

FILED
APRIL 10, 2017
INDIANA UTILITY
REGULATORY COMMISSION

Petitioner's Exhibit No. 4
Vectren South
Page 1 of 11

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

OFFICIAL
EXHIBITS

IURC CAUSE NO. 44927

IURC
PETITIONER'S

EXHIBIT NO. 4
9-10-17 AT
DATE REPORTER

DIRECT TESTIMONY
OF
J. CAS SWIZ
DIRECTOR, RATES AND REGULATORY ANALYSIS

ON

ACCOUNTING AUTHORITY & RATEMAKING TREATMENT FOR CAPITAL COSTS AND
RATE AND BILL IMPACTS ASSOCIATED WITH THE 2018-2020 ENERGY EFFICIENCY
PLAN

SPONSORING PETITIONER'S EXHIBIT NO. 4,
ATTACHMENTS JCS-1 THROUGH JCS-3

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DIRECT TESTIMONY OF J. CAS SWIZ

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is J. Cas Swiz and my business address is One Vectren Square, Evansville, Indiana 47708.

Q. By whom are you employed and in what capacity?

A. I am employed by Vectren Utility Holdings, Inc. ("VUHI"), the immediate parent company of Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South", "Petitioner" or "the Company"), Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren North") and Vectren Energy Delivery of Ohio, Inc. ("VEDO"). Vectren South has both a gas division and an electric division. I am Director, Rates and Regulatory Analysis for VUHI.

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 degree.

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 named 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 of

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Vectren South (and VUHI's other 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 ever testified before any state commission?

A. Yes. I have testified before the Indiana Utility Regulatory Commission ("IURC" or "Commission") on behalf of Vectren South and Vectren North in its Gas Transmission, Distribution, and Storage System Improvement Charge ("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 on behalf of Vectren South in its annual Demand Side Management Adjustment ("DSMA") proceedings, Cause No. 43405. I have also testified before the Public Utilities Commission of Ohio on behalf of VEDO.

II. PURPOSE

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

A. The purpose of my testimony is to discuss the Company's proposed accounting, rate making treatment, and bill impacts of Vectren South's 2018-2020 Energy Efficiency Plan ("2018-2020 Plan" or "the Plan"). Specifically, my testimony will address how Vectren South will account for carrying costs and depreciation expense associated with the capital expenditures the Company plans to make related to the Conservation Voltage

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1 Reduction ("CVR") program, which the Company proposes be included in the 2018-2020
2 Plan, as described by Vectren South witness Rina H. Harris. I discuss the deferral
3 authority related to CVR requested by the Company and sponsor the calculation of
4 carrying costs and depreciation expense on Vectren South's proposed capital
5 expenditures related to the CVR program.

6
7 In addition, I discuss how the Company will recover the approved costs of the 2018-2020
8 Plan via the Company's DSMA mechanism.

9
10 My testimony will also address the requirement pursuant to Ind. Code § 8-1-8.5-10
11 ("Section 10" or "the Statute") specific to the short term impact on electric rates and
12 customer bills resulting from a proposed energy efficiency plan. My testimony will focus
13 on the provision in Section 10 (8-1-8.5-10(j)(7)) that requires the Commission to
14 consider, when making a determination of the overall reasonableness of an energy
15 efficiency plan,

16 The effect, or potential effect, in both the long term and the short term, of
17 the plan on the electric rates and bills of customers that participate in
18 energy efficiency programs compared to the electric rates and bills of
19 customers that do not participate in energy efficiency programs.
20

21 **Q. Are you sponsoring any attachments in this proceeding?**

22 **A.** Yes. I am sponsoring the following attachments:

- 23 • Petitioner's Exhibit No. 4, Attachment JCS-1, which is the calculation of the
24 estimated annual carrying cost and depreciation associated with the CVR Program
25 investment.
- 26 • Petitioner's Exhibit No. 4, Attachment JCS-2, which is the calculation of the
27 weighted average cost of capital ("WACC") rate used to estimate the carrying cost on
28 the CVR Program investments.
- 29 • Petitioner's Exhibit No. 4, Attachment JCS-3, which are the estimated bill rates and
30 bill impacts for Program Plan years 2018-2020.

31
32 **Q. Were your testimony and exhibits in this proceeding prepared by you or under**
33 **your supervision?**

34 **A.** Yes, they were.

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3 **III. CVR ACCOUNTING AUTHORITY & RATEMAKING TREATMENT**
4

5 **Q. Please summarize the accounting authority Vectren South is requesting in this**
6 **proceeding.**

7 A. Vectren South requests approval for the timely recovery, via the DSMA mechanism, of
8 all costs, including program costs, lost revenues, and financial incentives of the 2018-
9 2020 Plan. In addition, the Company also requests continued authority to recover, via
10 the DSMA, annual depreciation and operating expenses associated with the CVR
11 Program Investment, along with recovery in the DSMA of the annual carrying costs on
12 this capital investment as approved in Cause No. 44645 ("the 44645 Order"). Witness
13 Harris will describe the continuing CVR Program Investment, lost revenues, costs and
14 financial incentives, as a component of the 2018-2020 Plan, in her testimony.
15

16 **Q. Please summarize the accounting authority and ratemaking treatment for Vectren**
17 **South's 2016 – 2017 Plan approved in the 44645 Order.**

18 A. The Commission's order dated March 23, 2016 provided that, pursuant to Section 10,
19 Vectren South shall be authorized to recover its associated Energy Efficiency program
20 costs, including those associated with the CVR and Smart Thermostat programs.
21 Specific to the CVR Program investments, the 44645 Order approved the recovery, as
22 eligible program costs, of the depreciation and operating expenses and carrying costs on
23 CVR investments. Vectren South agreed that the WACC used to determine the carrying
24 costs on the CVR program investment will be adjusted to a current level, with the return
25 on equity rate fixed at the level authorized in its last base rate case. The Order also
26 provided that Vectren South would be authorized to recover through the DSMA program
27 costs, reasonable lost revenues, which the Commission limited to the lesser of four
28 years or the life of the measure, and financial incentives associated with the 2016-2017
29 Plan.
30

31 **Q. What is the current status of the 44645 Order?**

32 A. As a result of a March 7, 2017 decision by the Indiana Court of Appeals, the Order has
33 been vacated and the case was remanded to the Commission. The Commission will

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again review the proposed 2016-2017 Plan, including recovery of all costs related thereto. Given that the Commission's decision in Cause No. 44645 related to the CVR Program investments is consistent with a similar program approved for Indiana Michigan Power Co. in Cause No. 44486 (IURC December 3, 2014), Vectren South continues to believe that the CVR Program investments originally approved will again receive approval when the Commission issues a new order in Cause No. 44645.

Q. Please describe Petitioner's Exhibit No. 4, Attachment JCS-1.

A. Petitioner's Exhibit No. 4, Attachment JCS-1 summarizes the estimated level of CVR Program related depreciation expense and carrying costs for 2018 through 2020 that is proposed to be recovered in the DSMA, along with the estimated level of operating expenses. Page 1 is an annual summary of each component. Pages 2 through 4 show the detailed calculation of the monthly depreciation and carryings costs on the CVR Program investment, based on initial estimates, by Federal Energy Regulatory Commission ("FERC") USoA designation.

Q. Does this calculation also capture the impact of CVR Program investments from the 2016-2017 DSM Plan?

A. Yes. The CVR Program investments, and associated depreciation and operating expenses and carrying costs, approved as part of the 2016-2017 Plan continue to be included in the total Program Costs proposed in the 2018-2020 Plan.

Q. What is the estimated depreciation rate assumed on the CVR Program investments?

A. The depreciation rates assumed for the estimated depreciation expense are the approved depreciation rates for Vectren South in its most recent approved depreciation study (Cause No. 43111). The estimate of the investment, by FERC USoA, divides the costs between three accounts with the following approved rates – (1) Account 303, Intangible Plant, with an annual rate of 10%, (2) Account 362, Station Equipment, with an annual rate of 2.53%, and (3) Account 397, Communication Equipment, with an annual rate of 5%.

1 When an investment is complete and placed-in-service (used and useful), depreciation is
2 calculated at 50 percent of the monthly depreciation rate for the initial month based on
3 the gross plant investment. For each month thereafter, depreciation is calculated at 100
4 percent of the monthly depreciation rate on the gross plant investment. For estimating
5 purposes only, Petitioner's Exhibit No. 4, Attachment JCS-1 assumes one investment
6 will be completed in June of 2017 and another investment beginning in 2020.

7
8 **Q. Please describe how the monthly carrying costs will be calculated.**

9 A. Vectren South will calculate the monthly carrying costs using its approved WACC,
10 grossed up for income taxes, and multiplied by the net plant balance (gross investment
11 less accumulated depreciation) as of the end of the prior month. The WACC rate used
12 will be based upon the current capital structure balances, with the cost of equity fixed at
13 the 10.40% approved in Cause No. 43839. This calculation reflects the incremental pre-
14 tax cost, both debt and equity, of financing the investment.

15
16 **Q. Please describe Petitioner's Exhibit No. 4, Attachment JCS-2.**

17 A. Petitioner's Exhibit No. 4, Attachment JCS-2 reflects the illustrative calculation of the
18 WACC for Vectren South as of December 31, 2016, used to set the program costs
19 included in the Plan. Consistent with the components included in the derivation of the
20 approved rate of return from Vectren South's most recent rate case, Cause No. 43839,
21 the approved capital structure includes: (1) long-term debt, (2) common equity, (3)
22 customer deposits, (4) cost free capital, included deferred income taxes, and (5)
23 investment tax credits. The weighted average cost of equity is grossed up for income
24 taxes, both state and federal at current rates, to derive the illustrative pre-tax cost of
25 capital of 9.19% used for the monthly carrying cost calculation. As specified in the
26 44645 Order, the WACC will be updated with the current annual book balances and cost
27 of debt prior to inclusion in the DSMA for recovery.

28
29 **Q. Will Vectren South project these carrying costs for recovery in the annual DSMA
30 filing?**

31 A. Yes. The Company will include in each annual DSMA filing a projected level of carrying
32 costs on the approved CVR Program investments.

1 Q. Please explain the accounting entries that will be recorded monthly as these
2 expenses are recovered.

3 A. On a monthly basis, the Company will receive DSMA revenues which will include the
4 recovery of projected depreciation expenses, operating expenses, and carrying costs on
5 capital investments. Vectren South will calculate the actual carrying costs and
6 depreciation on CVR Program investments, using the calculation described above and
7 reflected in Petitioner's Exhibit No. 4, Attachment JCS-1. The DSMA revenues will be
8 compared against the actual depreciation expense, operating expense, and carrying
9 costs for the current month, and any difference will be recorded as an over recovery
10 (revenues greater than costs) or under recovery (revenues less than costs) against a
11 regulatory asset, FERC Account 182.3, with a corresponding offset recorded to
12 operating revenues, FERC Account 400. The recording of these entries will ensure that
13 any deviation between recoveries and actual expenses will become an adjustment in
14 future DSMA filings.

15
16 Vectren South will continue this accounting and the recovery of these CVR Program
17 investment costs in the DSMA until its next base rate case, at which point the investment
18 will be included in the Company's rate base.

19
20 Q. What is the estimated level of carrying costs, deferred depreciation, and
21 incremental operating expenses for the CVR Program investments assumed for
22 the 2018-2020 Plan supported by witness Harris?

23 A. Petitioner's Exhibit No. 4, Attachment JCS-1, page 1 summarizes the impacts by year.
24 The total level of expenses for the CVR Program investments by year are \$227,620 for
25 calendar year 2018, \$220,205 for calendar year 2019, and \$367,136 for calendar year
26 2020. These amounts have been included in the 2018-2020 Plan supported by witness
27 Harris.

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30 IV. COST RECOVERY, ESTIMATED RATES, AND BILL IMPACTS

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32 Q. Please describe the mechanism Vectren South plans to use to recover costs
33 associated with the 2018-2020 Plan.

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1 A. Vectren South plans to continue using its DSMA to recover costs associated with
2 customer participation in Company sponsored Energy Efficiency ("EE") and Demand
3 Response ("DR") programs, including direct load control ("DLC") programs. The DSMA
4 is used to recover all costs associated with the Company's approved programs and
5 consists of the following components: DLC billing credits, DLC Inspection and
6 Maintenance ("I&M"), DSM Program costs (Energy Efficiency Funding Component or
7 "EEFC"), Small and Large Customer Lost Margins, and financial incentives and
8 variances. As previously explained, the CVR program carrying costs and annual
9 depreciation expense will be recovered through the DSMA as authorized Program costs.
10

11 **Q. Is Vectren South requesting any changes to the DSMA?**

12 A. No. The components of the DSMA and the approach to projecting and reconciling
13 authorized costs will continue as they currently operate. Vectren South is requesting
14 that the Commission authorize the Company to recover, through the DSMA, all program
15 costs, including lost revenues and performance incentives, associated with the 2018-
16 2020 Plan. The Company will continue to project all components of the DSMA, except
17 for the financial incentives and variances component, and all projected components will
18 be reconciled against actual results, with programs costs, lost revenues and financial
19 incentives based on the evaluation, measurement, and verification ("EM&V") of DSM
20 programs under the Plan.
21

22 **Q. What are the estimated rates and bill impacts of the 2018-2020 Plan on Vectren**
23 **South's Rate Schedules?**

24 A. Petitioner's Exhibit No. 4, Attachment JCS-3, page 1 shows the estimated allocated
25 costs and estimated rate impacts for each Rate Schedule for the three (3) years of the
26 Plan. These estimated Plan rate impacts include projected 2018-2020 Plan program
27 costs, performance incentives, lost revenues, DLC billing credits, and I&M costs by each
28 Plan year. Petitioner's Exhibit No. 4, Attachment JCS-3, page 2 shows the estimated bill
29 impacts of the Plan for a Residential Standard customer at 1,000 kWh per month.
30 These estimated Plan bill impacts include only the impact of Vectren South's DSMA on
31 the base rate bills of residential customers.
32

33 **Q. Please explain how these estimated rates were derived.**

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1 A. The estimated rates for the 2018-2020 Plan were derived consistent with the Company's
2 annual DSMA methodology in Cause No. 43405. Program costs and performance
3 incentives were included in each calendar year per the Plan budget proposed and
4 supported by witness Harris. Lost revenues were calculated based on the estimated
5 energy and demand savings resulting from the Plan, as supported by witness Harris,
6 multiplied by the applicable rates by Rate Schedule. Each year of the Plan, the savings
7 attributed to that calendar year were a combination of (1) the annualized level of savings
8 from December of the prior year, and (2) the annual level of savings for the current year
9 plan, adjusted to reflect the "half-year convention" to capture the impact of participants
10 and measures being implemented throughout the year. DLC billing credits were held
11 constant from the amount estimated in DSMA14 for calendar year 2017.
12

13 **Q. How were I&M costs estimated within the projected DSMA rates?**

14 A. I&M costs were estimated at an average of approximately \$220,000 per year during the three year Plan in
15 the calculation of estimated rates. As explained by witness Harris, the Company plans to phase-out the I&M
16 program starting in 2018, as the DLC switches will gradually be eliminated in favor of other programs. The
17 I&M costs are currently included in the Company's base rates, set at a level of \$569,628 per year¹, with any
18 variances between actual I&M costs incurred and the base rate level recovered in the DSMA. As the
19 program is phased-out over time, actual I&M costs incurred each year will be significantly less than the
20 amount included in base rates, resulting in a credit in the DSMA calculation to capture the refund of the
21 difference between the amount included in base rates (\$569,628 per year) and the actual amount of I&M
22 costs incurred each year.

23 **Q. Were financial performance incentives estimated and included in the estimated**
24 **rates?**

25 Yes. The financial performance incentives associated with the Plan are estimated and
26 described in detail in the testimony of witness Harris. The Company has included these
27 estimated amounts in the estimated DSMA rates and charges for 2018 through 2020.
28

29 **Q. What effect does the 2018-2020 Plan have on the electric rates and bills of**
30 **customers that participate in the programs offered in the Plan?**

31 A. The short term effect of the Plan for participating customers is reduced energy
32 consumption which can result in lower energy bills. After each of these program years,

¹ Approved in Vectren South's last electric base rate case, Cause No. 43839 (April 27, 2011).

1 customers will no longer pay program costs or performance incentives associated with
2 the Plan; however, the lost revenues attributed to the Plan will continue throughout the
3 life of each of the EE measures that drove the lost revenues. Vectren South witness
4 Scott E. Albertson discusses this further in his testimony.

5
6 Vectren South witness Dr. Richard G. Stevie discusses how certain cost effectiveness
7 tests may be used as proxies for long term effects of the Plan on customer rates and
8 bills.

9
10 **Q. How will the Plan impact residential customers who do not participate in EE**
11 **programs?**

12 **A.** Petitioner's Exhibit No. 4, Attachment JCS-3, page 2 demonstrates the impact on
13 Residential non-participants. Those customers will pay costs approved for recovery in
14 the DSMA (as shown in Attachment JCS-3, page 2) but will not realize the benefit of
15 reduced energy usage and the corresponding reduction to their bill.

16
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18 **V. CONCLUSION**

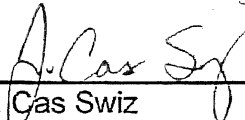
19
20 **Q. Does this conclude your direct testimony?**

21 **A.** Yes, it does.

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VERIFICATION

I, J. Cas Swiz, Director, Rates and Regulatory Analysis, at Vectren Utility Holdings, Inc., affirm under the penalties of perjury that the statements and representations in my foregoing Direct Testimony in this Cause are true to the best of my knowledge, information and belief.



J. Cas Swiz

Dated: April 10, 2017

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Vectren South-Electric
Conservation Voltage Reduction (CVR) Program
Estimated Depreciation and Carrying Costs and Lost Margins
For Program Years 2018-2020

	2018	2019	2020
1 <u>Summary:</u>			
2 Estimated Depreciation Expense	\$ 79,300	\$ 79,300	\$ 118,277
3 Estimated Carrying Costs	\$ 114,186	\$ 106,898	\$ 151,098
4 Total Estimated Depreciation and Carrying Costs	\$ 193,486	\$ 186,199	\$ 269,376
5 Total Estimated Annual Operating Expenses	\$ 34,134	\$ 34,006	\$ 97,761
6 Total Estimated Program Costs (Annual)	\$ 227,620	\$ 220,205	\$ 367,136
7 Total Estimated Net Plant Balance (End of Year)	\$ 1,199,550	\$ 1,120,249	\$ 2,140,472

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[A] Allocation between Plant Classes estimated currently - still finalizing based on overall project estimate.

[B] Spend by month currently modeled as even over 6 months (Jan-Jun) each year.

[C] Mid-Year convention on in-service - assume June 30 in-service date.

[D] Gross Plant Balance (Prior Period) x Depreciation Rate/12 (Monthly) + Gross Plant Additions (Current Month) x 50% (Half-Month convention) x Depreciation Rate/12 (Monthly)

[E] Net Plant (Prior Period) x Pre-Tax Rate of Return/12 (Monthly)

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[A] Allocation between Plant Classes estimated currently – still finalizing based on overall project estimate.

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[E] Net Plant (Prior Period) x Pre-Tax Rate of Return/12 (Monthly)

FOUO

[A] Allocation between Plant Classes estimated currently - still finalizing based on overall project estimate.

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[C] Mid-Year convention on In-service - assume June 30 In-service date.

[D] Gross Plant Balance (Prior Period) x Depreciation Rate/12 (Monthly) + Gross Plant Additions (Current Month) x 50% (Half-Month convention) x Depreciation Rate/12 (Monthly)

[E] Net Plant (Prior Period) x Pre-Tax Rate of Return/12 (Monthly)

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**Vectren South-Electric
Weighted Average Cost of Capital
As of December 31, 2016**

	Balance (\$000's)	Weighting	Cost Rate	Weighted Average Cost of Capital	Tax Gross-Up Factor [A]	Pre-Tax Weighted Average Cost of Capital
1 Long-Term Debt	\$ 658,226	33.86%	4.77%	1.62%	61.019%	1.62% [D]
2 Common Equity	\$ 859,818	44.23%	10.40%	4.60%		7.54% [C]
3 Total Investor Provided Capital	\$ 1,518,044	78.09%		6.22%		9.16%
4 Customer Deposits	\$ 10,991	0.57%	3.43%	0.02%		0.02% [D]
5 Cost Free Capital [B]	\$ 413,320	21.26%	0.00%	0.00%		0.00% [D]
6 Investment Tax Credit	\$ 1,637	0.08%	7.96%	0.01%		0.01% [D]
7 Total Capitalization	\$ 1,943,991	100.00%		6.25%		9.19%

[A] Tax Gross-Up Factor:

One	100.000%
Less: Current State Tax Rate	6.125%
Federal Taxable	93.875%
One Less Federal Income Tax	65.000%
Effective Gross-Up Factor	61.019%

	Pre-Tax Return
Equity (Net Income Driver)	7.54% Σ [C]
All Other (Debt)	1.65% Σ [D]
	9.19%

[B] Cost Free Capital comprised of:

Deferred Income Taxes	\$ 395,659
Customer Advances for Construction	\$ 4,610
SFAS 106 Liability	\$ 13,050
Total Cost Free Capital	\$ 413,320

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**Vectren South-Electric
Estimated Rate Impacts
Program Plans 2018 - 2020**

			[A] 2017 (Current)***	[B] 2018	[C] 2019 (Projected)****	[D] 2020
Rate RS						
1	[*]	Total Allocated Costs	\$ 9,673,316	\$ 11,506,870	\$ 12,143,682	\$ 12,396,095
2	[**]	Rate/kWh	\$ 0.007976	\$ 0.009206	\$ 0.009773	\$ 0.010057
Rate B						
3	[*]	Total Allocated Costs	\$ 39,341	\$ 48,378	\$ 51,197	\$ 51,863
4	[**]	Rate/kWh	\$ 0.004469	\$ 0.006215	\$ 0.006577	\$ 0.006662
Rate SGS						
5	[*]	Total Allocated Costs	\$ 255,361	\$ 298,515	\$ 319,279	\$ 338,152
6	[**]	Rate/kWh	\$ 0.003159	\$ 0.004742	\$ 0.005072	\$ 0.005372
Rate DGS/MLA-1,2						
7	[*]	Total Allocated Costs	\$ 4,809,817	\$ 5,373,747	\$ 5,710,498	\$ 6,032,448
8	[**]	Rate/kWh	\$ 0.007545	\$ 0.006778	\$ 0.007263	\$ 0.007704
9	[**]	Rate/kW	\$ 0.257	\$ 0.249	\$ 0.244	\$ 0.248
Rate DGS/MLA-3						
10	[*]	Total Allocated Costs	\$ 1,433,419	\$ 1,631,130	\$ 1,708,281	\$ 1,773,120
11	[**]	Rate/kWh	\$ 0.004244	\$ 0.004090	\$ 0.004333	\$ 0.004515
12	[**]	Rate/kW	\$ 0.203	\$ 0.249	\$ 0.244	\$ 0.248
Rate OSS						
13	[*]	Total Allocated Costs	\$ 464,109	\$ 524,385	\$ 557,424	\$ 588,338
14	[**]	Rate/kWh	\$ 0.005694	\$ 0.005584	\$ 0.005994	\$ 0.006357
15	[**]	Rate/kW	\$ 0.180	\$ 0.210	\$ 0.206	\$ 0.209
Rate LP						
16	[*]	Total Allocated Costs	\$ 2,311,625	\$ 2,691,286	\$ 2,804,419	\$ 2,893,972
17	[**]	Rate/kWh	\$ 0.003407	\$ 0.003246	\$ 0.003446	\$ 0.003594
18	[**]	Rate/kW	\$ 0.285	\$ 0.367	\$ 0.360	\$ 0.365

Notes:

[*]	Total Allocated Costs is comprised of the following amounts:					
	LRAM	\$ 10,846,845	\$ 11,802,761	\$ 12,954,023	\$ 14,119,208	
	Program Costs including projected Performance					
	Incentives	\$ 8,466,357	\$ 10,843,184	\$ 10,857,851	\$ 10,526,412	
	DLC/I & M	\$ (326,214)	\$ (571,632)	\$ (517,093)	\$ (571,632)	
	Total Allocated Costs	\$ 18,986,988	\$ 22,074,312	\$ 23,294,781	\$ 24,073,988	

[**] Per unit rates exclude the impact of variances, both 2017 (current) and 2018-2020 (projected).

[***] Approved rates from Cause No. 43405-DSMA14.

[****] Projected LRAM consistent with Company's proposal in Cause No. 44645

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**Vectren South-Electric
2018 - 2020 DSM Plan Bill Impact Estimates on the Bill of a
Residential Standard Customer using 1,000 kWh per month**

Monthly Charges	Current ⁽¹⁾	Proposed 2018 Program Year	Proposed 2019 Program Year	Proposed 2020 Program Year
Customer Facilities Charge	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00
Energy Charge for All kWh Used	\$ 0.096800	\$ 0.096800	\$ 0.096800	\$ 0.096800
Fuel Charge	\$ 0.038890	\$ 0.038890	\$ 0.038890	\$ 0.038890
Variable Production Charge	\$ 0.004750	\$ 0.004750	\$ 0.004750	\$ 0.004750
DSMA	\$ 0.007976	\$ 0.009206	\$ 0.009773	\$ 0.010057
Monthly Bill Total	\$ 159.42	\$ 160.65	\$ 161.21	\$ 161.50
Annual Bill Total	\$ 1,912.99	\$ 1,927.75	\$ 1,934.56	\$ 1,937.97
Percent Change (Year over Year)		0.77%	0.35%	0.18%

(1) Current DSMA, inclusive of variances and incentives shown on Cause No. 43405-DSMA14, Sch 8, pg 1.

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