

Cause No. 45011

Petitioner's Exhibit No. 2

FILED

November 22, 2017

**INDIANA UTILITY
REGULATORY COMMISSION**

VERIFIED DIRECT TESTIMONY OF VICTORIA A. VRAB

1 **Q1. Please state your name, business address and job title.**

2 A1. My name is Victoria A. Vrab. My business address is 801 E. 86th Avenue,
3 Merrillville, Indiana 46410. I am employed by Northern Indiana Public
4 Service Company ("NIPSCO" or the "Company") as Director of Demand
5 Side Management Programs.

6 **Q2. Please summarize your educational and employment background.**

7 A2. I have been employed in the regulated natural gas and electric industry
8 since 1989. I graduated from Purdue University in 1989 with a Bachelor of
9 Arts degree in Communications with a concentration in Advertising and
10 Public Relations. Beginning in 1998, I was employed by NESI Integrated
11 Energy/EnergyUSA as a Senior Sales Coordinator. I accepted a position
12 within NIPSCO's Major Accounts Department as a Major Accounts
13 Representative in 2000 which is where I remained until June 2008. In June
14 2008, I accepted the position of Manager, Major Accounts Transmission. In
15 June 2009, I accepted the position of Manager, Gas Transportation, Sales
16 Support and Choice. In March 2010, I accepted the position of Director,

1 Major Accounts. On May 1, 2013, I left Major Accounts and accepted my
2 current position as Director of Demand Side Management Programs.

3 **Q3. What are your responsibilities as Director of Demand Side Management**
4 **Programs?**

5 A3. As Director of Demand Side Management Programs, I am responsible for
6 the design, implementation and day-to-day responsibilities of all demand
7 side management ("DSM") and energy efficiency ("EE") programs. This
8 includes leading the DSM team, supporting integrated resource planning
9 as it relates to energy efficiency, and collaboratively working with
10 NIPSCO's vendors and customers, Customer Service, Communications,
11 and Regulatory departments to assure that all programs are run in an
12 efficient and effective way.

13 **Q4. What is the purpose of your direct testimony?**

14 A4. The purpose of my direct testimony is to describe NIPSCO's current electric
15 energy efficiency programs. I also provide support for NIPSCO's proposed
16 electric energy efficiency programs for the period 2019-2021 ("2019-2021
17 Energy Efficiency Plan" or "Plan"), including (1) energy efficiency goals, (2)
18 energy efficiency programs to achieve the energy efficiency goals, (3)
19 program budgets and program costs (including (a) lost revenue projections,

1 and (b) performance incentives), and (4) evaluation, measurement, and
2 verification ("EM&V") procedures.

3 **Q5. Are you sponsoring any attachments to your direct testimony?**

4 A5. Yes. I am sponsoring the following attachments, all of which were prepared
5 by me or under my direction and supervision:

Attachment 2-A	Examples of NIPSCO's "Meet the Greenes" marketing campaign
Attachment 2-B	NIPSCO's electric scorecard for the program period January through September 2017
Attachment 2-C	Proposed 2019-2021 program budgets and program costs
Attachment 2-D	Calculation of financial incentives
Attachment 2-E	NIPSCO's proposed EM&V process

6
7 **NIPSCO's Current Energy Efficiency Plan**

8 **Q6. Please describe NIPSCO's current energy efficiency plan.**

9 A6. On December 30, 2015, the Commission issued an Order in Cause No. 44634
10 granting NIPSCO's request for, among other things, (1) approval of an
11 electric energy efficiency program effective for the period January 1, 2016
12 through December 31, 2018 (the "2016-2018 EE Program"), (2) authority to
13 recover vendor implementation and NIPSCO administrative (including
14 marketing) costs along with costs associated with the EM&V of those

1 programs along with lost revenues associated with its 2016-2018 EE
2 Program through the DSMA Mechanism (then Rider 683) and (3)
3 accounting and ratemaking treatment, including the authority to defer and
4 recover (a) the over- and under-recoveries of projected costs associated with
5 the 2016-2018 EE Program through its DSMA Mechanism pending
6 reconciliation in subsequent rider periods and approving the deferral of
7 any costs incurred implementing the programs prior to the time the
8 Commission issued its Order in that Cause authorizing NIPSCO to
9 recognize those costs through the ratemaking process.

10 On July 18, 2016, the Commission issued an Order in Cause No. 44688
11 approving, among other things, NIPSCO's (1) DSMA Mechanism to
12 become effective October 1, 2016, (2) proposal to reset lost revenues in its
13 DSMA Mechanism, effective upon the implementation of new base rates
14 (October, 2016), and (3) proposal to eliminate lost revenues attributable to
15 all energy efficiency measures installed on or before December 31, 2014.

16 On February 22, 2017, the Commission issued an Order in Cause No. 43618-
17 DSM-11 approving, among other things, NIPSCO's (1) proposal to
18 transition from semi-annual to annual tracker filings, (2) proposal to change
19 the date by which eligible customers must notify NIPSCO of their intent to

1 opt out of or opt in to NIPSCO's electric demand side management
2 programs from November 15 to May 15, and (3) proposed modifications to
3 the DSMA Mechanism to effectuate these changes.

4 NIPSCO's 2016-2018 Electric EE Program includes the following residential
5 and C&I programs for the 2017 program period, which are currently
6 administered by Lockheed Martin Energy ("Lockheed Martin"):

7 ***Residential Programs***

- 8 • Heating, Ventilation and Air Conditioning ("HVAC") Rebates
9 Program
- 10 • Lighting Program
- 11 • Home Energy Analysis ("HEA") Program
- 12 • Appliance Recycling Program
- 13 • School Education Program
- 14 • Behavioral Program
- 15 • Income Qualified Weatherization ("IQW") Program

16 ***C&I Programs***

- 17 • Prescriptive Program
- 18 • Custom Program
- 19 • New Construction Program
- 20 • Small Business Direct Install ("SBDI") Program
- 21 • Retro Commissioning ("RCx") Program

1 **Q7. Have the energy efficiency goals and program budgets changed for 2017**
2 **since the 2016-2018 Electric EE Program was first approved?**

3 **A7. Yes. NIPSCO has worked with its Oversight Board (“OSB”) and Lockheed**
4 **Martin throughout the year to maintain a balanced and cost effective**
5 **portfolio of programs to support customer participation through the end of**
6 **the 2017 program year. Because funding has shifted between programs,**
7 **energy efficiency goals and program budgets have also changed. The**
8 **following table shows the difference by program between the energy**
9 **efficiency goals and program budgets for 2017 since the 2016-2018 Gas EE**
10 **Program was first approved.**

	2017 Energy Goals (MWh)			2017 Program Budget		
	Approved	2017 Plan	Current 2017 Plan	Approved	2017 Plan	Current 2017 Plan
<i>Residential</i>						
HVAC Rebates	1,940	2,619	1,773	\$1,028,906	\$526,261	\$458,076
Lighting	11,140	16,442	20,748	\$975,920	\$2,512,856	\$3,468,110
Home Energy Analysis	4,039	1,181	620	\$1,325,792	\$394,170	\$330,733
Appliance Recycling	3,592	1,453	1,736	\$1,054,101	\$390,550	\$454,753
School Education	3,529	2,451	2,592	\$452,544	\$1,139,288	\$443,902
Behavioral	19,656	19,653	24,741	\$698,121	\$1,317,857	\$1,761,302
IQW	970	1,147	476	\$879,407	\$675,041	\$435,515
Total Residential Programs	44,866	44,946	52,686	\$6,414,791	\$6,956,023	\$7,352,391

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C&I

Prescriptive	20,582	20,909	32,543	\$2,582,160	\$2,105,299	\$3,160,610
Custom	34,303	30,872	24,995	\$4,360,839	\$3,187,034	\$2,768,113
New Construction	4,802	3,430	9,083	\$333,182	\$382,524	\$925,422
Small Business Direct Install	4,116	12,785	8,086	\$643,566	\$1,987,616	\$1,357,698
Retro Commissioning	4,802	936	231	\$369,637	\$117,950	\$38,801
Total C&I Programs	68,605	68,932	74,938	\$8,289,384	\$7,780,423	\$8,250,644

Total Programs	113,471	113,878	127,624	\$14,704,175	\$14,736,446	\$15,603,035
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1
2 **Q8. What has NIPSCO done to improve the performance of its energy**
3 **efficiency programs?**

4 A8. Throughout the year, NIPSCO has continued to look for ways to increase
5 customer participation and enhance customer experiences with NIPSCO's
6 energy efficiency programs. One approach that NIPSCO took to increase
7 awareness of its energy efficiency programs was through its "Meet the
8 Greenes" marketing campaign about a couple (the Greenes) pursuing
9 energy efficiency. NIPSCO utilizes the campaign on its website and in
10 television, radio and Pandora advertising to provide a comprehensive
11 message throughout its service territory. Some examples from the "Meet
12 the Greenes" campaign are included in Attachment 2-A. NIPSCO and
13 Lockheed Martin have also encouraged residential participation through
14 bill inserts, cross promotional efforts through the home energy reports, and
15 community outreach events. For C&I customers, Lockheed Martin

1 continues to educate customers and trade allies through lunch and learns,
2 training events, and trade show appearances.

3 **Q9. How have NIPSCO's current energy efficiency programs for 2017**
4 **performed under the current energy efficiency goals?**

5 A9. As shown in NIPSCO's electric scorecard for the program period January
6 through September 2017 included in Attachment 2-B, as of September 30,
7 2017, NIPSCO's programs are forecasted to achieve 93% of the current
8 energy efficiency goals. More specifically:

- 9 • HVAC Rebates Program – This program achieved 83% of its energy
10 efficiency goal. This program has traditionally performed well
11 within NIPSCO's service territory and is anticipated to achieve 100%
12 of its goal in 2017.
- 13 • Lighting Program – This program achieved 37% of its energy
14 efficiency goal. This program is expected to achieve 60% of its goal
15 in 2017. Lighting events continue throughout NIPSCO's service
16 territory as a means of educating customers and encouraging
17 participation in the program. The program may not achieve its
18 energy efficiency goal due to a lag in reporting as well as slightly
19 lower than anticipated savings. Rather than changing the goal to
20 what Lockheed Martin expects for program participation by year
21 end, the OSB elected to maintain the 2017 energy efficiency goal.
22 This decision not only impacted the Lighting Program, but the entire
23 portfolio.
- 24 • HEA Program – This program achieved 56% of its energy efficiency
25 goal. As this program has not traditionally performed well within
26 NIPSCO's service territory, NIPSCO reduced the goal for 2017. With
27 this reduction, this program is expected to achieve 100% of its goal

in 2017.

- Appliance Recycling Program – This program achieved 74% of its energy efficiency goal. This program has been highly successful in NIPSCO's service territory this year and NIPSCO expects this program to achieve 100% of its goal in 2017.
- School Education Program – This program achieved 69% of its energy efficiency goal. All 10,047 kits needed to reach the goal were enrolled in the program. As in previous years, this program continues to be well received within NIPSCO's service territory and NIPSCO expects this program to achieve 100% of its goal for 2017.
- Behavioral Program – This program achieved 85% of its energy efficiency goal. NIPSCO chose to return to a more traditional program in 2017 through the distribution of paper and email reports. 197,250 customers were mailed a home energy report. NIPSCO expects this program to achieve 100% of its goal for 2017.
- IQW Program - This program achieved 21% of its energy efficiency goal. Lockheed Martin continues to collaborate with the Community Based Organizations and contractors to increase awareness and thus participation in the program. Even with the late start of this program, NIPSCO expects this program to achieve 100% of its goal for 2017.
- Prescriptive Program – This program achieved 61% of its energy efficiency goal. For C&I programs, Lockheed Martin has a "pipeline" of anticipated savings to track program expectations. These anticipated savings are based on those applications that require preapproval due to the larger incentive amount and are in addition to the savings already achieved. There are 5,310 megawatt hours ("MWh") of savings associated with projects in the pipeline. NIPSCO expects this program to achieve 100% of its goal for 2017.
- Custom Program – This program achieved 50% of its energy efficiency goal. As with most Custom projects, the timing for the completion of such major projects is often difficult to predict. Approximately 10,131 MWh of savings associated with projects are in the pipeline. NIPSCO expects this program to achieve 100% of its

goal for 2017.

- New Construction Program – This program achieved 65% of its energy efficiency goal. While the market has not been as receptive to the program as initially expected, Lockheed Martin continues to look for ways to increase participation. Approximately 2,903 MWh of savings associated with projects are in the pipeline. NIPSCO expects this program to achieve 100% of its goal for 2017.
- SBDI Program – This program achieved 76% of its energy efficiency goal. To increase participation, the program design was optimized to modify several of the SBDI measures based on trends from 2016. There are an additional 363 MWh of savings associated with projects in the pipeline. NIPSCO expects this program to achieve 100% of its goal for 2017.
- RCx Program – This program achieved 19% of its energy efficiency goal. While Lockheed Martin still considers this program to have potential within NIPSCO's service territory, there are no pipeline savings to report. Knowing that one project with significant savings in this program would be enough for the program to achieve its goal for 2017, NIPSCO remains optimistic that this program will achieve 100% of its goal for 2017.

NIPSCO's 2019-2021 Energy Efficiency Goals

Q10. What energy efficiency goals were initially established for NIPSCO's proposed 2019-2021 Energy Efficiency Plan?

A10. Based on the cost-effective program savings potential determined in the final step of NIPSCO's 2015 Market Potential Study ("MPS") (conducted by Applied Energy Group ("AEG") and Morgan Marketing Partners, LLC) in conjunction with NIPSCO's 2016 IRP, the energy efficiency goals for its proposed 2019-2021 Energy Efficiency Plan were as follows:

1

Energy Efficiency Goals by IRP Grouping (MWh)				
	2019	2020	2021	2019-2021
Residential Appliances	1,969	2,138	2,544	6,651
Residential Exterior Lighting	2,682	1,102	1,146	4,930
Residential Heating	274	294	306	874
Residential Interior Lighting	11,652	7,323	7,023	25,998
Residential Miscellaneous	248	261	271	780
Residential Water Heating	228	235	353	816
Total Residential	17,053	11,353	11,643	40,049
Commercial Exterior Lighting	4,259	4,283	4,421	12,963
Commercial Food Preparation	350	361	370	1,081
Commercial Heating	2	2	2	6
Commercial Interior Lighting	10,752	12,663	12,919	36,334
Commercial Miscellaneous	9	9	9	27
Commercial Office Equipment	3,837	3,693	3,743	11,273
Commercial Refrigeration	168	177	184	529
Commercial Ventilation	12	15	18	45
Commercial Water Heating	1,834	1,570	1,651	5,055
Industrial Cooling	360	378	442	1,180
Industrial Exterior Lighting	382	383	403	1,168
Industrial Interior Lighting	1,445	1,961	2,063	5,469
Industrial Motors	1,516	1,559	1,905	4,980
Total C&I	24,926	27,054	28,130	80,110
Total Electric	41,979	38,407	39,773	120,159

2

3 **Q11. Did NIPSCO's MPS and its 2019-2021 Energy Efficiency Plan take into**
4 **account customers that had previously opted out or may opt out of**
5 **participating in NIPSCO's energy efficiency program?**

6 **A11. Yes. As part of its C&I forecast of the available energy efficiency in**
7 **NIPSCO's electric service territory in preparing the MPS, AEG removed**
8 **those customers that had previously opted out as of 2015 as well as those**
9 **that NIPSCO forecasted may opt-out in 2016 of participating in NIPSCO's**

1 energy efficiency program from its overall sector control totals. For
2 purposes of program design, Lockheed Martin (the selected administrator
3 of NIPSCO's proposed 2019-2021 Energy Efficiency Plan) assumed that
4 only the load that had opted out of participation as of January 1, 2016 would
5 remain opted out, that no additional customers would opt out and no
6 customers that had previously opted out would opt back in to participation.

7 **Q12. Are these the final energy efficiency goals established by NIPSCO for its**
8 **proposed 2019-2021 Energy Efficiency Plan?**

9 A12. No. As further discussed by NIPSCO Witness Becker, NIPSCO
10 subsequently updated its energy efficiency goals for its 2019-2021 Energy
11 Efficiency Plan as follows:

	2019	2020	2021
Residential	50,974	50,947	50,918
C&I	72,000	80,000	88,000
Total	122,974	130,947	138,918

12
13 **Q13. Please provide NIPSCO's gross energy efficiency goals by program and**
14 **year for the period of 2019-2021.**

15 A13. NIPSCO's gross energy efficiency goals, by program and year, are as
16 follows:

1

Gross Energy Efficiency Goals (MWh)				
Residential Programs	2019	2020	2021	2019-2021
HVAC Energy Efficient Rebates	2,396	2,393	2,389	7,178
Lighting	26,172	26,172	26,172	78,516
Home Energy Assessment	2,145	2,143	2,140	6,428
Appliance Recycling	1,647	1,645	1,643	4,935
School Education	2,580	2,577	2,574	7,731
Multifamily Direct Install	1,127	1,126	1,125	3,378
Home Energy Report	9,786	9,774	9,763	29,323
Residential New Construction	854	854	854	2,562
HomeLife EE Calculator	2,064	2,062	2,059	6,185
Employee Education	1,006	1,005	1,004	3,015
IQW	1,197	1,196	1,195	3,588
Total Residential Programs	50,974	50,947	50,918	152,839
C&I Programs	2019	2020	2021	2019-2021
Prescriptive	20,880	23,200	25,520	69,600
Custom	30,240	33,600	36,960	100,800
C&I New Construction	9,360	10,400	11,440	31,200
SBDI	7,920	8,800	9,680	26,400
RCx	3,600	4,000	4,400	12,000
Total C&I Programs	72,000	80,000	88,000	240,000
Total Plan	122,974	130,947	138,918	392,839

2

3 **Q14. Will the opt out of customers have an impact on NIPSCO's ability to**
4 **achieve the energy efficiency goals established for the 2019-2021 Energy**
5 **Efficiency Plan?**

6 A14. No. As part of the request for proposal ("RFP") process, the bidders were
7 aware of the ability for customers to opt out and the amount of load that
8 had opted out of program participation. As noted above, as Lockheed
9 Martin designed its proposal, it developed its programs with the
10 expectation of achieving savings from only those customers who would

1 continue participating in NIPSCO's energy efficiency programs (i.e., small-
2 to mid-sized C&I customers).

3 **Q15. How would the energy efficiency goals change if the Commission finds**
4 **that the goals must conform exactly to what was included in the 2016 IRP?**

5 A15. If the Commission finds that the goals must conform exactly to what was
6 included in the 2016 IRP, the energy efficiency goals, by year, would be as
7 follows:

	2019	2020	2021
Residential	17,050	11,349	11,640
C&I	24,924	27,055	28,131
Total	41,974	38,404	39,771

8
9 **Energy Efficiency Programs to Achieve Energy Efficiency Goals**

10 **Q16. Please list the proposed residential programs included in NIPSCO's**
11 **2019-2021 Energy Efficiency Plan to achieve NIPSCO's proposed energy**
12 **efficiency goals.**

13 A16. The proposed residential programs included in NIPSCO's 2019-2021
14 Energy Efficiency Plan to achieve NIPSCO's proposed energy efficiency
15 goals are as follows:

- 16 • HVAC Energy Efficient Rebates Program
17 • Lighting Program

- Home Energy Assessment Program
- Appliance Recycling Program
- School Education Program
- Multifamily Direct Install Program
- Home Energy Report Program
- Residential New Construction Program
- HomeLife EE Calculator Program
- Employee Education Program
- IQW Program

Q17. Please list the proposed C&I programs included in NIPSCO's 2019-2021 Energy Efficiency Plan to achieve NIPSCO's proposed energy efficiency goals.

A17. The proposed C&I programs included in NIPSCO's proposed 2019-2021 Energy Efficiency Plan to achieve NIPSCO's proposed energy efficiency goals are as follows:

- Prescriptive Program
- Custom Program
- C&I New Construction Program
- SBDI Program
- RCx Program

1 **Q18. Please provide NIPSCO's gross energy efficiency goals by program and**
2 **year for the period of 2019-2021.**

3 **A18. NIPSCO's gross energy efficiency goals, by program and year, are as**
4 **follows:**

Gross Energy Efficiency Goals (MWh)				
Residential Programs	2019	2020	2021	2019-2021
HVAC Energy Efficient Rebates	2,396	2,393	2,389	7,178
Lighting	26,172	26,172	26,172	78,516
Home Energy Assessment	2,145	2,143	2,140	6,428
Appliance Recycling	1,647	1,645	1,643	4,935
School Education	2,580	2,577	2,574	7,731
Multifamily Direct Install	1,127	1,126	1,125	3,378
Home Energy Report	9,786	9,774	9,763	29,323
Residential New Construction	854	854	854	2,562
HomeLife EE Calculator	2,064	2,062	2,059	6,185
Employee Education	1,006	1,005	1,004	3,015
IQW	1,197	1,196	1,195	3,588
Total Residential Programs	50,974	50,947	50,918	152,839
C&I Programs	2019	2020	2021	2019-2021
Prescriptive	20,880	23,200	25,520	69,600
Custom	30,240	33,600	36,960	100,800
C&I New Construction	9,360	10,400	11,440	31,200
SBDI	7,920	8,800	9,680	26,400
RCx	3,600	4,000	4,400	12,000
Total C&I Programs	72,000	80,000	88,000	240,000
Total Plan	122,974	130,947	138,918	392,839

6
7 **Q19. Should the Commission order NIPSCO to utilize the IRP Goals, please**
8 **provide NIPSCO's gross energy goals by program and by year.**

1 A19. If the Commission were to order NIPSCO to pursue the lower IRP goals,
2 NIPSCO's proposed energy efficiency goals, by program and year, would
3 be as follows:

Gross Energy Efficiency Goals (MWh)				
Residential Programs	2019	2020	2021	2019-2021
HVAC Energy Efficient Rebates	1,138	1,034	1,043	3,215
Lighting	9,847	4,254	4,540	18,641
Home Energy Assessment	555	555	554	1,664
Appliance Recycling	748	748	748	2,244
School Education	826	825	823	2,474
Multifamily Direct Install	334	334	333	1,001
Home Energy Report	1,523	1,523	1,523	4,569
Residential New Construction	854	854	854	2,562
HomeLife EE Calculator	516	515	515	1,546
Employee Education	310	309	309	928
IQW	399	398	398	1,195
Total Residential Programs	17,050	11,349	11,640	40,039
C&I Programs	2019	2020	2021	2019-2021
Prescriptive	7,228	7,846	8,158	23,232
Custom	10,468	11,363	11,815	33,646
C&I New Construction	3,240	3,517	3,657	10,414
SBDI	2,742	2,976	3,094	8,812
RCx	1,246	1,353	1,407	4,006
Total C&I Programs	24,924	27,055	28,131	80,110
Total Plan	41,974	38,404	39,771	120,149

5
6 **Q20. Please describe the HVAC Energy Efficient Rebates Program.**

7 A20. The HVAC Energy Efficient Rebates Program is designed to provide
8 incentives to residential customers to replace inefficient HVAC equipment

1 with energy-efficient alternatives. These measures are paid per-unit
2 installed, reimbursing customers for a portion of their cost. The program's
3 intent is to help remove the financial barrier associated with the initial cost
4 of these energy-efficient alternatives. The electric program promotes
5 premium efficiency air conditioners, heat pumps that have high-efficiency,
6 electronically commutated motors, and smart Wi-Fi thermostats.

7 **Q21. Please describe the Lighting Program.**

8 A21. The Lighting Program is designed to increase the purchase and use of
9 energy-efficient lighting products among NIPSCO's residential electric
10 customers. The program provides instant discounts on lighting products
11 that meet the energy efficiency standards set by the United States
12 Department of Energy's ENERGY STAR® Program. ENERGY STAR
13 specifications are an important external factor to certify the quality and
14 efficiency of program measures. As the ENERGY STAR specifications
15 change, program offerings are adjusted accordingly. These adjustments
16 ensure that the program offers incentives for lighting products that meet
17 the latest standards and highest quality of efficiency.

18 **Q22. Please describe the Home Energy Assessment Program.**

1 A22. The Home Energy Assessment Program is designed to help eligible
2 customers improve the efficiency and comfort of their homes, as well as
3 deliver an immediate reduction in electricity (in kilowatt hours ("kWh"))
4 consumption and promote additional efficiency work. This program is
5 unique in that it provides a fairly intense assessment leading to easy to
6 achieve kWh savings opportunities.

7 **Q23. Please describe the Appliance Recycling Program.**

8 A23. The Appliance Recycling Program is designed to provide an incentive to
9 residential customers who choose to recycle a qualifying primary or
10 secondary working refrigerator and/or freezer. Lockheed Martin will
11 utilize a qualified subcontractor for the implementation of this program.

12 **Q24. Please describe the School Education Program.**

13 A24. The School Education Program is designed to produce cost-effective electric
14 savings by influencing fifth grade students and their families to focus on
15 the efficient use of electricity. It provides classroom instruction, posters,
16 and activities aligned with national and state learning standards and
17 energy education kits filled with energy-saving products and advice.
18 Students participate in an energy education presentation at school, learning
19 about basic energy concepts through class lessons and activities. Students

1 also receive an energy education kit of quality, high-efficiency products and
2 are instructed to install the energy-efficient products at home with their
3 families as well as complete a worksheet. The experience at home
4 completes the learning cycle started at school.

5 **Q25. Please describe the Multifamily Direct Install Program.**

6 A25. The Multifamily Direct Install Program is designed to provide a “one-stop
7 shop” to multifamily building owners, managers, and tenants of
8 multifamily units containing three or more residences receiving service
9 from NIPSCO. With flexible and affordable options, the program generates
10 immediate energy savings and improvements in two distinct program
11 phases. Phase I is a walkthrough assessment of each property, which is
12 conducted to determine eligibility for direct installation services provided
13 by the Multifamily Direct Install Program, along with complementary
14 incentive offers available through other NIPSCO programs. Property
15 managers are presented with an Energy Improvement Plan that prioritizes
16 recommendations along with a proposal to provide the direct installation
17 services outlined in Phase II. Phase II is an in-unit direct installation of
18 energy-efficient devices at no-cost or low-cost to the tenant or landlord,
19 such as light emitting diode light bulbs, low-flow showerheads, faucet

1 aerators, pipe wrap, and Wi-Fi or smart thermostats. Educational materials
2 about home operation, maintenance, and behavior factors that may reduce
3 energy consumption, are provided to tenants in each living unit.

4 **Q26. Please describe the Home Energy Report Program.**

5 A26. The Home Energy Report Program is designed to encourage energy savings
6 through behavioral modification. The program provides customers with
7 home energy reports that contain personalized information about their
8 energy use and provide ongoing recommendations to make their homes
9 more efficient. Customers are randomly chosen to participate in the
10 program and may opt-out if they do not wish to participate. The reports
11 engage customers and drive them to take action to bring their energy usage
12 in line with similar homes. The program empowers customers to
13 understand their energy usage better and uses competition through
14 neighbor comparisons to influence customers to act on this knowledge,
15 resulting in changed behavior.

16 **Q27. Please describe the Residential New Construction Program.**

17 A27. The Residential New Construction Program is designed to increase
18 awareness and understanding by home builders of the benefits of energy-
19 efficient building practices, with a focus on capturing energy efficiency

1 opportunities during the design and construction of single family homes.
2 This program produces long-term, cost-effective savings as a result of the
3 training they have received to achieve the various Home Energy Rating
4 System tiers, along with strategies for incorporating the Silver, Gold, and
5 Platinum designations into their marketing efforts to attract home buyers.

6 **Q28. Please describe the HomeLife EE Calculator Program.**

7 A28. The HomeLife EE Calculator Program is designed to offer NIPSCO's
8 residential customers an online "do-it-yourself" audit and an energy
9 savings kit for carrying out this audit, at no cost to the customer. The audit
10 tool effectively: (1) identifies low-cost/no-cost measures that a NIPSCO
11 residential customer can easily implement to manage electric consumption;
12 (2) allows eligible customers to request a free home energy kit; (3) educates
13 customers about the variety of programs available to them through the
14 residential energy efficiency portfolio; and (4) assists customers in finding
15 qualified and experienced contractors through a network of trade allies.

16 **Q29. Please describe the Employee Education Program.**

17 A29. The Employee Education Program is designed to offer valuable information
18 to employees of NIPSCO's C&I customers by providing residential energy
19 efficiency training seminars at the place of employment. At these seminars,

1 educational materials will be provided to inform residential customers of
2 energy savings opportunities and methods to proactively manage their
3 energy consumption. These materials also direct NIPSCO's customers to
4 navigate to a web portal to request a free energy efficiency kit by entering
5 their account information to confirm eligibility.

6 **Q30. Please describe the IQW Program.**

7 A30. The IQW Program is designed to provide energy efficiency services to
8 qualifying low-income households. In order for a household to be eligible
9 to participate in the IQW Program, the customer must be a NIPSCO
10 residential customer with active service and must not have received
11 weatherization services in the past 10 years from the date of application. If
12 the household meets this initial criteria, they automatically qualify for
13 services regardless of income if the household receives Low-Income Home
14 Energy Assistance (LIHEAP), Temporary Assistance for Needy Families
15 (TANF), Supplemental Security Income (SSI) or Supplemental Security
16 Disability Income (SSDI). Qualifying participants receive the direct
17 installation of no-cost energy efficiency measures and a Comprehensive
18 Home Assessment to identify areas of the home where additional energy

1 savings can be achieved to make the home more comfortable and reduce
2 energy costs.¹

3 **Q31. Please describe the Prescriptive Program.**

4 A31. The Prescriptive Program is designed to provide incentives for a set list of
5 energy efficient measures and are paid based on per unit installed,
6 reimbursing the customer for a portion of the cost. The Prescriptive
7 Program offers incentives to NIPSCO's C&I that are making electric energy
8 efficiency improvements in existing buildings.

9 **Q32. Please describe the Custom Program.**

10 A32. The Custom Program is available to qualifying C&I customers for installing
11 new energy-saving equipment. Custom incentives are designed for more
12 complicated projects, or those that incorporate alternative technologies.
13 Project pre-approval is required for all Custom incentives to ensure that
14 only cost-effective projects are approved. Qualifying measures must have
15 a Total Resource Cost ("TRC") test score greater than 1.0, have a simple
16 payback greater than 12 months and not be included as an energy efficiency

¹ Ind. Code §8-1-8.5-10 states that a plan may include a home energy efficiency assistance program for qualified customers of the electricity supplier whether or not the program is cost effective. NIPSCO is offering the IQW Program, which has a benefit cost test score of 2.05.

1 measure in the Prescriptive Program. It is expected that projects will need
2 to be implemented within short timeframes as dictated by conditions
3 specific to the customer's operations.

4 **Q33. Please describe the C&I New Construction Program.**

5 A33. The C&I New Construction Program is designed to encourage construction
6 of energy efficient C&I facilities within the NIPSCO service territory. This
7 program offers financial incentives to encourage building owners,
8 designers and architects to exceed standard building practices and achieve
9 efficiency, above and beyond the 2010 Indiana Energy Conservation Code.
10 The goal of the New Construction Program is to produce newly constructed
11 and expanded buildings that are efficient from the start. New construction
12 projects that may be eligible for incentives under the New Construction
13 Program may include any of the following: (1) new building projects
14 wherein no structure or site footprint presently exists; (2) addition to or
15 expansion of an existing building or site footprint; and (3) a gut
16 rehabilitation for a change of purpose requiring replacement of all electrical
17 and mechanical systems/equipment.

18 **Q34. Please describe the SBDI Program.**

1 A34. The SBDI Program is designed to facilitate participation in the NIPSCO
2 business energy efficiency program of small businesses that do not possess
3 the in-house expertise or capital budget to develop and implement an
4 energy efficiency plan. The SBDI Program offers a variety of ways for small
5 businesses, with billing demands not exceeding 200 kW, to improve the
6 efficiency of their existing facilities. Measures are paid out on a per unit
7 basis, much the same way as the Prescriptive Program, but with slightly
8 higher incentive rates in an effort to encourage energy efficient investment
9 from these smaller commercial customers. Incentive payments to the
10 approved trade allies occurs following measure implementation and
11 submission of all required paperwork. If additional incentives are available
12 through other programs, customers are directed to the appropriate
13 application.

14 **Q35. Please describe the RCx Program.**

15 A35. The RCx Program is designed to help NIPSCO C&I customers determine
16 the energy performance of their facilities and identify energy-saving
17 opportunities by optimizing their existing systems. RCx projects examine
18 energy consuming systems for cost-effective savings opportunities. The
19 RCx process identifies operational inefficiencies that can be removed or

1 reduced to yield energy savings. Qualifying measures must have a TRC
2 test score greater than 1.0, have a simple payback less than 12 months and
3 not be included as an energy efficiency measure in the Prescriptive
4 Program.

5 **Q36. Will the programs described above change during the term of the 2019-**
6 **2021 Energy Efficiency Plan?**

7 A36. NIPSCO is committed to the program portfolio detailed above and has
8 worked with its OSB to obtain feedback on the proposed program offerings.
9 The program descriptions set out above are based on Lockheed Martin's
10 proposals, however, NIPSCO will continue to work with its OSB to refine
11 the program offerings so that each of the programs deliver the greatest
12 value to NIPSCO's customers.

13 **Q37. Are there any other programs NIPSCO plans to include in its 2019-2021**
14 **Energy Efficiency Plan?**

15 A37. Not at this time. However, NIPSCO remains open to consider other
16 programs for inclusion in its portfolio to support savings opportunities
17 within its service territory. Consistent with the Governance document,
18 NIPSCO will continue to work with its OSB prior to the implementation of

1 any additional programs and will keep the Commission apprised through
2 its annual DSMA tracker proceedings (Cause No. 43618-DSM-X).

3 **Q38. Will the opt out of customers have an impact on NIPSCO's ability to**
4 **achieve the energy efficiency goals established for the 2019-2021 Energy**
5 **Efficiency Plan?**

6 A38. No. As part of the RFP process, the bidders were aware of the ability for
7 customers to opt out and the amount of load that had opted out of program
8 participation. As noted above, as Lockheed Martin designed its proposal,
9 it developed its programs with the expectation of achieving savings from
10 only those customers who would continue participating in NIPSCO's
11 energy efficiency programs (i.e., small- to mid-sized C&I customers).

12 **Q39. You stated above that NIPSCO selected Lockheed Martin as**
13 **administrator of the 2019-2021 Energy Efficiency Plan. Are there benefits**
14 **in utilizing one vendor for the residential programs and C&I programs?**

15 A39. Yes. Having fewer vendors with which to work on issues related to
16 marketing, reporting, and evaluation efforts streamlines the provision of
17 the programs and likely decreases administration expenses.

1 **Q40. How does NIPSCO propose to offer programs in its combined gas and**
2 **electric service territory?**

3 A40. Where savings accrue to both fuels, the programs will be offered as a
4 portfolio of offerings to NIPSCO's (gas and electric) combination customers
5 to make sure they are aware of the several ways they can become more
6 energy efficient. This results in a more cost effective delivery of programs
7 because a single vendor can install both gas and electric measures in a dual-
8 fuel home during one visit. Moreover, offering the same programs in both
9 the gas and electric service territory promotes administrative efficiency for
10 all customers. Because Lockheed Martin will be the only vendor for
11 NIPSCO's energy efficiency programs, its network of providers will be able
12 to more effectively market both gas and electric programs to NIPSCO's
13 combination customers.

14 **Q41. Was combined administration of the electric and gas programs taken into**
15 **account when designing programs and formulating program budgets?**

16 A41. Yes. Lockheed Martin was aware that it could market both gas and electric
17 programs to combination customers and took this under consideration
18 when designing the programs and formulating the program budgets.

19

1 Program Budgets and Program Costs

2 **Q42. How did NIPSCO determine its proposed program budgets and program**
3 **costs for its 2019-2021 Energy Efficiency Plan?**²

4 A42. To determine program costs, NIPSCO first determined the program
5 budgets by taking the proposed implementation budget offered by
6 Lockheed Martin and added projected NIPSCO administrative costs (5% of
7 the proposed vendor implementation budget), projected EM&V costs (5%
8 of the proposed vendor implementation budget), and projected NIPSCO
9 marketing expenses (2.5% of the proposed vendor implementation budget).
10 NIPSCO then determined the amount of forecasted lost revenues
11 anticipated to be collected over the three year period by determining the
12 projected lost revenues for measures that will be installed under the 2019-
13 2021 Energy Efficiency Plan. Finally, NIPSCO determined the amount of
14 forecasted financial incentives based on a least cost approach of 15% of the

² Ind. Code § 8-1-8.5-10(g) defines "program costs" to include (1) direct and indirect costs of energy efficiency programs; (2) costs associated with the evaluation, measurement, and verification of program results; and (3) other recoveries or incentives approved by the Commission, including lost revenues and financial incentives approved by the Commission. For purposes of this filing, "program budgets" refers to the sum of vendor implementation budget, NIPSCO administrative costs (including marketing), and the costs for EM&V of the programs. Lost revenues and financial incentives are not included in program budgets.

1 Utility Cost Test ("UCT") net benefits or 15% of the program budget for
2 each of the three years.

3 **Q43. Is NIPSCO proposing additional marketing dollars for its 2019-2021**
4 **Energy Efficiency Plan?**

5 A43. Yes. In an effort to increase program awareness, NIPSCO is proposing
6 additional dollars to increase its marketing efforts, beyond vendor and
7 NIPSCO-sponsored marketing efforts. This funding will be used to
8 increase Plan advertising efforts across platforms such as bill inserts,
9 television/cable, digital, outdoor advertising, etc. To determine the
10 estimated costs, NIPSCO assumed 2.5% of the vendor implementation
11 budget, which is consistent with how NIPSCO estimates its administrative
12 costs and EM&V costs.

13 **Q44. What are NIPSCO's proposed program budgets and program costs for the**
14 **2019-2021 Energy Efficiency Plan?**

15 A44. Based on the foregoing, the proposed program budgets and program costs
16 for the 2019-2021 Energy Efficiency Plan are as follows:

17

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	Residential	C&I	Total
Vendor Implementation Cost	\$ 26,171,396	\$ 26,806,485	\$ 52,977,881
NIPSCO Administration	\$ 1,308,570	\$ 1,340,324	\$ 2,648,894
NIPSCO Marketing	\$ 654,282	\$ 670,163	\$ 1,324,445
EM&V	\$ 1,308,570	\$ 1,340,324	\$ 2,648,894
Total Program Budget³	\$ 29,442,818	\$ 30,157,296	\$ 59,600,114
Lost Revenues	\$ 13,507,609	\$ 24,240,078	\$ 37,747,687
Financial Incentives	\$ 1,863,476	\$ 4,523,595	\$ 6,387,071
Total Program Costs	\$ 44,813,903	\$ 58,920,969	\$ 103,734,872

1

2 **Q45. What is NIPSCO's proposed program costs for the Residential programs**
3 **included in the Plan?**

4 **A45. NIPSCO's proposed program costs for its Residential programs included in**
5 **the Plan are \$44,813,903, broken down by program as follows:**

6

	Program Budget	Lost Revenues	Financial Incentives	Total Program Costs
HVAC Energy Efficient Rebates	\$ 1,591,703	\$ 859,959	\$ 238,749	\$ 2,690,411
Lighting	\$ 14,757,837	\$ 4,196,226	\$ 409,815	\$ 19,363,878
Home Energy Assessment	\$ 2,553,052	\$ 927,231	\$ 209,854	\$ 3,690,137
Appliance Recycling	\$ 1,294,271	\$ 554,804	\$ 122,960	\$ 1,972,035
School Education	\$ 1,912,475	\$ 1,425,206	\$ 286,872	\$ 3,624,553
Multifamily Direct Install	\$ 1,128,374	\$ 622,513	\$ 139,020	\$ 1,889,907
Home Energy Report	\$ 1,698,897	\$ 2,234,642	\$ 29,297	\$ 3,962,836
Residential New Construction	\$ 936,285	\$ 334,853	\$ 82,223	\$ 1,353,361
HomeLife EE Calculator	\$ 1,460,397	\$ 1,140,190	\$ 219,060	\$ 2,819,647
Employee Education	\$ 837,502	\$ 555,821	\$ 125,626	\$ 1,518,949
IQW	\$ 1,272,025	\$ 656,164	\$ -	\$ 1,928,189
Total Residential Programs	\$ 29,442,818	\$ 13,507,609	\$ 1,863,476	\$ 44,813,903

7

8

³ The program budgets by program and by year are shown in Attachment 2-C.

1 **Q46. What is NIPSCO's proposed program costs for the C&I programs**
2 **included in the Plan?**

3 **A46. NIPSCO's proposed program costs for its C&I programs included in the**
4 **Plan are \$58,920,969, broken down by program as follows:**

	Program Budget	Lost Revenues	Financial Incentives	Total Program Costs
Prescriptive	\$ 8,181,617	\$ 7,857,588	\$ 1,227,243	\$ 17,266,448
Custom	\$ 12,714,409	\$ 8,653,310	\$ 1,907,161	\$ 23,274,880
C&I New Construction	\$ 3,850,470	\$ 2,392,402	\$ 577,571	\$ 6,820,443
SBDI	\$ 3,796,200	\$ 3,999,441	\$ 569,430	\$ 8,365,071
RCx	\$ 1,614,600	\$ 1,337,337	\$ 242,190	\$ 3,194,127
Total C&I Programs	\$ 30,157,296	\$ 24,240,078	\$ 4,523,595	\$ 58,920,969

5
6 **Q47. Does NIPSCO expect program designs, program budgets and program**
7 **costs to change drastically?**

8 **A47. Unless the Commission finds that the goals must conform exactly to what**
9 **was included in the 2016 IRP, NIPSCO does not anticipate the program**
10 **designs, program budgets and program costs to change drastically.**
11 **However, the program designs, program budgets and program costs are**
12 **not final. NIPSCO will continue to work with its OSB on program designs**
13 **and program budget and, if approvals outside of the authority of its OSB**
14 **are necessary, NIPSCO will request approval of those changes in its annual**
15 **DSMA tracker proceedings (Cause No. 43618-DSM-X).**

1 Q48. How would the program budgets and program costs change if the
2 Commission ordered NIPSCO to utilize the IRP Goals?

3 A48. In the event the Commission orders NIPSCO to pursue the lower IRP Goals,
4 the proposed program budgets and program costs for the 2019-2021 Energy
5 Efficiency Plan would be as follows:

	Residential	C&I	Total
Vendor Implementation Cost	\$ 8,575,767	\$ 8,396,935	\$ 16,972,702
NIPSCO Administration	\$ 428,791	\$ 419,844	\$ 848,635
NIPSCO Marketing	\$ 214,395	\$ 209,924	\$ 424,319
EM&V	\$ 428,791	\$ 419,844	\$ 848,635
Total Program Budget	\$ 9,647,744	\$ 9,446,547	\$ 19,094,291
Lost Revenues	\$ 4,143,042	\$ 8,263,263	\$ 12,406,305
Financial Incentives	\$ 589,421	\$ 1,416,985	\$ 2,006,406
Total Program Costs	\$ 14,380,207	\$ 19,126,795	\$ 33,507,002

6

7 NIPSCO's proposed program budget and program costs for the Plan would
8 be broken down by program, as follows:

9

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	Program Budget	Lost Revenues	Financial Incentives	Total Program Costs
HVAC Energy Efficient Rebates	\$ 675,537	\$ 395,428	\$ 101,331	\$ 1,172,296
Lighting	\$ 3,772,887	\$ 1,257,569	\$ 51,439	\$ 5,081,895
Home Energy Assessment	\$ 892,313	\$ 239,947	\$ 37,082	\$ 1,169,342
Appliance Recycling	\$ 589,452	\$ 252,082	\$ 55,768	\$ 897,302
School Education	\$ 741,836	\$ 456,030	\$ 111,276	\$ 1,309,142
Multifamily Direct Install	\$ 276,747	\$ 184,463	\$ 41,512	\$ 502,722
Home Energy Report	\$ 231,375	\$ 348,297	\$ 7,743	\$ 587,415
Residential New Construction	\$ 1,025,190	\$ 334,853	\$ 69,688	\$ 1,429,731
HomeLife EE Calculator	\$ 591,217	\$ 285,019	\$ 70,162	\$ 946,398
Employee Education	\$ 345,347	\$ 171,011	\$ 43,420	\$ 559,778
IQW	\$ 505,843	\$ 218,343	\$ -	\$ 724,186
Total Residential Programs	\$ 9,647,744	\$ 4,143,042	\$ 589,421	\$ 14,380,207
Prescriptive	\$ 2,601,218	\$ 2,669,404	\$ 390,183	\$ 5,660,805
Custom	\$ 3,980,463	\$ 2,954,463	\$ 597,069	\$ 7,531,995
C&I New Construction	\$ 1,211,427	\$ 816,828	\$ 181,715	\$ 2,209,970
SBDI	\$ 1,155,063	\$ 1,365,967	\$ 173,260	\$ 2,694,290
RCx	\$ 498,376	\$ 456,601	\$ 74,758	\$ 1,029,735
Total C&I Programs	\$ 9,446,547	\$ 8,263,263	\$ 1,416,985	\$ 19,126,795
Total Plan	\$ 19,094,291	\$ 12,406,305	\$ 2,006,406	\$ 33,507,002

Q49. Should the Commission consider the energy efficiency goals, program budgets and program costs to be final?

A49. No. The energy efficiency goals, program budgets and program costs constitute NIPSCO's best projections at this time. Because NIPSCO is proposing a three year program, which is susceptible to technology and market changes, it is expected that NIPSCO and the OSB will continue to make adjustments to the energy efficiency goals, program budgets and program costs throughout the program term. As identified in the

Governance document, the OSB does have the authority to modify, add or discontinue DSM programs and may shift funding for programs to other programs offered to the same customer sector.⁴ In addition, should the Commission find that the goals must conform exactly to what was included in the 2016 IRP, as further discussed by NIPSCO Witness Becker, the energy efficiency goals, and corresponding program budgets and program costs, set out above would change. Specific cost recovery will be addressed in NIPSCO's annual Demand Side Management Adjustment Mechanism ("DSMA") tracker proceedings (Cause No. 43618-DSM-X). In addition, should the Commission find that the goals must conform to what was included in the 2016 IRP, as further discussed by NIPSCO Witness Becker, NIPSCO, Lockheed Martin and the OSB will need to finalize program designs, which would likely change the program budgets and program costs.

Forecasted Lost Revenues

Q50. Please describe NIPSCO's forecasted lost revenues associated with the implementation of the 2019-2021 Energy Efficiency Plan?

⁴ In the 44634 Order, the Commission found "that NIPSCO's proposal for the continuation of its currently approved OSB and its proposed parameters for flexible program administration should be approved." 44634 Order at 42.

1 A50. Assuming there is not a base rate case in the intervening time period,
2 NIPSCO projects \$37,747,687 of lost revenues associated with the
3 implementation of the 2019-2021 Energy Efficiency Plan, \$13,507,609 for
4 Residential electric customers and \$24,240,078 for C&I electric customers.

5 **Q51. How did NIPSCO forecast lost revenues associated with its 2019-2021**
6 **Energy Efficiency Plan?**

7 A51. NIPSCO forecasted the costs of the lost revenues for the measures
8 forecasted to be installed as part of the Plan, which is the best estimate
9 NIPSCO has at this time of the collection of lost revenues during the period
10 January 1, 2019 through December 31, 2021.

11 **Q52. How does NIPSCO currently calculate lost revenues?**

12 A52. For measures installed in 2015, NIPSCO collects lost revenues based on (1)
13 the life of the measure, or (2) until rates are implemented pursuant to a final
14 order in NIPSCO's next base rate case, whichever is less. For measures
15 installed beginning in 2016 and in accordance with the 44634 Order,
16 NIPSCO collects lost revenues based on (1) four years or the life of the
17 measure, whichever is less, or (2) until rates are implemented pursuant to a
18 final order in NIPSCO's next base rate case, whichever occurs earlier.

1 Additionally, the reconciliation of lost revenues takes place once per year,
2 with the variance spread over the succeeding 12 month period.

3 **Q53. How is NIPSCO proposing to collect lost revenues associated with the**
4 **2019-2021 Energy Efficiency Plan?**

5 A53. As discussed by NIPSCO Witness Becker, NIPSCO is proposing to recover
6 lost revenues for (1) the life of the measure, or (2) until rates are
7 implemented pursuant to a final order in NIPSCO's next base rate case,
8 whichever is less.

9 **Q54. Is NIPSCO proposing to change how it allocates costs associated with lost**
10 **revenues?**

11 A54. No. NIPSCO's current allocation of costs associated with lost revenues was
12 first approved in Cause No. 44154 and most recently approved in Cause
13 No. 44634. NIPSCO forecasts lost revenues by forecasting net energy and
14 net demand savings by allocating projected energy savings in its energy
15 forecast for all rates.

16 **Q55. Is NIPSCO proposing to change its methodology for the reconciliation of**
17 **lost revenues?**

1 A55. No. NIPSCO's methodology for the reconciliation of lost revenues was first
2 approved in Cause No. 44154 and most recently approved in Cause No.
3 44634. Reconciliation of lost revenues takes place in several steps. First,
4 NIPSCO determines the actual number of measures installed by the rate
5 class. For example, if a customer on Rate 721 participated in the C&I
6 Prescriptive Rebate program, the lost revenues attributable to that
7 participation would be allocated to customers in Rate 721. The next step is
8 to adjust the deemed savings based on the ex post gross savings and the
9 net-to-gross adjustment from the most recent EM&V report. This provides
10 the ex post net savings, which is the number to which NIPSCO reconciles
11 and uses for its forecast going forward.

12 **Q56. Ind. Code § 8-1-8.5-10 provides that if the Commission finds a plan to be**
13 **reasonable, the electricity supplier shall be allowed to recover or receive**
14 **reasonable financial incentives and lost revenues, which may be based**
15 **on a reasonable forecast so long as a reconciliation method is included to**
16 **correct for any variance. Does NIPSCO's proposal include such a**
17 **reconciliation?**

18 A56. Yes. NIPSCO's lost revenues are reconciled based on actual costs and
19 performance as determined by its EM&V report. In addition, NIPSCO

1 reconciles the projected lost revenues and volumetric billing variances to
2 the original revenue requirements based on actuals. Since NIPSCO is
3 proposing to collect financial incentives based on actual performance as
4 determined by the EM&V report, reconciliation of these dollars will not be
5 needed.

6 **Financial Incentives**

7 **Q57. How does NIPSCO propose to calculate the financial incentives?**

8 A57. The proposed shared savings mechanism is calculated as the NPV of UCT
9 net benefits. The net benefits represent the difference between the costs
10 avoided by implementing the energy efficiency programs (avoided electric
11 capacity and energy) and the utility-incurred costs of the energy efficiency
12 programs. The pre-tax performance incentive will be determined by
13 multiplying the net savings, as determined by the UCT associated with each
14 program with a UCT greater than 1.0, by 15%. The independent, third party
15 EM&V vendor will perform the calculations to determine the net benefits
16 under the UCT. Depending on the total amount of net benefits provided
17 by each program, NIPSCO will cap the total amount of shared savings
18 recovered at 15% of the program budget. For example, in 2019, the HVAC
19 Energy Efficient Rebate program is projected to have \$771,697 in net

1 benefits as determined by the UCT. Since the program budget of \$531,289
2 is less than the UCT net benefits, NIPSCO's shared savings would be
3 \$79,693 ($\$531,289 \times .15$).

4 **Q58. How did NIPSCO project the financial incentives associated with its**
5 **2019-2021 Energy Efficiency Plan?**

6 A58. NIPSCO determined the NPV of the net benefits as demonstrated through
7 the UCT. NIPSCO then took 15% of those benefits as the estimated amount
8 of financial incentives to be recovered by NIPSCO as a shared savings with
9 its customers. This forecast was performed based on the planning numbers
10 submitted by the vendor and the analysis conducted by NIPSCO Witness
11 Morgan. NIPSCO is requesting recovery of the shared savings while not
12 exceeding 15% of the program budget. The forecasted numbers
13 demonstrate the lower amount of the two as shown in Attachment 2-D.
14 NIPSCO requests to receive financial incentives after the EM&V results are
15 received based on the actual NPV of the net benefits as demonstrated
16 through the UCT. This will be determined by the EM&V vendor selected
17 by the OSB. NIPSCO Witness Becker provides additional explanation of
18 why it is appropriate for NIPSCO to collect financial incentives as well as
19 the proposed mechanism for collecting it through the DSMA Mechanism.

1 **Q59. How does NIPSCO propose to allocate financial incentives?**

2 A59. NIPSCO proposes to allocate financial incentives in the same manner as the
3 allocation of program costs on a per kWh basis based on the twelve month
4 kWh sales forecast for each Rate Schedule.

5 **EM&V Procedures**

6 **Q60. Has NIPSCO selected an EM&V vendor for its 2019-2021 Energy**
7 **Efficiency Plan?**

8 A60. No. In order to get the most accurate bids from potential EM&V vendors,
9 it is important to identify the programs that will be offered. Therefore,
10 NIPSCO and its OSB elected to first determine the programs and vendor
11 for the 2019-2021 Energy Efficiency Plan and then issue an RFP in 2018 to
12 select the vendor to evaluate these programs. The OSB has ultimate
13 authority in the final selection of the EM&V vendor. NIPSCO anticipates
14 having a vendor in place by the time the 2019-2021 Energy Efficiency Plan
15 is implemented. A detailed description of NIPSCO's proposed EM&V
16 process is attached as Attachment 2-E.

17 **Q61. Please provide a brief description of NIPSCO's EM&V vendor selection**
18 **process.**

1 A61. In early 2018, NIPSCO intends to begin the RFP process to seek out and
2 contract a highly qualified and experienced independent evaluator to
3 perform an evaluation, measurement and verification of NIPSCO's 2019-
4 2021 Electric and Natural Gas Programs. The scope of services will requires
5 the winning EM&V bidder ("Evaluator") to provide an evaluation plan,
6 identify gross and net savings, conduct a thorough process evaluation,
7 perform cross-cutting tasks including benchmarking, and conduct an
8 impact evaluation.

9 **Q62. Does this complete your prepared direct testimony?**

10 A62. Yes.

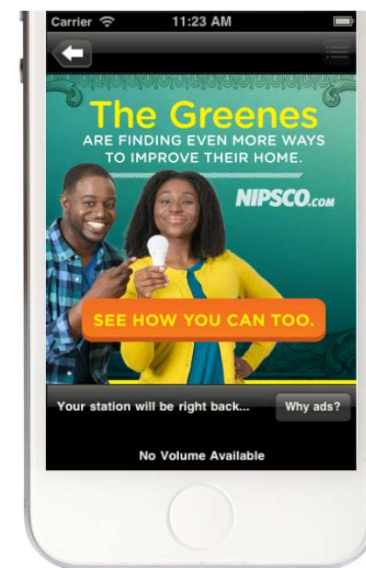
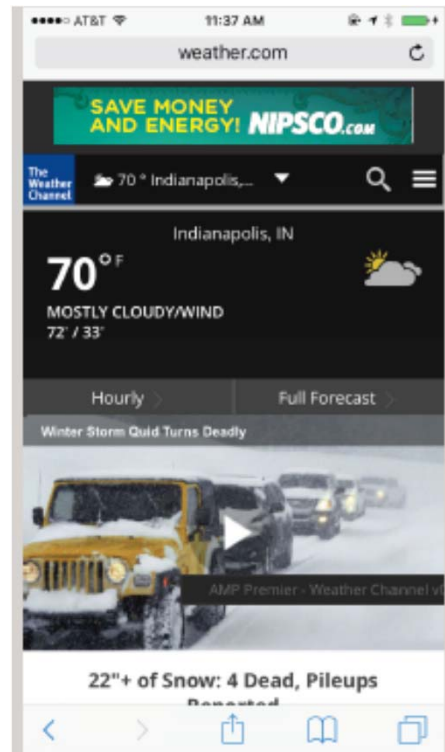
VERIFICATION

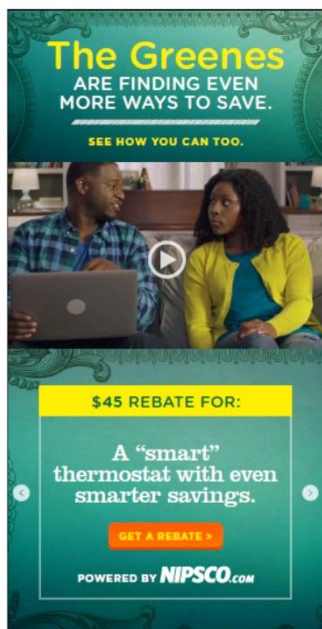
I, Victoria A. Vrab, Director of Demand Side Management Programs for Northern Indiana Public Service Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

A handwritten signature in blue ink, reading "Victoria A. Vrab", is positioned above a horizontal line.

Victoria A. Vrab

Date: November 22, 2017

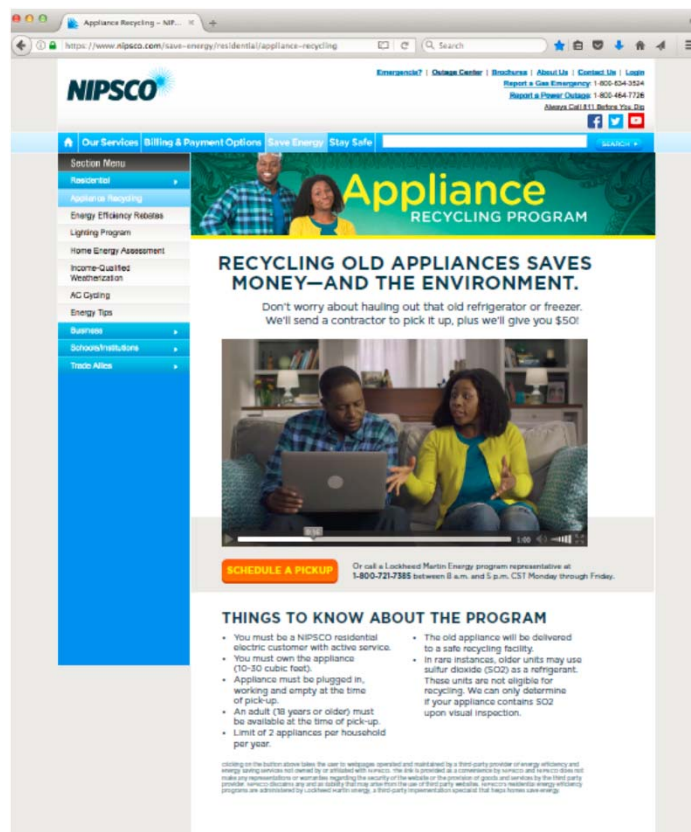




The Greens
ARE FINDING EVEN MORE WAYS TO SAVE.
SEE HOW YOU CAN TOO.

\$45 REBATE FOR:
A “smart” thermostat with even smarter savings.

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Appliance RECYCLING PROGRAM

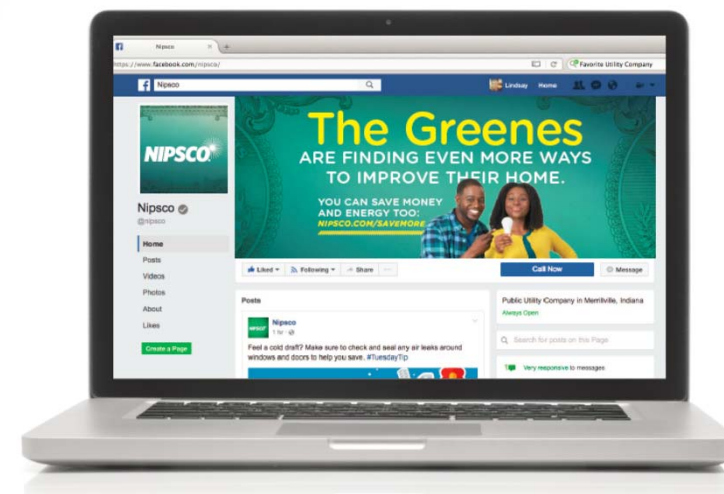
RECYCLING OLD APPLIANCES SAVES MONEY—AND THE ENVIRONMENT.
Don't worry about hauling out that old refrigerator or freezer. We'll send a contractor to pick it up, plus we'll give you \$50!

SCHEDULE A PICKUP
Or call a Lockwood Martin Energy program representative at 1-800-721-7885 between 8 a.m. and 5 p.m. CST Monday through Friday.

THINGS TO KNOW ABOUT THE PROGRAM

- You must be a NIPSCO residential electric customer with active service.
- You must own the appliance (10-30 cubic feet).
- Appliance must be plugged in, working and empty at the time of pick-up.
- An adult (18 years or older) must be available at the time of pick-up.
- Limit of 2 appliances per household per year.
- The old appliance will be delivered to a safe recycling facility.
- In rare instances, older units may use sulfur dioxide (SO2) as a refrigerant. These units are not eligible for recycling. We can only determine if your appliance contains SO2 upon visual inspection.

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ARE FINDING EVEN MORE WAYS TO IMPROVE THEIR HOME.
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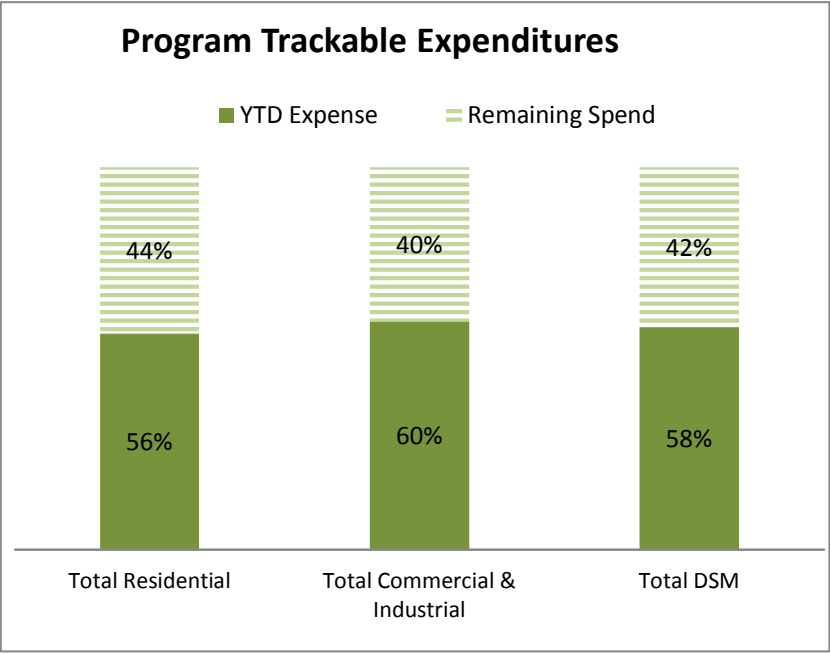
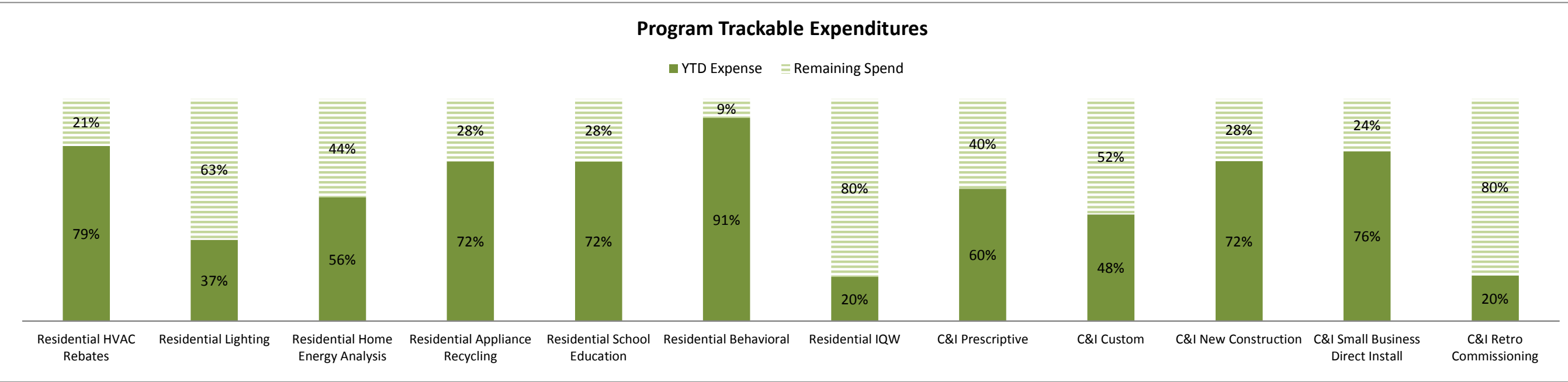
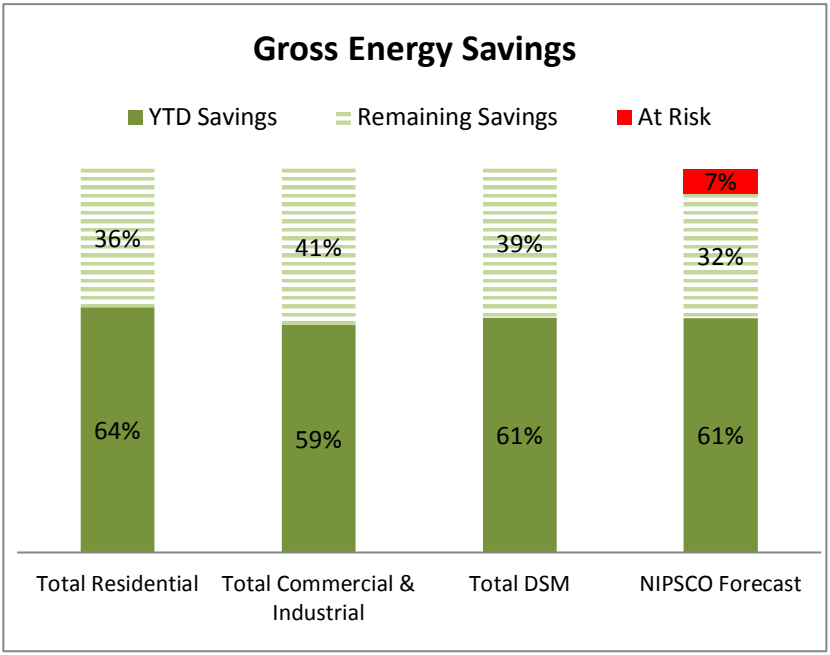
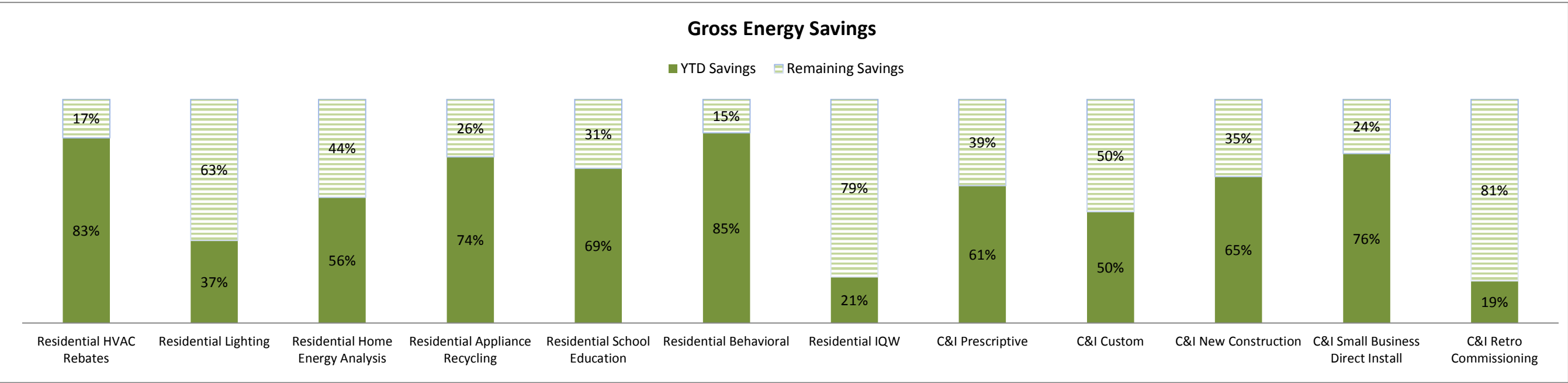
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Feel a cold draft? Make sure to check and seal any air leaks around windows and doors to help you save. #TurningTip
Very responsive to messages



NIPSCO Electric Programs Energy Efficiency Scorecard
Program Period January 2017 to December 2017
As of September 30, 2017

	Gross MWh Savings					Gross kW Savings			Program Trackable Expenditures				
	Current Month	Year To Date	Current Full Year Plan	Actual % Achieved	NIPSCO Forecast (a)	Current Month	Year To Date	Current Full Year Plan	Program Expense	Admin Expense	Total Current Month	Year To Date	Current Full Year Plan
<i>RESIDENTIAL PROGRAMS (b)</i>													
Residential HVAC Rebates	85	1,467	1,773	83%	100%	44	374	491	\$ 20,329	\$ 1,547	\$ 21,876	\$ 361,375	\$ 458,076
Residential Lighting	1,030	7,637	20,748	37%	60%	141	1,046	5,195	\$ 122,923	\$ 1,467	\$ 124,390	\$ 1,265,996	\$ 3,468,110
Residential Home Energy Analysis	48	347	620	56%	100%	26	205	362	\$ 19,142	\$ 1,994	\$ 21,135	\$ 184,034	\$ 330,733
Residential Appliance Recycling	202	1,286	1,736	74%	100%	30	189	255	\$ 43,392	\$ 1,585	\$ 44,976	\$ 327,035	\$ 454,753
Residential School Education	58	1,790	2,592	69%	100%	8	243	352	\$ 8,253	\$ 680	\$ 8,933	\$ 318,263	\$ 443,902
Residential Behavioral	4,072	21,024	24,741	85%	100%	-	-	6,687	\$ 221,940	\$ 1,050	\$ 222,990	\$ 1,610,524	\$ 1,761,302
Residential IQW	34	98	476	21%	100%	8	22	92	\$ 9,752	\$ 1,322	\$ 11,075	\$ 86,655	\$ 435,515
TOTAL 2017 RESIDENTIAL PROGRAMS (64% of goal)	5,530	33,651	52,685	64%	84%	257	2,079	13,433	\$ 445,730	\$ 9,645	\$ 455,375	\$ 4,153,881	\$ 7,352,391
<i>COMMERCIAL & INDUSTRIAL PROGRAMS (b)</i>													
C&I Prescriptive	2,180	19,949	32,543	61%	100%	591	5,687	10,656	\$ 179,201	\$ 3,867	\$ 183,068	\$ 1,882,022	\$ 3,160,610
C&I Custom	1,072	12,409	24,995	50%	100%	90	2,465	5,421	\$ 89,327	\$ 6,531	\$ 95,858	\$ 1,330,641	\$ 2,768,113
C&I New Construction	1,217	5,936	9,083	65%	100%	308	1,374	1,726	\$ 143,369	\$ 499	\$ 143,868	\$ 666,661	\$ 925,422
C&I Small Business Direct Install	207	6,115	8,086	76%	100%	62	2,552	3,923	\$ 24,814	\$ 964	\$ 25,777	\$ 1,037,616	\$ 1,357,698
C&I Retro Commissioning	-	43	231	19%	100%	-	-	45	\$ -	\$ 554	\$ 554	\$ 7,932	\$ 38,801
TOTAL 2017 C&I PROGRAMS (59% of goal)	4,677	44,454	74,938	59%	100%	1,052	12,079	21,771	\$ 436,711	\$ 12,415	\$ 449,126	\$ 4,924,873	\$ 8,250,644
TOTAL 2017 NIPSCO DSM PROGRAMS (61% of goal)	10,208	78,104	127,623	61%	93%	1,309	14,158	35,204	\$ 882,441	\$ 22,060	\$ 904,501	\$ 9,078,754	\$ 15,603,035





NIPSCO Electric Programs Energy Efficiency Scorecard

Program Period January 2017 to December 2017

As of September 30, 2017

Program Name	Program Description	Program Updates
Residential HVAC Rebates Implemented by Lockheed Martin	The Heating, Ventilation and Air Conditioning (“HVAC”) Program, which will be marketed as the Energy Efficiency Rebate Program, is designed to incentivize natural gas and electric customers to replace inefficient HVAC equipment with energy efficient alternatives. These measures are paid per-unit installed, reimbursing the customer for a portion of their cost. The program’s intent is to help remove the financial barrier associated with the initial cost of these energy efficient alternatives. The primary marketing driver for these programs is the construction of a strong and active network of trade allies who are capable of promoting the program to NIPSCO customers directly.	2,957 rebates have been paid out to 1,894 participants.
Residential Lighting Implemented by Lockheed Martin	The Residential Lighting Program, which will be marketed as the Lighting Discounts Program, encourages residential customers to purchase high-efficiency ENERGY STAR® qualified lighting. The program works toward this goal by using wholesale incentives to buy down or mark down the incremental cost of energy efficient products through manufacturer and retailer partnerships. Lockheed Martin plans to utilize the services of Ecova to assist in the implementation of this program.	406,512 bulbs have been sold through the Lighting program.
Residential Home Energy Analysis Implemented by Lockheed Martin	The Home Energy Analysis Program, which will be marketed as the Home Energy Assessment (“HEA”) Program, provides homeowners with the direct install of low-cost, energy-efficient measures followed by the delivery of a Comprehensive Home Assessment (CHA) report to the customer. The HEA Program is designed to help homeowners improve the efficiency, safety, and comfort of their homes, as well as deliver an immediate reduction in electricity (kWh) and/or natural gas (therm) consumption savings and promote additional efficiency work. Lockheed Martin will train and utilize several contractors within NIPSCO’s service territory to execute this program.	552 home energy assessments have been performed.
Residential Appliance Recycling Implemented by Lockheed Martin	The Appliance Recycling Program provides a \$50 incentive to residential customers who recycle a secondary working refrigerator and/or freezer. Lockheed Martin plans to utilize the services of Appliance Recycling Centers of America (ARCA) to assist in the implementation of this program.	1,532 customers have recycled 1,629 units.
Residential School Education Implemented by Lockheed Martin	The School Education Program, which will be marketed as the Energy Efficiency Education Program, produces cost-effective electric and natural gas savings by influencing 5th grade students and their families to focus on conservation and the efficient use of electricity and natural gas. It provides classroom instruction, posters, and activities aligned with national and state learning standards and energy education kits filled with energy-saving products and advice. Students participate in an energy education presentation at school, learning about basic energy concepts through class lessons and activities. The students also receive an energy education kit of quality, high-efficiency products, that they are instructed to install at home with their families. The experience at home completes the learning cycle started at school. Lockheed Martin plans to utilize the services of the National Energy Foundation (“NEF”) to assist in the implementation of this program.	The School Education Program is fully enrolled, with kits to be distributed to schools before the end of the year.
Residential Behavioral Implemented by Lockheed Martin	The Behavioral Program, which will be marketed as the Home Energy Report, significantly increases energy efficient behavior through customer engagement across a selected population within the NIPSCO service territory. Home Energy Reports are sent to the select population to: 1) show large-scale, measurable, and cost-effective energy savings over a one year period; 2) to increase program participation in select NIPSCO energy efficiency programs; and 3) increase customer satisfaction through an improved customer experience. Lockheed Martin will be utilizing the services of OPower to administer this program.	197,250 combo customers are enrolled and receive a home energy report. There have been limited efforts and methods used by evaluation firms across the country in order to calculate demand savings. Due to these limitations demand savings will not be reflected in the monthly scorecard.
Residential IQW Implemented by Lockheed Martin	The Income Qualified Weatherization (“IQW”) Program provides energy efficiency services to qualifying low-income households. Qualifying participants receive an in-home energy assessment to identify the areas of the home that can be improved so that energy is used more efficiently to help make the home more comfortable and reduce energy costs. The income-qualified appliance replacement measure has been incorporated within this program. Lockheed Martin will utilize the services of the Community Action Program Agencies and its associated contractors within NIPSCO’s service territory for the completion of the home assessments.	113 assessments have been performed and 29 refrigerators have been replaced.
C&I Prescriptive Implemented by Lockheed Martin	The C&I Prescriptive Program offers a menu of incentives to commercial and industrial customers for installing energy efficient measures by reimbursing a portion of their cost of those pre-selected measures. Customers may have concerns about the initial cost associated with implementing larger energy efficiency upgrades; the incentives provided by this program help remove that barrier.	713 customers have participated in the program and the pipeline savings total 5,310 MWh.
C&I Custom Implemented by Lockheed Martin	The C&I Custom Program is available to commercial and industrial customers for non-prescriptive efficiency measure projects. This program is designed for more complicated projects, or those that incorporate alternative technologies where incentives are based on calculated energy savings. Each project will be specially designed by the customer and will be thoroughly reviewed by Lockheed Martin. The purpose of this program is to provide customers with additional ways for saving energy outside of the traditional rebate program.	102 customers have participated in the program and pipeline savings total 10,131 MWh.
C&I New Construction Implemented by Lockheed Martin	The C&I New Construction Program is designed to encourage energy efficient new construction of commercial and industrial facilities within NIPSCO’s service territory. This program offers financial incentives to encourage building owners, designers and architects to exceed standard building practices and achieve efficiency, above and beyond the current statewide building code requirements. The goal of the New Construction Program is to produce newly constructed and expanded buildings that are among the most efficient in the nation.	29 customers have participated in the program and pipeline savings total 2,903 MWh.
C&I Small Business Direct Install Implemented by Lockheed Martin	The C&I Small Business Direct Install (“SBDI”) Program is designed to assist small and medium commercial customers throughout NIPSCO’s service territory by minimizing energy costs. The SBDI Program provides energy-saving measures paying up to the total cost (material and labor) of the measure by SBDI trade allies.	541 customers have participated in the program and pipeline savings total 363 MWh.
C&I Retro Commissioning Implemented by Lockheed Martin	The Retro-Commissioning (“RCx”) Program was designed to help NIPSCO commercial and industrial customers determine the energy performance of their facilities and identify energy savings opportunities by optimizing their existing systems. RCx projects will holistically examine energy consuming systems for cost-effective savings opportunities. The RCx process will identify operational inefficiencies that can be removed or reduced to yield energy savings. To maintain program cost-effectiveness and maximize savings opportunities, the RCx Program will focus on office buildings, large hotels, hospitals, large retail stores, industrial plants and refrigerated warehouses.	1 customer has participated in the program and there are no pipeline savings.
<i>a.) The NIPSCO Forecast was updated in September 2017. Based on recently approved OSB program shifts, NIPSCO is expecting that LM will achieve 100% of their savings goal with the exception of Residential Lighting. Based on average historical monthly savings, NIPSCO forecasted the program at 60% of the savings goal.</i>		
<i>b.) On March 23, 2017 and July 5, 2017, the OSB approved shifts to savings and spend goals for the C&I and Residential programs, respectively. Beginning with the September 2017 scorecard, Residential and C&I savings and spend goals have been updated to reflect the OSB approved shift on October 5, 2017. The Residential program savings and budget shifts detailed in the memo were approved, with the exception of the decrease to the lighting savings goal, which will remain the same. The OSB also granted provisional funding so that the Residential IQW program can utilize up to \$164,000 to gain additional savings. The C&I program shifts were approved by the OSB, along with approval of up to \$500,000 of historical funds, which includes program shifts accounting for \$316,430 and the remaining \$183,570 to gain additional portfolio savings if the approved funds are exhausted. The provisional funding will be updated in the scorecard as the additional savings are reported.</i>		

	Program Budget									
<i>PY2019</i>	Lockheed Martin Implementation Cost	NIPSCO Admin	NIPSCO Marketing	EM&V	Program Budget	Lost Revenue	Financial Incentive	Total Program Costs		
HVAC Energy Efficient Rebate	\$ 472,269	\$ 23,613	\$ 11,807	\$ 23,613	\$ 531,302	\$ 64,291	\$ 79,693	\$ 675,286		
Lighting	\$ 4,372,692	\$ 218,635	\$ 109,317	\$ 218,635	\$ 4,919,279	\$ 313,511	\$ 100,907	\$ 5,333,697		
Home Energy Assessment	\$ 757,341	\$ 37,867	\$ 18,934	\$ 37,867	\$ 852,009	\$ 69,981	\$ 64,535	\$ 986,525		
Appliance Recycling	\$ 383,934	\$ 19,197	\$ 9,598	\$ 19,197	\$ 431,926	\$ 41,472	\$ 37,909	\$ 511,307		
School Education	\$ 567,328	\$ 28,366	\$ 14,183	\$ 28,366	\$ 638,243	\$ 106,537	\$ 95,737	\$ 840,517		
Multifamily Direct Install	\$ 332,724	\$ 16,636	\$ 8,318	\$ 16,636	\$ 374,314	\$ 46,533	\$ 44,315	\$ 465,162		
Home Energy Reports	\$ 503,972	\$ 25,199	\$ 12,599	\$ 25,199	\$ 566,969	\$ 745,762	\$ 9,053	\$ 1,321,784		
Residential New Construction	\$ 277,418	\$ 13,871	\$ 6,935	\$ 13,871	\$ 312,095	\$ 25,018	\$ 25,371	\$ 362,484		
HomeLife EE Calculator	\$ 433,221	\$ 21,661	\$ 10,831	\$ 21,661	\$ 487,374	\$ 85,229	\$ 73,106	\$ 645,709		
Employee Education	\$ 248,442	\$ 12,422	\$ 6,211	\$ 12,422	\$ 279,497	\$ 41,549	\$ 41,925	\$ 362,971		
IQW	\$ 377,335	\$ 18,867	\$ 9,433	\$ 18,867	\$ 424,502	\$ 49,443	\$ -	\$ 473,945		
Total Residential Programs	\$ 8,726,676	\$ 436,334	\$ 218,166	\$ 436,334	\$ 9,817,510	\$ 1,589,326	\$ 572,551	\$ 11,979,387		
Prescriptive	\$ 2,181,765	\$ 109,088	\$ 54,544	\$ 109,088	\$ 2,454,485	\$ 559,890	\$ 368,173	\$ 3,382,548		
Custom	\$ 3,390,509	\$ 169,525	\$ 84,763	\$ 169,525	\$ 3,814,322	\$ 616,586	\$ 572,148	\$ 5,003,056		
New Construction	\$ 1,026,792	\$ 51,340	\$ 25,670	\$ 51,340	\$ 1,155,142	\$ 170,470	\$ 173,271	\$ 1,498,883		
SBDI	\$ 1,012,320	\$ 50,616	\$ 25,308	\$ 50,616	\$ 1,138,860	\$ 284,978	\$ 170,829	\$ 1,594,667		
RCx	\$ 430,560	\$ 21,528	\$ 10,764	\$ 21,528	\$ 484,380	\$ 95,292	\$ 72,657	\$ 652,329		
Total C&I Programs	\$ 8,041,946	\$ 402,097	\$ 201,049	\$ 402,097	\$ 9,047,189	\$ 1,727,216	\$ 1,357,078	\$ 12,131,483		
Total Plan 2019	\$ 16,768,622	\$ 838,431	\$ 419,215	\$ 838,431	\$ 18,864,699	\$ 3,316,542	\$ 1,929,629	\$ 24,110,870		

	Program Budget									
<i>PY2020</i>	Lockheed Martin Implementation Cost	NIPSCO Admin	NIPSCO Marketing	EM&V	Program Budget	Lost Revenue	Financial Incentive	Total Program Costs		
HVAC Energy Efficient Rebate	\$ 471,608	\$ 23,580	\$ 11,790	\$ 23,580	\$ 530,558	\$ 247,178	\$ 79,582	\$ 857,318		
Lighting	\$ 4,372,692	\$ 218,635	\$ 109,317	\$ 218,635	\$ 4,919,279	\$ 1,205,812	\$ 136,096	\$ 6,261,187		
Home Energy Assessment	\$ 756,448	\$ 37,822	\$ 18,911	\$ 37,822	\$ 851,003	\$ 267,227	\$ 69,749	\$ 1,187,979		
Appliance Recycling	\$ 383,482	\$ 19,174	\$ 9,587	\$ 19,174	\$ 431,417	\$ 159,459	\$ 40,856	\$ 631,732		
School Education	\$ 566,659	\$ 28,333	\$ 14,166	\$ 28,333	\$ 637,491	\$ 409,629	\$ 95,624	\$ 1,142,744		
Multifamily Direct Install	\$ 335,328	\$ 16,766	\$ 8,383	\$ 16,766	\$ 377,243	\$ 178,920	\$ 46,049	\$ 602,212		
Home Energy Reports	\$ 503,376	\$ 25,169	\$ 12,584	\$ 25,169	\$ 566,298	\$ 744,879	\$ 6,861	\$ 1,318,038		
Residential New Construction	\$ 277,418	\$ 13,871	\$ 6,935	\$ 13,871	\$ 312,095	\$ 96,222	\$ 27,345	\$ 435,662		
HomeLife EE Calculator	\$ 432,710	\$ 21,635	\$ 10,818	\$ 21,635	\$ 486,798	\$ 327,709	\$ 73,020	\$ 887,527		
Employee Education	\$ 248,149	\$ 12,407	\$ 6,204	\$ 12,407	\$ 279,167	\$ 159,752	\$ 41,875	\$ 480,794		
IQW	\$ 376,891	\$ 18,845	\$ 9,422	\$ 18,845	\$ 424,003	\$ 189,019	\$ -	\$ 613,022		
Total Residential Programs	\$ 8,724,761	\$ 436,237	\$ 218,117	\$ 436,237	\$ 9,815,352	\$ 3,985,806	\$ 617,057	\$ 14,418,215		
Prescriptive	\$ 2,424,183	\$ 121,209	\$ 60,605	\$ 121,209	\$ 2,727,206	\$ 2,215,629	\$ 409,081	\$ 5,351,916		
Custom	\$ 3,767,232	\$ 188,362	\$ 94,181	\$ 188,362	\$ 4,238,137	\$ 2,440,002	\$ 635,720	\$ 7,313,859		
New Construction	\$ 1,140,880	\$ 57,044	\$ 28,522	\$ 57,044	\$ 1,283,490	\$ 674,594	\$ 192,524	\$ 2,150,608		
SBDI	\$ 1,124,800	\$ 56,240	\$ 28,120	\$ 56,240	\$ 1,265,400	\$ 1,127,735	\$ 189,810	\$ 2,582,945		
RCx	\$ 478,400	\$ 23,920	\$ 11,960	\$ 23,920	\$ 538,200	\$ 377,092	\$ 80,730	\$ 996,022		
Total C&I Programs	\$ 8,935,495	\$ 446,775	\$ 223,388	\$ 446,775	\$ 10,052,433	\$ 6,835,052	\$ 1,507,865	\$ 18,395,350		
Total Plan 2020	\$ 17,660,256	\$ 883,012	\$ 441,505	\$ 883,012	\$ 19,867,785	\$ 10,820,858	\$ 2,124,922	\$ 32,813,565		

	Program Budget									
<i>PY2021</i>	Lockheed Martin Implementation Cost	NIPSCO Admin	NIPSCO Marketing	EM&V	Program Budget	Lost Revenue	Financial Incentive	Total Program Costs		
HVAC Energy Efficient Rebate	\$ 470,971	\$ 23,549	\$ 11,774	\$ 23,549	\$ 529,843	\$ 548,490	\$ 79,474	\$ 1,157,807		
Lighting	\$ 4,372,692	\$ 218,635	\$ 109,317	\$ 218,635	\$ 4,919,279	\$ 2,676,903	\$ 172,812	\$ 7,768,994		
Home Energy Assessment	\$ 755,590	\$ 37,780	\$ 18,890	\$ 37,780	\$ 850,040	\$ 590,023	\$ 75,570	\$ 1,515,633		
Appliance Recycling	\$ 383,048	\$ 19,152	\$ 9,576	\$ 19,152	\$ 430,928	\$ 353,873	\$ 44,195	\$ 828,996		
School Education	\$ 565,991	\$ 28,300	\$ 14,150	\$ 28,300	\$ 636,741	\$ 909,040	\$ 95,511	\$ 1,641,292		
Multifamily Direct Install	\$ 334,949	\$ 16,747	\$ 8,374	\$ 16,747	\$ 376,817	\$ 397,060	\$ 48,656	\$ 822,533		
Home Energy Reports	\$ 502,782	\$ 25,139	\$ 12,570	\$ 25,139	\$ 565,630	\$ 744,001	\$ 13,383	\$ 1,323,014		
Residential New Construction	\$ 277,418	\$ 13,871	\$ 6,935	\$ 13,871	\$ 312,095	\$ 213,613	\$ 29,507	\$ 555,215		
HomeLife EE Calculator	\$ 432,200	\$ 21,610	\$ 10,805	\$ 21,610	\$ 486,225	\$ 727,252	\$ 72,934	\$ 1,286,411		
Employee Education	\$ 247,856	\$ 12,393	\$ 6,196	\$ 12,393	\$ 278,838	\$ 354,520	\$ 41,826	\$ 675,184		
IQW	\$ 376,462	\$ 18,823	\$ 9,412	\$ 18,823	\$ 423,520	\$ 417,702	\$ -	\$ 841,222		
Total Residential Programs	\$ 8,719,959	\$ 435,999	\$ 217,999	\$ 435,999	\$ 9,809,956	\$ 7,932,477	\$ 673,868	\$ 18,416,301		
Prescriptive	\$ 2,666,601	\$ 133,330	\$ 66,665	\$ 133,330	\$ 2,999,926	\$ 5,082,069	\$ 449,989	\$ 8,531,984		
Custom	\$ 4,143,955	\$ 207,198	\$ 103,599	\$ 207,198	\$ 4,661,950	\$ 5,596,722	\$ 699,293	\$ 10,957,965		
New Construction	\$ 1,254,968	\$ 62,748	\$ 31,374	\$ 62,748	\$ 1,411,838	\$ 1,547,338	\$ 211,776	\$ 3,170,952		
SBDI	\$ 1,237,280	\$ 61,864	\$ 30,932	\$ 61,864	\$ 1,391,940	\$ 2,586,728	\$ 208,791	\$ 4,187,459		
RCx	\$ 526,240	\$ 26,312	\$ 13,156	\$ 26,312	\$ 592,020	\$ 864,953	\$ 88,803	\$ 1,545,776		
Total C&I Programs	\$ 9,829,044	\$ 491,452	\$ 245,726	\$ 491,452	\$ 11,057,674	\$ 15,677,810	\$ 1,658,652	\$ 28,394,136		
Total Plan 2021	\$ 18,549,003	\$ 927,451	\$ 463,725	\$ 927,451	\$ 20,867,630	\$ 23,610,287	\$ 2,332,520	\$ 46,810,437		

Projected Financial Incentives 2019-2021

	2019 Total	2020 Total	2021 Total	Total
HVAC Energy Efficient Rebate	\$ 79,693	\$ 79,582	\$ 79,474	\$ 238,749
Lighting	\$ 100,907	\$ 136,096	\$ 172,812	\$ 409,815
Home Energy Assessment	\$ 64,535	\$ 69,749	\$ 75,570	\$ 209,854
Appliance Recycling	\$ 37,909	\$ 40,856	\$ 44,195	\$ 122,960
School Education	\$ 95,737	\$ 95,624	\$ 95,511	\$ 286,872
Multifamily Direct Install	\$ 44,315	\$ 46,049	\$ 48,656	\$ 139,020
Home Energy Reports	\$ 9,053	\$ 8,861	\$ 13,383	\$ 29,297
Residential New Construction	\$ 25,371	\$ 27,345	\$ 29,507	\$ 82,223
HomeLife EE Calculator	\$ 73,106	\$ 73,020	\$ 72,934	\$ 219,060
Employee Education	\$ 41,925	\$ 41,875	\$ 41,826	\$ 125,626
I/QW	\$ -	\$ -	\$ -	\$ -
Total Residential Programs	\$ 572,551	\$ 617,057	\$ 673,868	\$ 1,863,476
Prescriptive	\$ 368,173	\$ 409,081	\$ 449,989	\$ 1,227,243
Custom	\$ 572,148	\$ 635,720	\$ 699,293	\$ 1,907,161
New Construction	\$ 173,271	\$ 192,524	\$ 211,776	\$ 577,571
SBDI	\$ 170,829	\$ 189,810	\$ 208,791	\$ 569,430
RCx	\$ 72,657	\$ 80,730	\$ 88,803	\$ 242,190
Total C&I Programs	\$ 1,357,078	\$ 1,507,865	\$ 1,658,652	\$ 4,523,595
Total Programs	\$ 1,929,629	\$ 2,124,922	\$ 2,332,520	\$ 6,387,071

Projected Performance Incentives 2019

	Benefits	Costs	Net Benefits	UCT	15% Cap	Program Spend	15% Cap	Financial Incentives Cap
	(from Morgan Marketing Partners Data)				(Net Benefits *.15)	(Vendor Budgets)	(Program Budget *.15)	(Lesser of 15% of Net Benefits or 15% of Program Budget)
Residential, 2019								
HVAC Energy Efficient Rebate	\$ 1,302,986	\$ 531,289	\$ 771,697	2.45	\$ 115,755	\$ 531,289	\$ 79,693	\$ 79,693
Lighting	\$ 5,591,991	\$ 4,919,279	\$ 672,713	1.14	\$ 100,907	\$ 4,919,279	\$ 737,892	\$ 100,907
Home Energy Assessment	\$ 1,282,232	\$ 852,000	\$ 430,231	1.50	\$ 64,535	\$ 852,000	\$ 127,800	\$ 64,535
Appliance Recycling	\$ 684,653	\$ 431,926	\$ 252,726	1.59	\$ 37,909	\$ 431,926	\$ 64,789	\$ 37,909
School Education	\$ 1,724,925	\$ 638,244	\$ 1,086,681	2.70	\$ 163,002	\$ 638,244	\$ 95,737	\$ 95,737
Multifamily Direct Install	\$ 670,120	\$ 374,689	\$ 295,431	1.79	\$ 44,315	\$ 374,689	\$ 56,203	\$ 44,315
Home Energy Reports	\$ 627,324	\$ 566,969	\$ 60,355	1.11	\$ 9,053	\$ 566,969	\$ 85,045	\$ 9,053
Residential New Construction	\$ 481,238	\$ 312,095	\$ 169,143	1.54	\$ 25,371	\$ 312,095	\$ 46,814	\$ 25,371
HomeLife EE Calculator	\$ 1,379,940	\$ 487,373	\$ 892,566	2.83	\$ 133,885	\$ 487,373	\$ 73,106	\$ 73,106
Employee Education	\$ 672,721	\$ 279,497	\$ 393,224	2.41	\$ 58,984	\$ 279,497	\$ 41,925	\$ 41,925
I/QW	\$ 828,804	\$ 424,496	\$ 404,308	1.95	\$ -	\$ 424,496	\$ -	\$ -
Total Residential Programs					\$ 753,716			\$ 572,551
C&I, 2019								
Prescriptive	\$ 14,197,741	\$ 2,454,485	\$ 11,743,256	5.78	\$ 1,761,488	\$ 2,454,485	\$ 368,173	\$ 368,173
Custom	\$ 15,681,979	\$ 3,814,322	\$ 11,867,657	4.11	\$ 1,780,149	\$ 3,814,322	\$ 572,148	\$ 572,148
New Construction	\$ 4,469,188	\$ 1,155,141	\$ 3,314,047	3.87	\$ 497,107	\$ 1,155,141	\$ 173,271	\$ 173,271
SBDI	\$ 4,499,878	\$ 1,138,860	\$ 3,361,019	3.95	\$ 504,153	\$ 1,138,860	\$ 170,829	\$ 170,829
RCx	\$ 977,716	\$ 484,380	\$ 493,336	2.02	\$ 74,000	\$ 484,380	\$ 72,657	\$ 72,657
Total C&I Programs					\$ 4,616,897			\$ 1,357,078
Total Programs 2019					\$ 5,370,613			\$ 1,929,629

Projected Performance Incentives 2020

	Benefits	Costs	Net Benefits	UCT	Shared Savings	Program Spend	15% CAP	Least Cost
	(from Morgan Marketing Partners Data)				(Net Benefits *.15)	(Vendor Budgets)	(Program Budget *.15)	(Lesser of 15% of Net Benefits or 15% of Program Budget)
Residential, 2020								
HVAC Energy Efficient Rebate	\$ 1,284,921	\$ 498,024	\$ 786,897	2.58	\$ 118,035	\$ 530,545	\$ 79,582	\$ 79,582
Lighting	\$ 5,525,049	\$ 4,617,740	\$ 907,309	1.2	\$ 136,096	\$ 4,919,279	\$ 737,892	\$ 136,096
Home Energy Assessment	\$ 1,263,827	\$ 798,832	\$ 464,995	1.58	\$ 69,749	\$ 850,996	\$ 127,649	\$ 69,749
Appliance Recycling	\$ 677,345	\$ 404,972	\$ 272,373	1.67	\$ 40,856	\$ 431,417	\$ 64,713	\$ 40,856
School Education	\$ 1,702,243	\$ 598,415	\$ 1,103,828	2.84	\$ 165,574	\$ 637,491	\$ 95,624	\$ 95,624
Multifamily Direct Install	\$ 661,116	\$ 354,120	\$ 306,996	1.87	\$ 46,049	\$ 377,244	\$ 56,587	\$ 46,049
Home Energy Reports	\$ 577,322	\$ 531,585	\$ 45,737	1.09	\$ 6,861	\$ 566,298	\$ 84,945	\$ 6,861
Residential New Construction	\$ 475,261	\$ 292,964	\$ 182,297	1.62	\$ 27,345	\$ 312,095	\$ 46,814	\$ 27,345
HomeLife EE Calculator	\$ 1,361,896	\$ 456,959	\$ 904,937	2.98	\$ 135,741	\$ 486,799	\$ 73,020	\$ 73,020
Employee Education	\$ 663,820	\$ 262,055	\$ 401,765	2.53	\$ 60,265	\$ 279,167	\$ 41,875	\$ 41,875
I/QW	\$ 817,041	\$ 398,007	\$ 419,035	2.05	\$ -	\$ 423,996	\$ -	\$ -
Total Residential Programs					\$ 806,571			\$ 617,057
C&I, 2020								
Prescriptive	\$ 15,582,267	\$ 2,560,036	\$ 13,022,232	6.09	\$ 1,953,335	\$ 2,727,206	\$ 409,081	\$ 409,081
Custom	\$ 17,211,767	\$ 3,978,350	\$ 13,233,418	4.33	\$ 1,985,013	\$ 4,238,136	\$ 635,720	\$ 635,720
New Construction	\$ 4,907,503	\$ 1,204,816	\$ 3,702,688	4.07	\$ 555,403	\$ 1,283,490	\$ 192,524	\$ 192,524
SBDI	\$ 4,929,283	\$ 1,187,834	\$ 3,741,449	4.15	\$ 561,217	\$ 1,265,400	\$ 189,810	\$ 189,810
RCx	\$ 1,052,661	\$ 505,210	\$ 547,451	2.08	\$ 82,118	\$ 538,200	\$ 80,730	\$ 80,730
Total C&I Programs					\$ 5,137,086			\$ 1,507,865
Total Programs 2020					\$ 5,943,657			\$ 2,124,922

Projected Performance Incentives 2021

	Benefits	Costs	Net Benefits	UCT	Shared Savings	Program Spend	15% CAP	Least Cost
	(from Morgan Marketing Partners Data)				(Net Benefits *.15)	(Vendor Budgets)	(Program Budget *.15)	(Lesser of 15% of Net Benefits or 15% of Program Budget)
Residential, 2021								
HVAC Energy Efficient Rebate	\$ 1,273,236	\$ 466,866	\$ 806,371	2.73	\$ 120,956	\$ 529,829	\$ 79,474	\$ 79,474
Lighting	\$ 5,486,764	\$ 4,334,685	\$ 1,152,079	1.27	\$ 172,812	\$ 4,919,279	\$ 737,892	\$ 172,812
Home Energy Assessment	\$ 1,252,816	\$ 749,016	\$ 503,801	1.67	\$ 75,570	\$ 850,031	\$ 127,505	\$ 75,570
Appliance Recycling	\$ 674,352	\$ 379,718	\$ 294,634	1.78	\$ 44,195	\$ 430,929	\$ 64,639	\$ 44,195
School Education	\$ 1,691,249	\$ 561,071	\$ 1,130,178	3.01	\$ 169,527	\$ 636,740	\$ 95,511	\$ 95,511
Multifamily Direct Install	\$ 656,407	\$ 332,037	\$ 324,370	1.98	\$ 48,656	\$ 376,817	\$ 56,523	\$ 48,656
Home Energy Reports	\$ 587,635	\$ 498,412	\$ 89,223	1.18	\$ 13,383	\$ 565,630	\$ 84,845	\$ 13,383
Residential New Construction	\$ 471,720	\$ 275,007	\$ 196,714	1.72	\$ 29,507	\$ 312,095	\$ 46,814	\$ 29,507
HomeLife EE Calculator	\$ 1,353,033	\$ 428,443	\$ 924,590	3.16	\$ 138,689	\$ 486,225	\$ 72,934	\$ 72,934
Employee Education	\$ 659,648	\$ 245,702	\$ 413,946	2.68	\$ 62,092	\$ 278,838	\$ 41,826	\$ 41,826
I/QW	\$ 810,278	\$ 373,185	\$ 437,093	2.17	\$ -	\$ 423,514	\$ -	\$ -
Total Residential Programs					\$ 875,387			\$ 673,868
C&I, 2021								
Prescriptive	\$ 17,024,822	\$ 2,643,424	\$ 14,381,399	6.44	\$ 2,157,210	\$ 2,999,926	\$ 449,989	\$ 449,989
Custom	\$ 18,801,631	\$ 4,107,936	\$ 14,693,694	4.58	\$ 2,204,054	\$ 4,661,950	\$ 699,293	\$ 699,293
New Construction	\$ 5,367,224	\$ 1,244,060	\$ 4,123,164	4.31	\$ 618,475	\$ 1,411,839	\$ 211,776	\$ 211,776
SBDI	\$ 5,379,674	\$ 1,226,525	\$ 4,153,148	4.39	\$ 622,972	\$ 1,391,940	\$ 208,791	\$ 208,791
RCx	\$ 1,124,301	\$ 521,666	\$ 602,635	2.16	\$ 90,395	\$ 592,020	\$ 88,803	\$ 88,803
Total C&I Programs					\$ 5,693,106			\$ 1,658,652
Total Programs 2021					\$ 6,568,493			\$ 2,332,520

2019-2021 Evaluation, Measurement and Verification (“EM&V”) Process

In early 2018, NIPSCO will begin the Request for Proposal (“RFP”) process to seek out and contract a highly qualified and experienced independent evaluator to perform an evaluation, measurement and verification of NIPSCO’s Electric and Natural Gas Programs for the program years 2019-2021. The scope of services requires the winning EM&V bidder (“Evaluator”) to work directly with the Commercial & Industrial and Residential Energy Efficiency Program vendor, Lockheed Martin Energy, to obtain and review the necessary data, establish submission dates, and obtain the necessary supporting documentation for the evaluation, measurement and verification of the programs. It is important to note that as part of the process the evaluator should ensure the process is aligned with the applicable environmental regulations, including federal regulations concerning credits for emission reductions.

To comply with the Indiana Utility Regulatory Commission’s annual filing requirement by July 1, the Evaluator will deliver to NIPSCO: (1) An annual EM&V report with the details of the evaluation by program year, (2) An executive summary outlining high level details and impacts of the evaluation program year, and (3) An annual binder (Excel format) outlining the gross and net savings of each program by fuel type.

The Evaluator will perform the following overall scope of work:

1. **Planning:** The Evaluator will provide an evaluation plan specific to each of the energy efficiency programs that is expected to be approved for program years 2019-2021. All DSM programs will be evaluated and cost estimated based on a 90% confidence Level with +/- 10% precision level and for the 3-year program cycle (90/10 confidence interval) at the program level. Each program is to be evaluated on an annual basis, unless otherwise directed by NIPSCO and its Oversight Board (“OSB”).
2. **Identifying gross and net savings:** In order to validate gross and net savings of programs, the Evaluator will conduct impact evaluations, process evaluations, market effects evaluations, customer satisfaction evaluations, and related studies in relation to the 2019-2021 energy-efficiency programs.
3. **Conducting a thorough process evaluation:** The process evaluation will be conducted for each program to assess the impact, improve program delivery, as well as gauge the targeted budget and quality control. Recommendations for program delivery and implementation over the remaining period of the program will be outlined. Activities to perform process evaluation include conducting NIPSCO and implementer staff interviews, home energy auditor interviews, material review, and participant (customer and trade ally) surveys.
4. **Performing cross-cutting tasks including benchmarking:** Review of market effects that may have occurred outside of the energy efficiency programs will be outlined. Also to be considered are energy and demand savings that resulted from program operations but have not been captured during the program’s annual EM&V activities. This includes but may not be limited to:
 - a) Assessment of fundamental shifts in the energy market place (Market Transformation) will be detailed.
 - b) Assessment of market baselines, customer needs, target markets, barriers to adoption of energy efficiency and how best to address these issues in terms of program specific details will be discussed. Findings should help NIPSCO decide what constitutes the programs’ key markets and clients and how to best serve its customers.
5. **Conducting an impact evaluation:** An impact evaluation will be conducted, which will include performing database and project reviews, onsite verification of measure installation and metering, engineering analysis, TRM review, and assessments of net to gross (“NTG”) and spillover. Elements detailed within the impact evaluation include but are not limited to:
 - a) Electric energy savings kilowatt hours (“kWh”)
 - b) Electric demand savings: NIPSCO Coincident Peak kilowatts (“kW”) and Utility-specific Non-Coincident Peak kW
 - c) Gas energy savings therms
 - d) Free rider, free driver, spillover, snapback percentages and calculation of Net Savings
 - e) Hourly customer usage patterns (defined as load shapes of customers participating in a particular program)
 - f) Cost Benefit Analysis