DIRECT TESTIMONY OF KATHRYN C. LILLY
RATES & REGULATORY STRATEGY MANAGER
DUKE ENERGY INDIANA, LLC
CAUSE NO. 43955 DSM-7
BEFORE THE INDIANA UTILITY REGULATORY COMMISSION

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Kathryn C. Lilly, and my business address is 1000 East Main Street, Plainfield, Indiana 46168.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Indiana, LLC ("Duke Energy Indiana," or "Company") as Rates & Regulatory Strategy Manager. Duke Energy Indiana is a wholly owned, indirect subsidiary of Duke Energy Corporation.

Q. PLEASE DESCRIBE YOUR DUTIES AS RATES & REGULATORY STRATEGY MANAGER.

A. As Rates & Regulatory Strategy Manager, I am responsible for the preparation of financial and accounting data used in the Company's rate filings.

Q. STATE YOUR EDUCATIONAL AND BUSINESS EXPERIENCE.

A. I am a graduate of Indiana State University, holding a Bachelor of Science Degree in Business, with a major in Accounting. Since my employment in 1986 with the Company (then known as Public Service Company of Indiana, Inc.), I have held various financial and accounting positions supporting the Company and its affiliates. I have held positions in Corporate Accounting, Project Management, Payroll, Budgets and Forecast, along with numerous financial system implementation teams. I am a Certified Public Accountant ("CPA") and a member of the Indiana CPA Society.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony in this proceeding is to explain and support the development of proposed rates under the Company's Standard Contract Rider No. 66-A, Energy Efficiency Revenue Adjustment ("EE Rider" or the "Rider") and to present updated Tariffs for Commission approval of these rates. I will: 1) discuss the ratemaking treatment that has been approved for the EE Rider in Cause No. 43955 and subsequent Cause No. 43955 DSM Rider filings; 2) explain how non-residential rates were developed considering those who opted out and opted back in for qualifying customers pursuant to Senate Enrolled Act 340 ("SEA 340"); 3) discuss the components of the rates proposed in this proceeding, which include:

- The 2018 reconciliation that has been prepared using actual 2018 costs, participation and energy savings results;
- The inclusion of the January through August 2018 EE Rider benefits of the federal income tax reduction under the 2017 Tax Cuts and Jobs Act ("Tax Act") consistent with the Commission's August 22, 2018 Order in Cause No. 45032-S2[1];
- Re-reconciliations of 2015, 2016 and 2017 lost revenues based on the application of additional Evaluation, Measurement & Verification ("EM&V")

---

[1] EE Rider rates were previously adjusted to provide the benefits of the Tax Act beginning with the implementation of revised base rates and EE Rider rates beginning with Bill Cycle 1 of September 2018.

results;

- An adjustment for certain costs recorded in 2018 related to 2014, 2015, 2016 and 2017 programs to ensure the costs are assigned to the appropriate non-residential opt out group, as discussed in the Testimony of Ms. Karen K. Holbrook;
- Forecasted costs for calendar year 2019, as approved in DSM-6.

4) provide estimated rate impacts of the rates proposed; and 5) explain the methodology used to determine the lost revenue prices provided to Petitioner's witness Ms. Holbrook that were used to develop the lost revenue amounts included in the filing.

Q. HOW IS THIS FILING DIFFERENT THAN THE PRIOR RECONCILIATION FILINGS?

A. The Company's prior reconciliation filings incorporated both a reconciliation of prior calendar year costs and revenues and the previously approved plan forecast for the upcoming calendar year. Because of a delay in the Company's IRP filing, the Company does not have Programs and Costs approved for 2020. Nonetheless, to update its approved 2019 rates to replace the 2017 reconciliation with the 2018 reconciliation as soon as practical will mitigate rate volatility due to continued collection of the 2017 reconciliation in 2020 rather than the 2018 reconciliation. The current DSM- 6 rates, implemented with the first billing cycle of 2019, included the 2017 reconciliation that should be fully collected or refunded by the end of 2019.

Q. PLEASE SUMMARIZE THE CUSTOMER IMPACT OF THIS FILING.

A. Replacing the 2017 reconciliation amounts with the 2018 reconciliation will result in a reduction to residential rates. For non-residential customers, it provides for lower rates for the majority of the opt-out/opt-in groupings.

II. RATEMAKING TREATMENT

Q. PLEASE SUMMARIZE HOW CUSTOMERS ARE CHARGED FOR EE PROGRAMS UNDER THE EE RIDER PURSUANT TO THE VARIOUS COMMISSION ORDERS RELEVANT TO THIS PROCEEDING.

A. As approved in the Commission's Order in Cause No. 43955 ("EE Order") and subsequent Orders in Cause Nos. 43079 DSM-6, 44441 ("Opt Out Order"), 43955 DSM-1 ("DSM-1"), DSM-2, DSM-3, DSM-4, DSM-5 and DSM-6 (collectively, the Company's EE Orders), all customers and rate classes are charged for the cost of a vintage year's EE programs to the extent they are or were eligible to participate in the programs offered for that period.[2] The ratemaking model approved by the Commission for the EE Rider provides that residential customers, as a group, pay for the cost of residential programs (*i.e.,* all customers in the residential group pay the same rate per kWh) and non-residential customers, as a group, pay for the cost of non-residential programs for which they are or were eligible to participate in (*i.e.,* all participating customers in the non-residential group pay the same rate per kWh and all customers in each of the opt-out/opt-in groups pay the same rate per kWh).

[2] Costs for a vintage year's programs may extend beyond that vintage year or the time customers were eligible to participate in the programs, such as in the case of persisting lost revenues or for the costs of EM&V performed in a subsequent year for a prior vintage year's programs.

Q. PLEASE FURTHER DESCRIBE THE RATEMAKING TREATMENT THAT HAS BEEN APPROVED IN THE COMPANY'S EE ORDERS.

A. Other cost recovery and ratemaking concepts approved for use in the EE Rider include:

- Cost assignment to residential and non-residential rate groups based on the programs offered to each group and, within the non-residential rate group, based on whether and when customers were eligible to participate in the programs or whether and when customers opted out (or in) of participation;[3]
- Inclusion of all customers in paying for the programs, including interruptible load to the extent not specifically excluded by contract language for customers with special contracts; and
- Rate development methodologies that include the use of kWh sales as billing determinants.

III. CUSTOMER OPT OUTS

Q. PLEASE EXPLAIN DUKE ENERGY INDIANA'S EXPERIENCE WITH CUSTOMER OPT OUTS.

A. Since the enactment of SEA 340, codified at Ind. Code § 8-1-8.5-9, the Company has received opt-out notifications from customers in all annual opt-out windows and opt-in

[3] The enactment of SEA 340 in 2014 allows qualifying customers with a load of more than one megawatt measured at a demand meter at a single site to opt out of participation. An opted-out customer will not be responsible for paying for current and future energy efficiency programs, but will be responsible for any costs (or entitled to any credits) related to programs offered up to the effective date of opt out. SEA 340 also allows qualifying customers to opt back in to EE program participation, but they must pay participant rates for three program years before being eligible to opt out again. This will require the development of rates for multiple groups of non-residential customers based on their opt out/opt in status. The rates will be developed using the same methodology and concepts I explain in my testimony, but the costs and billing determinants used will be specific to each group of customers.

notices in the four most recent windows. Customers who opted out under the first opt-out window, which closed July 30, 2014 (thirty days after the Commission's Order in Cause No. 44441), were effective April 1, 2014. Opt-outs for customers who opted out under the second opt-out window, which closed November 15, 2014, were effective January 1, 2015. Opt outs or opt ins for customers providing notice during the subsequent opt-out windows closing November 15 of each subsequent calendar year were also effective January 1 of the respective calendar year following receipt of notice. The Company provides annual notice to eligible customers regarding their eligibility to opt out or opt back in to program participation during the notice window and actively works with customers to understand EE programs that may be useful to them. To date, the Company has had eleven (11) customers opt back into EE program participation after previously opting out.

Q. PLEASE EXPLAIN THE DEVELOPMENT OF THE PROPOSED RATES IN CONSIDERATION OF THESE VARIOUS OPT OUT/OPT IN GROUPS.

A. Using 2018 data, customers eligible to participate in 2019 EE programs comprise forty-five percent (45%) of total Non-Residential kWh sales. These customers either did not meet the eligibility requirements to opt out or have never opted out and another approximately one percent (1%) had opted out at some point, but had subsequently opted back in and were also eligible to participate in 2019 EE programs. Customers remaining opted out for 2019 programs approximate fifty-four percent (54%) of total Non-Residential kWh sales. Proposed rates have been developed in this proceeding for each of the existing participating and opt-out/opt-in groups based on the timing of their opt-out or opt-in, using the 2018 kWh for each group to allocate applicable costs and the revenues associated with each group to perform the 2018 reconciliation.

Q. PLEASE EXPLAIN WHAT COSTS CUSTOMERS WHO OPT OUT ARE RESPONSIBLE FOR PAYING.

A. Consistent with the requirements of I.C. § 8-1-8.5-9(f), although an eligible customer who opts out is not responsible for costs of current or future EE programs, the customer remains responsible for EE program costs, including lost revenues, shareholder incentives and related reconciliations, that accrued or were incurred or relate to energy efficiency investments made before the date on which the opt out is effective, regardless of the date on which the rates are actually assessed.

Non-Residential	2012, 2013, and Jan-Mar 2014 Recons & Persisting Lost Revenues (1)	Apr-Dec 2014 Recons & Persisting Lost Revenues (1)	2015 Recons & Persisting Lost Revenues (1)	2016 Recons & Persisting Lost Revenues (1)	2017 Recons & Persisting Lost Revenues (1)	2018 Recons & Persisting Lost Revenues (1)	2019 Recons & Persisting Lost Revenues (1)
Participants	X	X	X	X	X	X	X
4/1/14 Opt Outs	X						
1/1/15 Opt Outs	X	X					
1/1/16 Opt Outs	X	X	X				
1/1/17 Opt Outs	X	X	X	X			
1/1/18 Opt Outs	X	X	X	X	X		
1/1/19 Opt Outs	X	X	X	X	X	X	
4/1/14 Opt Outs, 1/1/16 Opt In	X			X	X	X	X
4/1/14 Opt Outs, 1/1/17 Opt In	X				X	X	X
1/1/15 Opt Outs, 1/1/17 Opt In	X	X			X	X	X
1/1/16 Opt Outs, 1/1/17 Opt In	X	X	X		X	X	X
1/1/15 Opt Outs, 1/1/18 Opt In	X	X				X	X
4/1/14 Opt Outs, 1/1/19 Opt In	X						X
1/1/15 Opt Outs, 1/1/19 Opt In	X	X					X
1/1/16 Opt Outs, 1/1/19 Opt In	X	X	X				X
1/1/17 Opt Outs, 1/1/19 Opt In	X	X	X	X			X
1/1/18 Opt Outs, 1/1/19 Opt In	X	X	X	X	X		X
4/1/14 Opt Outs, 1/1/16 Opt In, 1/1/19 Opt Out	X			X	X	X	

1/ X represents groups that are responsible for their proportionate share of each period's costs.

These groups will continue to be responsible in future years for their proportionate share of any adjustments, reconciliations, and persisting lost revenues related to the EE programs offered during the years they were eligible to participate in EE programs, whether as an initial participant or an opt-in participant. They will not be responsible for costs, adjustments, reconciliations, and persisting lost revenues related to the EE programs offered during the years they were opted out from participation.

As approved by the Commission in the Company's EE Orders, the lost revenues associated with the 2012 – 2015 program years will be included in EE Rider rates until the measure life is expired for the individual programs or until rates are effective from a base rate case. As approved by the Commission in DSM-3, the lost revenues associated with the 2016 program year will be included in EE Rider rates for the lesser of four (4) years or measure life, or until rates are effective from a base rate case. As approved by the Commission in DSM-4, for 2017 – 2019 program years lost revenue will be included in EE Rider rates until the end of the measure life for the individual programs or until rates are effective from a base rate case. As approved in DSM-1, the lost revenues for all these years are also subject to additional reconciliations in future years due to retrospective application of EM&V.

Any qualifying customers new to our system who sign a demand contract of more than one (1) megawatt and provide notice of opt out under the terms of the Tariff will not be responsible for any EE Rider costs (*i.e.*, will have a zero Tariff rate).

Q. HOW DID THE OPT OUT REQUIREMENTS AFFECT THE CALCULATION OF THE RATES PROPOSED FOR REVISED 2019?

A. It was necessary to calculate separate rates for each opt-out group, because each opt-out group is responsible for a different set of costs based on effective dates of their opt outs or opt ins. The applicable costs and opt out load and timing outlined above were used to develop rates for each of the opt-out/opt-in groups.

IV. PROPOSED RATES AND RATE IMPACTS

Q. PLEASE EXPLAIN HOW THE REVISED 2019 RATES WERE DEVELOPED.

A. For the reconciliation component, Ms. Karen K. Holbrook provided me with recoverable program costs, EM&V costs, lost revenues and incentive amounts for 2018, based on actual costs incurred and participation and energy savings attained; updated lost revenue amounts for the re-reconciliation of, 2015, 2016 and 2017; and adjustments applicable to 2014, 2015, 2016 and 2017 opt-out groups. For the revised 2019 rates, 2019 estimated program cost, EM&V costs, lost revenues and incentives previously approved in DSM- 6 were used. As Ms. Holbrook explains, the costs included in the rates incorporate the results of EM&V for calculating lost revenues and performance incentives, pursuant to the approved Settlement Agreements in DSM-1 and DSM-2 and the Commission's Orders in 43955 through 43955 DSM-6. The 2018 kWh and billed revenues for the 2018 reconciliation were obtained from the Company's accounting records.

Q. PLEASE DESCRIBE PETITIONER'S EXHIBIT 2-A.

A. Petitioner's Exhibit 2-A, Pages 1 – 18, represents an update of Duke Energy Indiana's Standard Contract Rider No. 66-A, Energy Efficiency Revenue Adjustment to be effective for billing after Commission approval. Pages 1 through 4 include information regarding the calculation of the adjustment, including definitions of the components of the formula for developing the EE Revenue Adjustment factors, and provisions regarding opting out and opting back in. Page 5 shows the revenue adjustment factors by retail rate group for participating customers, based on the information contained in Petitioner's Exhibit 2-B, Pages 10 and 11. Petitioner's Exhibit 2-B, Page 11, is the source for Pages 6

– 16. Pages 6 through 11 show the revenue adjustment factors by retail rate group for qualifying customers who have opted out in each of the prior opt out windows. Page 11 provides the revenue adjustment factors by retail rate group for qualifying customers who may opt out effective January 1, 2020. Pages 12 through 16 show the revenue adjustment factors by retail rate group for each group of previously opted out customers who have opted back in to participation in a previous opt-out/opt-in window. Page 17 shows the revenue adjustment factors by retail rate group for qualifying customers new to the system who sign a demand contract of more than one (1) MWh who opt out and who will pay a zero rate. Page 18 shows the billing cycle kWh for the twelve (12) months ended December 2018.

Q. PLEASE DESCRIBE PETITIONER'S EXHIBIT 2-B.

A. Petitioner's Exhibit 2-B, Pages 1 – 12, is a series of schedules developing the rates that are presented for Commission approval in this proceeding. Page 1 shows the estimated EE costs, by cost category, for the EE programs, with separate subtotals by type of program (conservation or demand response). As shown, the total estimated cost (before conversion to revenue requirements) for EE programs is approximately $69.7 million. The 2019 costs shown on this Exhibit were used in Petitioner's Exhibit 2-B, Pages 10 (for Residential) and 11 (for Non-Residential) to develop the rates presented for approval by the Commission.

Page 2 shows the actual recoverable 2018 EE costs, by cost category, for the programs offered in 2018, with separate subtotals by type of program (conservation or demand response). As shown, the total estimated cost (before conversion to revenue requirements) for programs in 2018 is approximately $65.7 million. The 2018 costs shown on this Exhibit were used in Petitioner's Exhibit 2-B, Page 3 for Residential and Page 4 for Non-Residential to develop the 2018 reconciliation variance amounts for each opt out or participating group to be included in the rates presented for approval by the Commission.

Page 3 for Residential and Page 4 for Non-Residential present the reconciliation of the actual 2018 costs (including lost revenues and earned incentives) from Page 2, to the actual 2018 billed revenues for Rider 66-A. Page 5 provides kWh-based allocations to the various opt out groups that are used in the Page 4 calculations of the Non-Residential reconciliation amounts. The costs and revenues for Non-Residential customers were shown at a more granular level of detail than for Residential customers to facilitate the ratemaking required for those who opted out, resulting in allocation of revenue requirements based on what period the costs relate to and using the billed revenues for each group. The Company calculated separate reconciliation amounts for: (1) customers eligible to participate in 2019 programs; (2) customers who opted out each of the prior opt-out effective dates; and (3) customers who opted out and subsequently opted back in, as detailed in the table below.

2018 Reconciliation
(Over) or Under Collection Amounts
(in millions)

		$
Residential		**(13.3)**
Non-Residential		
Participants	$	11.3
4/1/14 Opt Outs		0.4
1/1/15 Opt Outs		(.1)
1/1/16 Opt Outs		0.1
1/1/17 Opt Outs		0.1
1/1/18 Opt Outs		0
1/1/2019 Opt Outs		.6
4/1/14 Opt Outs, 1/1/16 Opt In		-
4/1/14 Opt Outs, 1/1/17 Opt In		0.1
1/1/15 Opt Outs, 1/1/17 Opt In		0.1
1/1/15 Opt Outs, 1/1/18 Opt In		-
1/1/15 Opt Outs, 1/1/19 Opt In		
Total Non-Residential	**$**	**12.6**

Q. DO THE RECONCILIATION AMOUNTS ABOVE REFLECT A FULL YEAR'S BENEFITS OF THE TAX ACT'S IMPACT ON THE REVENUE REQUIREMENTS INCLUDED IN DSM-7?

A. Yes. The lost revenues calculated by Ms. Holbrook assumed the lower lost revenue pricing resulting from the lower base rates due to the Tax Act, which were effective September 2018, were in effect for all of 2018. Therefore, these reconciliation amounts include the Tax Act benefits the Company deferred from January through August 2018 for the EE Rider in compliance with the Commission's in Cause No. 45032-S2 in addition to other reconciliation items.

Q. WHAT IS THE AMOUNT OF THE JANUARY THROUGH AUGUST 2018 TAX ACT BENEFITS THAT ARE BEING REFUNDED TO CUSTOMERS AS PART OF THIS RECONCILIATION FILING?

A. The total amount is approximately $1 million. Please see Workpaper 9 for the calculation of this reduction.

Q. WHAT ARE THE OTHER DRIVERS FOR THE 2018 RECONCILIATION (OVER)/UNDER-COLLECTION AMOUNTS?

A. Differences in 2018 program spending, participation and kWh/kW energy savings achievement levels for conservation and demand response programs from the previous forecasted amounts for 2018 contribute to the reconciliation variances. As discussed by Ms. Holbrook, the development of the performance incentives and lost revenue amounts included in the 2018 reconciliation reflected actual participation and the available results of EM&V in determining the kWh savings amounts used in the calculations. Differences in kWh sales used in developing the factors that were billed during 2018 and the actual kWh sales for 2018 also contribute to the reconciliation amounts.

In addition to variances in these typical items, both Residential and Non-Residential reconciliation variances were impacted due to a delay in implementation of the DSM-5 rates that included the 2018 estimates. These rates were not approved for implementation until August 2018 - Bill Cycle 1. The rates billed in 2018 reflected seven months of billing at the 2017 forecasts levels approved in DSM-4 and five months of billing at the 2018 forecast level approved in DSM-5. The DSM-4 2017 forecast included one less vintage year of lost revenues than should have been collected, affecting both Residential and Non-Residential variances, which contributed to the reconciliation.

The reconciliation for Non-Residential customer reflects an increase in spending compared to the estimates used to calculate the 2018 rates in DSM-5, as approved by the Oversight Board ("OSB").

The combination of all these items resulted in an over-billing reconciliation variance for 2018 for Residential customers, which will reduce rates from current levels when the proposed rates are approved by the Commission, and an under-billing reconciliation variance for 2018 for Non-Residential customers. However, the under-billing position is less than the amount filed in DSM-6, resulting in a decrease to the majority of the proposed rates for 2019 for Non-Residential customers.

Q. PLEASE DESCRIBE THE REMAINING PAGES OF PETITIONER'S EXHIBIT 2-B.

A. Pages 6 through 8 present additional reconciliations of 2015, 2016 and 2017 EE program lost revenues using additional EM&V results received since the Company's DSM-6 filing. These additional reconciliations were made necessary due to the approval of the Settlement Agreement in DSM-1 and subsequent DSM proceeding approvals, which require retrospective application of EM&V for purposes of determining the amount of lost revenues to be recovered.

Page 9 adjusts certain costs recorded in 2018 that are related to 2014, 2015, 2016 and 2017 programs. This adjustment was made to ensure the costs are assigned to the appropriate non-residential opt out group based on the EE program vintage year the costs were related to. These adjustments are discussed in the Testimony of Ms. Holbrook.

Page 10 uses the 2019 estimated costs from Page 1, the 2018 reconciliation variance from Page 3, and the additional 2015, 2016 and 2017 reconciliation amounts from Pages 6-8 to determine the proposed 2019 EE Revenue Adjustment factor for Residential customers. A revenue conversion factor to cover revenue-related taxes and expenses was applied to all 2019 cost categories except lost revenues and reconciliation amounts. Lost revenue rates used to develop the lost revenue amounts were already at a revenue requirement level, so additional gross-up for ratemaking was not required. The prior year re-reconciliation true-ups and the 2018 reconciliation were also already at the revenue requirement level and did not need additional conversion to cover revenue related taxes and expenses.

Page 11 shows the rate development for Non-Residential customers, which uses the 2019 estimated costs from Page 1, the 2018 reconciliation variance from Page 4, and the additional 2015, 2016 and 2017 reconciliation amounts from Pages 7 and 8, plus the adjustment on Page 9 and kWh sales allocations from Page 12, and revenue conversion as described for Residential customers except the lost revenues were shown at a more granular level of detail than for Residential to facilitate the ratemaking required for customers who have opted out. The revenue requirements for the non-residential rate group were then allocated among participants and each of the applicable opt-out/opt-in groups based on what period the costs relate to and using the 2018 kWh sales for each group.

The resulting revenue requirement for the costs to be recovered via the EE Rider is as follows:

Revised 2019 Revenue Requirement
(in millions)

Residential	**$**	**23.0**
Non-Residential		
Participants	$	39.3
4/1/14 Opt Outs		1.9
1/1/15 Opt Outs		0.2
1/1/16 Opt Outs		0.3
1/1/17 Opt Outs		0.1
1/1/18 Opt Outs		0.7
1/1/19 Opt Outs		1.1
4/1/14 Opt Outs, 1/1/16 Opt In		0.1
4/1/14 Opt Outs, 1/1/17 Opt In		0.3
1/1/15 Opt Outs, 1/1/17 Opt In		0.2
1/1/15 Opt Outs, 1/1/18 Opt In		0.0
1/1/15 Opt Out, 1/1/19 Opt In		0.0
Total Non-Residential	**$**	**44.2**

The total $67.2 M revised 2019 revenue requirement is a decrease of $23.7 M over the $90.9 M total original 2019 revenue requirement used in DSM-6 (a decrease of $16.0 M or forty-one percent (41%) for residential and of $7.7 M or fifteen percent (15%) for Non-Residential, driven primarily by the slightly smaller 2018 reconciliation amount for Non-Residential that will affect the rates proposed for 2020 for program participants and any other opt out/opt in groups that were eligible to participate in 2018 programs and therefore participate in sharing responsibility for 2018 costs).

The proposed revised 2019 adjustment factors for these groups were developed on Pages 10 and 11 by dividing the revenue requirement for the residential and non-residential opt out rate groups by the applicable twelve (12) months ending December 2018 billing cycle kWh sales amounts.

Q. PLEASE DESCRIBE PETITIONER'S EXHIBIT 2-C.

A. Petitioner's Exhibit 2-C provides information regarding the rate impact of the rate adjustment factors developed in Petitioner's Exhibit 2-B. Page 1 shows that, should the Commission approve the revised 2019 Rider 66-A rates, rates for Residential customers and most Non-Residential customer groups will decrease as compared to the current DSM-6 rates. Differences for each Non-Residential opt-out/opt-in group are due to the individual reconciliation of each group using kWh sales, revenues, and the specific cost allocations applicable to each group.

Page 2 shows the monthly impact on the bill of a typical residential customer using 1000 kWh of the change in the Rider 66-A rates should the Commission approve the revised 2019 rates. Such residential customer can expect to see a ($2.16), or (1.77%), decrease in their current monthly bill.

I would note that the rate impacts shown in Petitioner's Exhibit 2-C were developed without any consideration for the positive impact to customer bills from the lower energy usage that is expected to result from participation in these programs, both in absolute individual usage reductions for those who choose to participate in program offerings and in lower overall energy usage for native load customers, which will reduce fuel and other variable production costs that are included in customer rates.

Q. WHAT AMENDMENTS TO DUKE ENERGY INDIANA'S RATE SCHEDULES ARE PROPOSED IN THIS PROCEEDING?

A. Upon Commission approval, the Company is proposing to update its Standard Contract Rider No. 66-A, Twelfth Revised Sheet No. 66-A, Pages 1 through 18 (Petitioner's Exhibit 2-A, Pages 1 through 18) subject to Duke Energy Indiana's filing of the updated Rider 66-A Tariff Sheet with the Commission's Electricity Division and begin billing the revised 2019 rates effective with the first billing cycle of the month following Commission approval and Order in this proceeding.

V. <u>LOST REVENUE PRICING</u>

Q. PLEASE EXPLAIN THE METHOD USED TO DETERMINE THE PRICES (OR LOST REVENUE PRICING RATES) USED TO DEVELOP THE AMOUNT OF ACTUAL LOST REVENUES INCLUDED IN THIS FILING FOR RECONCILIATION PURPOSES.

A. As approved by the Commission in its EE Order, recovery of lost revenues is intended to reimburse the Company for fixed costs that will otherwise not be recovered because of the reduction in sales associated with its EE offerings. In this filing, Duke Energy Indiana used lost revenue pricing rates (*i.e.*, rates reflecting fixed costs embedded in base rates) that were developed for each rate schedule in the Residential and Non-Residential rate groups that had identified participation. In the few cases where rate schedule level data was not available, average lost revenue pricing rates were developed using the rate schedules most likely to be applicable to the customers served by the programs. The Company's general methodology for developing lost revenue prices is as follows:

- For rate schedules designed to recover all fixed charges via a demand rate, the Tariff demand rate was used to price kW savings impacts.
- For rate schedules designed to recover a portion of the fixed charges in the demand rate and a portion in the energy rate, the Tariff demand rate was used to price kW savings impacts, and the Tariff energy rate was adjusted to remove the fuel and other variable O&M included in the Tariff rate and then used to price kWh savings impacts.
- For rate schedules designed to recover all fixed charges in the energy rate, the Tariff energy rate was adjusted to remove fuel and other variable O&M and then used to price kWh savings impacts.
- For rate schedules designed with no demand charge and using a block energy rate structure, base rate revenues (with no Rider revenues included) were adjusted to remove customer charges and the amount of fuel and variable O&M included (based on the amount per kWh that was included in base rates), then this remaining fixed charge amount was divided by kWh sales to get an average fixed charge rate realization, which was applied to kWh sales.

Support for the pricing used for the 2018 reconciliation is being filed in Workpaper 6 (KCL). The source of the fuel and other variable O&M adjustments was the Company's cost of service study approved in Cause No. 42359, and the source of the revenue and kWh data was the Company's billing system. The Company has used the same lost revenue prices for 2018 as were used in the DSM-6 filing for the 2019 projection. These prices reflect the lower federal income tax rate of twenty-one percent

(21%) that resulted from the Tax Act.

The same general methodology using the applicable 2015, 2016 and 2017 data was used to develop the lost revenue pricing used in determining the 2015, 2016 and 2017 lost revenues that were trued up in this filing, support for which was filed in DSM-3, DSM-4, DSM-5 and DSM-6.

For purposes of the 2015- 2017 re-reconciliations, the base rates used are the rates approved in Cause No. 42359 that were billed during those periods and that properly reflected the pre-Tax Act thirty-five percent (35%) federal income tax rate.

The Testimony of Ms. Holbrook explains how she used the prices I provided her for determining actual lost revenues for reconciliation purposes.

Q. HOW WILL THE LOST REVENUE RATES YOU DEVELOPED FOR USE BY MS. HOLBROOK CHANGE WITH THE ISSUANCE OF THE FINAL ORDER IN CAUSE NO. 45253?

A. The Company intends to adjust the lost revenue pricing rates at the time new base rates are approved and implemented.

VI. CONCLUSION

Q. DOES THE COMPANY INTEND TO CONTINUE USING THE DEFERRAL ACCOUNTING TREATMENT DISCUSSED AND APPROVED IN CAUSE NO. 43955?

A. Yes. The Company is requesting the Commission's approval to continue to use deferral accounting for energy efficiency expenses and revenues, as appropriate, to minimize the timing difference between cost or revenue recognition on the Company's books and actual cost recovery.

Q. WERE PETITIONER'S EXHIBITS 2-A THROUGH AND INCLUDING 2-C PREPARED BY YOU OR UNDER YOUR SUPERVISION?

A. Yes, they were.

Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY AT THIS TIME?

A. Yes, it does.

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The applicable charges for electric service to the Company's retail electric customers shall include an adjustment to recover or refund energy efficiency amounts as approved by the Indiana Utility Regulatory Commission. The applicable retail electric adjustment will be determined based on the following provisions:

CALCULATION OF ADJUSTMENT

The monthly billing adjustment shall be determined by multiplying the adjustment factor, as determined to the nearest 0.001 mill ($0.000001) per kilowatt-hour calculated in accordance with the following formula, by the monthly billed kilowatt-hours in the case of customers receiving metered service and by the estimated monthly billed kilowatt-hours used for rate determinations in the case of customers receiving unmetered service.

Energy Efficiency Revenue Adjustment Factor =

$$\text{Residential} = \frac{(a*k)+e}{i} + \frac{(c*k)+g}{i}$$

$$\text{Non-Residential} = \frac{(b*k)+f}{j} + \frac{(d*k)+h}{j}$$

where:

1. "a" is the sum of estimated residential conservation energy efficiency amounts excluding lost revenue.
2. "b" is the sum of estimated non-residential conservation energy efficiency amounts excluding lost revenue.
3. "c" is the sum of estimated residential demand response energy efficiency amounts excluding lost revenue.
4. "d" is the sum of estimated non-residential demand response energy efficiency amounts excluding lost revenue.
5. "e" is the sum of estimated residential conservation energy efficiency lost revenue.
6. "f" is the sum of estimated non-residential conservation energy efficiency lost revenue.
7. "g" is the sum of estimated residential demand response energy efficiency lost revenue.
8. "h" is the sum of estimated non-residential demand response energy efficiency lost revenue.
9. "i" is the applicable billing cycle kilowatt-hour sales for residential customers.
10. "j" is the applicable billing cycle kilowatt-hour sales for non-residential customers.
11. "k" is the revenue conversion factor that includes the Utility Receipts Tax, Public Utility Fee and other revenue related charges.

Estimated energy efficiency amounts shall be further modified to reflect the difference between estimated amounts billed and actual amounts.

Separate billing adjustments shall be determined for Qualifying Customers who have opted out from participation in energy efficiency programs under the terms of this tariff based on the effective date of such opt out. Such billing adjustments will contain only the energy efficiency amounts, consisting of program costs, lost revenues and shareholder incentives, and related reconciliations, applicable to periods prior to the effective date of opt out, as further defined herein.

Separate billing adjustments shall also be determined for Qualifying Customers who have opted out from participation in energy efficiency programs under the terms of this tariff, but subsequently opted back in to participation in energy efficiency programs under the terms of this tariff, based on the effective dates of such opt out and opt in. Such billing adjustments will contain only the energy efficiency amounts, consisting of program costs, lost revenues and shareholder incentives, and related

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

reconciliations, applicable to periods prior to the effective date of opt out and subsequent to the effective date of opt in, as further defined herein.

OPT OUT PROVISIONS

In order for a Customer to qualify to opt out from participation in energy efficiency programs under the terms of this tariff, all of the following conditions must be satisfied:

1. A Qualifying Customer must receive service at a Single Site constituting more than one megawatt of electric capacity.
2. The Qualifying Customer must be able to demonstrate that at least one demand meter on its Single Site has received service of more than one megawatt of electric capacity within the previous 12 months or must be a new customer who has signed a written demand contract of greater than one megawatt for at least one meter on a Single Site.
3. If a Customer has a Single Site with Qualifying Load, it may opt out all accounts receiving service at that Single Site which are billed non-residential rates. Such accounts will be opted out provided the Customer identifies the accounts in the Customer's notice to the Company of its election to opt out and provided that at least one account at the Single Site that qualified above by virtue of having more than one megawatt of electric capacity is among the accounts identified to opt out and provided that all accounts at the Single Site on a common rate have the same opt out/opt in status.
4. The Qualifying Customer must provide written notice by completing a form provided by Duke Energy Indiana,LLC, or by providing written notice to Duke Energy Indiana, LLC, in substantially the same format as the form provided. A customer who provides written notice of its desire to opt out without using the form will be asked to complete the opt out form in a timely manner consistent with the terms of this tariff, but the notice date of the customer opt out will be the date of its original notice. The notice must:
    a. indicate the Customer's desire to opt out of energy efficiency programs
    b. provide a listing of all qualifying accounts for each Single Site which the Customer intends to opt out
        i. a qualifying account is either one that is demonstrated to have received service of more than one megawatt of electric capacity at a meter at a Single Site as outlined above in item 2. or an account located on contiguous property at the same site and which is billed a non-residential rate
        ii. at least one qualifying account which was demonstrated to have received service of more than one megawatt of electric capacity at the Single Site must opt out in order for other smaller qualifying accounts at the Single Site to opt out
        iii. all accounts on the same rate as the qualifying account of more than one megawatt that opts out will also be required to opt out
        iv. any other qualifying account on a different non-residential rate may also be opted out, but all accounts on the same rate at the Single Site must also opt out
    c. contain confirmation that the signatory has authority to make that decision for the Customer
5. Written notice for the April 1, 2014 effective date must be received by Duke Energy Indiana on or before July 30, 2014. The written notice must be received by Duke Energy Indiana, LLC on or before the following dates for the opt out to take effect on the following effective dates:

Notice Must be Received On or Before:	Effective Date of Opt Out:
July 30, 2014	April 1, 2014
November 15, 2014	January 1, 2015
November 15, 2015	January 1, 2016
November 15, 2016	January 1, 2017

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

November 15, 2017	January 1, 2018
November 15, 2018	January 1, 2019
November 15, 2019	January 1, 2020

Once qualification is determined by Duke Energy Indiana, LLC, the utility will not revoke the Qualifying Customer's qualification at a later date. Qualifying Customers do not need to provide additional notice or otherwise demonstrate continued eligibility annually in order to maintain the opt out status for future energy efficiency program years, except as outlined herein for Qualifying Customers who opted back in and then wish to opt out again.

As of the effective date of the opt out, the Qualifying Customer is no longer eligible to participate in any energy efficiency program for the qualified account(s) and is not eligible to receive incentive payments for energy efficiency projects previously approved but not completed as of the effective date of the opt out.

The Qualifying Customer will be billed the approved opt out rate applicable to their effective date of opt out beginning with the first bill rendered after the effective date of opt out, unless an opt out rate has not yet been approved by the Commission for the effective date of opt out. In that case, the customer will be billed the then approved opt out rate applicable to the latest opt out effective date beginning with the first bill rendered after the Qualifying Customer's effective date of opt out until an opt out rate is approved applicable to the Qualifying Customer's effective date. The Qualifying Customer will then be billed the approved opt out rate applicable to their effective date of opt out beginning with the first bill rendered after the effective date of the approved rate.

The Qualifying Customer remains liable for energy efficiency program costs, including lost revenues, shareholder incentives and related reconciliations, that accrued or were incurred or relate to energy efficiency investments made before the date on which the opt out is effective, regardless of the date on which the rates are actually assessed. Such costs may include costs related to evaluation, measurement and verification ("EM&V") required to be conducted after a customer opts out on projects completed under an Energy Efficiency Program while the customer was a participant. In addition, such costs may include costs required by contracts executed prior to the effective date of opt out but incurred after the date of the Qualifying Customer's opt out. However, these costs shall be limited to fixed, administrative costs, including costs related to EM&V. A Qualifying Customer shall not be responsible for any program costs such as the payment of energy efficiency rebates or incentives, incurred following the effective date of its opt out with the exception of incentives or rebates that are paid on applications that have not closed out at the effective date of its opt out.

OPT IN PROVISIONS FOR QUALIFYING CUSTOMERS

A Qualifying Customer who opts out under the terms of this tariff may opt back in to participation in energy efficiency programs by providing written notice which must be received by Duke Energy Indiana, LLC on or before November 15 of any year for participation to be effective January 1 of the following year.

A Qualifying Customer who opts back in is required to participate in the program for at least three years and pay related program costs including lost revenues and incentives for three years after the effective date of opting back in. The Qualifying Customer will also continue to pay for energy efficiency amounts applicable to periods prior to the effective date of their opt out.

In order to opt back in to participation, the Qualifying Customer must provide written notice by completing a form provided by Duke Energy Indiana, LLC, or by providing written notice to Duke Energy Indiana, LLC, in substantially the same format as the form provided, which:

1. unequivocally indicates the Customer's desire to opt back in to energy efficiency programs
2. provides a listing of all qualifying accounts for each Single Site which the Customer intends to opt back in to the energy efficiency programs
    a. only the qualifying accounts/sites listed will be opted back in to the energy efficiency programs

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

   b. a Customer opting back in an account at a Single Site must also opt back in all other accounts with the same common rate at the Single Site
   c. a Customer may not opt back in the account which by virtue of having more than one megawatt of electric capacity qualified the Customer to opt out other accounts at the Single Site without also opting back in all other accounts at the Single Site
3. contains a statement that the Customer understands that by opting in, it is required to participate in the program for at least three years and pay related costs including lost revenues and incentives
4. contains confirmation that the signatory has authority to make that decision for the Customer.

The Qualifying Customer will be billed the rate applicable to the effective dates of their opt out and opt in beginning with the first bill rendered after both the effective date of the opt in and the effective date of an approved rate applicable to the effective dates of their opt out and opt in.

A Qualifying Customer who opts back in may only opt out again effective January 1 of the year following the third year of participation by providing notice on or before November 15 of the third year of participation. In Order to opt out again, the following conditions must be satisfied:

1. A Qualifying Customer must demonstrate that at least one demand meter on its Single Site has received service of more than one megawatt of electric capacity within the previous 12 months.
2. The Qualifying Customer must provide written notice by completing a form provided by Duke Energy Indiana, LLC, or by providing written notice to Duke Energy Indiana, LLC, in substantially the same format as the form provided, which:
   a. indicates the Customer's desire to opt out of energy efficiency programs
   b. provides a listing of all qualifying accounts for each Single Site which the Customer intends to opt out
      i. a qualifying account is either one that is demonstrated to have received service of more than one megawatt of electric capacity at a meter at a Single Site as outlined above in item 1. or an account located on contiguous property at the same site and which is billed a non-residential rate
      ii. at least one qualifying account which was demonstrated to have received service of more than one megawatt of electric capacity at the Single Site must opt out in order for other smaller qualifying accounts at the Single Site to opt out
      iii. all accounts on the same rate as the qualifying account of more than one megawatt that opts out will also be required to opt out
      iv. any other qualifying account on a different non-residential rate may also be opted out, but all accounts on the same rate at the Single Site must also opt out
   c. contains confirmation that the signatory has authority to make that decision for the Customer.

As of the effective date of the opt out, the Qualifying Customer is no longer eligible to participate in any energy efficiency program for the qualified account(s) and is not eligible to receive incentive payments for energy efficiency projects previously approved but not completed as of the effective date of the opt out.

A Qualifying Customer who elects to opt back out after the three-year period following opt in shall be responsible for energy efficiency program costs, including lost revenues, shareholder incentives and related reconciliations as outlined in the Opt Out Provisions section of this tariff for all periods other than the periods for which an opt out was effective.

The Qualifying Customer will be billed the rate applicable to the effective dates of their opt outs and opt in beginning with the first bill rendered after both the effective date of the opt out and the effective date of an approved rate applicable to the effective dates of their opt outs and opt in.

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for customers who are not eligible to opt out or are eligible to opt out but who have not opted out under the terms of this tariff shall be as follows:

Rates for Participating Customers

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.002397		1
2	Rates CS and FOC	$0.004610		2
3	Rate LLF	$0.004610		3
4	Rate HLF	$0.004610		4
5	Customer L	$0.004610		5
6	Customer O - Firm	$0.004610	1/	6
7	Customer O - Interruptible	$0.004610	2/	7
8	Rate WP	$0.004610		8
9	Rate SL	$0.004610		9
10	Rate MHLS	$0.004610		10
11	Rates MOLS and UOLS 3/	$0.004610		11
12	Rates TS, FS and MS	$0.004610		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued:

Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with an April 1, 2014 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective April 1, 2014

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.000250		2
3	Rate LLF	$0.000250		3
4	Rate HLF	$0.000250		4
5	Customer L	$0.000250		5
6	Customer O - Firm	$0.000250	1/	6
7	Customer O - Interruptible	$0.000250	2/	7
8	Rate WP	$0.000250		8
9	Rate SL	$0.000250		9
10	Rate MHLS	$0.000250		10
11	Rates MOLS and UOLS 3/	$0.000250		11
12	Rates TS, FS and MS	$0.000250		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued: Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with a January 1, 2015 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective January 1, 2015

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.000235		2
3	Rate LLF	$0.000235		3
4	Rate HLF	$0.000235		4
5	Customer L	$0.000235		5
6	Customer O - Firm	$0.000235	1/	6
7	Customer O - Interruptible	$0.000235	2/	7
8	Rate WP	$0.000235		8
9	Rate SL	$0.000235		9
10	Rate MHLS	$0.000235		10
11	Rates MOLS and UOLS 4/	$0.000235		11
12	Rates TS, FS and MS	$0.000235		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued: Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with a January 1, 2016 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective January 1, 2016

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.000760		2
3	Rate LLF	$0.000760		3
4	Rate HLF	$0.000760		4
5	Customer L	$0.000760		5
6	Customer O - Firm	$0.000760	1/	6
7	Customer O - Interruptible	$0.000760	2/	7
8	Rate WP	$0.000760		8
9	Rate SL	$0.000760		9
10	Rate MHLS	$0.000760		10
11	Rates MOLS and UOLS 3/	$0.000760		11
12	Rates TS, FS and MS	$0.000760		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued:

Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A
Page 9 of 18

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with a January 1, 2017 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective January 1, 2017

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.001186		2
3	Rate LLF	$0.001186		3
4	Rate HLF	$0.001186		4
5	Customer L	$0.001186		5
6	Customer O - Firm	$0.001186	1/	6
7	Customer O - Interruptible	$0.001186	2/	7
8	Rate WP	$0.001186		8
9	Rate SL	$0.001186		9
10	Rate MHLS	$0.001186		10
11	Rates MOLS and UOLS 3/	$0.001186		11
12	Rates TS, FS and MS	$0.001186		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued: Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with a January 1, 2018 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective January 1, 2018

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.001111		2
3	Rate LLF	$0.001111		3
4	Rate HLF	$0.001111		4
5	Customer L	$0.001111		5
6	Customer O - Firm	$0.001111	1/	6
7	Customer O - Interruptible	$0.001111	2/	7
8	Rate WP	$0.001111		8
9	Rate SL	$0.001111		9
10	Rate MHLS	$0.001111		10
11	Rates MOLS and UOLS 3/	$0.001111		11
12	Rates TS, FS and MS	$0.001111		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued: Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who opt out in accordance with the terms of this tariff with a January 1, 2019 or January 1, 2020 effective date shall be as follows:

Rates for Qualifying Customers Who Opt Out Effective January 1, 2019 or January 1, 2020

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.002282		2
3	Rate LLF	$0.002282		3
4	Rate HLF	$0.002282		4
5	Customer L	$0.002282		5
6	Customer O - Firm	$0.002282	1/	6
7	Customer O - Interruptible	$0.002282	2/	7
8	Rate WP	$0.002282		8
9	Rate SL	$0.002282		9
10	Rate MHLS	$0.002282		10
11	Rates MOLS and UOLS 3/	$0.002282		11
12	Rates TS, FS and MS	$0.002282		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued:

Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with an April 1, 2014 effective date and opted in according to the terms of this tariff with a January 1, 2016 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective April 1, 2014 and Opted Back in Effective January 1, 2016

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.004451		2
3	Rate LLF	$0.004451		3
4	Rate HLF	$0.004451		4
5	Customer L	$0.004451		5
6	Customer O - Firm	$0.004451	1/	6
7	Customer O - Interruptible	$0.004451	2/	7
8	Rate WP	$0.004451		8
9	Rate SL	$0.004451		9
10	Rate MHLS	$0.004451		10
11	Rates MOLS and UOLS 3/	$0.004451		11
12	Rates TS, FS and MS	$0.004451		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service. Rates reflect contractual demand response exclusion.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued: Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with an April 1, 2014 effective date and opted in according to the terms of this tariff with a January 1, 2017 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective April 1, 2014 and Opted Back in Effective January 1, 2017

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.003944		2
3	Rate LLF	$0.003944		3
4	Rate HLF	$0.003944		4
5	Customer L	$0.003944		5
6	Customer O - Firm	$0.003944	1/	6
7	Customer O - Interruptible	$0.003944	2/	7
8	Rate WP	$0.003944		8
9	Rate SL	$0.003944		9
10	Rate MHLS	$0.003944		10
11	Rates MOLS and UOLS 3/	$0.003944		11
12	Rates TS, FS and MS	$0.003944		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service. Rates reflect contractual demand response exclusion.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued: Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with a January 1, 2015 effective date and opted in according to the terms of this tariff with a January 1, 2017 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective January 1, 2015 and Opted Back in Effective January 1, 2017

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.004151		2
3	Rate LLF	$0.004151		3
4	Rate HLF	$0.004151		4
5	Customer L	$0.004151		5
6	Customer O - Firm	$0.004151	1/	6
7	Customer O - Interruptible	$0.004151	2/	7
8	Rate WP	$0.004151		8
9	Rate SL	$0.004151		9
10	Rate MHLS	$0.004151		10
11	Rates MOLS and UOLS 3/	$0.004151		11
12	Rates TS, FS and MS	$0.004151		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service. Rates reflect contractual demand response exclusion.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued: Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with a January 1, 2015 effective date and opted in according to the terms of this tariff with a January 1, 2018 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective January 1, 2015
and Opted Back in Effective January 1, 2018

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.004063		2
3	Rate LLF	$0.004063		3
4	Rate HLF	$0.004063		4
5	Customer L	$0.004063		5
6	Customer O - Firm	$0.004063	1/	6
7	Customer O - Interruptible	$0.004063	2/	7
8	Rate WP	$0.004063		8
9	Rate SL	$0.004063		9
10	Rate MHLS	$0.004063		10
11	Rates MOLS and UOLS 3	$0.004063		11
12	Rates TS, FS and MS	$0.004063		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service. Rates reflect contractual demand response exclusion.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued: Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to retail rate schedules for Qualifying Customers who have opted out in accordance with the terms of this tariff with a January 1, 2015 effective date and opt in according to the terms of this tariff with a January 1, 2019 effective date shall be as follows:

Rates for Qualifying Customers Who Opted Out Effective January 1, 2015 and Opt Back in Effective January 1, 2019

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.002503		2
3	Rate LLF	$0.002503		3
4	Rate HLF	$0.002503		4
5	Customer L	$0.002503		5
6	Customer O - Firm	$0.002503	1/	6
7	Customer O - Interruptible	$0.002503	2/	7
8	Rate WP	$0.002503		8
9	Rate SL	$0.002503		9
10	Rate MHLS	$0.002503		10
11	Rates MOLS and UOLS 3/	$0.002503		11
12	Rates TS, FS and MS	$0.002503		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service. Rates reflect contractual demand response exclusion.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued:

Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

The Energy Efficiency Revenue Adjustment factor applicable to Qualifying Customers new to the system who have executed a demand contract of greater than 1 MW and have opted out under the terms of this tariff shall be as follows:

Rates for New Demand Contract Qualifying Customers Who Opt Out

Line No.	Rate Groups	Proposed Energy Efficiency Factors kWh (A)		Line No.
1	Rate RS	$0.000000		1
2	Rates CS and FOC	$0.000000		2
3	Rate LLF	$0.000000		3
4	Rate HLF	$0.000000		4
5	Customer L	$0.000000		5
6	Customer O - Firm	$0.000000	1/	6
7	Customer O - Interruptible	$0.000000	2/	7
8	Rate WP	$0.000000		8
9	Rate SL	$0.000000		9
10	Rate MHLS	$0.000000		10
11	Rates MOLS and UOLS 3/	$0.000000		11
12	Rates TS, FS and MS	$0.000000		12

1/ Applicable to Customer O's firm service.
2/ Applicable to Customer O's interruptible service.
3/ All customers previously billed OL and AL Rate Groups have been transferred to UOLS in accordance with Cause No. 42359.

Issued: Effective:

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC NO. 14
Twelfth Revised Sheet No. 66-A
Cancels and Supersedes
Eleventh Revised Sheet No. 66-A

STANDARD CONTRACT RIDER NO. 66-A
ENERGY EFFICIENCY REVENUE ADJUSTMENT
APPLICABLE TO RETAIL RATE SCHEDULES

BILLING CYCLE KWH SALES FOR THE COMPANY'S
RETAIL CUSTOMERS BY RATE SCHEDULE FOR
THE TWELVE MONTHS ENDED DECEMBER 31, 2018

Line No.	Rate Groups	Billing Cycle KWH Sales (A)	Line No.
1	Rate RS	9,623,170,072	1
2	Rates CS and FOC	1,098,058,321	2
3	Rate LLF	5,209,439,038	3
4	Rate HLF 1/	10,915,744,178	4
5	Customer L 2/	170,266,663	5
6	Customer O	1,160,096,240	6
7	Rate WP	150,662,080	7
8	Rate SL	38,916,173	8
9	Rate MHLS	5,563,331	9
10	Rates MOLS and UOLS 3/	108,041,933	10
11	Rates TS, FS and MS	9,620,718	11
12	TOTAL RETAIL	28,489,578,747	12

1/ Includes Customer C TOU.
2/ Includes Customer L RTP.
3/ Includes KWH sales for OL and AL rate groups due to rate migration in accordance with Cause No. 42359.

Issued:

Effective:

DUKE ENERGY INDIANA, LLC

ESTIMATED ENERGY EFFICIENCY COSTS FOR 2019 [1/, 2/]

(In Dollars)
As approved in DSM-6

Line No.	Description	Residential	Non-Residential	Total	Line No.
		(A)	(B)	(C)	
				(A) + (B)	
	Conservation				
1	2019 Program Costs	$ 16,598,812	$ 14,336,635	$ 30,935,447	1
2	2019 EM&V	810,373	410,604	1,220,977	2
3	2019 Incentives	1,785,426	2,786,991	4,572,417	3
4	2019 Subtotal	19,194,611	17,534,230	36,728,841	4
5	Lost Revenues - 2012	1,011,169	557,726	1,568,895	5
6	Lost Revenues - 2013	883,016	2,181,319	3,064,335	6
7	Lost Revenues - Jan - Mar 2014	107,546	964,137	1,071,683	7
8	Lost Revenues - Apr - Dec 2014	1,253,100	872,229	2,125,329	8
9	Lost Revenues - 2015	1,477,992	1,000,626	2,478,618	9
10	Lost Revenues - 2016	1,857,544	2,120,411	3,977,955	10
11	Lost Revenues - 2017	2,001,168	3,146,612	5,147,780	11
12	Lost Revenues - 2018	2,035,648	1,255,015	3,290,663	12
13	Lost Revenues - 2019	3,509,318	779,671	4,288,989	13
14	Lost Revenues Subtotal	14,136,501	12,877,746	27,014,247	14
15	Subtotals	33,331,112	30,411,976	63,743,088	15
	Demand Response				
16	2019 Program Costs	3,549,863	941,843	4,491,706	16
17	2019 EM&V	139,996	176,000	315,996	17
18	2019 Incentives	984,810	92,119	1,076,929	18
19	2019 Subtotal	4,674,669	1,209,962	5,884,631	19
20	Lost Revenues - 2012	-	-	-	20
21	Lost Revenues - 2013	-	-	-	21
22	Lost Revenues - Jan - Mar 2014	-	-	-	22
23	Lost Revenues - Apr - Dec 2014	-	-	-	23
24	Lost Revenues - 2015	-	-	-	24
25	Lost Revenues - 2016	-	-	-	25
26	Lost Revenues - 2017	-	9,204	9,204	26
27	Lost Revenues - 2018	-	23,137	23,137	27
28	Lost Revenues - 2019	-	26,126	26,126	28
29	Lost Revenues Subtotal	-	58,467	58,467	29
30	Subtotals	4,674,669	1,268,429	5,943,098	30
	Total				
31	2019 Program Costs	20,148,675	15,278,478	35,427,153	31
32	2019 EM&V	950,369	586,604	1,536,973	32
33	2019 Incentives	2,770,236	2,879,110	5,649,346	33
34	2019 Subtotal	23,869,280	18,744,192	42,613,472	34
35	Lost Revenues - 2012	1,011,169	557,726	1,568,895	35
36	Lost Revenues - 2013	883,016	2,181,319	3,064,335	36
37	Lost Revenues - Jan - Mar 2014	107,546	964,137	1,071,683	37
38	Lost Revenues - Apr - Dec 2014	1,253,100	872,229	2,125,329	38
39	Lost Revenues - 2015	1,477,992	1,000,626	2,478,618	39
40	Lost Revenues - 2016	1,857,544	2,120,411	3,977,955	40
41	Lost Revenues - 2017	2,001,168	3,155,816	5,156,984	41
42	Lost Revenues - 2018	2,035,648	1,278,152	3,313,800	42
43	Lost Revenues - 2019	3,509,318	805,797	4,315,115	43
44	Lost Revenues Subtotal	14,136,501	12,936,213	27,072,714	44
45	Grand Totals	$ 38,005,781	$ 31,680,405	$ 69,686,186	45

[1/] Revised for impacts of Federal Tax Rate reduction on base rates in 2019; update to amounts approved in Cause No. 43955 DSM-4.
[2/] Lost revenues estimate includes lost revenues persisting in 2019 for 2012, 2013, 2014, 2015, 2016, 2017 and 2018 program participation as well as impacts from lost revenues forecasted to be incurred in 2019 from 2019 program participation.

DUKE ENERGY INDIANA, LLC

ACTUAL ENERGY EFFICIENCY COSTS FOR 2018
(In Dollars)

Line No.	Description	Residential (A)	Non-Residential (B)	Total (C) (A) + (B)	Line No.
	Conservation				
1	Program Costs	$ 12,740,369	$ 15,095,665	$ 27,836,034	1
2	EM&V	255,981	182,700	438,681	2
3	Incentives	3,050,742	4,979,533	8,030,275	3
4	2018 Subtotal	16,047,092	20,257,898	36,304,990	4
5	Lost Revenues - 2012	1,394,129	625,560	2,019,689	5
6	Lost Revenues - 2013	2,301,178	2,350,709	4,651,887	6
7	Lost Revenues - Jan - Mar 2014	652,843	1,029,902	1,682,745	7
8	Lost Revenues - Apr - Dec 2014	2,078,641	937,352	3,015,993	8
9	Lost Revenues - 2015	1,566,907	1,066,183	2,633,090	9
10	Lost Revenues - 2016	1,318,047	1,999,366	3,317,413	10
11	Lost Revenues - 2017	1,405,451	3,205,362	4,610,813	11
12	Lost Revenues - 2018	2,773,736	1,462,118	4,235,854	12
13	Lost Revenues Subtotal	13,490,932	12,676,552	26,167,484	13
14	Subtotal	29,538,024	32,934,450	62,472,474	14
	Demand Response				
15	Program Costs	1,905,768	740,313	2,646,081	15
16	EM&V	91,172	-	91,172	16
17	Incentives	489,434	-	489,434	17
18	Lost Revenues - 2017	-	9,806	9,806	18
19	Lost Revenues - 2018	-	11,818	11,818	19
20	2018 Subtotals	2,486,374	761,937	3,248,311	20
21	Market Potential Study	5,431	4,816	10,247	21
	Total				
22	Program Costs	14,646,137	15,835,978	30,482,115	22
23	EM&V	347,153	182,700	529,853	23
24	Incentives	3,540,176	4,979,533	8,519,709	24
25	2018 Subtotal	18,533,466	20,998,211	39,531,677	25
26	Lost Revenues - 2012	1,394,129	625,560	2,019,689	26
27	Lost Revenues - 2013	2,301,178	2,350,709	4,651,887	27
28	Lost Revenues - Jan - Mar 2014	652,843	1,029,902	1,682,745	28
29	Lost Revenues - Apr - Dec 2014	2,078,641	937,352	3,015,993	29
30	Lost Revenues - 2015	1,566,907	1,066,183	2,633,090	30
31	Lost Revenues - 2016	1,318,047	1,999,366	3,317,413	31
32	Lost Revenues - 2017	1,405,451	3,215,168	4,620,619	32
33	Lost Revenues - 2018	2,773,736	1,473,936	4,247,672	33
34	Lost Revenues Subtotal	13,490,932	12,698,176	26,189,108	34
35	Market Potential Study	5,431	4,816	10,247	35
36	Grand Totals	$ 32,029,829	$ 33,701,203	$ 65,731,032	36

DUKE ENERGY INDIANA, LLC

RECONCILIATION OF 2018 RESIDENTIAL RIDER 66-A REVENUES TO 2018 ACTUAL REVENUE REQUIREMENT
(In Dollars)

Line No.		2018 Actual Revenue Requirement: Costs (A)	Conversion Factor [1/] (B)	Revenue Requirement (C)	2018 Revenues [4/] (D)	(Over) or Under Collection of 2018 Revenue Requirement (E) (C)-(D)	Line No.
	Residential						
1	EE Cost Excluding Lost Revenues [2/]	$18,533,466	1.02100	$18,922,669			1
2	Lost Revenues [2/]	13,490,932	1.00000	13,490,932			2
3	Market Potential Study [2/]	5,431	1.02100	5,545			3
4	2014 Reconciliation True-up [3/]	(995)	1.00000	(995)			4
5	2015 Reconciliation True-up [3/]	(30,406)	1.00000	(30,406)			5
6	2016 Reconciliation True-up [3/]	(4,066,041)	1.00000	(4,066,041)			6
7	Total 2018	$27,932,387		$28,321,704	$41,590,594	($13,268,890)	7
	Less:						
8	*Portion of 2018 reconciliation to be refunded due to TCJA* [5/]					($739,695)	8
9	*Balance of 2018 reconciliation to be refunded*					($12,529,195)	9

[1/] Reflects gross-up for revenue related taxes and expenses on EE costs excluding lost revenue.
Lost revenues and reconciliation true-ups do not require a conversion to cover revenue related taxes and expenses since these costs are already built into the lost revenue prices and true-up calculations, respectively.

Components of Revenue Conversion Factor:

	Statutory Rate	Effective Rate	
Utility Receipts Tax	1.400%	1.400%	
Uncollectible Accounts Expense	0.450%	0.450%	
Public Utility Fee	0.120%	0.120%	
State Income Tax	5.875%	0.087%	1a/, 1b/
Federal Income Tax	21.000%	0.000%	
Effective Rate		2.057%	
Complement		97.943%	
Revenue Conversion Factor			
1 ÷ Complement		1.02100	

[1a/] Indiana House Bill 1004 was enacted in 2011. Among other things, this Bill reduces Indiana's corporate income tax rate by 0.5% annually each July 1st from 2012-2015. The Indiana corporate income tax rate will ultimately be reduced from 8.5% prior to July 1, 2012 to 6.5% as of July 1, 2015. Further rate reductions will continue until 2022. Two state income tax rates were applicable to the 2018 billing period of this tracker (6.00% and 5.75%); therefore, they were averaged.

[1b/] Effective tax rate for debt for state income tax reflects tax on utility receipts tax portion of revenues.

[2/] See Exhibit 2-B, Page 2.

[3/] See Workpaper 7 for details.

[4/] See Workpaper 4.

[5/] See Workpaper 9.

DUKE ENERGY INDIANA, LLC

RECONCILIATION OF 2018 NON-RESIDENTIAL RIDER 66-A REVENUES TO 2018 ACTUAL REVENUE REQUIREMENT

Line No.	Description	2018 Actual Revenue Requirement: Costs (A)	Conversion Factor [2] (B)	Revenue Requirements (C)	2018 Actual Revenue Requirement [1]: Participating Customers (D)	Customers Opting Out: Effective 4/1/14 (E)	Effective 1/1/15 (F)	Effective 1/1/16 (G)	Effective 1/1/17 (H)	Effective 1/1/18 (I)	Effective 1/1/19 (J)	Customers Opting In: Out 4/1/14 In 1/1/16 (K)	Out 4/1/14 In 1/1/17 (L)	Out 1/1/15 In 1/1/17 (M)	Out 1/1/15 In 1/1/18 (N)	Out 1/1/15 In 1/1/19 (O)	Line No.
	Actual Non-Residential 2018 Costs																
1	2018 Program Costs, EM&V and Incentives [3]	$20,998,211	1.02100	$21,439,173	$19,948,293	$ -	$ -	$ -	$ -	$ -	$1,149,568	$39,449	$ 168,083	$ 120,059	$ 13,721	$ -	1
2	2018 Lost Revenues [3]	1,473,936	1.00000	$1,473,936	1,371,439	-	-	-	-	-	79,032	2,712	11,556	8,254	943	-	2
3	2017 Lost Revenues [3]	3,215,168	1.00000	3,215,168	2,809,124	-	-	-	-	198,054	161,884	5,530	23,664	16,912	-	-	3
4	2016 Lost Revenues [3]	1,999,366	1.00000	1,999,366	1,752,204	-	-	-	19,214	123,521	100,968	3,459	-	-	-	-	4
5	2015 Lost Revenues [3]	1,066,183	1.00000	1,066,183	906,021	-	-	34,139	9,937	63,875	52,211	-	-	-	-	-	5
6	2012 Through Mar. 2014 Persisting Lost Revenues [3]	4,006,171	1.00000	4,006,171	1,807,905	1,632,354	214,611	68,145	19,831	127,476	104,201	3,565	15,224	10,897	1,242	721	6
7	Apr. - Dec. 2014 Persisting Lost Revenues [3]	937,352	1.00000	937,352	719,623	-	85,421	27,117	7,893	50,729	41,468	-	-	4,331	497	272	7
8	Market Potential Study [3]	4,816	1.02100	4,917	4,575	-	-	-	-	-	264	9	38	28	3	-	8
9	2012 Reconciliation True-up [4]	2,883	1.00000	2,883	1,301	1,174	154	49	14	92	75	3	11	8	1	1	9
10	2013 Reconciliation True-up [4]	18,162	1.00000	18,162	8,196	7,400	973	309	90	578	473	16	69	49	6	3	10
11	2014 Reconciliation True-up 2012 - March [4]	22,706	1.00000	22,706	10,247	9,252	1,216	386	112	723	591	20	86	62	7	4	11
12	2014 Reconciliation True-up April - December [4]	2,860	1.00000	2,860	2,195	-	260	83	24	155	127	-	-	13	2	1	12
13	2015 Reconciliation True-up 2012 - March 2014 [4]	24,036	1.00000	24,036	10,847	9,794	1,288	409	119	765	625	21	92	65	7	4	13
14	2015 Reconciliation True-up April - December 2014 [4]	3,995	1.00000	3,995	3,067	-	364	116	34	216	177	-	-	18	2	1	14
15	2015 Reconciliation True-up [4]	(2,968)	1.00000	(2,968)	(2,522)	-	-	(95)	(28)	(178)	(145)	-	-	-	-	-	15
16	2016 Reconciliation to Actual [5]	7,213,622	1.00000	7,213,622	4,258,214	1,636,657	115,410	118,421	74,867	706,530	245,402	15,989	12,389	27,678	1,674	391	16
17	2014 and 2015 Opt Out Group Adjustment [5]	-	1.00000	-	(100,541)	23,052	35,669	57,077	(554)	(7,749)	(5,794)	(3,646)	225	1,811	329	121	17
18	Total 2018	$40,986,499		$41,427,562	$33,510,188	$3,319,683	$455,366	$306,156	$131,553	$1,264,787	$1,931,127	$67,127	$231,437	$190,185	$18,434	$ 1,519	18
19	Total Revenues Collected in 2018 [6]			28,813,455	22,237,800	2,906,458	526,139	192,568	79,658	1,239,294	1,294,059	43,969	153,141	129,206	9,390	1,773	19
20	Reconciliation Amount (Over) or Under Collected			$12,614,107	$11,272,388	$413,225	($70,773)	$113,588	$51,895	$25,493	$637,068	$23,158	$78,296	$60,979	$9,044	($254)	20
	Less:																
21	*Portion of 2018 reconciliation to be refunded due to TCJA* [7]			($356,552)	($218,251)	($84,941)	($14,865)	($6,064)	($1,811)	($15,676)	($12,578)	($302)	($1,009)	($925)	($80)	($50)	21
22	*Balance of 2018 reconciliation to be collected*			$12,970,659	$11,490,639	$498,166	($55,908)	$119,652	$53,706	$41,169	$649,646	$23,460	$79,305	$61,904	$9,124	($204)	22

[1] 2018 KWH Used for Allocation of Non-Residential Costs. See Page 5 for %'s used.
[2] See Exhibit 2-B, Page 3 for Conversion Factor support.
[3] See Exhibit 2-B, Page 2.
[4] See Workpaper 8, Page 1.
[5] See Workpaper 8, Pages 1 and 2.
[6] See Workpaper 4.
[7] See Workpaper 9.

DUKE ENERGY INDIANA, LLC

THE % ALLOCATION OF COSTS TO NON-RESIDENTIAL RATE GROUPS FOR RECONCILIATION OF THE 2018 RIDER 66-A REVENUE ACTUALS TO 2018 REVENUE REQUIREMENT

		% for Allocation to Customer Groups [1/]												
			Customers Opting Out						Customers Opting In					
Line No.	Description	Participating Customers	Effective 4/1/14	Effective 1/1/15	Effective 1/1/16	Effective 1/1/17	Effective 1/1/18	Effective 1/1/19	Out 4/1/14 In 1/1/16	Out 4/1/14 In 1/1/17	Out 1/1/15 In 1/1/17	Out 1/1/15 In 1/1/18	Out 1/1/15 In 1/1/19	Line No.
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	
1	2018 Program Costs, EM&V and Incentives	93.046%	0.000%	0.000%	0.000%	0.000%	0.000%	5.362%	0.184%	0.784%	0.560%	0.064%	0.000%	1
2	2018 Lost Revenues	93.046%	0.000%	0.000%	0.000%	0.000%	0.000%	5.362%	0.184%	0.784%	0.560%	0.064%	0.000%	2
3	2017 Lost Revenues	87.371%	0.000%	0.000%	0.000%	0.000%	6.160%	5.035%	0.172%	0.736%	0.526%	0.000%	0.000%	3
4	2016 Lost Revenues	87.638%	0.000%	0.000%	0.000%	0.961%	6.178%	5.050%	0.173%	0.000%	0.000%	0.000%	0.000%	4
5	2015 Lost Revenues	84.978%	0.000%	0.000%	3.202%	0.932%	5.991%	4.897%	0.000%	0.000%	0.000%	0.000%	0.000%	5
6	2012 Through Mar. 2014 Persisting Lost Revenues	45.128%	40.746%	5.357%	1.701%	0.495%	3.182%	2.601%	0.089%	0.380%	0.272%	0.031%	0.018%	6
7	Apr. - Dec. 2014 Persisting Lost Revenues	76.772%	0.000%	9.113%	2.893%	0.842%	5.412%	4.424%	0.000%	0.000%	0.462%	0.053%	0.029%	7
8	Market Potential Study	93.046%	0.000%	0.000%	0.000%	0.000%	0.000%	5.362%	0.184%	0.784%	0.560%	0.064%	0.000%	8
9	2012 Reconciliation True-up	45.128%	40.746%	5.357%	1.701%	0.495%	3.182%	2.601%	0.089%	0.380%	0.272%	0.031%	0.018%	9
10	2013 Reconciliation True-up	45.128%	40.746%	5.357%	1.701%	0.495%	3.182%	2.601%	0.089%	0.380%	0.272%	0.031%	0.018%	10
11	2014 Reconciliation True-up January - March	45.128%	40.746%	5.357%	1.701%	0.495%	3.182%	2.601%	0.089%	0.380%	0.272%	0.031%	0.018%	11
12	2014 Reconciliation True-up April - December	76.772%	0.000%	9.113%	2.893%	0.842%	5.412%	4.424%	0.000%	0.000%	0.462%	0.053%	0.029%	12
13	2015 Reconciliation True-up 2012 - March 2014	45.128%	40.746%	5.357%	1.701%	0.495%	3.182%	2.601%	0.089%	0.380%	0.272%	0.031%	0.018%	13
14	2015 Reconciliation True-up April - December 2014	76.772%	0.000%	9.113%	2.893%	0.842%	5.412%	4.424%	0.000%	0.000%	0.462%	0.053%	0.029%	14
15	2015 Reconciliation True-up	84.978%	0.000%	0.000%	3.202%	0.932%	5.991%	4.897%	0.000%	0.000%	0.000%	0.000%	0.000%	15
16	2016 Reconciliation to Actual					See Workpaper 8 for Allocation Support.								16
17	2014 and 2015 Opt Out Group Adjustment					See Workpaper 8 for Allocation Support.								17

[1/] 2018 KWH Used for Allocation of Non-Residential Costs.
See Workpapers 1 & 2 for details.

Line No.	Description	2018 KWH	For Pre-4/1/14 Costs	For 4/1/14 - 12/31/14 Costs	For 2015 Costs	For 2016 Costs	For 2017 Costs	For 2018 Costs	For 2019 and Forward Costs	Line No.
18	Participating Customers	8,514,045,011	45.128%	76.772%	84.978%	87.638%	87.371%	93.046%	98.279%	18
19	4/1/14 Opt Out Customers	7,687,597,560	40.746%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	19
20	4/1/14 Opt Out Customers, 1/1/2016 Opt Back In Customers	16,809,461	0.089%	0.000%	0.000%	0.173%	0.172%	0.184%	0.194%	20
21	1/1/15 Opt Out Customers	1,010,612,419	5.357%	9.113%	0.000%	0.000%	0.000%	0.000%	0.000%	21
22	1/1/16 Opt Out Customers	320,841,336	1.701%	2.893%	3.202%	0.000%	0.000%	0.000%	0.000%	22
23	1/1/17 Opt Out Customers	93,364,646	0.495%	0.842%	0.932%	0.961%	0.000%	0.000%	0.000%	23
24	4/1/14 Opt Out Customers, 1/1/2017 Opt Back In Customers	71,710,517	0.380%	0.000%	0.000%	0.000%	0.736%	0.784%	0.828%	24
25	1/1/15 Opt Out Customers, 1/1/2017 Opt Back In Customers	51,263,576	0.272%	0.462%	0.000%	0.000%	0.526%	0.560%	0.592%	25
26	1/1/18 Opt Out Customers	600,245,022	3.182%	5.412%	5.991%	6.178%	6.160%	0.000%	0.000%	26
27	1/1/15 Opt Out Customers, 1/1/2018 Opt Back In Customers	5,882,023	0.031%	0.053%	0.000%	0.000%	0.000%	0.064%	0.068%	27
28	1/1/19 Opt Out Customers	490,624,327	2.601%	4.424%	4.897%	5.050%	5.035%	5.362%	0.000%	28
29	1/1/15 Opt Out Customers, 1/1/2019 Opt Back In Customers	3,412,777	0.018%	0.029%	0.000%	0.000%	0.000%	0.000%	0.039%	29
30	Total Non-Residential	18,866,408,675	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	30

DUKE ENERGY INDIANA, LLC

RECONCILIATION OF 2015 LOST REVENUE AND INCENTIVE AMOUNTS TO AMOUNTS INCLUDED IN PREVIOUSLY FILED 2015 RECONCILIATION [1/]

(In Dollars)

Line No.		2015 Revised Lost Revenues & Incentives		2015 Lost Revenues & Incentives from DSM-6 Filing		Additional or (Excess) Revenue Requirement to be Collected or Refunded	Line No.
		Costs (A)	Revenue Requirements [2/] (B)	Costs (C)	Revenue Requirements [2/] (D)	(E) (B)-(D)	
1	Residential Lost Revenues	$13,094,701	$13,094,701	$13,098,573	$13,098,573	($3,872)	1
2	Residential Incentives	1,134,046	1,158,178	1,134,046	1,158,178	-	2
	Total Residential	14,228,747	14,252,879	14,232,619	14,256,751	(3,872)	
	Non-Residential:						
3	2012 Through March 2014 Non-Residential Lost Revenues	5,646,241	5,646,241	5,646,241	5,646,241	-	3
4	April 2014 - December 2014 Non-Residential Lost Revenues	1,050,593	1,050,593	1,050,593	1,050,593	-	4
5	2015 Non-Residential Lost Revenues	707,682	707,682	707,682	707,682	-	5
6	Non-Residential Incentives	153,720	156,991	153,720	156,991	-	6
7	*Total Non-Residential*	7,558,236	7,561,507	7,558,236	7,561,507	-	7
8	Total Lost Revenues & Incentives	$21,786,983	$21,814,387	$21,790,855	$21,818,259	($3,872)	8

[1/] 2015 Lost Revenue amounts were revised from the amounts included in the 2015 reconciliation filed in Cause No. 43955 DSM-6 to reflect retrospective application of additional EM&V results.

[2/] Lost Revenues do not require a conversion to cover revenue related taxes and expenses since these costs are already built into the lost revenue prices. Incentives are converted using the 2015 Revenue Conversion factor of 1.02128 from DSM-4 Petitioner's Exhibit 5-B (ABD), Page 3 of 11.

DUKE ENERGY INDIANA, LLC

RECONCILIATION OF 2016 LOST REVENUE TO AMOUNTS INCLUDED IN PREVIOUSLY FILED 2016 RECONCILIATION [1/]

(In Dollars)

Line No.		2016 Revised Lost Revenues		2016 Lost Revenues from DSM-6 Filing		Additional or (Excess) Revenue Requirement	Line No.
		Costs	Revenue Requirements [2/]	Costs	Revenue Requirements [2/]	to be Collected or Refunded	
		(A)	(B)	(C)	(D)	(E) (B)-(D)	
1	Residential Lost Revenues	$14,619,560	$14,619,560	$15,271,467	$15,271,467	($651,907)	1
	Non-Residential Lost Revenues:						
2	2012 Through March 2014 Non-Residential Lost Revenues	5,565,810	5,565,810	5,565,810	5,565,810	-	2
3	April 2014 - December 2014 Non-Residential Lost Revenues	1,031,738	1,031,738	1,031,738	1,031,738	-	3
4	2015 Non-Residential Lost Revenues	1,138,628	1,138,628	1,138,628	1,138,628	-	4
5	2016 Non-Residential Lost Revenues	859,831	859,831	975,665	975,665	(115,834)	5
6	Total Non-Residential Lost Revenues	8,596,007	8,596,007	8,711,841	8,711,841	(115,834)	6
7	Total Lost Revenues	$23,215,567	$23,215,567	$23,983,308	$23,983,308	($767,741)	7

[1/] 2016 Lost Revenue amounts were revised from the amounts included in the 2016 reconciliation filed in Cause No. 43955 DSM-6 to reflect retrospective application of additional EM&V results.

[2/] Lost Revenues do not require a conversion to cover revenue related taxes and expenses since these costs are already built into the lost revenue prices.

DUKE ENERGY INDIANA, LLC

RECONCILIATION OF 2017 LOST REVENUE AMOUNTS TO AMOUNTS INCLUDED IN PREVIOUSLY FILED 2017 RECONCILIATION [1/]

(In Dollars)

Line No.		2017 Revised Lost Revenues		2017 Lost Revenues from DSM-6 Filing		Additional or (Excess) Revenue Requirement	Line No.
		Costs	Revenue Requirements [2/]	Costs	Revenue Requirements [2/]	to be Collected or Refunded	
		(A)	(B)	(C)	(D)	(E) (B)-(D)	
1	Residential Lost Revenues	$16,181,303	$16,181,303	$17,702,785	$17,702,785	($1,521,482)	1
	Non-Residential Lost Revenues:						
2	2012 Through March 2014 Non-Residential Lost Revenues	5,114,114	5,114,114	5,114,114	5,114,114	-	2
3	April 2014 - December 2014 Non-Residential Lost Revenues	1,010,783	1,010,783	1,010,783	1,010,783	-	3
4	2015 Non-Residential Lost Revenues	1,136,563	1,136,563	1,136,563	1,136,563	-	4
5	2016 Non-Residential Lost Revenues	2,110,529	2,110,529	2,390,040	2,390,040	(279,511)	5
6	2017 Non-Residential Lost Revenues	1,917,216	1,917,216	2,060,702	2,060,702	(143,486)	6
7	Total Non-Residential Lost Revenues	11,289,205	11,289,205	11,712,202	11,712,202	(422,997)	7
8	Total Lost Revenues	$27,470,508	$27,470,508	$29,414,987	$29,414,987	($1,944,479)	8

[1/] 2017 Lost Revenue amounts were revised from the amounts included in the 2017 reconciliation filed in Cause No. 43955 DSM-6 to reflect retrospective application of additional EM&V results.

[2/] Lost Revenues do not require a conversion to cover revenue related taxes and expenses since these costs are already built into the lost revenue prices.

DUKE ENERGY INDIANA, LLC

ADJUSTMENT OF NON-RESIDENTIAL COSTS INCURRED IN 2018 TO APPROPRIATE OPT OUT GROUPS [1]

		Program Costs Revenue Requirement				Revised Program Costs Revenue Requirement											
						Customers Opting Out						Customers Opting In					
Line No.	Description	Costs	Conversion Factor [2]	Revenue Requirements	Participating Customers	Effective 4/1/14	Effective 1/1/15	Effective 1/1/16	Effective 1/1/17	Effective 1/1/18	Effective 1/1/19	Out 4/1/14 In 1/1/16	Out 4/1/14 In 1/1/17	Out 1/1/15 In 1/1/17	Out 1/1/15 In 1/1/18	Out 1/1/15 In 1/1/19	Line No.
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	
	Program Costs, EM&V and Lost Revenues Recorded in 2018 that Apply to Prior Periods [3]																
1	2018 Costs to be moved to 2014 , 2015, 2016 & 2017	($1,685,544)	1.02100	($1,720,940)	($1,601,266)	$ -	$ -	$ -	$ -	$ -	$ (92,277)	$ (3,167)	$ (13,492)	$ (9,637)	$ (1,101)	$ -	1
2	2018 Program Costs to be moved to 2017	1,424,650	1.02100	1,454,568	1,270,871	-	-	-	-	89,601	73,237	2,502	10,706	7,651	-	-	2
3	2018 Program Costs to be moved to 2016	114,787	1.02100	117,197	102,709	-	-	-	1,126	7,240	5,919	203	-	-	-	-	3
4	2018 EM&V Costs to be moved to 2017	81,847	1.02100	83,566	73,011	-	-	-	-	5,148	4,208	144	615	440	-	-	4
5	2018 EM&V Costs to be moved to 2016	53,055	1.02100	54,169	47,472	-	-	-	520	3,347	2,736	94	-	-	-	-	5
6	2018 EM&V Costs moved to 2015	11,205	1.02100	11,440	9,722	-	-	366	107	685	560	-	-	-	-	-	6
7	2018 Lost Revenues to be moved to Apr-Dec 2014	(335,585)	1.00000	(335,585)	(312,249)	-	-	-	-	-	(17,994)	(617)	(2,631)	(1,879)	(215)	-	7
8	2018 Lost Revenues moved to Apr-Dec 2014	335,585	1.00000	335,585	257,635	-	30,582	9,709	2,826	18,162	14,846	-	-	1,550	178	97	8
9	Total Program Cost, EM&V and Lost Revenues Adjustment	$ -		$ -	($152,095)	$ -	$ 30,582	$ 10,075	$ 4,579	$ 124,183	$ (8,765)	$ (841)	$ (4,802)	$ (1,875)	$ (1,138)	$ 97	9

[1] Per Ms. Holbrook's testimony in Cause No. 43955 DSM-6, program and EM&V costs were reviewed to align costs with appropriate opt-out groups using application dates.

[2] See Exhibit 2-B, Page 3 for Conversion Factor support. Lost revenues do not require a conversion to cover revenue related taxes and expenses since these costs are already built ino the lost revenue prices.

[3] Costs are included in 2018 costs on Exh 2-B Page 2 because they were recorded on the accounting books in 2018.
However, they relate to programs offered in years 2014 - 2017 so are being moved on this schedule so they will be allocated to the appropriate opt-out group.

[4] See Exhibit 2-B Page 5 for development of allocation %'s using 2018 KWH.

		% for Allocation to Customer Groups [4]												
			Customers Opting Out						Customers Opting In					
Line No.	Description	Participating Customers	Effective 4/1/14	Effective 1/1/15	Effective 1/1/16	Effective 1/1/17	Effective 1/1/18	Effective 1/1/19	Out 4/1/14 In 1/1/16	Out 4/1/14 In 1/1/17	Out 1/1/15 In 1/1/17	Out 1/1/15 In 1/1/18	Out 1/1/15 In 1/1/19	Line No.
		(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	
10	2018 Costs to be moved to 2014 , 2015, 2016 & 2017	93.046%	0.000%	0.000%	0.000%	0.000%	0.000%	5.362%	0.184%	0.784%	0.560%	0.064%	0.000%	10
11	2018 Program Costs to be moved to 2017	87.371%	0.000%	0.000%	0.000%	0.000%	6.160%	5.035%	0.172%	0.736%	0.526%	0.000%	0.000%	11
12	2018 Program Costs to be moved to 2016	87.638%	0.000%	0.000%	0.000%	0.961%	6.178%	5.050%	0.173%	0.000%	0.000%	0.000%	0.000%	12
13	2018 EM&V Costs to be moved to 2017	87.371%	0.000%	0.000%	0.000%	0.000%	6.160%	5.035%	0.172%	0.736%	0.526%	0.000%	0.000%	13
14	2018 EM&V Costs to be moved to 2016	87.638%	0.000%	0.000%	0.000%	0.961%	6.178%	5.050%	0.173%	0.000%	0.000%	0.000%	0.000%	14
15	2018 EM&V Costs moved to 2015	84.978%	0.000%	0.000%	3.202%	0.932%	5.991%	4.897%	0.000%	0.000%	0.000%	0.000%	0.000%	15
16	2018 Lost Revenues to be moved to Apr-Dec 2014	93.046%	0.000%	0.000%	0.000%	0.000%	0.000%	5.362%	0.184%	0.784%	0.560%	0.064%	0.000%	16
17	2018 Lost Revenues moved to Apr-Dec 2014	76.772%	0.000%	9.113%	2.893%	0.842%	5.412%	4.424%	0.000%	0.000%	0.462%	0.053%	0.029%	17

DUKE ENERGY INDIANA, LLC

DETERMINATION OF THE 2019 ENERGY EFFICIENCY REVENUE ADJUSTMENT FACTORS FOR THE RESIDENTIAL RATE GROUP
As adjusted for 2018 & prior years' reconciliations

Line No.	Description	Costs (A)	Conversion Factor [1/] (B)	Revenue Requirements (C) (A) * (B)	Line No.
	Residential				
1	2019 Program Costs, EM&V, and Incentives [2/]	$23,869,280	1.02106	$24,371,967	1
2	Lost Revenues [3/]	14,136,501	1.00000	14,136,501	2
3	2015 Reconciliation True-up [4/]	(3,872)	1.00000	(3,872)	3
4	2016 Reconciliation True-up [5/]	(651,907)	1.00000	(651,907)	4
5	2017 Reconciliation True-up [6/]	(1,521,482)	1.00000	(1,521,482)	5
6	TCJA Jan. to Aug. 2018 Refund [7/]	(739,695)	1.00000	(739,695)	6
7	2018 Reconciliation to Actual [7/]	(12,529,195)	1.00000	(12,529,195)	7
8	Total	$22,559,630		$23,062,317	8
9	Billing Determinants (KWH Sales) [8/]			9,623,170,072	9
10	Adjustment Factor per KWH			$ 0.002397	10

[1/] Reflects gross-up for revenue related taxes and expenses on EE costs excluding lost revenue.
Lost revenues and reconciliation true-ups do not require a conversion to cover revenue related taxes and expenses since these costs are already built into the lost revenue prices and true-up calculations, respectively.

Components of Revenue Conversion Factor:

	Statutory Rate	Effective Rate	
Utility Receipts Tax	1.400%	1.400%	
Uncollectible Accounts Expense	0.450%	0.450%	
Public Utility Fee	0.130%	0.130%	9/
State Income Tax	5.625%	0.083%	1a/, 1b/ and 2/
Federal Income Tax	21.000%	0.000%	
Effective Rate		2.063%	
Complement		97.937%	
Revenue Conversion Factor			
1 ÷ Complement		1.02106	

[1a/] Indiana House Bill 1004 was enacted in 2011. Among other things, this Bill reduces Indiana's corporate income tax rate by 0.5% annually each July 1st from 2012-2015. The Indiana corporate income tax rate will ultimately be reduced from 8.5% prior to July 1, 2012 to 6.5% as of July 1, 2015. Further rate reductions will continue until 2022. Two state income tax rates were applicable to the 2019 billing period of this tracker (5.75% and 5.50%); therefore, they were averaged.

[1b/] Effective tax rate for debt for state income tax reflects tax on utility receipts tax portion of revenues.

[2/] See Exhibit 2-B Page 1.

[3/] Lost revenues estimate includes lost revenues persisting in 2019 for 2012, 2013, 2014, 2015, 2016, 2017, and 2018 program participation, as well as impacts from lost revenues forecasted to be incurred in 2019 from 2019 program participation.

[4/] See Exhibit 2-B Page 6.

[5/] See Exhibit 2-B Page 7.

[6/] See Exhibit 2-B Page 8.

[7/] See Exhibit 2-B Page 3.

[8/] 2018 billed KWH RS; see Workpaper 1.

[9/] See Workpaper 5.

DUKE ENERGY INDIANA, LLC

DETERMINATION OF THE 2019 ENERGY EFFICIENCY REVENUE ADJUSTMENT FACTORS FOR THE NON-RESIDENTIAL RATE GROUPS

As adjusted for 2018 & prior years' reconciliations

		Total				Allocated Revenue Requirements by Customer Groups											
						Customers Opting Out						Customers Opting In					
Line No.	Description	Costs	Conversion Factor [1/]	Revenue Requirements	Participating Customers	Effective 4/1/14	Effective 1/1/15	Effective 1/1/16	Effective 1/1/17	Effective 1/1/18	Effective 1/1/19	Out 4/1/14 In 1/1/16	Out 4/1/14 In 1/1/17	Out 1/1/15 In 1/1/17	Out 1/1/15 In 1/1/18	Out 1/1/15 In 1/1/19	Line No.
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(K)	(L)	(M)	(N)	(O)	(P)	
	Non-Residential																
1	2019 Program Costs, EM&V, and Incentives [2/]	18,744,192	1.02106	$19,138,945	$18,809,564	$ -	$ -	$ -	$ -	$ -	$ -	$ 37,130	$ 158,470	$ 113,303	$ 13,014	$ 7,464	1
2	2019 Lost Revenues [2/]	805,797	1.00000	805,797	791,930	-	-	-	-	-	-	1,563	6,672	4,770	548	314	2
3	2015 Reconciliation True-up	-	1.00000	-	-	-	-	-	-	-	-	-	-	-	-	-	3
4	2016 Reconciliation True-up [3/]	(115,834)	1.00000	(115,834)	(101,515)	-	-	-	(1,113)	(7,156)	(5,850)	(200)	-	-	-	-	4
5	2017 Reconciliation True-up [4/]	(422,997)	1.00000	(422,997)	(369,577)	-	-	-	-	(26,056)	(21,298)	(728)	(3,113)	(2,225)	-	-	5
6	TCJA Jan. to Aug. 2018 Refund [5/]	(356,552)	1.00000	(356,552)	(218,251)	(84,941)	(14,865)	(6,064)	(1,811)	(15,676)	(12,578)	(302)	(1,009)	(925)	(80)	(50)	6
7	2018 Reconciliation to Actual [5/]	12,970,659	1.00000	12,970,659	11,490,639	498,166	(55,908)	119,652	53,706	41,169	649,646	23,460	79,305	61,904	9,124	(204)	7
8	2014, 2015 , 2016 & 2017 Opt Out Group Adjustment [6/]	-	1.00000	-	(152,095)	-	30,582	10,075	4,579	124,183	(8,765)	(841)	(4,802)	(1,875)	(1,138)	97	8
9	2012 Through Mar. 2014 Persisting Lost Revenues [7/]	3,703,182	1.00000	3,703,182	1,671,172	1,508,898	198,379	62,991	18,331	117,835	96,320	3,296	14,072	10,073	1,148	667	9
10	Apr. - Dec. 2014 Persisting Lost Revenues [2/]	872,229	1.00000	872,229	669,628	-	79,486	25,234	7,344	47,205	38,587	-	-	4,030	462	253	10
11	2015 Persisting Lost Revenues [2/]	1,000,626	1.00000	1,000,626	850,312	-	-	32,040	9,326	59,947	49,001	-	-	-	-	-	11
12	2016 Persisting Lost Revenues [2/]	2,120,411	1.00000	2,120,411	1,858,286	-	-	-	20,377	130,999	107,081	3,668	-	-	-	-	12
13	2017 Persisting Lost Revenues [2/]	3,155,816	1.00000	3,155,816	2,757,268	-	-	-	-	194,398	158,895	5,428	23,227	16,600	-	-	13
14	2018 Persisting Lost Revenues [2/]	1,278,152	1.00000	1,278,152	1,189,269	-	-	-	-	-	68,534	2,352	10,021	7,158	818	-	14
15	Total	$43,755,681		$44,150,434	$39,246,630	$1,922,123	$237,674	$243,928	$110,739	$666,848	$1,119,573	$74,826	$282,843	$212,813	$23,896	$8,541	15
16	Billing Determinants (KWH Sales)			18,866,408,675	8,514,045,011	7,687,597,560	1,010,612,419	320,841,336	93,364,646	600,245,022	490,624,327	16,809,461	71,710,517	51,263,576	5,882,023	3,412,777	16
17	Adjustment Factors per KWH				$ 0.004610	$ 0.000250	$ 0.000235	$ 0.000760	$ 0.001186	$ 0.001111	$ 0.002282	$ 0.004451	$ 0.003944	$ 0.004151	$ 0.004063	$ 0.002503	17
18		Participant Rate per KWH for Costs Related to 2019 Programs Only [8/]			$ 0.002302												18

[1/] See Exhibit 2-B, Page 10.
[2/] See Exhibit 2-B, Page 1.
[3/] See Exhibit 2-B Page 7.
[4/] See Exhibit 2-B Page 8.
[5/] See Exhibit 2-B Page 4 for Reconciliation of Requirement by Customer Groups.
[6/] See Exhibit 2-B Page 9.
[7/] See Exhibit 2-B Page 1 - includes total of 2012, 2013, and Jan-Mar 2014 amounts.
[8/] Calculated by dividing the total of lines 1&2 in column D by line 15

DUKE ENERGY INDIANA, LLC

THE % ALLOCATION OF COSTS TO NON-RESIDENTIAL RATE GROUPS FOR DETERMINATION OF THE 2019 ENERGY EFFICIENCY REVENUE ADJUSTMENT FACTORS

		% for Allocation to Customer Groups [1/]												
			Customers Opting Out						Customers Opting In					
Line No.	Description	Participating Customers	Effective 4/1/14	Effective 1/1/15	Effective 1/1/16	Effective 1/1/17	Effective 1/1/18	Effective 1/1/19	Out 4/1/14 In 1/1/16	Out 4/1/14 In 1/1/17	Out 1/1/15 In 1/1/17	Out 1/1/15 In 1/1/18	Out 1/1/15 In 1/1/19	Line No.
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	
	Non-Residential													
1	2019 Program Costs, EM&V, and Incentives	98.279%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.194%	0.828%	0.592%	0.068%	0.039%	1
2	2019 Lost Revenues	98.279%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.194%	0.828%	0.592%	0.068%	0.039%	2
3	2015 Reconciliation True-up	84.978%	0.000%	0.000%	3.202%	0.932%	5.991%	4.897%	0.000%	0.000%	0.000%	0.000%	0.000%	3
4	2016 Reconciliation True-up	87.638%	0.000%	0.000%	0.000%	0.961%	6.178%	5.050%	0.173%	0.000%	0.000%	0.000%	0.000%	4
5	2017 Reconciliation True-up	87.371%	0.000%	0.000%	0.000%	0.000%	6.160%	5.035%	0.172%	0.736%	0.526%	0.000%	0.000%	5
6	2018 TCJA Refund/Reconciliation to Actual					See Exhibit 2-B Page 4.								6
7	2014, 2015, 2016 & 2017 Opt Out Group Adjustment					See Exhibit 2-B Page 9.								7
8	2012 Through Mar. 2014 Persisting Lost Revenues	45.128%	40.746%	5.357%	1.701%	0.495%	3.182%	2.601%	0.089%	0.380%	0.272%	0.031%	0.018%	8
9	Apr. - Dec. 2014 Persisting Lost Revenues	76.772%	0.000%	9.113%	2.893%	0.842%	5.412%	4.424%	0.000%	0.000%	0.462%	0.053%	0.029%	9
10	2015 Persisting Lost Revenues	84.978%	0.000%	0.000%	3.202%	0.932%	5.991%	4.897%	0.000%	0.000%	0.000%	0.000%	0.000%	10
11	2016 Persisting Lost Revenues	87.638%	0.000%	0.000%	0.000%	0.961%	6.178%	5.050%	0.173%	0.000%	0.000%	0.000%	0.000%	11
12	2017 Persisting Lost Revenues	87.371%	0.000%	0.000%	0.000%	0.000%	6.160%	5.035%	0.172%	0.736%	0.526%	0.000%	0.000%	12
13	2018 Persisting Lost Revenues	93.046%	0.000%	0.000%	0.000%	0.000%	0.000%	5.362%	0.184%	0.784%	0.560%	0.064%	0.000%	13

[1/] 2018 KWH Used for Allocation of Non-Residential Costs and for Rate Development

		2018 KWH	For Pre-4/1/14 Costs	For 4/1/14 - 12/31/14 Costs	For 2015 Costs	For 2016 Costs	For 2017 Costs	For 2018 Costs	For 2019 and Forward Costs	
14	Participating Customers	8,514,045,011	45.128%	76.772%	84.978%	87.638%	87.371%	93.046%	98.279%	14
15	4/1/14 Opt Out Customers	7,687,597,560	40.746%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	15
16	4/1/14 Opt Out Customers, 1/1/2016 Opt Back In Customers	16,809,461	0.089%	0.000%	0.000%	0.173%	0.172%	0.184%	0.194%	16
17	1/1/15 Opt Out Customers	1,010,612,419	5.357%	9.113%	0.000%	0.000%	0.000%	0.000%	0.000%	17
18	1/1/16 Opt Out Customers	320,841,336	1.701%	2.893%	3.202%	0.000%	0.000%	0.000%	0.000%	18
19	1/1/17 Opt Out Customers	93,364,646	0.495%	0.842%	0.932%	0.961%	0.000%	0.000%	0.000%	19
20	4/1/14 Opt Out Customers, 1/1/2017 Opt Back In Customers	71,710,517	0.380%	0.000%	0.000%	0.000%	0.736%	0.784%	0.828%	20
21	1/1/15 Opt Out Customers, 1/1/2017 Opt Back In Customers	51,263,576	0.272%	0.462%	0.000%	0.000%	0.526%	0.560%	0.592%	21
22	1/1/18 Opt Out Customers	600,245,022	3.182%	5.412%	5.991%	6.178%	6.160%	0.000%	0.000%	22
23	1/1/15 Opt Out Customers, 1/1/2018 Opt Back In Customers	5,882,023	0.031%	0.053%	0.000%	0.000%	0.000%	0.064%	0.068%	23
24	1/1/19 Opt Out Customers	490,624,327	2.601%	4.424%	4.897%	5.050%	5.035%	5.362%	0.000%	24
25	1/1/15 Opt Out Customers, 1/1/2019 Opt Back In Customers	3,412,777	0.018%	0.029%	0.000%	0.000%	0.000%	0.000%	0.039%	25
26	Total Non-Residential	18,866,408,675	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	26

DUKE ENERGY INDIANA, LLC

Comparison of Energy Efficiency Revenue Adjustment Factors

Line No.		DSM-7 Rates (A)	Approved DSM-6 Rates [1/] (B)	Change (C) (A) - (B)	% Change	Line No.
1	Residential	$ 0.002397	$ 0.004557	$ (0.002160)	(47.41%)	1
	Non-Residential					
2	Participating Customers	$ 0.004610	$ 0.005285	$ (0.000675)	(12.77%)	2
3	Customers Opting Out Effective 4/1/2014	$ 0.000250	$ 0.000236	$ 0.000014	5.93%	3
4	Customers Opting Out Effective 1/1/2015	$ 0.000235	$ 0.000857	$ (0.000622)	(72.58%)	4
5	Customers Opting Out Effective 1/1/2016	$ 0.000760	$ 0.000649	$ 0.000111	17.10%	5
6	Customers Opting Out Effective 1/1/2017	$ 0.001186	$ 0.000964	$ 0.000222	23.03%	6
7	Customers Opting Out Effective 1/1/2018	$ 0.001111	$ 0.002888	$ (0.001777)	(61.53%)	7
8	Customers Opting Out Effective 1/1/2019	$ 0.002282	$ 0.003045	$ (0.000763)	(25.06%)	8
9	Customers Opting Out Effective 1/1/2020	$ 0.002282	$ 0.003045	$ (0.000763)	(25.06%)	9
10	Customers Opting In Effective 1/1/2016 After Opting Out Effective 4/1/2014	$ 0.004451	$ 0.005639	$ (0.001188)	(21.07%)	10
11	Customers Opting In Effective 1/1/2017 After Opting Out Effective 4/1/2014	$ 0.003944	$ 0.005481	$ (0.001537)	(28.04%)	11
12	Customers Opting In Effective 1/1/2017 After Opting Out Effective 1/1/2015	$ 0.004151	$ 0.006604	$ (0.002453)	(37.14%)	12
13	Customers Opting In Effective 1/1/2018 After Opting Out Effective 1/1/2015	$ 0.004063	$ 0.003363	$ 0.000700	20.81%	13
14	Customers Opting In Effective 1/1/2019 After Opting Out Effective 4/1/2014	N/A [2/]	$ 0.002476			14
15	Customers Opting In Effective 1/1/2019 After Opting Out Effective 1/1/2015	$ 0.002503	$ 0.003097	$ (0.000594)	(19.19%)	15
16	Customers Opting In Effective 1/1/2019 After Opting Out Effective 1/1/2016	N/A [2/]	$ 0.002889			16
17	Customers Opting In Effective 1/1/2019 After Opting Out Effective 1/1/2017	N/A [2/]	$ 0.003204			17
18	Customers Opting In Effective 1/1/2019 After Opting Out Effective 1/1/2018	N/A [2/]	$ 0.005128			18
19	Customers Opting Out Effective 1/1/2019 After Opting Out Effective 4/1/2014 & After Opting In Effective 1/1/2016	N/A [2/]	$ 0.003399			19

1/ Current 2019 Rates approved in Cause No. 43955 DSM-6.

2/ Rates were not developed in DSM-7 because there are no customers in these categories.

DUKE ENERGY INDIANA, LLC

Comparison of the Effect of the Change in the Energy Efficiency (EE) Revenue Adjustment (Rider 66-A)
on the Bill of a Typical Residential Customer Using 1,000 KWHs

Line No.	Description	Revenue Adjustment Factor for EE Rider 66-A	Base Bill for Typical Residential Customer	All Other Riders Excl. Rider 66-A as of Sept. 1, 2019	Total Bill for Typical Residential Customer Excl. Rider 66-A	EE Rider 66-A Revenue Adjustment for 1,000 KWHs	Total Bill Including EE Rider 66-A Adjustment	Increase / (Decrease) in Total bill from Current Factor	% Increase/ (Decrease) in Total bill from Current Factor	Line No.
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
1	Proposed Rider 66-A Factor	$ 0.002397	$ 72.10	$ 45.36	$ 117.46	$ 2.40	$ 119.86	(2.16) [1/]	(1.77%)	1
2	Current Rider 66-A Factor [2/]	$ 0.004557	$ 72.10	$ 45.36	$ 117.46	$ 4.56	$ 122.02	N/A	N/A	2

[1/] Increase/(decrease) over Current Rider 66-A factor.
[2/] Current rate per Cause No. 43955 DSM-6.

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed: Kathryn C Lilly
Kathryn C. Lilly

Dated: 10/2/2019