jun-18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	(A)
24	Total Actual Recoveries Exclusive of IURT	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	[Sum Lines 17-23]
25	**Total Variance (B)** Under/(Over) Recovery	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	[Line 24 - Line 16]

Notes:
(A) Approved recoveries based on prior CECA approvals.
(B) To Attachment JCS-1, Schedule 11
(C) Actual Recoveries represent billed CECA revenues from the Company's customer billing system by month and by Rate Schedule.

Southern Indiana Gas and Electric Company
d/b/a Vectren Energy Delivery of Indiana, Inc.
Vectren South
Clean Energy Cost Adjustment
Proposed Rates and Charges

Line	Rate Schedule	Description	[A] Modified 4CP Allocators	[B] = Rev Req x [A] Revenue Requirement	[C] Under/(Over) Recovery Variance	[D] = [B] + [C] Total Costs to Recover	[E] Energy (kWh)	[F] = [D] / [E] Exclusive of IURT Rate per kWh	[G] = [F] / 0.9851 Inclusive of IURT Rate per kWh
1	Rate RS	Residential Service	40.4145%	$ 1,001,784	$ -	$ 1,001,784	1,389,711,190	$ 0.000721	$ 0.000732
2	Rate B	Water Heating Service	0.1225%	$ 3,036	$ -	$ 3,036	7,901,960	$ 0.000384	$ 0.000390
3	Rate SGS	Small General Service	1.7089%	$ 42,360	$ -	$ 42,360	64,158,982	$ 0.000660	$ 0.000670
4	Rate DGS/MLA	Demand General Service/Municipal Levee Authority	26.1523%	$ 648,256	$ -	$ 648,256	1,134,968,626	$ 0.000571	$ 0.000580
5	Rate OSS	Off-Season Service	2.0202%	$ 50,076	$ -	$ 50,076	94,899,806	$ 0.000528	$ 0.000536
6	Rate LP	Large Power Service	28.7431%	$ 712,476	$ -	$ 712,476	2,033,806,178	$ 0.000350	$ 0.000356
7	Rate HLF	High Load Factor Service	0.8385%	$ 20,785	$ -	$ 20,785	82,872,000	$ 0.000251	$ 0.000255
8	Total		100.0000%	$ 2,478,773	$ -	$ 2,478,773			
				Schedule 1, Line 16	**Schedule 10, Line 25**				

TARIFF SHEET INDEX
(Continued)

RATE RS
RESIDENTIAL SERVICE
(Continued)

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Riders are available to qualified Customers:
- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

TERMS AND CONDITIONS OF SERVICE

Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

RATE B
WATER HEATING SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to Customers electing service hereunder for separately metered service used for water heating, subject to the conditions set forth below. This Rate Schedule is closed to new Customers.

CHARACTER OF SERVICE

Service provided hereunder shall be alternating current, sixty hertz, Single Phase, three-wire 120/240 or 120/208 nominal volts, or any other mutually agreed upon voltages.

RATES AND CHARGES

The monthly Rate and Charges for service hereunder shall be:

Customer Facilities Charge:
$ 5.00 per month

Energy Charge:
$0.04939 per kWh for all kWh used per month

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Rider is available to qualified Customers:

- Rider DLC – Direct Load Control Rider

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

RATE SGS
SMALL GENERAL SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer with a Prior Year Maximum Demand or, if new Customer, an estimated Maximum Demand, of 10kW, or less electing service hereunder. Company shall determine Customer's estimated Maximum Demand by review of the connected load or other suitable means.

CHARACTER OF SERVICE

Service provided hereunder shall be alternating current, sixty hertz, Single Phase, three-wire 120/240 or 120/208 nominal volts, or any other mutually agreed upon voltages.

RATES AND CHARGES

The monthly Rates and Charges for service hereunder shall be:

Customer Facilities Charge:
$11.00 per month

Energy Charge:
$0.09130 per kWh for the first 1,000 kWh used per month
$0.06928 per kWh for the next 1,000 kWh used per month
$0.03820 per kWh for all over 2,000 kWh used per month

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Riders are available to qualified Customers:

- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider

RATE SGS
SMALL GENERAL SERVICE
(Continued)

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

RATE DGS
DEMAND GENERAL SERVICE
(Continued)

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge plus the Demand Charge.

Transformer Ownership Discount:
Customers with a Maximum Demand of 100 kW or greater and receiving service at Company's available Primary Voltage may own, operate and maintain all transformer facilities. A discount of forty-five and one-tenth cents ($0.451) for each kW of Billing Demand will apply to such customers.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Riders are available to qualified Customers:
- Rider IP-2 – Interruptible Power Service
- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider
- Rider TS – Temporary Service Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND
The Billing Demand for the current month shall be the Maximum Demand, but not less than 60% of the highest Maximum Demand for the Prior Year.

SEPARATE METERING
When the lighting and power demands are metered separately, the Maximum Demand of the Month shall be the arithmetical sum of the Maximum Demand of each meter. The energy use of the lighting and power meters shall also be added.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

RATE OSS
OFF-SEASON SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer with a Prior Year Maximum Demand of more than 10kW whose service address is an Eligible Premises. An Eligible Premises is one which permanently and exclusively uses electric equipment for space heating, takes all service through one meter, and which received service under Rate OSS on or before May 3, 2011 and who elects service hereunder.

CHARACTER OF SERVICE

Service provided hereunder shall be alternating current, sixty hertz, single or Three Phase, nominal voltages 120/240, 120/208, 240, 277/480, 480 volts, or any other mutually agreed upon voltages.

RATES AND CHARGES

The Monthly Rates and Charges for service hereunder shall be:

Customer Facilities Charge:
$15.00 per month

Demand Charge:
$5.00 per kW per month for all kW of Billing Demand.

Energy Charge:
$0.04626 per kWh for all kWh used per month.

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge plus the Demand Charge.

Adjustments:
The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

RATE LP
LARGE POWER SERVICE
(Continued)

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Riders are available to qualified Customers:
- Rider IP-2 – Interruptible Power Service
- Rider DLC – Direct Load Control Rider
- Rider IC – Interruptible Contract Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND
Unless otherwise specified in the Contract, the Billing Demand for the current month shall be the Maximum Demand, but not less than 60% of the highest Maximum Demand for the Prior Year and in no event less than 300 kVa.

Off-peak demands which will be disregarded in determining the Billing Demand shall be those demands created on Saturdays, Sundays, and holidays designated by Company and between 8:00 P.M. and 7:00 A.M. on any other day, provided that the Billing Demand for the month shall never be less than 50% of the Maximum Demand during such month regardless of when such Maximum Demand occurred.

Company reserves the right, upon thirty days notice to Customer, to change the off-peak demand periods when peak load conditions on Company's system make such modification necessary. Company shall not be required to increase the capacity of any service facilities in order to furnish off-peak demands.

CONTRACT
For service hereunder, a written Contract is required for an initial term of not less than three (3) years or for a longer period where unusual expenditures by Company may be necessary to provide service, and such Contract shall continue for annual successive terms unless cancelled. The Contract may be cancelled by either party by providing written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

RATE HLF
HIGH LOAD FACTOR SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company's reasonable discretion. This service is available only from facilities operating at Transmission Voltage.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer supplied at a single point of delivery with a Contract Demand of not less than 4,500 kVa electing service hereunder.

This Rate Schedule is not applicable to Customer where 1) an alternate source of power is used, 2) for resale to others, or 3) as a supplement to service furnished under any other Rate Schedule.

CHARACTER OF SERVICE

Service provided hereunder shall be alternating current, sixty hertz, Three Phase, nominal voltages 69,000, 138,000 volts or any other mutually agreed upon voltages. Customer shall furnish and maintain all necessary transforming, controlling and protective equipment.

RATES AND CHARGES

The monthly Rates and Charges for service hereunder shall be:

Demand Charge:

$20.728 per kVa per month for all kVa of Billing Demand

Fuel Charge:

$0.03644 per kWh for all kWh used per month

Variable Production Charge:

$0.00445 per kWh for all kWh used per month

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Demand Charge, but not less than $93,276.00 per month.

Adjustments:

The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

RATE MLA
MUNICIPAL LEVEE AUTHORITY SERVICE
(Continued)

Transformer Ownership Discount:
This discount is available to any Customer electing service under this Rate Schedule, when Customer owns, operates and maintains all transformer facilities and receives service at Company's available Primary Voltage. Customer's current monthly bill will be decreased by forty-five and one-tenth cents ($0.451) for each kW of Billing Demand.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Riders are available to qualified Customers:
- Rider NM – Net Metering Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider TS – Temporary Service Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND
Billing Demand shall be the higher of Maximum Demand and Monthly Contract Demand. The Monthly Contract Demand shall be the demand amount agreed upon between Customer and Company in a Contract.

SEPARATE METERING
When the lighting and power demands are metered separately, the Maximum Demand of the Month shall be the arithmetical sum of the Maximum Demand of each meter. The energy use of the lighting and power meters shall also be added.

CONTRACT
For service hereunder, a written contract is required for an initial term of not less than two (2) years and such contract shall continue for annual successive terms unless cancelled. The contract may be cancelled by either party by giving written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

APPENDIX C
CLEAN ENERGY COST ADJUSTMENT

APPLICABILITY

The Clean Energy Cost Adjustment (CECA) shall be applicable to all Rate Schedules as reflected in the CECA Rates section below.

DESCRIPTION

The CECA shall recover Clean Energy Investments, as approved by the Commission, as follows:

(1) Company's costs and expenses incurred during the construction and operation of clean energy projects pursuant to Ind. Code Ch. 8-1-8.8.

The CECA shall be calculated annually for each Rate Schedule as follows:

$$CECA = \frac{[(RR + V)x\ Rate\,Schedule\ Allocation\ Percentage]}{Rate\ Schedule\ Sales\ Quantities}$$

Where:

RR is the Revenue Requirement on eligible Clean Energy Investments as follows:

(a) The Annualized Return on the Net Plant Balance of eligible Clean Energy Investments, inclusive of deferred Post In-Service Carrying Costs (PISCC); plus
(b) Incremental Depreciation Expense on in-service qualified CECA Investments; plus
(c) Incremental Operation & Maintenance expenses associated with Clean Energy Investments; plus
(d) Amortization of Deferred Operation & Maintenance expenses associated with Clean Energy Investments; plus
(e) Amortization of Deferred Depreciation Expense on in-service qualified CECA Investments; plus
(f) Amortization of Deferred PISCC on qualified CECA Investments; plus
(g) Associated Taxes including Property Taxes; less
(h) Investment Tax Credit (ITC) Amortization Credits.

V is the variance from the applicable prior period reconciliation, with any differences being reflected as a charge or credit in a subsequent CECA.

Rate Schedule Allocation Percentage is the proportion of the CECA applicable to each Rate Schedule. The percentage for each Rate Schedule is shown in the CECA Rates section below.

Rate Schedule Quantities are the estimated billing determinant quantities for each Rate Schedule for the projection period.

APPENDIX C
CLEAN ENERGY COST ADJUSTMENT
(Continued)

The calculated CECA rates shall be further modified to include the impact of the Indiana Utility Receipts Tax and other similar revenue-based tax charges.

CECA RATES

Rate Schedule	Modified 4CP Allocation Percentage	Charge Adjusted	CECA Rate ($ per KWh)
RS	40.4145%	Energy	$0.xxxxxx
B	0.1225%	Energy	$0.xxxxxx
SGS	1.7089%	Energy	$0.xxxxxx
DGS/MLA	26.1523%	Energy	$0.xxxxxx
OSS	2.0202%	Energy	$0.xxxxxx
LP	28.7431%	Energy	$0.xxxxxx
HLF	0.8385%	Energy	$0.xxxxxx

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APPENDIX J
RELIABILITY COST AND REVENUE ADJUSTMENT

APPLICABILITY

The Reliability Cost and Revenue Adjustment (RCRA) shall be applicable to all Rate Schedules as reflected in the RCRA Rates section below.

DESCRIPTION

The RCRA shall be calculated annually for each Rate Schedule as follows:

$$\frac{\text{(Reliability Costs – Reliability Revenues) * Rate Schedule Reliability Allocation Percentage}}{\text{Rate Schedule Quantities}}$$

Reliability Costs is the sum of the following:

a. The non-fuel cost of Purchased Power during the period minus the base rate level of Purchased Power non-fuel costs (annual amount of $7,804,072), plus
b. The cost of Interruptible Sales billing credits for the period minus the base rate level of Interruptible Sales billing credits (annual amount of $1,686,350).
c. The cost of Environmental Emission Allowances (EEAs) used by retail customers during the period minus the base rate level of EEA expense (annual amount of $135,627).

Reliability Revenues is the sum of the following:

a. The retail sharing portion of the margin from Wholesale Power Marketing sales (base level of $7,500,000) for the period, plus
b. The margin from Municipal Wholesale sales for the period, plus
c. The retail portion of the margin from EEA sales (net of costs) for the period, plus
d. Proceeds from the sale of Renewable Energy Credits associated with qualified Clean Energy Investments.

Rate Schedule Allocation Percentage is the proportion of the RCRA amount applicable to each Rate Schedule. The percentage for each Rate Schedule is shown in the RCRA Rate section below.

Rate Schedule Quantities are the estimated quantities of Energy Sales for each Rate Schedule for the upcoming period.

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TARIFF SHEET INDEX
(Continued)

TARIFF SHEET NO.		DESCRIPTION
	RIDER	**RIDERS**
50		RESERVED FOR FUTURE USE
51	IP-2	INTERRUPTIBLE POWER SERVICE
52	NM	NET METERING RIDER
53		RESERVED FOR FUTURE USE
54	DLC	DIRECT LOAD CONTROL RIDER
55	IC	INTERRUPTIBLE CONTRACT RIDER
56	IO	INTERRUPTIBLE OPTION RIDER
57	AFS	ALTERNATE FEED SERVICE RIDER
58	ED	ECONOMIC DEVELOPMENT RIDER
59	AD	AREA DEVELOPMENT RIDER
60	TS	TEMPORARY SERVICE RIDER
61	SAS	STANDBY OR AUXILIARY SERVICE RIDER
62	DR	MISO DEMAND RESPONSE RIDER
63-64		RESERVED FOR FUTURE USE
	APPENDIX	**ADJUSTMENTS**
65	A	FUEL ADJUSTMENT CLAUSE (FAC)
66	B	DEMAND SIDE MANAGEMENT ADJUSTMENT (DSMA)
67	C	CLEAN ENERGY COST ADJUSTMENT (CECA)
68	D	OTHER CHARGES
69-72		RESERVED FOR FUTURE USE
73	I	MISO COST AND REVENUE ADJUSTMENT (MCRA)
74	J	RELIABILITY COST AND REVENUE ADJUSTMENT (RCRA)
75-78		RESERVED FOR FUTURE USE
	RATE	**PURCHASE RATES**
79	CSP	COGENERATION AND SMALL POWER PRODUCTION

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RATE RS
RESIDENTIAL SERVICE
(Continued)

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Riders are available to qualified Customers:

- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

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RATE B
WATER HEATING SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to Customers electing service hereunder for separately metered service used for water heating, subject to the conditions set forth below. This Rate Schedule is closed to new Customers.

CHARACTER OF SERVICE

Service provided hereunder shall be alternating current, sixty hertz, Single Phase, three-wire 120/240 or 120/208 nominal volts, or any other mutually agreed upon voltages.

RATES AND CHARGES

The monthly Rate and Charges for service hereunder shall be:

Customer Facilities Charge:
$ 5.00 per month

Energy Charge:
$0.04939 per kWh for all kWh used per month

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:
The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Rider is available to qualified Customers:

- Rider DLC – Direct Load Control Rider

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

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RATE SGS
SMALL GENERAL SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer with a Prior Year Maximum Demand or, if new Customer, an estimated Maximum Demand, of 10kW, or less electing service hereunder. Company shall determine Customer's estimated Maximum Demand by review of the connected load or other suitable means.

CHARACTER OF SERVICE

Service provided hereunder shall be alternating current, sixty hertz, Single Phase, three-wire 120/240 or 120/208 nominal volts, or any other mutually agreed upon voltages.

RATES AND CHARGES

The monthly Rates and Charges for service hereunder shall be:

Customer Facilities Charge:

$11.00 per month

Energy Charge:

$0.09130 per kWh for the first 1,000 kWh used per month
$0.06928 per kWh for the next 1,000 kWh used per month
$0.03820 per kWh for all over 2,000 kWh used per month

Fuel Charge:

$0.03889 per kWh for all kWh used per month

Variable Production Charge:

$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Customer Facilities Charge.

Adjustments:

The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:

The following Riders are available to qualified Customers:

- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider

Deleted: Other Charges:¶
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.¶

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RATE SGS
SMALL GENERAL SERVICE
(Continued)

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

Deleted: May 3, 2011

Southern Indiana Gas and Electric Company D/B/A
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RATE DGS
DEMAND GENERAL SERVICE
(Continued)

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge plus the Demand Charge.

Transformer Ownership Discount:
Customers with a Maximum Demand of 100 kW or greater and receiving service at Company's available Primary Voltage may own, operate and maintain all transformer facilities. A discount of forty-five and one-tenth cents ($0.451) for each kW of Billing Demand will apply to such customers.

Adjustments:
The following Adjustments shall be applied monthly:
- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Riders are available to qualified Customers:
- Rider IP-2 – Interruptible Power Service
- Rider NM – Net Metering Rider
- Rider DLC – Direct Load Control Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider
- Rider TS – Temporary Service Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND
The Billing Demand for the current month shall be the Maximum Demand, but not less than 60% of the highest Maximum Demand for the Prior Year.

SEPARATE METERING
When the lighting and power demands are metered separately, the Maximum Demand of the Month shall be the arithmetical sum of the Maximum Demand of each meter. The energy use of the lighting and power meters shall also be added.

TERMS AND CONDITIONS OF SERVICE
Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

Effective:

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Southern Indiana Gas and Electric Company D/B/A
Vectren Energy Delivery of Indiana, Inc. (Vectren South)
Tariff for Electric Service
I.U.R.C. No. E-13

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Fourth Revised Page 1 of 2
Cancels Third Revised Page 1 of 2

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RATE OSS
OFF-SEASON SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company's reasonable discretion.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer with a Prior Year Maximum Demand of more than 10kW whose service address is an Eligible Premises. An Eligible Premises is one which permanently and exclusively uses electric equipment for space heating, takes all service through one meter, and which received service under Rate OSS on or before May 3, 2011 and who elects service hereunder.

CHARACTER OF SERVICE

Service provided hereunder shall be alternating current, sixty hertz, single or Three Phase, nominal voltages 120/240, 120/208, 240, 277/480, 480 volts, or any other mutually agreed upon voltages.

RATES AND CHARGES

The Monthly Rates and Charges for service hereunder shall be:

Customer Facilities Charge:
$15.00 per month

Demand Charge:
$5.00 per kW per month for all kW of Billing Demand.

Energy Charge:
$0.04626 per kWh for all kWh used per month.

Fuel Charge:
$0.03889 per kWh for all kWh used per month

Variable Production Charge:
$0.00475 per kWh for all kWh used per month

Minimum Monthly Charge:
The Minimum Monthly Charge shall be the Customer Facilities Charge plus the Demand Charge.

Adjustments:
The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Effective:

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RATE LP
LARGE POWER SERVICE
(Continued)

Adjustments:

The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:

The following Riders are available to qualified Customers:

- Rider IP-2 – Interruptible Power Service
- Rider DLC – Direct Load Control Rider
- Rider IC – Interruptible Contract Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider AD – Area Development Rider
- Rider DR – MISO Demand Response

Other Charges:

The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND

Unless otherwise specified in the Contract, the Billing Demand for the current month shall be the Maximum Demand, but not less than 60% of the highest Maximum Demand for the Prior Year and in no event less than 300 kVa.

Off-peak demands which will be disregarded in determining the Billing Demand shall be those demands created on Saturdays, Sundays, and holidays designated by Company and between 8:00 P.M. and 7:00 A.M. on any other day, provided that the Billing Demand for the month shall never be less than 50% of the Maximum Demand during such month regardless of when such Maximum Demand occurred.

Company reserves the right, upon thirty days notice to Customer, to change the off-peak demand periods when peak load conditions on Company's system make such modification necessary. Company shall not be required to increase the capacity of any service facilities in order to furnish off-peak demands.

CONTRACT

For service hereunder, a written Contract is required for an initial term of not less than three (3) years or for a longer period where unusual expenditures by Company may be necessary to provide service, and such Contract shall continue for annual successive terms unless cancelled. The Contract may be cancelled by either party by providing written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE

Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

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RATE HLF
HIGH LOAD FACTOR SERVICE

AVAILABILITY

This Rate Schedule shall be available throughout Company's Service Area, subject to the availability of adequate facilities and power supplies, which determinations shall be within Company's reasonable discretion. This service is available only from facilities operating at Transmission Voltage.

APPLICABILITY

This Rate Schedule shall be applicable to any Non-Residential Customer supplied at a single point of delivery with a Contract Demand of not less than 4,500 kVa electing service hereunder.

This Rate Schedule is not applicable to Customer where 1) an alternate source of power is used, 2) for resale to others, or 3) as a supplement to service furnished under any other Rate Schedule.

CHARACTER OF SERVICE

Service provided hereunder shall be alternating current, sixty hertz, Three Phase, nominal voltages 69,000, 138,000 volts or any other mutually agreed upon voltages. Customer shall furnish and maintain all necessary transforming, controlling and protective equipment.

RATES AND CHARGES

The monthly Rates and Charges for service hereunder shall be:

Demand Charge:

$20.728 per kVa per month for all kVa of Billing Demand

Fuel Charge:

$0.03644 per kWh for all kWh used per month

Variable Production Charge:

$0.00445 per kWh for all kWh used per month

Minimum Monthly Charge:

The Minimum Monthly Charge shall be the Demand Charge, but not less than $93,276.00 per month.

Adjustments:

The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

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RATE MLA
MUNICIPAL LEVEE AUTHORITY SERVICE

(Continued)

Transformer Ownership Discount:
This discount is available to any Customer electing service under this Rate Schedule, when Customer owns, operates and maintains all transformer facilities and receives service at Company's available Primary Voltage. Customer's current monthly bill will be decreased by forty-five and one-tenth cents ($0.451) for each kW of Billing Demand.

Adjustments:
The following Adjustments shall be applied monthly:

- Appendix A – Fuel Adjustment Clause
- Appendix B – Demand Side Management Adjustment
- Appendix C – Clean Energy Cost Adjustment
- Appendix I – MISO Cost and Revenue Adjustment
- Appendix J – Reliability Cost and Revenue Adjustment

Riders:
The following Riders are available to qualified Customers:

- Rider NM – Net Metering Rider
- Rider IO – Interruptible Option Rider
- Rider AFS – Alternate Feed Service Rider
- Rider ED – Economic Development Rider
- Rider TS – Temporary Service Rider
- Rider DR – MISO Demand Response

Other Charges:
The Other Charges set forth in Appendix D shall be charged to Customer, if applicable.

DETERMINATION OF BILLING DEMAND

Billing Demand shall be the higher of Maximum Demand and Monthly Contract Demand. The Monthly Contract Demand shall be the demand amount agreed upon between Customer and Company in a Contract.

SEPARATE METERING

When the lighting and power demands are metered separately, the Maximum Demand of the Month shall be the arithmetical sum of the Maximum Demand of each meter. The energy use of the lighting and power meters shall also be added.

CONTRACT

For service hereunder, a written contract is required for an initial term of not less than two (2) years and such contract shall continue for annual successive terms unless cancelled. The contract may be cancelled by either party by giving written notice to the other party not less than one (1) year prior to the date of termination.

TERMS AND CONDITIONS OF SERVICE

Service under this Rate Schedule shall be governed by Company's General Terms and Conditions and the Commission's Regulations.

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APPENDIX C
CLEAN ENERGY COST ADJUSTMENT

APPLICABILITY

The Clean Energy Cost Adjustment (CECA) shall be applicable to all Rate Schedules as reflected in the CECA Rates section below.

DESCRIPTION

The CECA shall recover Clean Energy Investments, as approved by the Commission, as follows:

(1) Company's costs and expenses incurred during the construction and operation of clean energy projects pursuant to Ind. Code Ch. 8-1-8.8.

The CECA shall be calculated annually for each Rate Schedule as follows:

$$CECA = \frac{[(RR+V)\,x\ Rate\ Schedule\ Allocation\ Percentage]}{Rate\ Schedule\ Sales\ Quantities}$$

Where:

RR is the Revenue Requirement on eligible Clean Energy Investments as follows:

(a) The Annualized Return on the Net Plant Balance of eligible Clean Energy Investments, inclusive of deferred Post In-Service Carrying Costs (PISCC); plus
(b) Incremental Depreciation Expense on in-service qualified CECA Investments; plus
(c) Incremental Operation & Maintenance expenses associated with Clean Energy Investments; plus
(d) Amortization of Deferred Operation & Maintenance expenses associated with Clean Energy Investments; plus
(e) Amortization of Deferred Depreciation Expense on in-service qualified CECA Investments; plus
(f) Amortization of Deferred PISCC on qualified CECA Investments; plus
(g) Associated Taxes including Property Taxes; less
(h) Investment Tax Credit (ITC) Amortization Credits.

V is the variance from the applicable prior period reconciliation, with any differences being reflected as a charge or credit in a subsequent CECA.

Rate Schedule Allocation Percentage is the proportion of the CECA applicable to each Rate Schedule. The percentage for each Rate Schedule is shown in the CECA Rates section below.

Rate Schedule Quantities are the estimated billing determinant quantities for each Rate Schedule for the projection period.

APPENDIX C
CLEAN ENERGY COST ADJUSTMENT
(Continued)

The calculated CECA rates shall be further modified to include the impact of the Indiana Utility Receipts Tax and other similar revenue-based tax charges.

CECA RATES

Rate Schedule	Modified 4CP Allocation Percentage	Charge Adjusted	CECA Rate ($ per KWh)
RS	40.4145%	Energy	$0.xxxxxx
B	0.1225%	Energy	$0.xxxxxx
SGS	1.7089%	Energy	$0.xxxxxx
DGS/MLA	26.1523%	Energy	$0.xxxxxx
OSS	2.0202%	Energy	$0.xxxxxx
LP	28.7431%	Energy	$0.xxxxxx
HLF	0.8385%	Energy	$0.xxxxxx

Effective:

Southern Indiana Gas and Electric Company D/B/A
Vectren Energy Delivery of Indiana, Inc. (Vectren South)
Tariff for Electric Service
I.U.R.C. No. E-13

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APPENDIX J
RELIABILITY COST AND REVENUE ADJUSTMENT

APPLICABILITY

The Reliability Cost and Revenue Adjustment (RCRA) shall be applicable to all Rate Schedules as reflected in the RCRA Rates section below.

DESCRIPTION

The RCRA shall be calculated annually for each Rate Schedule as follows:

$$\frac{\text{(Reliability Costs – Reliability Revenues) * Rate Schedule Reliability Allocation Percentage}}{\text{Rate Schedule Quantities}}$$

Reliability Costs is the sum of the following:

a. The non-fuel cost of Purchased Power during the period minus the base rate level of Purchased Power non-fuel costs (annual amount of $7,804,072), plus
b. The cost of Interruptible Sales billing credits for the period minus the base rate level of Interruptible Sales billing credits (annual amount of $1,686,350).
c. The cost of Environmental Emission Allowances (EEAs) used by retail customers during the period minus the base rate level of EEA expense (annual amount of $135,627).

Reliability Revenues is the sum of the following:

a. The retail sharing portion of the margin from Wholesale Power Marketing sales (base level of $7,500,000) for the period, plus
b. The margin from Municipal Wholesale sales for the period, plus
c. The retail portion of the margin from EEA sales (net of costs) for the period, plus
d. Proceeds from the sale of Renewable Energy Credits associated with qualified Clean Energy Investments.

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Rate Schedule Allocation Percentage is the proportion of the RCRA amount applicable to each Rate Schedule. The percentage for each Rate Schedule is shown in the RCRA Rate section below.

Rate Schedule Quantities are the estimated quantities of Energy Sales for each Rate Schedule for the upcoming period.

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