

OFFICIAL  
EXHIBITS

FILED  
January 13, 2016  
INDIANA UTILITY  
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED PETITION OF )  
INDIANA MICHIGAN POWER COMPANY FOR )  
APPROVAL OF AN ADJUSTMENT TO ITS RATES )  
THROUGH ITS DEMAND SIDE MANAGEMENT AND )  
ENERGY EFFICIENCY PROGRAM COST RIDER )  
COMMENCING WITH THE BILLING MONTH OF )  
JANUARY 2016 AND FOR APPROVAL OF )  
ALTERNATIVE REGULATORY PLAN FOR DEMAND )  
SIDE MANAGEMENT (DSM) AND ENERGY EFFICIENCY )  
(EE) PROGRAMS FOR 2016 AND ASSOCIATED )  
ACCOUNTING AND RATEMAKING MECHANISMS, )  
INCLUDING TIMELY RECOVERY THROUGH I&M'S )  
DSM/EE PROGRAM COST RIDER OF ASSOCIATED )  
COSTS, INCLUDING ALL PROGRAM COSTS, NET LOST )  
REVENUE, SHAREHOLDER INCENTIVES AND )  
CARRYING CHARGES, DEPRECIATION ON CAPITAL )  
EXPENDITURES AND OPERATIONS AND )  
MAINTENANCE EXPENSE. )

CAUSE NO. 43827  
DSM 5

IURC  
PUBLIC'S  
EXHIBIT NO. 3  
DATE 2-10-16 AT REPORTER

TESTIMONY OF

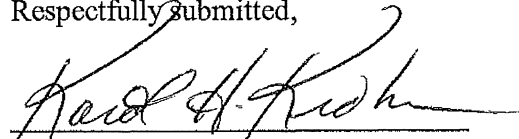
CRYSTAL L. THACKER - PUBLIC'S EXHIBIT NO. 3

ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

JANUARY 13, 2016

Respectfully submitted,



Karol H. Krohn, Atty. No. 5566-82  
Deputy Consumer Counselor

## CERTIFICATE OF SERVICE

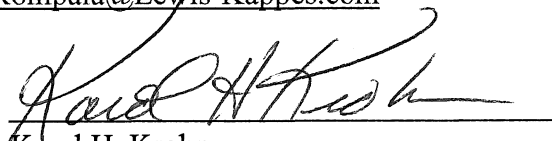
This is to certify that a copy of the *Office of Utility Consumer Counselor Testimony of Crystal L. Thacker* has been served upon the following counsel of record in the captioned proceeding by electronic service, on January 13, 2016.

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**TESTIMONY OF OUCC WITNESS CRYSTAL L. THACKER**  
**CAUSE NO. 43827 DSM-5**  
**INDIANA MICHIGAN POWER COMPANY**

**I. INTRODUCTION**

1 **Q: Please state your name and business address.**

2 A: My name is Crystal L. Thacker and I am a Utility Analyst in the Electric Division  
3 of the Indiana Office of Utility Consumer Counselor ("OUCC"). My qualifications  
4 are set forth in Appendix A of this document. My business address is 115 W.  
5 Washington St., Suite 1500 South, Indianapolis, Indiana 46204.

6 **Q: Have you previously testified before the Indiana Utility Regulatory**  
7 **Commission ("Commission")?**

8 A: Yes.

9 **Q: What is the purpose of your testimony?**

10 A: I am providing the OUCC's opinion concerning Indiana Michigan Power  
11 Company's ("I&M" or "Petitioner") Demand Side Management ("DSM") tracker  
12 adjustment factor and the mechanics of the tracker. The bill impact for a  
13 residential customer using 1,000 kWh per month is \$6.86. This is a \$2.12  
14 increase (\$6.86 – \$4.74) compared to what that customer would pay today using  
15 current DSMA factors.<sup>1</sup>

16 **Q: Please describe the review and analysis you conducted in order to prepare**  
17 **your testimony.**

18 A: I reviewed the Petition, Direct Testimony and Exhibits, and Petitioner's responses  
19 to discovery in this Cause, as well as I&M's previous filings in DSM-3 and DSM-

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<sup>1</sup> Petitioner's Attachment JMS-2, p. 1 – Cause No. 43827 DSM-4, Petitioner's Attachment NAH-2, p. 1.

1 4. The OUCC case team met with I&M staff on Thursday, December 10, 2015. I  
2 also had informal discussions with OUCC staff to discuss pertinent issues.

3 **Q: What are the cost elements that I&M seeks to recover through the DSM**  
4 **tracker?**

5 A: I&M requests approval of its DSMA factors for 2016. The proposed factors  
6 include:

- 7 • Estimated program costs for 2016;
- 8 • Forecasted lost revenues and shared savings for 2016; and
- 9 • Reconciled program costs, lost revenues, and shared savings for July  
10 through December 2014.

11 **Q: Do you have an opinion regarding the design and mechanics of Petitioner's**  
12 **DSM tracker?**

13 A: Yes. The design and mechanics of the DSM tracker are reasonable and have the  
14 advantage of a reconciliation process based on actual results as verified by the  
15 EM&V process. While the design and mechanics of the tracker are reasonable,  
16 the OUCC has concerns about Petitioner's lost revenue and shareholder incentive  
17 proposals as discussed by OUCC witness Mr. Rutter.

18 **Q: Has Petitioner performed a reconciliation of program costs, net lost revenues**  
19 **and shared savings?**

20 A: Yes. Petitioner provides a reconciliation of program costs, net lost revenues and  
21 shared savings for July through December 2014. I&M reconciled January  
22 through June 2014 in Cause No. 43827 DSM-4.

23 **Q: What is your main concern with Petitioner's proposed DSM adjustment**  
24 **factor?**

25 A: I&M includes forecasted program costs, forecasted shareholder incentives, and  
26 forecasted lost revenues in the calculation of the adjustment factor. However, the

1 OUCC's witness Mr. Rutter opposes the continued recovery of shareholder  
2 incentives and lost revenues. OUCC's witness Ms. Paronish opposes three of  
3 I&M's proposed DSM programs, including both of I&M's proposed pilot  
4 programs, and the Residential Peak Reduction program.

5 **Q: Please describe OUCC's Attachment CLT-1.**

6 A: Attachment CLT-1 displays the OUCC's calculations of I&M's DSM-5 Non Opt  
7 Out and Opt Out Customer adjustment factors, which matches I&M's calculation  
8 of its DSM adjustment factor shown on Attachment JMS-1.

9 **Q: What does the OUCC recommend in this proceeding?**

10 A: If the Commission agrees with all or part of the OUCC's recommendations, the  
11 Commission should require I&M to re-calculate its proposed DSM adjustment  
12 based on Commission findings and require I&M to make a compliance filing.  
13 This filing should be made prior to the implementation of the factor and within  
14 thirty (30) days of the Commission's Order in this Cause.

15 **Q: Does this conclude your testimony?**

16 A: Yes.

**APPENDIX A**

1   **Q:   Please state your name and business address.**

2   A:   My name is Crystal L. Thacker and I am a Utility Analyst in the Electric Division  
3       of the Indiana Office of Utility Consumer Counselor ("OUCC"). My qualifications  
4       are set forth in Appendix A of this document. My business address is 115 W.  
5       Washington St., Suite 1500 South, Indianapolis, Indiana 46204.

6   **Q:   Please describe your educational background and experience.**

7   A:   I graduated from the Kelley School of Business in 2012 with a Bachelor of  
8       Science in Business with majors in Accounting and Finance. I have been  
9       employed by the OUCC for the past 13 years and worked on multiple cases  
10      during that time. I have participated in a number of utility-related courses,  
11      seminars, and conferences, including the Annual Regulatory Studies Program  
12      sponsored by the National Association of Regulatory Utility Commissioners  
13      ("NARUC") and the Institute of Public Utilities at Michigan State University.

Indiana-Michigan Power Company  
DSM Tracker Adjustment Factor Calculation  
Cause No. 43827 DSM-5

**Non Opt Out Customers**

	RS	GS	LGS	IP/IRP	MS	WSS	IS	EHG
1 Total Est. kWh Sales for January 1, 2016 through December 31, 2016	4,431,302,170	2,727,935,573	1,577,422,106	2,706,469,362	35,279,582	126,406,254	1,196,142	7,656,767
2 DSM Reconciliation	\$99,808	(\$10,519)	(\$333)	(\$44)	(\$71)	(\$99)	(\$18)	(\$33)
3 Forecasted DSM Program Costs for 2016	8,509,619	5,855,049	185,491	24,873	39,567	54,856	9,955	17,985
4 Forecasted Net Lost Revenues for 2016	14,300,010	16,781,868	531,655	71,293	113,407	157,229	28,533	51,454
5 Forecasted Shared Savings Incentive for 2016	870,716	861,206	27,283	3,659	5,820	8,069	1,464	2,645
6 Rider Reconciliation	6,048,778	15,455,894	489,648	65,660	104,445	144,806	26,279	47,473
7 Net Program Costs with Prior Period Variance (Lines 2+3)	29,828,931	38,943,498	1,233,744	165,441	263,168	364,861	66,213	119,524
8 DSM Adjustment Factor per kWh (Line 4 divided by Line 1)	\$0.006731	\$0.014276	\$0.000782	\$0.000061	\$0.007459	\$0.002886	0.055355	0.015610
9 DSM Adjustment Factor Adjusted for Utility Receipts Tax	\$0.006859	\$0.014545	\$0.000797	\$0.000062	\$0.007600	\$0.002941	\$0.056401	\$0.015905

**Opt Out Customers**

	July 1, 2014 Opt Out Customers			January 1, 2015 Opt Out Customers				
	GS	IP/IRP	WSS	GS	LGS	IP/IRP	MS	WSS
1 Total Est. kWh Sales for January 1, 2016 through December 31, 2016	6,703,625	761,886,677	1,774,474	4000463	2342959	77577161	163593	17089096
2 DSM Reconciliation	\$77	\$53	\$5	-2	0	-1	0	0
3 Forecasted DSM Program Costs for 2016	28	19	2	19	2	12	4	4
4 Forecasted Net Lost Revenues for 2016	3,087	2,122	193	2544	231	1619	463	463
5 Forecasted Shared Savings Incentive for 2016	-	-	-	0	0	0	0	0
6 Rider Reconciliation	2,334	1,605	146	3151	287	2005	573	573
7 Net Program Costs with Prior Period Variance (Lines 2+3)	5,526	3,799	346	5,712	520	3,635	1,040	1,040
8 DSM Adjustment Factor per kWh (Line 4 divided by Line 1)	\$0.000824	\$0.000005	\$0.000195	\$0.001428	\$0.000222	\$0.000047	\$0.006357	\$0.000061
9 DSM Adjustment Factor Adjusted for Utility Receipts Tax	\$0.000840	\$0.000005	\$0.000199	\$0.001455	\$0.000226	\$0.000048	\$0.006477	\$0.000062

I affirm, under the penalties for perjury, that the foregoing representations are true.



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Crystal L. Thacker  
Utility Analyst  
Indiana Office of Utility Consumer Counselor

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Date: January 13, 2016

Cause No. 43827 – DSM-05