

**SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a VECTREN ENERGY DELIVERY OF INDIANA, INC.
(VECTREN SOUTH)**

IURC CAUSE NO. 44645

FILED
August 16, 2017
INDIANA UTILITY
REGULATORY COMMISSION

**REBUTTAL TESTIMONY
OF
SCOTT E. ALBERTSON
VICE PRESIDENT, REGULATORY AFFAIRS AND GAS SUPPLY**

ON

RECOVERY OF REASONABLE LOST REVENUES

SPONSORING PETITIONER'S EXHIBIT NO. 14

REBUTTAL TESTIMONY OF SCOTT E. ALBERTSON

1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Scott E. Albertson. My business address is One Vectren Square,
5 Evansville, Indiana 47708.

6

7 **Q. Are you the same Scott E. Albertson that provided direct testimony on remand
8 in this Cause?**

9 A. Yes, I am.

10

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

12 A. My rebuttal testimony will address certain issues within the direct testimony of
13 Citizens Action Coalition of Indiana, Inc. ("CAC") witness Karl R. Rabago regarding
14 the recovery of lost revenues associated with Vectren South's 2016-2017 DSM plan.

15

16 **Q. Are you sponsoring any exhibits with your rebuttal testimony?**

17 A. No. I am not.

18

19

20 **II. COURT OF APPEALS DECISION AND THE ROLE OF LOST REVENUE
21 RECOVERY**

22

23 **Q. Could you please explain the conclusions reached by the Indiana Court of
24 Appeals in decision 93A02-1604-EX-914 regarding the imposition of a four year
25 cap on lost revenues by the Indiana Utility Regulatory Commission ("the
26 Commission") in this Cause?**

27 A. Yes. By way of background, the Commission issued its original order in this Cause
28 March 23, 2016. Vectren South appealed the Commission's decision with regard to
29 the four year cap on lost revenue recovery on April 22, 2016. In its March 7, 2017
30 decision, the Court of Appeals commented that the Commission had "made no
31 specific findings" that the four year cap would result in the recovery of reasonable
32 lost revenues. The Court of Appeals also explained that approval of a proposed

1 DSM plan must include a finding that per the utility's proposal, reasonable lost
2 revenues will be recovered, and remanded the proceeding to the Commission.
3

4 **Q. Has the CAC provided a basis for the rejection of Evaluation, Measurement,**
5 **and Verification ("EM&V) as the basis for calculating reasonable lost revenues**
6 **associated with DSM programs?**

7 A. No. CAC witness Rabago does not explain why Vectren South's continued reliance
8 on EM&V to determine the amount of lost revenues associated with Vectren South's
9 DSM programs is unreasonable. In other words, the CAC does not dispute that
10 EM&V appropriately measures the amount of energy that a customer will not
11 consume as a direct result of implementation of an energy efficiency ("EE") measure.
12 Instead, witness Rabago contends that it is not reasonable for Vectren South to fully
13 recover lost revenues that are demonstrated to result from implementation of DSM
14 measures.
15

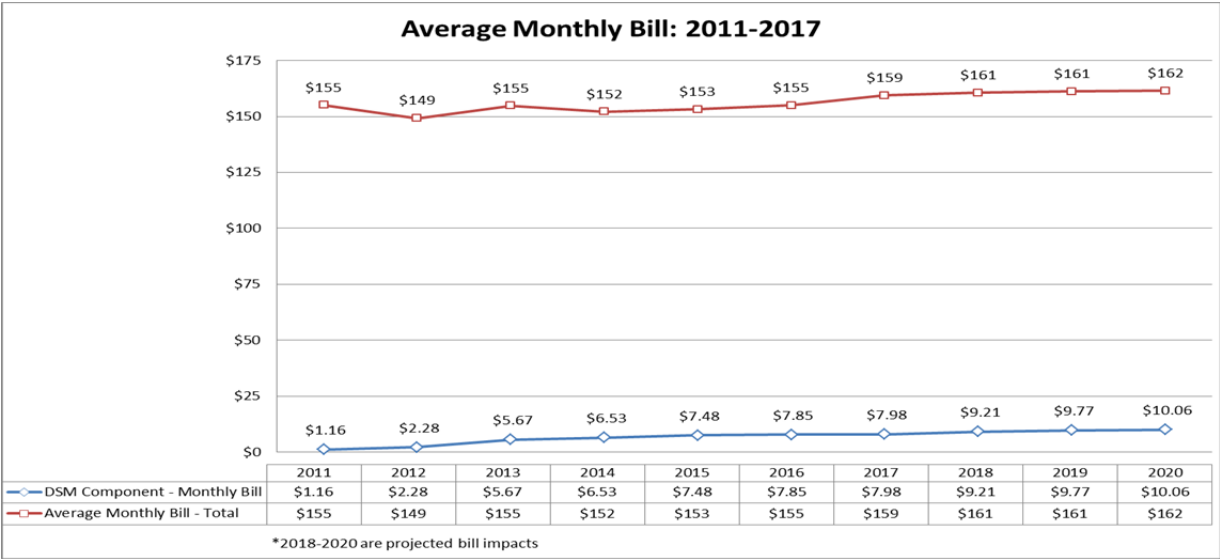
16 **Q. Does Vectren South's modified lost revenue adjustment mechanism ("LRAM")**
17 **proposal set a reasonable limit on the collection of lost revenues?**

18 A. Yes. First, unlike an arbitrary cap not linked to measure life, the Company's
19 weighted average measure life ("WAML") proposal described by Vectren South
20 witness Rina H. Harris is EM&V based, and thus inherently takes into account the
21 corresponding savings being provided to customers via the EE measures
22 implemented. Second, it limits recoveries to the weighted average life of the EE
23 programs by rate class, and in turn limits the time period for lost revenue recovery to
24 a period less than the full life of some of the measures -- in many cases about 6-7
25 years for residential programs. Third, by reducing the results of the EM&V
26 calculation by 10% to reflect statistical uncertainty in the EM&V process, it produces
27 a conservative calculation of savings to be used to determine lost revenue. In this
28 manner, the objective of addressing the throughput incentive is properly balanced
29 with the need to establish a reasonable level of revenue recovery that still has a
30 logical and important relationship to the lost sales driven by EE programs.
31

32 **Q. Witness Rabago testified that Vectren South's WAML lost revenue proposal**

1 would result in “constantly changing charges due to measure lives ending”¹
2 and lost revenues beyond four years would result in “a growing and significant
3 component of rates that would... be large, erratic, unpredictable and
4 increasingly difficult for customers to understand”². Is this true?

5 A. No, this is completely incorrect. Since 2011³, customers have seen a very slow and
6 relatively small increase in average monthly bills and a proportionately small and
7 steady increase in the DSM component of the monthly bill. The table and graph
8 below demonstrates this consistency in customer bills over time, as well as projected
9 bill impacts for 2018-2020. The data shows that the year-over-year impact on the
10 average monthly residential customer bill as a result of Vectren South’s Demand
11 Side Management Adjustment averaged (or is expected to average) an increase of
12 \$1.15 per month during the period 2011-2018, and an increase of \$0.43 per month
13 during the period 2019-2020.⁴ The data further shows that neither the average total
14 bill nor the DSM Component of the average bill has been erratic during this period.
15



16
17
18 **Q. Please discuss witness Rabago’s assertion that Vectren South could over-**

¹ CAC Exhibit No. 1-Remand, Page 5
² CAC Exhibit No. 1-Remand, Page 21
³ 2011-2017 Average Bill detail as reflected in the IURC Electric Residential Bill Survey results.
<http://www.in.gov/iurc/2761.htm>
⁴ Based on average usage of 1,000 kWh per month

1 **recover lost revenues given the new WAML proposal.**

2 A. Witness Rabago is incorrect in his assertion that “the use of a single weighted
3 average could also result in lost revenues in shorter-term measures being collected
4 long after the measure stopped saving.” Savings, as well as the recovery of lost
5 revenues related to programs with shorter-term measure lives, will cease at the end
6 of the measure’s useful life. As stated in the supplemental testimony of witness
7 Harris, “Vectren South would recover the reasonable amount of lost revenues
8 associated with the weighted average measure life of its EE programs or the
9 measure life, whichever is less. The WAML of the portfolio would be re-evaluated
10 and adjusted with each EE filing.” For example, for a filing with a WAML of 9 years, a
11 program with an actual 12 year measure life would use the WAML of 9 years;
12 however, a program with a 7 year measure life would use that measure’s life, or 7
13 years. Under the proposed WAML approach, the shorter of the WAML and the
14 measure life specific to the EE program will be used to determine lost sales and
15 recoverable lost revenues. A program with a measure life less than the WAML
16 would not be increased.

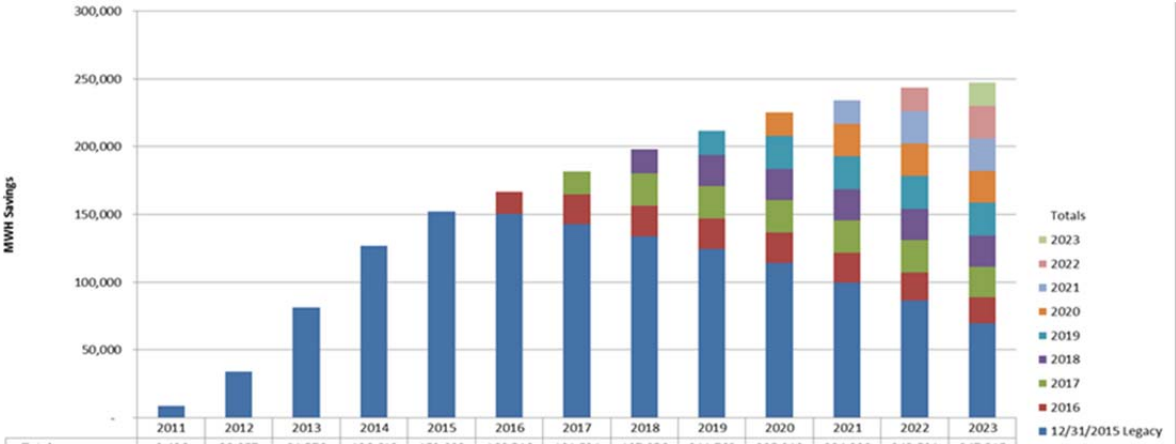
17
18 **Q. Please discuss witness Rabago’s assertion that Vectren South’s WAML**
19 **approach is a “mathematical solution to the rate volatility that results from**
20 **long-term pancaking” of an LRAM.**

21 A. Witness Rabago is incorrect in assuming that the WAML approach is little more than
22 a mathematical solution. Vectren South’s proposed approach relies upon EM&V
23 that matches energy savings to lost revenues. EM&V is the foundation on which lost
24 revenue recovery relies. As described below, the ACEEE report attached to witness
25 Rabago’s testimony acknowledges the importance of EM&V. Moreover, as
26 demonstrated previously, the rate volatility that witness Rabago claims to exist is
27 relatively minor when considering how DSM costs (including lost margin recovery)
28 have changed over time.

29
30 **Q. Has witness Rabago provided factual support demonstrating that a four year**
31 **cap will allow Vectren South to recover reasonable lost revenues as provided**
32 **in Indiana Code § 8-1-8.5 Section 10(o)?**

33 A. No. Witness Rabago contends it is reasonable to, at some point, end lost revenue

1 recovery to stop the pancaking of lost revenues over time, but has provided no
2 specific evidence to support that a four year cap would allow Vectren South
3 reasonable lost revenue recovery as provided for in the above-referenced statute.
4 Moreover, he never addresses why it is reasonable to create demonstrated savings
5 throughout a measure life that exceeds four years, but set a different, shorter period
6 for the corresponding recovery of lost revenues. Witness Rabago's focus is on only
7 the pancaking of lost revenues⁵ and ignores the other side of the equation, which is
8 the corresponding accumulation, or pancaking, of savings. A lost revenue recovery
9 mechanism that creates an asymmetry between lost revenues and savings leaves
10 the utility at financial risk and is contrary to the Commission's objective of mitigating
11 utility risk associated with implementing DSM, as further discussed below. As shown
12 in the chart below, energy savings from Vectren South's EE/DSM programs continue
13 to accumulate over time. Importantly, the chart reflects how the savings attributable
14 to programs or measures which have reached the end of their lives fall out of the lost
15 revenue calculation.
16



17
18
19 **Q. Has the Commission defined the role of lost revenue recovery associated with**
20 **EE and DSM programs?**

21 A. Yes. In its order in Cause No. 43938, issued August 31, 2011 in Vectren South's
22 initial DSM plan following the Commission's 2009 Phase II order, the Commission
23 stated that "the purpose of recovery of lost margins on verified energy savings from

⁵ CAC Exhibit No. 1-Remand, Page 14

1 DSM programs is to return the utility to the position it would have been absent
2 implementation of a DSM measure.” EM&V supports this purpose as a dependable
3 means of verifying energy and demand savings and determining the amount of lost
4 revenue that should be recovered.

5
6 **Q. Has the Commission changed its position on the role of lost revenue recovery
7 since the 2011 order in Cause No. 43938?**

8 A. No. The Commission's order issued December 28, 2016 in Cause No. 44792,
9 Indianapolis Power and Light's DSM plan extension proceeding, affirms the
10 Commission's position on the role of lost revenue recovery, again stating “the
11 purpose of lost revenue recovery is to return the utility to the position it would have
12 been absent implementation of DSM.”⁶

13
14 **Q. Is the Commission's stated objective in supporting DSM implementation
15 consistent with well-established DSM principles?**

16 A. Yes. It is well recognized in the electric industry that there is an inherent disincentive
17 for a utility to implement DSM programs due to the subsequent energy and demand
18 sales reductions that result. These sales reductions directly translate in reduced
19 fixed cost recovery for the utility when those costs are recovered on a variable per
20 kWh or per kVa basis. The lost revenues being proposed for recovery by Vectren
21 South represent fixed costs approved by the Commission that the Company would
22 have reasonably expected to recover absent the implementation of DSM measures.

23
24 **Q. Is the Commission's definition of the role of lost revenue recovery supported
25 by witness Rabago?**

26 A. No it is not. In fact, one of witness Rabago's primary recommendations in this Cause
27 is that “the Commission should reject as overly broad the position that the role of lost
28 revenue recovery is to put the utility in the same revenue position it would have been
29 in but for the implementation of energy efficiency measures.” In other words, witness
30 Rabago is recommending that the Commission reject its own position with regard to
31 the role of lost revenue recovery.

⁶ Indiana Utility Regulatory Commission Cause No. 44792 Order, Page 25, issued December 28, 2016

1

2 **Q. Witness Rabago urges the Commission to rely on the ACEEE report attached**
3 **to his testimony⁷. Have you reviewed the referenced ACEEE report?**

4 A. Yes.

5

6 **Q. Having reviewed energy efficiency policies across the nation, what does the**
7 **ACEEE conclude?**

8 A. The ACEEE's conclusion regarding policies designed to support EE is as follows:

9 Creating a regulatory environment that incentivizes utilities to invest in
10 efficiency is critical for programs to be successful, impactful, and long
11 lasting. Doing so requires a mix of policy tools. In addition to energy
12 efficiency targets, utilities need a business model that aligns their
13 financial interests with energy efficiency, including program cost
14 recovery, performance incentives that encourage utilities to achieve
15 high levels of savings, and some policy mechanism to neutralize the
16 throughput incentive. It is our opinion that decoupling is the best third
17 leg of this stool. However it is also clear that decoupling is not always
18 an option for states for a variety of reasons. In such scenarios, LRAM
19 can be a temporary solution, offering a mechanism to address the
20 concern over lost revenues and, possibly, help make parties more
21 comfortable with the idea of full decoupling in the future. (Emphasis
22 added).

23

24 (ACEEE Report, Attachment KRR-3, Page VII). Because "efficiency does not reduce
25 the short-term, fixed costs of providing service," addressing the throughput incentive
26 plays "a crucial role" in supporting EE programs. (Id., pg. v). Unlike decoupling, the
27 LRAM (a) requires a determination of energy savings created by the EE programs,
28 and (b) is not symmetrical in nature in terms of adjusting utility revenues; i.e. when
29 using an LRAM, "regulators do not make additional adjustments [to revenues] if the
30 utility sells more energy than predicted in the test year. (Id.) According to ACEEE,
31 while "not a perfect substitute for decoupling," an LRAM can serve as an alternative
32 means of addressing financial incentives as long as rigorous EM&V to determine
33 savings is in place. (Id., pg. vi).

34

35 **Q. Does the ACEEE report address including LRAM as a cost of EE?**

36 A. Yes. The report states that lost revenues should not be included in EE cost

⁷ CAC Exhibit No. 1-Remand, Page 18

1 calculations, given LRAM simply restores revenues associated with lost energy sales
2 and represents the collection of already authorized system fixed costs. (Id., pg. 4).
3 Otherwise, EE is disadvantaged when compared to other resources.
4

5 **Q. Is it important that the mechanism used to address the throughput incentive**
6 **have a strong relationship to the level of lost revenues caused by the EE**
7 **measures being offered and implemented?**

8 A. Yes. As the ACEEE report explains, EE not only reduces sales and therefore fixed
9 cost recovery, but it also takes away the return opportunity provided by investment in
10 supply side resources. To the extent EM&V accurately determines lost sales (and
11 therefore lost revenues) an LRAM that fails to recover the resulting amount of lost
12 revenue fails to address the financial harm to the utility and thus falls short of
13 effectively addressing the throughput incentive. Absent decoupling, or eliminating
14 volumetric recovery of fixed costs, the utility bears a revenue shortfall unless 100%
15 of costs are in a fixed charge. An LRAM capped at an arbitrary number of years far
16 less than the actual lives of EE measures does not provide reasonable lost revenue
17 recovery and fails to adequately implement the recognized policy of mitigating the
18 throughput incentive. Vectren South's modified LRAM proposal is reasonable
19 because, together with performance incentives, it still effectuates EE policy and thus
20 meets the statutory definition of reasonable lost revenue recovery.
21

22 **Q. Has the CAC provided meaningful evidence regarding the financial effect of**
23 **the 4 year cap on lost revenue recovery?**

24 A. No. The CAC never compares customer savings from the EE plans at issue to the
25 lost revenues from those plans. This ignores the EE savings linked to those past EE
26 plans and creates a deceptive picture. Further, CAC never considers the throughput
27 incentive and how its arbitrary lost revenue cap fails to restore lost revenues to the
28 utility associated with the lost sales created during the life of the EE measures
29 implemented by customers.
30

31 **Q. Under traditional utility regulation, do utilities face changing fixed cost**
32 **requirements in between rate cases?**

33 A. Yes. Base rates are set based upon a snapshot of then-current operating conditions.

1 After rates are established, utilities must manage a variety of issues in the periods
2 between rate cases including fixed costs associated with adding new customers,
3 economic development, and the ongoing operating and maintenance expenses
4 associated with fixed assets required to continue to provide reliable service to
5 customers. The utility's ability to manage these issues without seeking rate relief in a
6 base rate case is one of the incentives embedded into the traditional utility regulatory
7 model, like that in which Vectren South operates. It is important to recognize this
8 often unstated incentive associated with regulatory lag, which is that utilities that can
9 successfully manage these issues and avoid the time and expense required to file a
10 base rate case are rewarded for their efforts. It should also be noted that, in addition
11 to the significant commitment of time and expense involved with litigating a base rate
12 case, frequently filed rate cases can cause customer confusion and adversely impact
13 rate stability.

14
15
16 **III. PANCAKING OF LOST REVENUES**

17
18 **Q. Witness Rabago cites a concern with the pancaking of lost revenue recovery**
19 **between rate cases as the basis for capping or eliminating lost revenue**
20 **recovery. Please respond.**

21 A. The pancaking argument serves as a way to ignore the linkage between lost sales
22 resulting from successful EE programs and the actual lost revenues associated with
23 such programs. Successful EE programs incent customers to adopt EE measures
24 that produce savings for a period of years with the resulting energy savings
25 accumulating over time. The resulting lost revenues also accumulate in step with the
26 savings. Lost revenues cease to be recovered when measures reach the end of
27 their useful life; however, in the interim, as the utility continues to offer successful
28 programs, the lost revenues (i.e. lost fixed cost recovery) resulting from EE
29 implementation in a given year are necessarily added to the lost revenues resulting
30 from each subsequent year's programs. It is important to recognize (as discussed
31 previously) that as measures reach the end of their useful lives lost revenues
32 associated with those measures roll off, and at the same time, the customer savings
33 attributed to the measure also cease. As described above, this symmetry is critical

1 to the balancing of customer benefits and utility fixed cost recovery risk associated
2 with successful EE/DSM programs.
3

4 **Q. Do EE measures only produce lost revenues for a portion of their useful lives?**

5 A. No. The savings resulting from implementing an EE measure will continue for the
6 entire useful life of the measure. Savings resulting from an EE measure in the final
7 year of its useful life produce lost revenues, just as it did in the year the measure was
8 implemented, subject to any degradation which is built into the EM&V process as
9 discussed in the direct testimony of Vectren South witness M. Sami Khawaja.

10
11 **Q. Does the imposition of a four year cap on lost revenue recovery, as proposed
12 by witness Rabago, send an appropriate price signal to customers?**

13 A. No. As discussed in my direct testimony, when customers implement EE measures
14 the fixed costs incurred by the utility in providing service do not change and are not
15 avoided. Importantly, the lost revenues will be reflected in a general rate case,
16 resulting in increased per unit costs to recover those fixed costs. It should be noted
17 that recovery through a periodic rate adjustment mechanism such as that provided
18 for in Indiana Code §8-1-8.5 reduces the risk of potentially large rate impacts that
19 would otherwise occur when EE activity and the associated lost revenues are
20 eventually recognized – or when there is asymmetry between lost revenue recovery
21 and savings provided by such EE activity – in a base rate proceeding.

22
23 **Q. Witness Rabago claims that your direct testimony offers unsubstantiated and
24 incorrect assertions about the impact of energy efficiency programs on fixed
25 costs and the potential to design an energy efficiency program portfolio to
26 favor short-lived savings if the collection term for what he calls the retail rate
27 adjustment mechanism or “RRAM” is limited to four years or less. Please
28 respond.**

29 A. EE policies have long recognized that utilities with volumetric fixed cost recovery
30 inflict financial self-harm when they act in ways to reduce sales. Thus, the basis for
31 lost revenue recovery is to address this acknowledged problem. If the mechanism
32 which addresses the lost sales risk is arbitrarily capped to only provide lost revenue
33 recovery for a certain time period, the same desire to avoid self-harm that was being

1 addressed in the first place would logically drive behavior to reduce or mitigate the
2 exposure to such financial harm by shortening measure lives. Identifying this
3 undeniable logic was the point of my testimony. To be clear, Vectren South has not
4 and will not “distort energy efficiency program optimization”⁸ and propose only short-
5 lived DSM programs; however, that does not mean the Company is not incented to
6 do just that. As discussed in the supplemental testimony of Vectren South witness
7 Harris, measure life treatment should be consistent in the calculation of lost revenues
8 and the determination of cost effectiveness. There appears to be a clear recognition
9 from the ACEEE Vectren South that energy efficiency adversely impacts fixed cost
10 recovery when not accompanied by an LRAM. Witness Rabago appears to be the
11 minority or outlying opinion on this issue.

12
13
14 **IV. PRINCIPLES OF SOUND RATEMAKING**

15
16 **Q. Witness Rabago cites several principles of sound ratemaking within his direct**
17 **testimony. Please comment on how these principles apply to the recovery of**
18 **lost revenues for EE and DSM programs?**

19 A. Witness Rabago invokes general principles in an attempt to downplay the fact that
20 Indiana Code §8-1-8.5 explicitly provides for recovery of lost revenues as a
21 component of a utility’s DSM program, and that Indiana utilities are authorized to
22 recover DSM program costs through a periodic rate adjustment mechanism.

23
24 Witness Rabago cites simplicity, understandability, public acceptability, and
25 feasibility of application and interpretation as desirable rate attributes. Of course,
26 these are foundational principles most applicable to the process of establishing base
27 rates. Here the issue is how best to support actions that reduce sales when fixed
28 cost recovery relies mainly on volumetric base rates. Regardless, understandability
29 is certainly at stake here where an artificial cap on lost revenue recovery will cause
30 customers to believe they can reduce sales and thus reduce the fixed cost of service.

⁸ CAC Exhibit No. 1-Remand, Page 23, Line 20

1 A mechanism that is truly designed to make the utility whole for lost fixed cost
2 recovery better achieves these rate attributes.

3
4 Witness Rabago claims rates should be effective in yielding total revenue
5 requirements. Again, I agree, and as stated above, the recovery of lost revenues
6 associated with EE ensures the recovery of approved fixed cost revenue
7 requirements lost due to the EE induced sales reductions.

8
9 Witness Rabago states that rates should be stable. It could be argued that, absent
10 DSM, and the associated lost revenue recovery provided for in Indiana, rates would
11 be more stable, as there would not be a need to periodically adjust rates to recover
12 lost revenues associated with EE measures, and, as described above, the risk of
13 large rate impacts at the next rate case would be mitigated to some extent by
14 eliminating the need to adjust billing determinants to reflect reduced usage resulting
15 from EE in increased unit costs.

16
17 Witness Rabago also states that rates should advance economic efficiency and send
18 efficient price signals. Again, I fully agree. However, as described above, customers
19 should not be misled to believe that EE measures reduce the fixed costs incurred by
20 the utility to provide them service, which occurs under a rate design that recovers a
21 substantial amount of the utility's fixed costs through volumetric charges without a
22 mechanism such as an LRAM, or revenue per customer decoupling, that ensures the
23 utility is put back in the same position it would have been in absent the EE/DSM
24 measure implementation.

25

26 **Q. Witness Rabago characterizes the use of an LRAM as “piece-meal” or “single**
27 **issue ratemaking.” Please respond.**

28 A. Once again Mr. Rabago fails to acknowledge the statutory guidelines regarding lost
29 revenue recovery associated with DSM programs approved by the Indiana
30 legislature. Indiana Code §8-1-8.5-10 clearly authorizes the recovery of utility-
31 sponsored DSM program costs, including lost revenues, through a periodic
32 adjustment (outside of a base rate case). It should be noted that Vectren South's
33 DSM program and the associated rate adjustment mechanism were originally

1 proposed and approved as part of a general rate case. Defining lost revenue
2 recovery as "piece-meal" or "single-issue" ratemaking is entirely inaccurate and
3 displays a lack of understanding regarding the statutory authority and origins of
4 Vectren South's proposed lost revenue treatment. Further, support of utility
5 sponsored EE programs has long been a policy objective that has recognized the
6 need for restoration of cost recovery. Perhaps this can be labeled "single issue"
7 ratemaking, but the ability to avoid or reduce investment in costly supply side
8 resources that ultimately increase rates has been embraced as a prudent objective
9 that trumps counter arguments such as these.

10
11 **Q. Witness Rabago states that "lost revenue policies were created at a time when**
12 **the period between rate cases was typically four years or less." Please**
13 **respond.**

14 A. Witness Rabago has provided no support for this statement. He cites information on
15 one historic example case from 1998 included in the ACEEE report attached to the
16 direct testimony of CAC witness Natalie Mims in this Cause as Exhibit NM-8 in which
17 the Minnesota Department of Public Service ("the Department"), citing the number of
18 years between rate cases for each of the state's utilities, argued that "the period
19 between rate cases is much longer than that envisioned when the lost margin
20 policies were approved, significantly increasing the level of lost margins accrued."
21 Witness Rabago's claim that LRAM policies were created at a time when the period
22 between rate cases was typically four years or less is completely unfounded and
23 unsupported by the extremely limited evidence he has presented. And, importantly,
24 the Department's acknowledgement that lost margins continue to accrue should be
25 noted. The Department went on to state "lost margin recovery was intended to
26 compensate utilities for short-term revenue losses between relatively frequent
27 general rate cases."

28
29 As stated in witness Mims' exhibit, "the Minnesota Department of Public Service
30 recommended ending the LRAM policy, and the Minnesota Public Utilities
31 Commission subsequently agreed." However, it should be noted that in recent
32 history, the Minnesota Public Utilities Commission has decided to move beyond the
33 partial decoupling provided by an LRAM and, in Docket No. GR-13-868, Northern

1 States Power's rate case, approved a full decoupling mechanism for Northern
2 States, stating that "revenue decoupling has substantial potential to align the
3 Company's interests with the public's interest in conservation and energy
4 efficiency."⁹ Based on this evidence an LRAM may not in fact remove the throughput
5 incentive to the degree necessary and consideration of a mechanism such as
6 decoupling may be more appropriate in balancing the customer benefits of EE and
7 the utility's fixed cost recovery risk.

8

9 In addition, as shown in the table on page 4 of my direct testimony on remand in this
10 Cause, rate cases in Indiana are occurring on a regular basis. In addition, several
11 utilities have petitioned for transmission, distribution, and storage system
12 improvement charges pursuant to Indiana Code § 8-1-39, which requires the utility to
13 file a rate case within seven years. Both Northern Indiana Public Service Company
14 ("NIPSCO") and Indianapolis Power and Light ("IPL") have filed base rate cases
15 within the past two years; IPL is anticipated to file another rate case in the near
16 future. Indiana Michigan Power ("I&M") filed a base rate case on July 18, 2017.
17 There is no support for the claim that base rate cases in Indiana are occurring less
18 frequently and certainly not with excessive amounts of time between cases.

19

20

21 **V. CONCLUSION**

22

23 **Q. Does this conclude your rebuttal testimony in this Cause?**

24 **A.** Yes it does.

⁹ Minnesota Public Utilities Commission, Docket No. GR-13-868, May 8, 2015 order at Page 73

VERIFICATION

I, Scott E. Albertson, Vice President, Regulatory Affairs and Gas Supply, Vectren Utility Holdings, Inc., affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



Scott E. Albertson

Date: August 16, 2017