ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Freeman	√		
Krevda			√
Ober	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A VECTREN ENERGY DELIVERY OF INDIANA, INC. FOR APPROVAL OF A TARIFF RATE FOR THE PROCUREMENT OF EXCESS DISTRIBUTED GENERATION PURSUANT TO IND. CODE § 8-1-40 ET SEQ.	)))))))	**CAUSE NO. 45378** **APPROVED: APR 07 2021**

ORDER OF THE COMMISSION

Presiding Officers:
Stefanie N. Krevda, Commissioner
David L. Ober, Commissioner
Carol Sparks Drake, Senior Administrative Law Judge

On May 8, 2020, Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., a CenterPoint Energy Company ("Vectren South" or "Petitioner), filed a Verified Petition with the Indiana Utility Regulatory Commission ("Commission") seeking approval of a tariff rate ("Rider EDG") for the procurement of excess distributed generation ("EDG") under Ind. Code ch. 8-1-40 (the "Distributed Generation Statutes"). Petitioner on May 11, 2020, prefiled the direct testimony of the following CenterPoint Energy, Inc. ("CenterPoint") employees:

- J. Cas Swiz, Director, Regulatory and Rates, and
- Justin M. Joiner, Director, Power Supply Services.

Numerous petitions to intervene were filed. These included a petition to intervene filed on May 12, 2020, by Citizens Action Coalition of Indiana, Inc. ("CAC") that was granted on May 26, 2020. Environmental Law & Policy Center ("ELPC") petitioned to intervene on May 13, 2020, and ELPC's petition was granted on May 27, 2020. On May 27, 2020, Vote Solar and Solar United Neighbors ("SUN") each filed to intervene, and their petitions were granted on June 9, 2020. Because CAC's counsel also appeared for ELPC, Vote Solar, and SUN, these intervenors may collectively be hereinafter referenced as "Joint Intervenors."

On May 18, 2020, Solarize Indiana, Inc. ("Solarize") filed a petition to intervene in which Solarize supported its intervention and made representations regarding the Public Utility Regulatory Policies Act ("PURPA"), as codified at 16 U.S.C. §§ 2601 *et seq*. Solarize asked that Vectren South be directed to offer small distributed solar customer-generators a tariff that complies with PURPA in addition to the proposed EDG tariff. On May 29, 2020, a docket entry was issued in which Solarize's petition to intervene was granted; however, it was noted Solarize had raised PURPA-related matters in its intervention petition that were not shown in that petition to be within

the scope of this proceeding. Specifically, the Presiding Officers stated, "This Cause currently centers upon the application of Ind. Code § 8-1-40-1 *et seq*. and the Commission's review of Vectren's pending petition under Ind. Code § 8-1-40-17; therefore, the Petition is GRANTED subject to the caveat that Solarize is authorized to respond to the issues raised in Vectren's pending petition, but Solarize is not authorized to raise 'all issues legally and logically related thereto' as referenced in the Petition if this unduly broadens the issues." Docket Entry issued May 29, 2020 at p. 3.[1]

On June 8, 2020, Solarize appealed the May 29, 2020 docket entry to the full Commission requesting the Commission to modify alleged "limitations" in that docket entry upon Solarize's right to raise issues and seek affirmative relief upon PURPA-related matters. On June 15, 2020, Vectren filed a response in opposition to this appeal, to which Solarize replied on June 22, 2020. On June 29, 2020, a docket entry was issued providing notification that the Commission at its June 29, 2020 Conference considered this appeal and affirmed the Presiding Officers, thereby declining to modify the docket entry granting Solarize's intervention petition.[2]

Four days after filing its petition to intervene, Solarize filed a motion on May 22, 2020, seeking to consolidate this proceeding with Vectren's 30-Day Filing Nos. 50331 and 50332. On May 28, 2020, Joint Intervenors, along with Indiana Distributed Energy Alliance ("Indiana DG"), filed a response supporting this motion to consolidate. Vectren subsequently filed a response opposing the requested consolidation to which Solarize filed a reply. On June 26, 2020, Solarize's motion to consolidate was denied. At that time, the 30-day filings Solarize sought to consolidate

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[1] 170 IAC 1-1.1-11(d) states:

> If a petition to intervene satisfies this section and shows the proposed intervenor has a substantial interest in the subject matter of the proceeding … and the proposed intervenor's participation will not unduly broaden the issues or result in unreasonable delay of the proceeding, the presiding officer may grant the prayer for leave to intervene, in whole or in part and, thereupon, the intervenor becomes a party to the proceeding with respect to the matters set out in the intervention petition.

[2] In describing the docket entry at issue at the June 29, 2020 Conference, Presiding Commissioner Ober stated:

> In the appeal currently before us, Solarize Indiana, Inc. seeks modification and clarification upon its rights to raise issues and seek affirmative relief regarding PURPA-related matters under the Docket Entry of May 29, 2020. In the Docket Entry, the Presiding Officers noted that Solarize Indiana had raised issues without showing these to be within the scope of Cause No. 45378. Intervenors are not barred from introducing issues or arguments so long as these do not unduly broaden the issues or otherwise burden the proceeding and can be substantially linked to the relief requested by the Petitioner.
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> In the Docket Entry, the Presiding Officers **simply conveyed that Solarize Indiana has not yet fully substantiated its proffered link between Vectren's Petition under Indiana Code 8-1-40 and the referenced PURPA-related matters.** Likewise, Solarize Indiana lists a purpose of its intervention as responding to the issues Vectren has raised as well as all issues legally and logically related thereto. **Because it is unclear what Solarize Indiana perceives as logically related to Vectren's Petition, the Presiding Officers appropriately reminded Solarize Indiana that in becoming an Intervenor, Solarize has an obligation to not unduly broaden the issues** or otherwise burden the proceeding. (emphasis added)

with this action had been approved by the Commission and were no longer pending.[3] In denying consolidation, the Presiding Officers noted Solarize had filed the motion to consolidate before its intervention petition was ripe under 170 IAC 1-1.1-11 to be acted upon and before its intervention was granted; therefore, the motion was not properly filed on May 22, 2020. Instead of striking the motion, under the docket entry issued on May 29, 2020, the motion was deemed filed as of May 29, 2020, when Solarize was granted intervenor status. It was also noted in that docket entry that while CAC and ELPC were intervenors as of May 28, 2020, when the response supporting the motion to consolidate was filed, SUN, Vote Solar, and Indiana DG were not yet parties.

Indiana DG petitioned to intervene on May 21, 2020, and its petition was granted on June 3, 2020. Performance Services, Inc. was the last prospective intervenor to file a petition to intervene on July 9, 2020, which was granted on July 17, 2020.

On May 29, 2020, in response to a docket entry requesting the parties and those with pending intervention petitions to confer upon a procedural schedule, Vectren South, the Indiana Office of Utility Consumer Counselor ("OUCC"), Indiana DG, Solarize, and Joint Intervenors filed a joint motion for approval of an agreed schedule. On June 3, 2020, a docket entry was issued establishing a procedural schedule. Under this docket entry, the evidentiary hearing was scheduled for two days, beginning on October 6, 2020, and a deadline of September 21, 2020, was set for filing testimony in support of any settlement the parties might reach.

On August 5, 2020, Joint Intervenors filed a motion asking that Vectren South be compelled to respond to certain discovery. Vectren South filed a response opposing this motion on August 10, 2020, and Joint Intervenors filed a reply on August 11, 2020. In a docket entry issued on August 13, 2020, Joint Intervenors' motion to compel was granted.

On August 20, 2020, the OUCC prefiled the testimony and attachments of Anthony A. Alvarez, Utility Analyst in the OUCC's electric division. That same date, Indiana DG prefiled the testimony and attachments of the following witnesses:

- Edward T. Rutter, Manager, LWG CPAs and Advisors
- Brad Morton, President and Owner, Morton Solar and
- Kurt Schneider, Founding Partner, Johnson Melloh Solutions.

Joint Intervenors, also on August 20, 2020, prefiled the testimony and attachments of the following:

- William D. Kenworthy, Regulatory Director, Midwest for Vote Solar, and
- Douglas B. Jester, Partner, 5 Lakes Energy LLC.

In addition, on August 20, 2020, Solarize prefiled the testimony and attachments of the following Solarize Team Leader, Board members, and/or volunteers:

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[3] Solarize appealed the Commission's action upon 30-Day Filing Nos. 50331 and 50332 to the Indiana Court of Appeals in an appeal docketed as Cause No. 20A-EX-1384. On January 29, 2021, the Court of Appeals issued a Memorandum Decision in Cause No. 20A-EX-1384 affirming the Commission.

- Jay W. Picking
- Jean M. Webb
- Darrell Boggess
- Barry S. Kastner and
- Michael A. Mullett.

On August 26, 2020, Solarize filed a motion requesting leave to supplement its prefiled testimony and workpapers and supplemental testimony for Mr. Kastner and Mr. Mullet. This motion was subsequently withdrawn and replaced by an amended motion for leave to supplement filed on September 2, 2020. On September 3, 2020, Vectren South filed a response and partial objection to this motion, indicating Petitioner did not object to Solarize supplementing Mr. Kastner's testimony but did object to the proposed supplement to Mr. Mullett's testimony. On September 10, 2020, Solarize filed its reply, and on September 17, 2020, Solarize was granted leave to file the supplemental testimony of Mr. Kastner and his related confidential work papers, but leave to file the proposed supplemental testimony of Mr. Mullett was denied.

On August 31, 2020, Indiana DG moved for leave to supplement Mr. Rutter's prefiled direct testimony. On September 8, 2020, Vectren South filed a response to Indiana DG's motion, indicating Petitioner did not object to the relief requested. On September 14, 2020, Indiana DG's motion to supplement was granted.

On August 27, 2020, Vectren South filed a motion for protection and nondisclosure of certain confidential and proprietary information. This motion was granted on September 9, 2020. On August 31, 2020, Indiana DG also filed a motion for protection and nondisclosure of confidential and proprietary information that was granted on September 11, 2020.

On September 11, 2020, Vectren South prefiled the rebuttal testimony and attachments of its case-in-chief witnesses, Mr. Swiz and Mr. Joiner, along with rebuttal testimony for the following additional CenterPoint employees:

- Jason L. Williams, Director, System Operations for Petitioner, and
- Ryan E. Abshier, Manager, Indiana Planning and Protection.

On September 11, 2020, Petitioner also filed a response to the issues Solarize and Joint Intervenors had raised related to PURPA.[4]

On September 17, 2020, the OUCC, along with all the intervenors, i.e., Indiana DG, Joint Intervenors, Solarize, and Performance Services (collectively, "Joint Movants") filed a motion for summary judgment along with a brief supporting this motion. On September 22, 2020, Vectren South filed a response to Joint Movants' motion and a designation of evidence in support of Petitioner's response. Joint Movants subsequently filed a reply to Petitioner's response. On October 15, 2020, the Presiding Officers issued a docket entry denying Joint Movants' motion for summary judgment. After noting that summary judgment is not typical practice in Commission proceedings, the Presiding Officers found "the Commission should have the benefit of a full

[4] Public Utility Regulatory Policies Act of 1978, Pub. L. 95–617, 92 Stat. 3117 (1978).

evidentiary hearing upon the issues and [we] are not persuaded Joint Movants (or Vectren) have shown there are no genuine issues as to any material fact and they are now entitled to the requested judgment as a matter of law." Docket Entry dated October 15, 2020, at p. 2.

On October 23, 2020, all Joint Movants except Performance Services filed an appeal to the full Commission with respect to the October 15, 2020 docket entry. On October 28, 2020, Vectren South filed a response opposing this appeal, and on November 2, 2020, a reply was filed to Petitioner's response. This appeal remains pending.

Shortly after filing their summary judgment motion, on September 22, 2020, Joint Movants filed a motion requesting that the evidentiary hearing scheduled to begin on October 6, 2020, be continued. On September 28, 2020, Petitioner filed a response opposing the requested continuance, to which Joint Movants filed a reply. On October 2, 2020, a docket entry was issued granting the requested continuance due to the summary judgment filings being under review, and on October 29, 2020, a docket entry was issued, after an informal attorneys' conference, rescheduling the evidentiary hearing to "November 17, 2020, continuing into November 18, 2020, if needed, to commence at 9:30 a.m. in Hearing Room 222." Docket Entry dated October 29, 2020, at p. 2.

On October 7, 2020, Solarize and Joint Intervenors filed a joint motion requesting the evidentiary hearing be held remotely. On October 13, 2020, Petitioner filed a response, advising that Vectren South had no objection to an all-remote hearing, and on October 15, 2020, Solarize and Joint Intervenors filed a reply. On November 6, 2020, a docket entry was issued in which the motion for an all-remote hearing was granted due to the ongoing COVID-19 pandemic and the parties' related concerns. Informal additional conferences were subsequently held to help assure counsel and the witnesses had the technological capability needed for the remote hearing.

On October 26, 2020, Indiana DG filed a motion for alternative dispute resolution ("ADR"). On November 4, 2020, Vectren South responded to Indiana DG's motion, and Indiana DG then filed a reply asking the Commission to require the parties to participate in ADR. On November 9, 2020, a docket entry was issued in which Indiana DG's motion was denied. The Presiding Officers noted the June 3, 2020, docket entry set September 21, 2020, as the date by when to prefile any settlement and stated, "Settlement discussions are encouraged, but these need to be timely conducted." Docket Entry dated November 9, 2020, at p. 2.

On November 6, 2020, Petitioner filed a notice advising that Matthew A. Rice was adopting the prefiled direct and rebuttal testimony of Petitioner's witness J. Cas Swiz.

The Commission noticed the public evidentiary hearing originally scheduled to commence in this Cause at 9:30 a.m. on October 6, 2020. Consistent with subsequent docket entries, the public evidentiary hearing was rescheduled to November 17, 2020, continuing into November 18, 2020, if needed, in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. In the docket entry issued on November 6, 2020, in which the motion was granted to conduct this hearing remotely, the public was provided with a link at which to view a live stream of this hearing via YouTube, and a WebEx invitation was subsequently shared with all counsel for participation in the hearing. On November 17, 2020, Vectren South, the OUCC, Joint Intervenors, Solarize, Indiana DG, and Performance Services participated, by counsel, in the hearing via WebEx video.

At the outset of the hearing, before Petitioner, the OUCC, Solarize, Joint Intervenors, and Indiana DG offered their respective evidence, Solarize and Joint Intervenors, by counsel, stated that by participating in the hearing they were not waiving the arguments in the appeal to the full Commission from the Presiding Officers' determination on the motion for summary judgment. Tr. A-7—A-8.

Based upon the applicable law and the evidence presented, the Commission finds:

1. Notice and Jurisdiction. Due, legal, and timely notice of the evidentiary hearing in this Cause was given and published by the Commission as required by law. Vectren South is a public utility within the meaning of Ind. Code § 8-1-2-1 and an electricity supplier within the meaning of Ind. Code § 8-1-40-4(a). Petitioner is subject to the jurisdiction of the Commission in the manner and to the extent provided by Indiana law. Ind. Code § 8-1-40-16 ("Section 16") requires an electricity supplier to file a petition with the Commission requesting a rate for its procurement of EDG from that electricity supplier's customers. Accordingly, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. Petitioner's Organization and Business. Vectren South is incorporated under Indiana law and has its principal office at One Vectren Square, Evansville, Indiana. Petitioner is engaged in the business of rendering electric utility service within Indiana, and Vectren South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities used for the generation, transmission, distribution, production, storage, and furnishing of electric service to approximately 145,000 electric consumers in southwestern Indiana.

3. Applicable Law. Senate Enrolled Act 309 ("SEA 309") enacted the Distributed Generation Statutes (Ind. Code § 8-1-40-1 *et seq.*) and established a new statutory paradigm under which Indiana's electricity suppliers, including Petitioner, will receive electricity their customers with qualifying DG resources supply and offset the cost of the electricity supplied to such customers. Under the Distributed Generation Statutes, "[n]ot later than March 1, 2021, an electricity supplier shall file with the commission a petition requesting a rate for the procurement of excess distributed generation by the electricity supplier." Section 16. Ind. Code § 8-1-40-10 ("Section 10") of the Distributed Generation Statutes further provides:

> Before July 1, 2022, if an electricity supplier reasonably anticipates, at any point in a calendar year, that the aggregate amount of net metering facility nameplate capacity under the electricity supplier's net metering tariff will equal at least one and one-half percent (1.5%) of the most recent summer peak load of the electricity supplier, the electricity supplier shall, in accordance with section 16 [of the Distributed Generation Statutes], petition the commission for approval of a rate for the procurement of excess distributed generation.

Section 10.

Subject to Ind. Code §§ 8-1-40-13 and -14, Vectren South's net metering tariff must remain available to its customers until the earlier of the following: "January 1 of the first calendar year after the calendar year in which the aggregate amount of net metering facility nameplate capacity

under the electricity supplier's net metering tariff equals at least one and one-half percent (1.5%)" of the supplier's most recent summer peak load or July 1, 2022. Section 10.

Once an electricity supplier files a petition under Section 16 for a rate for EDG, Ind. Code § 8-1-40-17 ("Section 17") provides:

> The commission shall review a petition filed under section 16 of this chapter by an electricity supplier and, after notice and a public hearing, shall approve a rate to be credited to participating customers by the electricity supplier for excess distributed generation if the commission finds that the rate requested by the electricity supplier was accurately calculated and equals the product of:
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> (1) the average marginal price of electricity[5] paid by the electricity supplier during the most recent calendar year; multiplied by
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> (2) one and twenty-five hundredths (1.25).

In this proceeding, Vectren South seeks Commission approval of its initial EDG rate.

Following approval of Rider EDG, Section 16 requires Vectren South to annually submit, "not later than March 1 of each year, an updated rate for EDG in accordance with the methodology set forth in section 17 of this chapter." Section 16. And Ind. Code § 8-1-40-18 ("Section 18") requires that Vectren South compensate its customers from whom Petitioner procures EDG through a credit on the customer's monthly bill, with any excess credit carried forward and applied against future charges to the customer for as long as the customer receives electric service from Vectren South at the premises.

Under Ind. Code § 8-1-40-15 ("Section 15"), amounts credited to a customer for EDG "shall be recognized in the electricity supplier's fuel adjustment proceedings under IC 8-1-2-42."

4. **<u>Relief Requested</u>.** Pursuant to Sections 10 and 16, Vectren South requests approval of a rate for the procurement of EDG. Under Section 17, that rate is to be effective January 1, 2021, or as soon thereafter as practicable, and to remain in effect until replaced in a subsequent filing. Petitioner submitted the proposed form of Rider EDG as part of its evidence. Per Section 18, proposed Rider EDG will compensate customers in the form of a credit on their monthly bill, with any excess credit carried forward and applied against future charges to the Rider EDG customer for as long as that customer receives service from Vectren South at the premises. Petitioner proposes to determine EDG based on instantaneously measuring the net of the electricity supplied to Vectren South by the customer and the electricity supplied to the customer by Petitioner. Vectren South also requests authority to update Rider EDG annually, by March 1, via a compliance filing, in addition to all other appropriate relief.

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[5] Ind. Code § 8-1-40 6 ("Section 6") of the Distributed Generation Statutes defines "marginal price of electricity" as "the hourly market price for electricity as determined by a regional transmission organization of which the electricity supplier serving a customer is a member."

5. **Petitioner's Case-in-Chief.**

A. **Justin M. Joiner.** Mr. Joiner testified that per Section 17, the EDG rate is the product of the average marginal price of electricity paid by the electricity supplier during the most recent calendar year; multiplied by one and twenty-five hundredths (1.25). He explained that the average marginal price of electricity Vectren South paid during calendar year 2019 was determined by averaging the 2019 hourly Locational Marginal Price ("LMP") at Vectren South's SIGE.SIGW load node. Mr. Joiner stated it was appropriate to use the SIGE.SIGW load node because this is the node at which Vectren South is charged for energy. For 2019, he testified the average LMP at the SIGE.SIGW load node was $25.47 per megawatt-hour ("MWh"). He testified the 2019 average LMP per MWh at $25.47 was multiplied by 1.25 and then converted to a per kilowatt-hour ("kWh") basis by dividing the value by 1,000 to arrive at Vectren South's proposed EDG rate of $0.03183 per kWh. (Petitioner's Exhibit No. 2 at p. 4, lines 16-19). Mr. Joiner noted the LMP represents a market rate that is driven by many factors, including fuel (or natural gas) prices, peak loads that drive usage and overall demand, system congestion, network upgrades, outage timing, and market-to-market coordination efforts that mitigate system congestion.

B. **Mathew A. Rice.** Mr. Rice explained why current customer participation in net metering necessitates the creation of Rider EDG and how the requirements of the Distributed Generation Statutes dictate the timing and pricing structure of Rider EDG. He stated Vectren South's filing is consistent with Sections 10 and 16, specifically, the requirements in Section 10 to petition the Commission for approval of a rate for the procurement of EDG if Petitioner reasonably anticipates the aggregate available net metering capacity will be exhausted, and the requirement in Section 16 that, absent reaching the Section 10 threshold, Vectren South shall file no later than March 1, 2021. Mr. Rice testified that per the Distributed Generation Statutes, the required available net metering capacity that is equivalent to 1.5% of Vectren South's 2019 summer peak load equals 15,816.000 kW. Per Ind. Code § 8-1-40-12 ("Section 12"), he stated Vectren South's available net metering capacity is reserved as follows: (1) 40% or 6,325.400 kW for residential customers; (2) 15% of 2,372.000 kW for customers who install a biomass resource, and (3) 45% or the remaining 7,117.200 kW for all other eligible customers. Mr. Rice testified that as of March 31, 2020, approximately 10,979.717 kW of net metering generation was in operation on Vectren South's system.

Because Vectren South has received no biomass resource applications and is not expecting biomass resource applications in the near-future, Mr. Rice stated Vectren South elected to make the 2,372.000 kW reserved for biomass available for other customers' use. Mr. Rice testified that at the time of filing its petition, Vectren South reasonably anticipated the aggregate reserved net metering capacity will be exhausted during 2020 based on the magnitude of existing and expected applications for residential and non-reserved categories which, at the time of filing, exceeded the capacity available for those two customer categories. Mr. Rice added that while Vectren South opted to expand the net metering capacity available to its residential and other eligible customers through access to the biomass reserved capacity, it is highly likely this added net metering capacity will also be exhausted in 2020. He testified that for all customers other than a prospective biomass installation, pending applications exceed the remaining available net metering capacity; therefore, Vectren South plans to transition customers who have DG and are not yet net metering approved participants to Rider EDG.

Mr. Rice testified as to how Vectren South, in transitioning from its net metering tariff ("Rider NM") to the Rider EDG rate, will prioritize and grandfather current pending DG applications and how Rider EDG will apply to future DG applications. Mr. Rice stated Vectren South will continue to allow eligible customers to use Rider NM until the overall capacity threshold of 1.5% of summer peak load is met while still adhering to the reserved capacity guidelines in the Distributed Generation Statutes. He testified that when considering whether a customer is eligible for Rider NM, it is necessary to view Petitioner's eligible customers as being in three separate groups. First, for operating participants or applications that have been approved and are operational, Rider NM will continue to apply. Mr. Rice stated Ind. Code § 8-1-40-14 ("Section 14") requires that customers who install DG resources after December 31, 2017, and before the expiration of Rider NM remain a Rider NM customer until July 1, 2032. The second group is approved participants whose applications have been submitted and approved with final, signed interconnection agreements, although they are not yet operational. He stated this group, in accordance with General Administrative Order ("GAO") 2019-2, is considered a Rider NM eligible customer provided there is available capacity in their representative customer-generator group, i.e., in their residential, biomass, or non-reserved category, or there is capacity available in the overall 1.5% aggregate limit. If these criteria are not met, Mr. Rice testified Petitioner will evaluate the status of this approved participant. Finally, Mr. Rice stated that for non-approved participants in the queue that are operational after Rider EDG is approved and after the statutory aggregate capacity level is exhausted, these customers will not be guaranteed eligibility for Rider NM. He noted that other than at the defined end dates within the Distributed Generation Statutes, Vectren South will not transfer a customer from Rider NM to Rider EDG.

Mr. Rice testified upon how EDG is defined in Ind. Code § 8-1-40-5 ("Section 5") and how Vectren South proposes to measure EDG when applying the EDG tariff. Mr. Rice explained that Petitioner will use its Advanced Metering Infrastructure ("AMI") metering equipment to instantaneously measure the flow of energy. He testified the electricity supplied by Vectren South to the customer is defined as "inflow," and the electricity the customer supplies to Vectren South is defined as "outflow." Mr. Rice testified that because the meter can only register the instantaneous measurement of electricity in either direction, each unit of power is inflow, outflow, or net zero in the case of perfect matching of generation to consumption. According to Mr. Rice, the total inflow amount for the billing period will be priced at the customer's applicable tariff rate as it represents delivered energy directly from Vectren South to the customer whereas the total outflow amount for the billing period will be priced at the Rider EDG credit rate because it represents EDG from the customer to Vectren South. Mr. Rice stated the total inflow and total outflow charges and credits will be netted to create a net monthly bill.

Mr. Rice testified that instantaneously measuring inflow and outflow allows a customer to use the energy produced by that customer's DG resource to offset the customer's load, provided the customer's production of electricity synchronizes with the customer's electricity usage. He testified that when production occurs with no usage or when the customer's production exceeds usage, an outflow measurement will be generated, and the DG resource will be providing electricity to the utility (and the grid). Mr. Rice stated that when usage occurs and there is no production or when the customer's usage exceeds their production, this will generate an inflow measurement on the meter since the utility is providing electricity to the customer from the grid.

Mr. Rice described Vectren South's proposal for updating the marginal DG price in Rider EDG annually by filing a compliance tariff under this docket. He also described how the marginal DG price will be applied monthly to customer bills. Mr. Rice testified customers will receive the EDG billing credit up to the point where the total net bill reaches the Minimum Monthly Charge as defined in that customer's applicable rate schedule. Because the EDG billing credits represent a purchase by the utility of excess generation, he stated this cost will be recovered as fuel costs, specifically, purchased power costs, in Vectrens South's monthly fuel adjustment clause ("FAC") in accordance with Section 15. Mr. Rice testified that any unused EDG billing credit will be held in a balance to be used in subsequent periods so long as the customer continues service with Petitioner. Thus, under Rider EDG, the customer may offset load unlike under a "Buy-All/Sell-All" arrangement. For illustrative purposes, in Table MAR-3 Mr. Rice showed an example customer billing under Rider NM, Rider EDG, and "Buy-All/Sell-All."

Mr. Rice testified that pricing for outflow differs under Rider NM as compared to proposed Rider EDG. Under Rider EDG, customers will not receive credit at the applicable tariff rate schedule for their EDG. He stated this will minimize the subsidies other customers are providing under Rider NM, which under the Distributed Generation Statutes are to end by June 30, 2022. Under proposed Rider EDG, the customer will continue to be able to utilize that customer's DG resource to offset instantaneous load, and in periods when a DG resource produces enough electricity to fully offset load, the effective rate applied to the generated energy is the tariff retail rate. In periods when a DG resource produces excess, that excess production will be compensated at the Rider EDG rate.

6. OUCC's and Intervenors' Direct Testimony.

A. OUCC's Direct Testimony.

1. Anthony A. Alvarez. Mr. Alvarez testified that in proposed Rider EDG, Vectren South fails to define EDG as Section 5 prescribes. He stated that under the Distributed Generation Statutes, two critical components must be present to determine EDG: (1) the electricity that is supplied by an electricity supplier and (2) the electricity that is supplied back to the electricity supplier; therefore, to properly determine EDG, Mr. Alvarez testified Vectren South must first measure the difference between the electricity supplied to the DG customer and the electricity the DG customer supplies to the utility. He testified the Distributed Generation Statutes define EDG as the resulting difference of these two components, with the EDG rate to be applied to that kWh difference as required in Section 15. Mr. Alvarez testified that proposed Rider EDG does not take the difference between the electricity Vectren South supplies to the DG customer and the electricity the customer supplies to Petitioner, erroneously characterizing the outflow Petitioner's meters capture as EDG.

Mr. Alvarez noted the testimony of J. Cas Swiz (subsequently adopted by Mr. Rice) in which Mr. Swiz testifies the total outflow amount for the billing period will be priced at the Rider EDG credit rate as it represents the EDG the customer supplies to Vectren South. According to Mr. Alvarez, Vectren South assumes the total electricity the DG customer supplies to Vectren South is the EDG without determining the difference from the electricity supplied to the DG customer as the Distributed Generation Statutes require. Mr. Alvarez opined that this does not

conform with the definition of EDG because the outflow captured by Vectren South's meter only recognizes the electricity that is supplied to the electricity supplier by the customer which is but one of the two components the Distributed Generation Statutes use to determine EDG.

Mr. Alvarez raised additional concerns with Vectren South's application of the EDG rate, what the rate is applied to, and the sequence in which the rate is applied. He stated Vectren South does not apply the EDG rate to the correct EDG amount or apply the rate in the correct sequence. He observed that under Vectren South's proposal, the customer's applicable tariff rate is applied to the total inflow amount, and the EDG rate is applied to the total outflow amount, resulting in two separate dollar amounts, with Vectren South then taking the difference between these two to determine what the customer is billed. Mr. Alvarez testified the Distributed Generation Statutes are, however, specific in requiring the utility to first take the difference between the kWh Vectren South supplied to the DG customer and the kWh supplied by the DG customer to determine the EDG, using the resulting kWh for billing purposes, to which a rate is applied.

Mr. Alvarez disagreed with Mr. Swiz's application of how the EDG rate should be applied, stating this application harms customers. From Mr. Alvarez' perspective, by pricing outflow at the EDG rate, since the EDG rate is lower than Vectren South's retail rates, customers are negatively affected. He disagreed, from a technical perspective, with applying the EDG rate to the total outflow amount. Although Vectren South asserts a DG customer's AMI meter can measure, record, and accumulate both total power inflow and outflow distinctly and separately from each other as they occur, Mr. Alvarez disagreed that total outflow represents EDG.

Mr. Alvarez recommended that because Vectren South's proposal does not conform to the statutory requirements for determining EDG, the Commission deny Petitioner's request for approval of proposed Rider EDG.

2. Public Comments. The OUCC received approximately 191 public comments conveying opposition to Vectren South's proposal. The majority of these raised the same or similar issues and, based on the addresses shown and subject matter line, were not from Vectren South customers. The commenters stated concern that Vectren South's new EDG tariff will make customer-owned solar energy unaffordable for Vectren South's customers by reducing the bill credit new solar owners receive for EDG. They further stated that moving to an instantaneous netting period will, effectively, ensure more solar generation is credited at the new lower EDG rate. It was asserted that Vectren South's proposed EDG tariff will strangle competition and choice by reducing customers' ability to invest in rooftop solar and set a precedent for other Indiana utilities. In addition, the commenters asserted that if Vectren South's proposal is adopted, this sector of Indiana's economy, i.e., solar installations, may not be able to recover and recommended the Commission reject Vectren South's new EDG tariff.

B. Joint Intervenors' Direct Testimony.

1. Douglas B. Jester. Mr. Jester testified that while the EDG *rate* is set by statute, the Commission should examine whether Vectren South's proposed *methodology* for implementing the EDG rate is just, reasonable, and lawful. He testified the Commission should, for example, consider whether instantaneous flows are the correct basis to determine EDG and

whether the standard retail tariff is the appropriate basis for charges for power delivered to customers with DG under the Commission's cost-of-service practices.

Mr. Jester recommended the Commission direct Vectren South to treat outflow as negative load for purposes of the Midcontinent Independent System Operator's ("MISO") resource adequacy standards. He testified that since outflow is transferred to Vectren South's control, it can be aggregated and included in Vectren South's resources for purposes of its resource adequacy demonstration to MISO. Mr. Jester recommended that in the event the Commission does not find outflow should be treated as negative load for purposes of resource adequacy demonstrations, the Commission direct Vectren South to aggregate outflows from its customers, obtain Zonal Resource Credits for those resources, and use those Zonal Resource Credits in Vectren South's resource adequacy demonstrations to MISO and to the Commission.

Mr. Jester also discussed how DG should affect primary distribution system cost allocation. Mr. Jester concluded that, based on Vectren South's methodology for allocating primary distribution system costs, treating outflow as negative demand will modestly diminish cost allocation based on a customer with behind-the-meter generation. He stated this is an appropriate result since outflow only partially reduces the use of Petitioner's primary distribution system by the class to which the customer is assigned.

Mr. Jester described how DG should be considered in a cost-of-service study and concluded the power supplied from DG and immediately consumed behind-the-meter will naturally and appropriately be excluded, through treatment as negative power flow, from all cost-of-service study allocator statistics. Mr. Jester testified the rate design for EDG customers should result in a reasonable correspondence between the amount billed to such a customer and the customer's contribution to cost-of-service. He stated this can be accomplished by rejecting Vectren South's proposal to use instantaneous outflow as the measure of EDG and, instead, use some form of netting. Mr. Jester testified that netting outflow and inflow over some period of time has the direct effect of treating outflow as a negative load in determining the customer's bill; therefore, the use of a netting period is consistent with cost allocation principles and principles of good rate design. Mr. Jester opined that since Vectren South's current rate design is not particularly cost-reflective, monthly netting will more closely match customer bills to the cost-of-service for customers having DG behind-the-meter.

Mr. Jester testified that in addition to using netting to more accurately reflect cost-of-service for a customer with behind-the-meter generation, the Commission could also make adjustments to inflow rates to offset some of the disparity between the credits for EDG and the appropriate effect of outflows on cost-of-service allocations. Mr. Jester stated this could be accomplished by either offering optional time of use rates to all customers and allowing customers with behind-the-meter rates to choose such rates or by modifying inflow rates as well as outflow rates in a DG rider or separate DG tariff.

Mr. Jester recommended the Commission modify Rider EDG such that the calculation of EDG is based on monthly billing-period netting. He further recommended the Commission direct Vectren South to provide a cost-of-service analysis for customers having DG behind-the-meter in its next general rate case and base EDG rate design in that case on an accurate reflection of the

cost-of- service for such customers. Mr. Jester concluded that properly accounting for the benefits of DG will require that the Commission undertake a value of solar study.

Mr. Jester also described his understanding of Vectren South's PURPA obligations.[6] He testified that proposed Rider EDG will not provide PURPA-compliant rates for DG because the compensation offered for outflow under proposed Rider EDG does not provide compensation based on avoided costs as specified by 18 C.F.R. § 292.304.

2. William D. Kenworthy. Mr. Kenworthy testified that he had been advised by counsel that the Distributed Generation Statutes do not require Petitioner to propose an instantaneous billing methodology, but some netting period is implied by use of the word "difference" in Section 5. He stated the netting period is not specified in the statute. Mr. Kenworthy testified that to the extent an EDG tariff must be adopted, there are different billing methodologies that align more closely with sound rate design principles than the one Vectren South is proposing and, thus, should be adopted to produce a just and reasonable result. He then discussed these alternative billing methodologies in greater detail.

Mr. Kenworthy compared the following five bill calculation methodologies: full retail net metering; buy all/sell all; dual-channel billing; hourly net billing; and monthly net billing. He described the calculation of volumetric billing determinants for net metering and testified this method has been in place in Indiana since 2004. Under this billing methodology, the billed kilowatt hours at the end of the month are the registered usage at the end of the month, less the registered usage at the beginning of the month. Mr. Kenworthy testified this method is understandable for customers, predictable, and aligns well with the principles of sound rate design. He stated it is incumbent on Vectren South to propose a methodology that will be consistent with the underlying statute, produce a just and reasonable outcome for customers, be consistent with the principles of sound rate design, and align with the measurements of cost causation in the setting of rates for all customers as discussed by Mr. Jester.

Mr. Kenworthy testified that Vectren South's proposal is based on an unreasonable expectation that the customer can manage their load on a moment-by-moment basis. He opined that Vectren South's proposal also creates a barrier to accurately estimating the economic value of a projected DG system with this economic uncertainty being bad for consumers and for the market.

Mr. Kenworthy testified that the granularity of the netting period has a significant impact on the average customer's expected savings from their DG system. He stated that over the course

[6] Mr. Jester was one of many witnesses in this matter who offered testimony or legal positions couched as what counsel had relayed or as based on counsel's advice. *See e.g.*, Joint Intervenors' Exhibit 1 at p. 5, lines 3-11; at p. 6, lines 5-8; at p. 28, line 5; at p. 29, lines 6-9; at p. 32, lines 4-14; Joint Intervenors' Exhibit 2 at p. 7, lines 7-10 ("I am not a lawyer but have been advised by counsel that Ind. Code § 8-1-40 *et seq.*, (the 'DG Statute') does not require … .") and lines 13-15; at p. 14, lines 12-15; at p. 23, lines 7-11; at p. 26, lines 4-11; at p. 27, lines 5-9; at p. 29, lines 18-20; and at p. 32, lines 11-14 ("That is a legal question and I am not a lawyer, but I understand from counsel that the statute only describes … ."); Solarize Exhibit 2 at p. 14, line 18-22; *see also* footnote 7 below. The admission of this testimony, in the absence of objections, should not be construed as endorsing its propriety. Parroting counsel's position to the Commission upon statutes or other legal analyses, even without an objection, is not persuasive testimony and may invite waiver of the attorney client privilege. Such testimony is discouraged. We look to witnesses to provide personal, first-hand knowledge.

of a year, an average full net metering customer in his data set will pay $776.74 for the volumetric portion of their electricity bill, while, using the same raw meter data, the average DG customer will pay $1,616.86 for the volumetric portion of their bill using Petitioner's proposed billing methodology – more than double the cost that would have been charged under net metering.

Mr. Kenworthy described how he estimated the impact these alternative billing methodologies will have on prospective DG customer payback periods for their DG investments. He concluded a typical customer sizing a solar array to meet their annual energy usage will pay nearly $1,000 per year more on their electricity bill using Vectren South's proposed EDG billing methodology than if that same customer received service under net metering. Mr. Kenworthy testified that, over the life of the system, simple payback of the customer's investment in a DG system will go from 10.7 years to 25.2 years based on the switch from net metering to Rider EDG.[7]

Mr. Kenworthy also expressed concern about the site access and control requirements in proposed Rider EDG, stating the requirements are overly broad and not justified for small systems because such systems automatically disconnect from the grid in the event of loss of grid power. Mr. Kenworthy recommended the Commission require Petitioner to replace Section 2 of the proposed Terms and Conditions of Service with language similar to that recommended by the Interstate Renewable Energy Council ("IREC") Model Procedures. He also recommended Petitioner clarify in Rider EDG that disconnect switches for Level 1 systems are not required. To the extent Petitioner does require disconnect switches for Levels 2 and 3 systems, Mr. Kenworthy recommended Vectren South adopt the Model Procedures' recommended approach of reimbursing customers for the cost of this switch.

Mr. Kenworthy testified that Vectren South proposes to not allow the full amount of excess monetary EDG credits to be carried forward, noting Mr. Swiz (now Mr. Rice) testified that customers will receive the EDG billing credit up to the point where the total net bill reaches the customer's minimum monthly charge under the customer's applicable rate schedule. He also testified that Petitioner's proposed practice to confiscate any credits remaining when the customer discontinues service will deprive departing customers of earned EDG credits without any clear justification. Mr. Kenworthy recommended that earned EDG credits be refundable to customers upon service termination.

Mr. Kenworthy testified that rate simplicity and stability are two of the founding principles of electricity regulation that enable customers to make informed long-term investments that spur economic growth, and he described principles Professor James Bonbright enumerated in *Principles of Public Utility Rate Design*. Mr. Kenworthy testified that using an LMP-based compensation rate is not consistent with Bonbright's principles because LMP is a wholesale market rate, and wholesale energy markets are notoriously volatile and unpredictable.

Mr. Kenworthy testified that, to his knowledge, Vectren South has not conducted a study of the cost to serve DG customers, and he recommended the Commission initiate a process to calculate the value of DG resources to the grid. Mr. Kenworthy testified that Minnesota has been engaged in a multi-year, rigorous process to set a full and fair annual value of solar in Xcel

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[7] While Mr. Kenworthy describes this as a "switch from net metering," (Joint Intervenors' Exhibit 2 at p. 22, line 2) it is noted current Vectren South net metering customers will not be switched to Rider EDG. *See* Sections 13 and 14.

Energy's service territory, and there are other methodologies currently in development in New York and California, along with work in Illinois, to determine value for the delivery portion of customers' bills to replace the value of net metering. Mr. Kenworthy opined that proposed Rider EDG will undervalue DG; therefore, to implement that rate in the absence of additional measures that fully and fairly value the outflow from customers' DG systems cannot be considered just and reasonable. He recommended the Commission, at a minimum, require Vectren South to use a monthly net billing method for calculating EDG. He also recommended the Commission initiate a value of DG investigation to inform future policy and regulatory decisions based on objective and robust study of DG's value.

C. Indiana DG's Direct Testimony.

1. Kurt Schneider. Mr. Schneider described Johnson Melloh Solutions ("JMS") operations, including operations in Vectren South's service area and in Indiana as a whole. He testified that JMS provides energy efficiency and renewable energy solutions and owns nine solar assets in Indiana under Bulldog Energy. In addition, JMS has helped develop 39 solar school projects and the first large jail project.

Mr. Schneider testified regarding the economic benefits and stimulus the JMS solar installation and maintenance business brings to Vectren South's service area and to Indiana. He stated that proposed Rider EDG will be very bad for JMS's business and prospective customers and will undermine the future of JMS's Indiana solar business. Mr. Schneider testified that Vectren South's proposed netting methodology will substantially decrease the credit Petitioner's customers will receive for EDG, and the lower the credit customers receive from a solar installation, the less likely they are to do business with Indiana solar installers. Mr. Schneider projected that EDG as proposed will cut JMS's business because tenable financial paybacks will cease to exist in Vectren South's service area.

Mr. Schneider testified that Vectren South's EDG proposal cuts the net metering rate of 14.3 cents for residential and 9.3 cents per kWh for commercial customers to about 3.1 cents. He opined that Petitioner's proposed instantaneous netting methodology will drastically reduce or dry up JMS's Indiana solar business in Vectren South's service area, and he projected Vectren South's proposal will more than triple the customer payback from seven to ten years to about 25 years. Mr. Schneider testified that will be very bad for JMS's business and inequitable and unfair to Petitioner's customers, the solar companies serving Petitioner's customers, and Indiana's economic interests at large. Mr. Schneider stated that if the Commission feels compelled to grant some portion of Vectren South's requested relief, the Commission should use its regulatory discretion and expertise to minimize the brutal treatment of solar DG that Vectren South has proposed.

2. Brad Morton. Mr. Morton, the owner and President of Morton Solar, testified that Vectren South's estimated value of EDG solar is much too low, unreasonably lengthening the Vectren South customer payback period for the cost of a new solar energy system. Mr. Morton stated this will deter customers from installing solar energy systems at their homes and businesses. Mr. Morton explained that the most critical considerations for current and prospective solar installation customers are, generally, system cost and the period over which the solar equipment and installation will be recovered, i.e., recovery of investment. Mr. Morton stated

that large business prospective solar customers are typically looking for a five to six year payback period, while most residential customers want a seven to ten year payback.

Mr. Morton stated the cumulative impact of Vectren South's EDG and instantaneous netting proposals, along with elimination of the federal tax credit, will result in a payback period of more than 25 years. He testified that lengthening the customer investment payback period will make customers extremely reluctant or unwilling to invest in solar which will be devastating to Indiana's fledgling solar industry and result in job losses and probable market contraction to an industry just beginning to blossom. Mr. Morton testified that instead of continuing to focus on investing resources in Indiana, it would be logical for Morton Solar to shift its focus to neighboring jurisdictions that treat solar installations reasonably.

Mr. Morton described the economic contributions Morton Solar makes to Vectren South's service area and Indiana as a whole. He stated that severely restricting the value of customers' monthly solar generation offsets will lead Vectren South into monopolizing solar energy generation in its service area. Mr. Morton testified that battery storage is very expensive; consequently, adding the cost of batteries to a customer's solar installation will lengthen the financial payback time for a solar energy investment, further removing access to renewable energy by middle and lower-income classes. He stated EDG offers no value for DG's environmental benefits or operational benefits like reduced line losses and peak shaving. Mr. Morton noted that ratemaking is an art and not a science, and he recommended the Commission use its regulatory expertise and discretion and deny Vectren South's EDG proposal, including both its proposed rate and the instantaneous netting methodology, or absent a flat-out denial, the Commission deny and order Vectren South to collaborate with stakeholders to better formulate its proposal and refile at a later date.

3. Edward Rutter.[8] Mr. Rutter recommended Rider EDG be denied, but if not denied, that instantaneous netting be denied with monthly netting continued. He explained the importance and benefit of viewing Vectren South's EDG rate proposal from the context of just and reasonable rates, i.e., utility monopoly price regulation. Mr. Rutter listed the direct and indirect benefits DG resources provide to the grid and testified that the proposed EDG rate does not recognize these benefits because Vectren South did not rely on the cost-of-service study filed with its last base rate case. Mr. Rutter stated that Vectren South set its proposed EDG rate at 1.25 times the LMP at Vectren South's SIGE.SIGW load node, and this rate does not attempt to consider the direct and indirect benefits the DG resources contribute to the grid.

Mr. Rutter testified the Standard Practice Manual developed by the California Public Utilities Commission can be used to capture both the direct and indirect benefits attributable to

[8] Mr. Rutter testified he had reviewed the Lawrence Berkeley National Laboratory ("LBNL") Report to the Indiana Energy Policy Task Force and explained why he considers the LBNL Report germane to this case. At the evidentiary hearing, Indiana DG requested administrative notice be taken of the LBNL Report, but consistent with 170 IAC 1-1.1-21.5, as amended effective July 10, 2020, administrative notice was taken of two facts, i.e., that the report was requested by the Commission and has been received by the Commission. Tr. C-29, line 8 through C-30, line 15. Administrative notice was not taken of the LBNL Report; consequently, insofar as Joint Intervenors or other parties in their proposed orders, exceptions, or other post-hearing filings relay or rely upon what the report states to support a position, this is improper since administrative notice was limited to specific facts in this report, and administrative notice was not taken of this document.

DG customers' contribution to the distribution grid. He stated the EDG rate is so tilted against DG customers that the combined effect of the proposed 3.1 cents per kWh and instantaneous netting will not allow a retail customer to recover their solar installation cost for 25 or more years which is at or after the projected 25-year life of the equipment. Mr. Rutter testified that Vectren South's EDG rate is grossly undervalued and will result in stifling residential and commercial solar DG investment and growth to the detriment of Vectren South and its customers.

Mr. Rutter testified that Vectren South's EDG rate is priced below its 2019/2020 Integrated Resource Plan ("IRP") avoided costs and system marginal costs included in its IRP. He stated DG customers should, at a minimum, be able to rely upon Petitioner's calculation of avoided cost as the bare bones first step in reviewing the EDG rate and as the system marginal cost compass for evaluating the future. Mr. Rutter further testified that Vectren South's instantaneous netting and EDG calculation do not conform to Ind. Code ch. 8-1-40. He testified Vectren South has chosen the netting mechanism that gives DG customers the very least compensation, and this will stifle future customer owned solar DG. He noted monthly netting has been the norm under current net metering and should remain the norm and be applied in Rider EDG.

Mr. Rutter described middle ground options to developing a just and reasonable EDG rate. He testified that in the art of utility ratemaking, there are many compensation rates that can be considered to reasonably measure the benefits DG customers provide to the grid. He stated DG provides both direct and indirect grid benefits and can be compensated under various rate calculations, with one rate consideration being to price the compensation to DG customers at the avoided cost of a kWh sold for a specific retail rate class. Mr. Rutter testified the second methodology is to determine the true cost and benefits attributable to the DG contribution, recognizing the direct benefits, societal benefits, and other indirect costs. Mr. Rutter testified that quantifying the societal issues is difficult and subject to criticism but is a necessary undertaking in recognizing DG's full benefits to the grid. He stated one way of identifying the societal benefits DG provides is to recognize that DG customers through generating renewable, carbon free electricity help the avoidance of carbon costs potentially incurred by Vectren South; therefore, a starting point for that analysis would be consideration of the carbon costs, either estimated on a national level or modeled by Petitioner in developing the 2019/2020 IRP. Mr. Rutter testified a 50/50 split for residential DG customers and a 60/40 split for commercial customers would give DG customers some recognition of the benefits they create for all customers. He stated energy outflows should be credited to DG customers at the equivalent inflow rate or at a rate that recognizes all the benefits DG provides to the grid to the benefit of Vectren and all ratepayers, with both alternatives meeting the criteria for just and reasonable energy outflow rate compensation.

Mr. Rutter compared Vectren South's approximate 2019 DG banked credits ($53,369 net credit value; $170,506 gross banked credit value) against the economic stimulus DG solar installers provide to the Vectren South service territory ($6.453M per Mr. Schneider + $2.5M per Mr. Morton = $9M). Mr. Rutter testified the 2019 Vectren South net and gross total DG credit costs are very small compared to the total stimulus from just these two solar installers. Mr. Rutter testified that he believes this small cost, which will eventually be borne by all Vectren South customers, is well worth the direct economic stimulus benefits and broad social benefits.

Mr. Rutter testified that Indiana DG asked Vectren South for the projected EDG rate impact on some current Vectren South customers. He described the electric bills for five Vectren South net metering customers if they were under proposed Rider EDG. Based on the data, Mr. Rutter testified that he concluded EDG and instantaneous netting represent a rate cost increase so great as to bolster his belief that Petitioner's EDG proposal is unjust, unreasonable, and should not be approved. According to Mr. Rutter, the lack of consistency with Petitioner's IRP shows how arbitrary and inadequate Petitioner's proposed rate is.

D. Solarize's Direct Testimony.

1. Darrell Boggess. Mr. Boggess testified that if Vectren South's proposed EDG tariff is approved, this will reduce the rate of adoption of distributed solar energy in Vectren South's electric service territory, thereby adversely affecting the future health and well-being of friends and family who live in southwest Indiana. Mr. Boggess testified that it is his understanding the proposed EDG tariff is similar to the unregulated net billing by rural electric membership cooperatives ("REMC") and will, thus, have the effect of reducing the amount of privately funded distributed solar energy. Mr. Boggess further testified that it is likely solar systems will be sized smaller to allow less energy to be sent to the grid and/or will not be procured due to Vectren South's proposed changes in solar energy compensation.

Mr. Boggess described the adverse impacts Rider EDG will have on Solarize, stating the new tariff will be a disincentive for future solar aspirants by reducing the financial feasibility of investments in solar energy, and it will create confusion and uncertainty in decision analysis by prospective solar owners. Mr. Boggess testified that adverse financial effects from Vectren South's proposed EDG tariff will certainly reduce the number of prospective and actual solar customers. He stated financial decisions are unlikely to be approved when the expected gain is less than the cost, and the financial incentive for new solar customers will be less after the July 2022 legislated end of net metering. Mr. Boggess testified that Vectren South's proposed EDG tariff will exacerbate this problem by lowering the expected gains further.

Mr. Boggess testified the proposed EDG tariff, as it currently stands, will seriously harm adoption of distributed solar in Vectren South's service territory, and the Commission should also recognize that Vectren South does not have a tariff compliant with the PURPA. He testified a PURPA-compliant tariff option would be an effective sequel to net metering, promoting greater use of renewable energy by providing an acceptable rate of return for private investment in solar systems comparable to that realized for investments by public utility companies.

2. Barry Kastner. Mr. Kastner prepared and submitted a pair of financial models. The first model uses Vectren South's proposed methodology for calculating the credit for EDG while the second model uses other netting intervals. Mr. Kastner testified that Vectren South's proposed EDG tariff fails to compensate solar customers fairly and reasonably because it extends the payback period for customers to recover their investment by many years, and the forecasted financial return for solar customers under Rider EDG will not meet even very low investment hurdles which will dissuade many prospects from going solar. Mr. Kastner further testified that Vectren South's proposed methodology is not compliant with the instructions in SEA 309, i.e., the Distributed Generation Statutes, for calculating the compensation to solar customers

for EDG. He stated that if Vectren South's calculation method were compliant with SEA 309, the compensation would be somewhat more reasonable.

Mr. Kastner explained that based on his models, over 25 years, the net metering household makes a modest return on its solar investment but has to wait 12 years before it starts turning positive. He testified that using a monthly netting period to determine the EDG credit, the solar household will fare a little worse and wait 13 years to go positive, but under Vectren South's EDG proposal, the solar investment will fall far short of modest investment returns and not turn positive until near the end of the 25-year planning horizon. Mr. Kastner testified the differences in financial return on investment among these models is material, with Petitioner's approach contradicting the statute and making a go-solar decision unjustifiable on financial grounds.

Mr. Kastner stated that based on his experience helping solar prospects reach a decision, very few REMC customers decide to go solar because they have faced low net billing rates similar to the proposed EDG tariff. Mr. Kastner testified that for those who might still go solar despite poor financial measures, the EDG tariff will drive some to invest in smaller systems that do not send much clean energy to the grid. He stated these customers will try to use onsite usage during peak production periods when excess generation would be most valuable to the electricity sector. He projected the entrepreneurial solar business sector will suffer. Mr. Kastner testified that Rider EDG should be rejected because it fails to calculate the difference in kWhs between inflow and outflow as SEA 309 requires. Alternatively, he stated Vectren South can rehabilitate this netting defect by first taking the difference in kWhs between inflow and outflow before applying the Rider EDG rate.

In concluding, Mr. Kastner testified Vectren South's proposed Rider EDG and calculations for billing purposes result in exceedingly low financial returns for prospective solar customers, undermining the residential solar market, reducing the potential for clean renewable energy, and contravening the statutory purpose of SEA 309. He opined that Petitioner's calculation of EDG is at odds with the statute's specific calculation guidance, and the Commission should reject Vectren South's proposal.

3. Jay Picking. Mr. Picking encouraged the Commission to reject or modify Vectren South's request for approval of Rider EDG because approval of this request, as filed, will seriously damage Solarize and the work it does in Vectren South's service territory to facilitate residential solar. Mr. Picking testified he has attended all of Vectren South's 2019/2020 IRP meetings and been pleased to see that Petitioner has included a relatively high percentage of renewables in its proposed preferred portfolio; however, in his opinion, this filing by Vectren South for approval of Rider EDG will practically destroy the residential solar market in Petitioner's service territory. Mr. Picking testified that while SEA 309 phases out net metering, it deferred the phase-out to 2032 for installations occurring before a utility reaches its 1.5% cap or June 30, 2022, whichever comes sooner, so net metering is still available under SEA 309 to Vectren South's customers installing solar systems before the end of 2020.

Mr. Picking explained that in his opinion, the current net metering framework has allowed a reasonable return on investment ("ROI") to be achieved by residential homeowners installing solar; however, the proposed EDG tariff utilizing such a low compensation rate and smart meters for netting excess generation will reduce that ROI. Mr. Picking stated Vectren South's proposed

tariff is also causing confusion, concern, and difficulty in estimating potential savings and ROI because Petitioner cannot provide comparative data individually for actual customers or for a hypothetical typical customer for illustration purposes.

Mr. Picking opined that unless Vectren South's proposal is changed, Solarize will see little interest in residential solar in the Evansville area. Mr. Picking expects other Indiana utilities to meet the 1.5% peak load minimum standard set by SEA 309 for net metering and to also file EDG-style tariffs in 2021. Mr. Picking stated that if those tariffs are based on the Vectren South model, the advantages of residential solar for homeowners will disappear in Indiana, eliminating what he considers to be a critical element of Indiana's environmental and energy policy.

4. Jean Webb. Ms. Webb identified one purpose of her testimony as being to oppose, on behalf of Solarize, proposed Rider EDG because approval of the rate proposed will seriously harm Solarize and the work it does in Vectren South's service territory. Ms. Webb stated that based on her experience in the Solarize Evansville 2017 initiative, people need to calculate a ROI to purchase a solar system. Ms. Webb testified the challenge of demonstrating this in 2021 will come from: (1) in 2017, the federal tax credit for solar systems was 30% but will drop to 22% in 2021; (2) the proposed EDG tariff will credit solar energy kWh flowing from the system to the grid at a much lower rate; and (3) the proposed Rider EDG changes the definition of EDG from the difference between electricity produced and electricity consumed during the same monthly billing period, to Vectren South's proposed instantaneous tracking. She testified this increases the complexity of the billing and favors the utility over the solar owner by classifying a lot more of the electricity produced as excess than as offsetting consumption. She stated homeowners will no longer be able to read their meter at the end of each billing period and calculate what their bill should be. Ms. Webb testified the prices of solar systems have not dropped enough, nor are they expected to drop enough, to compensate for the past reductions in and future loss of a favorable tax credit combined with the replacement of a favorable net metering tariff with an unfavorable EDG tariff. She stated the complexity of instantaneous netting of energy received and delivered by the customer, measured only by the utility, creates risks for customers that neither Vectren South nor Solarize are equipped to address to customers' satisfaction.

Ms. Webb testified that if this proposed tariff is approved, there will be few potential solar customers for volunteers like her to inform, educate, and assist regarding home and business solar system installations. She asked the Commission to fairly compensate customer-owned solar within the confines of the law and approve a tariff which compensates solar system owners based upon value of solar studies. Based on the advice of counsel, she encouraged the Commission to "not allow what I view as the failings of SEA 309 to usurp their authority and responsibilities to Hoosiers under Indiana law and under PURPA." Solarize Exhibit 2, at p. 14, lines 22-24.

5. Michael Mullett. Mr. Mullett is a distributed solar customer of Duke Energy Indiana, subject to that utility's net metering tariff, with longstanding support for solar initiatives, including Solarize. Mr. Mullet opposed Vectren South's proposed EDG tariff and rate.[9]

[9] Based on his testimony, Mr. Mullett formally retired from the practice of law in August 2014. In this proceeding, he serves as Solarize's client representative, but much of his testimony was couched as what Solarize has been advised by its counsel or conveyed a position taken on the advice of Solarize's counsel. *See e.g.*, Solarize Exhibit No. 5 at p. 16, line 24 through p. 17, line 2; at p. 17, lines 16-21; at p. 17, line 24 through p. 18, line 3; at p. 18, lines 25-26; at p.

He explained that Solarize is concerned the proposed EDG rate of 3.1 cents per kwh is arbitrary and confiscatory and, thus, not just and reasonable. According to Mr. Mullet, Solarize has been advised by counsel that just and reasonable is a constitutional as well as a statutory standard and simply because the Indiana General Assembly, rather than the Commission, has set a rate does not mean that rate is just and reasonable in the constitutional sense. First and foremost, however, he stated Solarize is concerned the proposed EDG rate is arbitrary because it is not based on any detailed cost or value of service study or data specific to Vectren South and the EDG service. Second, Mr. Mullett testified Solarize is also concerned that the author of SEA 309 expressly stated and restated during the General Assembly's legislative process that the EDG rate was "arbitrary."

Mr. Mullett testified the proposed EDG rate is confiscatory because it does not compensate customer-generators fairly and reasonably based on the cost of the Vectren South service to the participating customers or the value of the participating customers' service to Vectren South. Mr. Mullett further testified that based on advice of counsel, the applicable provision of SEA 309, codified as Section 17, defining the EDG rate and the method of its calculation as applied by Vectren South in its EDG proposal is likely unjust and unreasonable as a matter of law and, thus, violative of both the Indiana and the United States Constitutions. Mr. Mullett acknowledged that "again on advice of counsel," it is Solarize's expectation that judicial review of a final order by the Commission is the forum in which to declare the relevant provisions of SEA 309 unconstitutional. Solarize Exhibit 5 at p. 18, lines 24-27.

Mr. Mullett stated Solarize is also concerned about the proposed instantaneous measurement of gross inflows and outflows of electric energy and then using those measurements for calculating distributed solar customers' bills. Mr. Mullett opined that this violates the applicable provisions of SEA 309, i.e., Sections 5 and 18, because the legislative intent was to change the rate of compensation but not the method of calculating EDG followed under net metering. He noted Solarize has been advised by counsel that Sections 5 and 18 do not expressly authorize or require instantaneous netting of customer generation and consumption. Mr. Mullett also testified that Vectren South has not demonstrated any cost-of-service basis for proposing instantaneous netting rather than billing period netting to define and calculate EDG. He testified that instantaneous netting will materially lengthen the payback period and lower the internal rate of return for participating customers' capital investments in distributed solar installations. In addition, distributed solar customer bills will be higher than if the only change made was to compensate EDG, as defined and measured under net metering, at 3.1 cents per kwh rather than on a kwh for kwh basis.

19, lines 10-13 ("[Solarize] has been advised by counsel, that properly interpreted using Indiana time-honored principles of statutory construction, Ind. Code §§ 8-1-40-5 & 18 do not expressly authorize or require instantaneous rather than billing period netting of customer generation and consumption."); at p. 23, lines 8-12 ("[Solarize] has been advised by counsel that, generally, the Commission has the authority to approve indemnification and limitation of liability provisions in a utility's tariffs … ."); at p. 27, lines 22-26 (Based on advice of counsel, [Solarize] understands that, under applicable Indiana law, the Commission is intended to serve as a surrogate for competition … ."); at p. 28, lines 11-13; at p. 31, line 23 through p. 32, line 3; and at p. 36, lines 31-32 ("[Solarize] has been advised by counsel that such offerings are required by PURPA."). Consistent with footnote 6 above, advice from counsel or agreement between counsel and his or her client upon what position to take is more appropriately presented in briefs or similar filings as opposed to using testimony to relay secondhand what counsel has advised. Testimony conveying to the Commission what advice Solarize has received from counsel is dissimilar from personal or expert testimony supportive of the constitutional, statutory, or other legal position taken.

Mr. Mullett testified Solarize also is concerned with the incomplete, undisclosed, untested, and unreviewed programming required for the retrieval and processing of critical data from Petitioner's smart digital meters for purposes of recording, reporting, and billing customers' generation and consumption subject to the EDG tariff and rate. He stated that Petitioner appears to be proceeding on the mistaken assumption that there is no need to present to the parties and the Commission in detail its plans for such updated programming.

Mr. Mullett testified that Solarize is also concerned with certain terms of the EDG tariff, particularly the indemnification and insurance provisions, Petitioner's access provision, and the potential liability of solar vendors under Ind. Code § 8-1-40-23 ("Section 23") which establishes customers' rights regarding DG equipment. While he testified Solarize is zealous in respecting customer rights regarding DG, Mr. Mullett stated the ambiguity and uncertainty of Section 23 could become a trap for the unwary solar vendor. Mr. Mullett testified the Commission has authority to approve indemnification and limitation of liability provisions in a utility's tariff, but the provisions Vectren South has included in paragraphs 10 and 11 are so protective to Petitioner as to be punitive to its customer generators. Mr. Mullett stated that Solarize believes the proposed indemnification provision should be narrowed in scope and limited in amount to the limits required in the insurance policy. He testified Petitioner's access provisions should also be revised to be commercially fair and reasonable by making access to occupied structures subject to the owner's or occupant's consent, which should not be unreasonably withheld upon Petitioner's reasonable request.

Mr. Mullett noted that, on its face, SEA 309 authorizes Commission approval of the recovery of EDG credits paid by the utility to EDG customers as purchased power expenses to be recovered through the utility's FAC. *See* Ind. Code § 8-1-40-19 ("Section 19"). Mr. Mullett stated Solarize is concerned that, with respect to DG customers, this will constitute an impermissible double recovery of an energy delivery charge.

Mr. Mullett advised that based on discussions with counsel and others, Solarize is also concerned that Vectren South's EDG tariff and rate proposal, as a whole, are premised on an assertion of exclusive jurisdiction for the State of Indiana over certain matters which are inherently subject to shared federal and state jurisdiction and, thus, subject to the PURPA, the Federal Power Act, or both, without substantive elaboration. Mr. Mullett similarly stated Solarize is concerned about Vectren South's failure to offer a PURPA-compliant tariff.

7. Intervenors' Supplemental Testimony.

A. Indiana DG's Supplemental Testimony. Mr. Rutter provided supplemental testimony based on his review of Vectren South's most recent cost-of-service study. He testified that his review of the cost-of-service study enabled him to develop an additional middle ground consideration in measuring an overall just and reasonable rate result based on the theory of allocating cost to DG customers' use of Petitioner's distribution system for their excess energy. Based on the cost-of-service study, Mr. Rutter estimated a distribution cost offset or contribution for DG customers' use of the grid for their EDG. He testified the EDG overall comparative rate utilizing the cost-of-service study would be Vectren South's average retail rate of $0.15675, less the estimated allocation of $0.02772 for use of the distribution grid, resulting in an EDG rate of $0.12903 per kWh. Mr. Rutter stated a rate developed in this manner for all DG

customer classes would not stifle the growth of DG. Mr. Rutter concluded by testifying the additional middle ground option is an appropriate, just, and reasonable comparative consideration.

B. Solarize's Supplemental Testimony. Mr. Kastner provided supplemental testimony to further discuss bill charges and credits due to the EDG tariff using inflow and outflow based upon kWh data Vectren South provided for five existing solar customers. Mr. Kastner testified the impact of the EDG tariff, when using Vectren South's proposed method, results in a sharp rise in net charges. Mr. Kastner opined that increased net charges will subtract deeply from the savings on solar projects, substantially extending a customer's payback period and undermining a solar customer's ROI. Mr. Kastner concluded the five illustrative customers will be markedly impacted by the EDG tariff Vectren South proposes if and when their net metering goes away. Mr. Kastner also concluded that new residential solar prospects at any level of solar investment will be deterred by the increased payback periods and diminished returns on investment resulting from Vectren South's proposed EDG tariff.

8. Petitioner's Rebuttal Evidence.

A. Mathew A. Rice. On rebuttal, Mr. Rice testified that Intervenors' arguments that Vectren South's proposal will discourage prospective solar purchasers, cause solar systems to be sized smaller, thereby sending less energy to the grid, and cause Indiana to be left behind are policy arguments for the continuation of net metering, some of which are the same arguments that were presented to the General Assembly for continuation of net metering. The legislature, however, enacted SEA 309, clearly setting an end to traditional net metering in Indiana for new DG customers and replacing it with a mechanism that credits DG owners at a rate that more closely aligns with what the market would dictate electric utilities pay for electricity. Mr. Rice provided examples of Intervenor arguments intended to perpetuate the net metering subsidy and, therefore, inconsistent with the Distributed Generation Statutes (Ind. Code ch. 8-1-40), including the proposal to use a monthly netting interval instead of instantaneous netting and proposals to use a different Rider EDG rate based on the value of DG. Mr. Rice testified that doing so would perpetuate the subsidy the General Assembly intended to eliminate in enacting SEA 309. He stated monthly netting would allow new DG customers to pay virtually nothing in some months despite having used Petitioner's system to meet their electricity needs.

Mr. Rice testified Vectren South's definition of EDG is consistent with Section 5. He stated that Mr. Alvarez misunderstands how Vectren South determines EDG and explained that both components of EDG set forth in Section 5, under Petitioner's proposed Rider EDG, are recorded and netted as outflow on the meter in determining EDG, not just a single component as Mr. Alvarez mistakenly asserts. In other words, the meter registers as outflow the net of the two components of EDG set forth in Section 5, not just a single component. Mr. Rice was unequivocal that what Vectren South references as what the DG resource produced was intended to refer to the electricity that is supplied back to the electricity supplier by the customer per Section 5(2) and what Petitioner refers to as what the customer used behind-the-meter refers to the electricity that is supplied by an electricity supplier to a customer under Section 5(1). He testified the "difference," as specified in Section 5, is the outflow measurement on the meter—outflow is not Section 5(1) or (2); it is the difference or the net of these components. Petitioner's Exhibit 3 at p. 6, lines 20-32. Mr. Rice stated the meter records, as inflow, the requirements from the customer not satisfied by the DG resource.

Mr. Rice testified that, essentially, Mr. Alvarez's proposal would result in a "buy-all / sell-all" situation where all electricity produced by the customer would flow back through a meter to the utility, resulting in the utility buying all the customer's energy and selling the customer all its needed energy through a separate meter. He stated this scenario was rejected by the General Assembly in enacting SEA 309. Under SEA 309, customers retain the energy they produce behind-the-tmeter, and outflow is the net of both components of EDG in Section 5. Mr. Rice stated that Mr. Alvarez's interpretation of the statute requires the utility to make the power in excess of what the customer needed at that time available to the customer at a future point by netting it against the inflow for the month, but this results in Vectren South acting as a battery for the DG customer, which is inconsistent with the Distributed Generation Statutes and would, effectively, continue net metering as it exists today.

Mr. Rice testified that Petitioner's proposed EDG Rate is applied to the correct EDG amount, reiterating that the "difference" between the two components of EDG set forth in Section 5 are captured in the outflow measurement and recorded by the outflow channel on the meter. He stated the existence of the DG resource behind-the-meter dictates that the customer's requirements and the customer's DG resource production are netted before passing through the meter, resulting in the outflow recording on the meter being the EDG, whereas the inflow recorded on the meter measures the customer's requirements in excess of what the DG resource produced. Mr. Rice testified the power internally generated and consumed on the load or customer side of the metering point, i.e., before crossing through the meter, is not registered by the meter or billed to the customer. That energy is solely the customer's energy. According to Mr. Rice, the simple instance of the measurement of electricity flowing through the meter generates the billing determinants, with outflow representing the net power in excess of what the customer required from its DG resource and from Petitioner, and inflow representing power the customer required in excess of what the customer generated. Mr. Rice testified that outflow is the net, in kWh, of the electricity supplied back to the electricity supplier by the customer and the electricity that is supplied by an electricity supplier to a customer and the net amount under Section 5 that Rider EDG is applied to.

Mr. Rice described why the use of instantaneous billing is consistent with the Distributed Generation Statutes. He testified that, presumably, the General Assembly was well-aware of the net metering regulations when enacting the Distributed Generation Statutes, and had the General Assembly intended to continue with net metering guidelines, it would have included, or maintained, the explicit net metering "single read at the end of a customer's billing period" language found in 170 IAC 4-4.2-7; however, in Ind. Code ch. 8-1-40, the legislature did not reference 170 IAC 4-4.2-7 or endorse that billing period.

Mr. Rice stated the use of instantaneous netting results in rates that better approximate the cost and reality of serving EDG customers because Petitioner's distribution and transmission system must not only meet peak requirements but must also absorb any additional input from DG resources without creating failures for its other customers. Mr. Rice opined that netting outflow and inflow over a month is inconsistent with cost allocation principles or principles of good rate design. He used five customer bill analyses to demonstrate that applying a monthly netting process to EDG, as the Intervenors propose, results in certain customers paying nothing for energy

consumed over a twelve-month period despite having used Petitioner's system. Mr. Rice testified that treating a DG customer's excess/unused energy as having been stored for future netting against their later needs, either during the same day or month or in future months, unfairly compensates the DG customer at the expense of Petitioner's other customers. He stated the fact is that in instances when the DG resource is not generating electricity—for example, after sundown—that customer will require energy from Vectren South via its generation resources. The utility is not actually providing battery storage for the DG customer. Any generation produced by the DG resource that is not consumed is power that other customers on Petitioner's electric grid consume.

Mr. Rice stated SEA 309 appropriately provides compensation to the solar customer based on the rate the utility could have purchased the same energy at wholesale, plus a 25% adder. There is no offset available for periods when the DG resource is not producing electricity for the customer. Thus, instantaneous netting results in rates that are more cost based than monthly netting. Mr. Rice deferred to Vectren South's witness Joiner to explain in detail why the reduced system costs Mr. Jester claims result from DG do not really exist. Mr. Rice stated the demands placed on Petitioner's system by DG customers are the same, if not greater, than those placed by non-DG customers. Intermittent resources still require that Petitioner's system be designed to meet peak demands. Mr. Rice also stated that instantaneous billing, unlike monthly netting, results in rates consistent with principles of sound rate design, while monthly netting: (1) creates a false price signal for customers suggesting costs can be avoided without alignment of energy consumption and demand to energy production; and (2) does not fairly apportion cost-of-service among different customers given the cost shift and creation of an intra-class subsidy.

Mr. Rice testified that Vectren South will not be able to implement hourly netting in the immediate future, absent significant investment. In response to Mr. Rutter's suggestion that Petitioner develop a rate that determines the cost and benefits attributable to DG, Mr. Rice explained that Vectren South has adhered to the Distributed Generation Statutes, which specify the rate to apply. Mr. Rice also testified that Petitioner's EDG Rider is transparent and easy for customers to understand, explaining that Petitioner is not changing the metering construct, is using the same data source for all customers (net metering and non-DG customers), and will be providing more granular information to EDG customers by splitting the bill data into two components, i.e., inflow and outflow.

Mr. Rice also responded to claims that Vectren South's proposal will extend the payback period for residential solar installations. He testified that net metering customers today are receiving an incentive – or subsidy – in excess of the value provided to the system while Rider EDG will send a more accurate price signal. Mr. Rice stated that Intervenors' recommended seven to ten-year payback period is based on an incentive structure put in place to help advance DG investments at a time when DG investments did not present a reasonable financial investment for customers and relies upon an inaccurate price signal driven by the assumption that all costs can be avoided.

Mr. Rice also responded to claims by Solarize witness Mullett that use of the FAC to recover credits to EDG customers creates double recovery. Mr. Rice stated there is no double recovery because costs eligible for recovery in the FAC are recovered based on energy consumed by customers. Because FAC charges are applied to the inflow measurement of a customer's meter,

the customer is paying the variable FAC based on energy the customer consumed, which is separate and distinct from the Rider EDG credits paid for EDG.

Mr. Rice testified that EDG credits should not be refundable to customers upon their termination of service. He opined that making cash payments to customers that generate electricity could be problematic, noting that under Section 18, any excess credit shall be carried forward and applied against future customer charges "for as long as the customer receives retail service from the electricity supplier at the premises." No refund is required and could, he noted, create tax and other unintended implications by shifting the customer from a resale customer receiving credits on their bill to a wholesale seller of power. Mr. Rice also noted that if Vectren South were to pay these customers any remaining credits, Petitioner's other customers would lose the benefit of the forfeited credits through the FAC.

Mr. Rice also addressed the various cost of service assertions Intervenors made, noting the focus of this proceeding is compliance with Ind. Code ch. 8-1-40. He stated time of use rates and discussion around design of rates for all customers, including DG customers, are best addressed as part of a comprehensive base rate case. He testified Petitioner consistently evaluates the specifics of each of its rate schedules, and this will occur in any future rate case.

Mr. Rice recommended the Commission approve Rider EDG as proposed by Vectren South. Because Rider EDG is calculated in accordance with the Distributed Generation Statutes, he testified proposed Rider EDG recognizes that excess energy produced by DG must be purchased by the utility's other customers, regardless of whether it is needed or not; therefore, Rider EDG customers are appropriately compensated based on the wholesale cost of energy, plus a premium. From Mr. Rice's perspective, the Intervenors' various proposals would inappropriately perpetuate the subsidy Petitioner's other customers provide under net metering and should be rejected. On cross-examination, Mr. Rice confirmed the Distributed Generation Statutes do not prescribe a particular netting period. (Tr. B-4—B-5).

B. Justin M. Joiner. On rebuttal, Mr. Joiner responded to Joint Intervenors' witness Jester's testimony that "[a]ll of the power generated by distributed generation reduces power plant operations or power purchases by the utility." He testified this statement is not accurate. Mr. Joiner stated that outflows from DG, unless dispatchable, typically will not impact Vectren South's power plant operations because Petitioner commits most of its generation output into the MISO Day-Ahead ("DA") market. Mr. Joiner explained that the MISO DA market requires Vectren South to submit an expected generation output and load requirement 15.5 hours in advance of the following operating day. Mr. Joiner stated that excess energy generated by small, intermittent DG resources, like rooftop solar, is not predictable enough to be factored into these expected generation output and load requirements and is, therefore, not going to reduce plant operations.

Mr. Joiner stated that if a substantial amount of excess power is produced by a DG resource, theoretically Vectren South could scale back its power plant operations, but practically speaking no, that it does not make economical or operational sense for Vectren South to scale back its power plant operations if a substantial amount of excess power is produced by a DG resource. According to Mr. Joiner, scaling plants back under such circumstances will increase wear and tear on the generating facilities and cause periods of reliance on the wholesale market while units ramp back

up to replace reduced outflows from the DG facilities. Mr. Joiner also testified that scaling back likely will increase DA market commitment deviations and the maintenance costs for Vectren South's power plants.

Mr. Joiner testified that unless the DG resource is backed up by sufficient battery storage capability, EDG will not result in consistent reduced Vectren South power plant operations, fuel costs, or purchased energy costs. Mr. Joiner further testified that he would not describe EDG as "negative load" for purposes of fuel and purchased energy costs. He stated Vectren South must operate its power plants and system to meet its DA commitments, and the potential increase of outflow onto the system is likely to produce periods of transmission congestion that could adversely impact Petitioner's customers through reduced energy payments for off system sales from plant operations, as well as increased costs for any needed energy imports.

Mr. Joiner stated that outflow generated by EDG customers does not reduce Vectren South's requirements to meet certain MISO planning standards in any meaningful way. Additionally, Mr. Joiner testified that EDG customers cannot directly participate in the wholesale market without additional cost via aggregation enrollment or direct market involvement. He stated EDG owners typically realize inflows instead of outflows during the peak conditions on which capacity accreditation is based. Mr. Joiner testified that unless the outflow can be relied upon consistently or upon instruction, it should not be recognized as a permanent resource or reduction in load for purposes of MISO load statistics.

C. <u>Jason L. Williams</u>. Mr. Williams responded to the direct testimony of Intervenors regarding AMI. He testified Vectren South is ready to implement Rider EDG as of January 1, 2021, subject to Commission approval, and there are no material modifications or delays required to implement Rider EDG. Mr. Williams testified that Mr. Mullett mistakenly believes implementation of Rider EDG is connected to, or dependent upon, Vectren South's deployment of AMI meters within its service territory. To the contrary, there is no direct correlation, and he noted Vectren South's AMI deployment was substantially complete in the fourth quarter of 2019.

Mr. Williams also refuted Mr. Mullett's assertion that Vectren South is proposing undeveloped, undisclosed, untested, and unreviewed programming for retrieval and processing of data. Mr. Williams testified that a misconception on the part of the intervening parties seems to be that Vectren South cannot successfully bill a net metered DG customer because Petitioner just recently started using AMI to remotely read and provide the customer usage data for its meters. Mr. Williams testified that a utility could continue to conduct traditional meter reading, i.e., in-person, manual reads of meters, without AMI and still fully service DG customers under either traditional Rider NM or Rider EDG. Mr. Williams acknowledged AMI improves many core functions, including faster restoration of electric service, and improves public safety and utility safety because of faster pinpointing where an outage occurs,

Mr. Williams provided a technical overview as to how the total outflow is the measurement of EDG as defined in Section 5. Specifically, Mr. Williams stated the inflow registered on the meter is the excess of the consumption that is required by the customer above what is produced by the customer's DG resource while the outflow registered on the meter is the measurement of the EDG above what is used by the customer. Mr. Williams testified that both inflow and outflow channels are registered at the meter and then transmitted to the billing system.

Mr. Williams testified that a DG customer does not have to use Vectren South's customer portal to understand if they are consuming more or generating more electricity on any given hour or day. Thus, Vectren South's customer portal is not required for DG customers to review and understand the amount of consumption between bills. Mr. Williams testified the meter will be programmed and installed at the customer's premise to display inflow and outflow reads at the meter for a Rider EDG customer. He stated the meter display is an easy and transparent way for a customer to know each day, week, or with whatever frequency they choose, whether inflow or outflow is increasing.

Mr. Williams stated additional improvements are not necessary to implement Rider EDG, and the technology and infrastructure Vectren South has installed and is currently using is equipped to handle DG now and in the future. Mr. Williams recommended the Commission approve Rider EDG as proposed by Vectren South without material modifications to the proposal or significant delay in implementation.

D. **Ryan E. Abshier.** Mr. Abshier testified the indemnification and insurance language in proposed Rider EDG is identical to the indemnification and insurance language in Petitioner's Rider NM. He further testified that the indemnification and insurance provisions are based on 170 IAC 4-4.2-8 and 170 IAC 4-4.3-10. Mr. Abshier stated the indemnification and insurance language in Petitioner's Rider NM has been in effect since May 18, 2005, when the Commission approved the language in a 30-day administrative filing. He testified the Distributed Generation Statutes are silent concerning indemnification and insurance requirements for customers with DG resources; therefore, to remain consistent with Petitioner's other interconnection requirements in approved schedules within Vectren South's tariff, Petitioner's insurance and indemnity provisions in proposed Rider EDG mirror those in Rider NM. He noted that in the fifteen years since this language was approved, Petitioner is not aware of a single customer request to remove or waive this language.

Mr. Abshier also addressed the language in proposed Rider EDG affording Vectren South immediate access at all times to metering, control, and protected equipment. He stated this language is also identical to the immediate access language in Petitioner's Rider NM. Mr. Abshier testified that Vectren South requires access to the metering, control, and protective equipment to ensure the interconnected generation facility is disconnected from the electrical system in emergency situations, such as fires, that could threaten the safety of the public, first responders, and Petitioner's personnel, as well as cause potential damage to Vectren South's equipment and to customer property. Mr. Abshier stated that during potentially hazardous situations, it is imperative to isolate the electric system as quickly as possible to mitigate the hazard. He opined that the proposed tariff language is reasonable and not overly broad. Mr. Abshier noted the potential for an inverter to not operate as intended, i.e., fail to automatically disconnect, under abnormal operating conditions during emergency situations. Additionally, he stated Petitioner's experience has shown electronic disconnecting devices can fail to operate or mis-operate over time due to degradation, programming bugs, and other factors. Mr. Abshier also addressed why use of the IREC Model Interconnection Procedures, as Mr. Kenworthy proposed, is too restrictive, limiting access in the event of an emergency or hazardous condition to reasonable access for any reasonable purpose as opposed to immediate access to take critical and necessary actions during emergency or hazardous conditions.

Mr. Abshier also responded to Mr. Kenworthy's recommendation that customers receiving three-phase service should not bear the cost of installing the three-phase meter as required in Rider EDG. Mr. Abshier stated this three-phase meter provision is consistent with the comparable meter provision in Petitioner's Rider NM. He also explained that, generally, the reason a three-phase meter is installed at the customer's expense, as opposed to Petitioner's expense, is because single phase and smaller three-phase self-contained meters can be replaced relatively quickly and easily, by a single person, while the larger three-phase metering changes have the potential to be more time consuming, labor intensive, and costly. Mr. Abshier stated the increased cost is driven by the installation of a more complicated meter that has the potential to require several hours of labor from multiple people and often requires installation of additional equipment, including external modems, power sources, and instrument transformers, as well as other tasks like switching or electrical isolation. In addition, more in-depth, customer-specific programming is required for certain three-phase services for accuracy and other issues, whereas single phase and small three-phase meters are pre-programmed and can be swapped with a non-programmed meter within a relatively short time. Given the complexity and additional labor and equipment costs associated with the installing three-phase meters, Mr. Abshier testified that Petitioner included language specifying the installation of three-phase meters will be at the customer's expense.

9. Commission Discussion and Findings.

A. Implementation and Calculation of Rider EDG under the Distributed Generation Statutes.

1. Timeliness of Petitioner's Filing for an EDG Rate. Section 10 requires a utility to make its net metering tariff available until the earlier of July 1, 2022, or "January 1 of the first calendar year after the calendar year in which [Petitioner's] aggregate amount of net metering facility nameplate capacity . . . equals at least one and one-half percent (1.5%) of [Petitioner's] most recent summer peak load." Section 10 further requires a utility to petition the Commission for approval of a rate for the procurement of EDG if, before July 1, 2022, the utility reasonably anticipates, at any point in a calendar year, that the aggregate amount of its net metering facility nameplate capacity will equal at least one and one-half percent of its most recent summer peak load. Otherwise, an electricity supplier must file a petition seeking approval of a rate for the procurement of EDG by March 1, 2021.

Petitioner's witness Rice testified that Vectren South initiated this proceeding in 2020 because Petitioner reasonably anticipated the aggregate available net metering capacity would be exhausted during the calendar year. The Commission notes that Petitioner voluntarily elected to make the amount of capacity reserved under Section 12 for biomass available for use by other customer categories, namely, residential and non-reserved. This extended the time before this filing was triggered under Section 12 and increased the potential net metering capacity available to residential and commercial DG customers. Notwithstanding these actions, the Commission finds that Vectren South, at the time of filing, reasonably anticipated its aggregate reserved capacity would be exhausted during 2020. Mr. Rice provided Table MAR-1 in his rebuttal testimony, which shows that as of August 31, 2020, the remaining capacity available for net metering was 2,151.597 kW, with an additional 3,236.124 kW in the queue as either an approved participant or awaiting Petitioner's approval. (Petitioner's Exhibit 3 at p. 4).

The propriety of the timing of Vectren South's filing for approval of a rate for EDG under Section 10 was not disputed. Based on Petitioner's evidence showing the likelihood of Vectren South's net metering capacity being exhausted during 2020, the Commission finds that under Section 10, Vectren South's petition seeking approval of a rate for the procurement of EDG was timely filed.

2. Rider EDG Rate. Once a utility timely files a request for an EDG rate in accordance with Section 10, Section 17 of the Distributed Generation Statutes requires the following:

> The commission shall review a petition filed under section 16 of this chapter by an electricity supplier and, after notice and a public hearing, shall approve a rate to be credited to participating customers by the electricity supplier for excess distributed generation if the commission finds that the rate requested by the electricity supplier was accurately calculated and equals the product of:
>
> (1) the average marginal price of electricity paid by the electricity supplier during the most recent calendar year; multiplied by
>
> (2) one and twenty-five hundredths (1.25).

Thus, under Section 17, the Commission is charged with approving a rate to be credited.

Petitioner's witness Joiner explained and supported Vectren South's calculation of the Rider EDG rate. He stated that to determine the average marginal price of electricity under Section 17 that Vectren South paid during 2019, i.e., the most recent calendar year, Petitioner averaged the 2019 hourly LMP at Vectren South's SIGE.SIGW load node. He testified the SIGE.SIGW load node is the node at which Vectren South is charged for energy and is, therefore, representative of the marginal price Petitioner paid for energy. Mr. Joiner stated that to calculate the proposed EDG rate, the 2019 average LMP per MWh at the SIGE.SIGW load node of $25.47 per MWh was multiplied by 1.25, yielding an amount of $31.83 per MWh, which Petitioner converted to a per kWh basis, as shown below.

Vectren South - A Centerpoint Energy Company Market Settlements Group Excess Distributed Generation Rate Calculation 2019 SIGE.SIGW Average Hourly Real-Time LMP		
Average LMP $/MWh:	$	25.47
1.25 X Average LMP $/MWh:	$	31.83
1.25 X Average LMP $/kWh:	**$**	**0.03183**

Mr. Joiner noted that since the EDG rate is calculated using the annual average LMP at Vectren South's SIGE.SIGW load node, it will not be static from year to year.

No party took issue with Mr. Joiner's calculation. Solarize witness Mullett challenged the methodology Petitioner applied but agreed Petitioner calculated its proposed EDG rate per Section 17.

> Q. Is it SI's position that Vectren's proposed EDG rate of 3.1 cents/kwh does not conform to the relevant provisions of SEA 309 regarding its calculation?
>
> A. No, it is SI's position, based on advice of counsel, that the applicable provision of SEA 309 (codified as Ind. Code § 8-1-40-17) defining the EDG rate and the method of its calculation as applied by Vectren [South] in its EDG proposal would, if approved by the Commission and implemented without other mitigating circumstances, likely be 'unjust and unreasonable' as a matter of law… .

Solarize Exhibit 5 at p. 17, lines 14-21. Intervenors recommended the Commission consider alternative EDG rate calculations that deviated from Section 17.

In his direct testimony, Indiana DG witness Rutter recommended different formulae be used to calculate the price to be paid to Rider EDG customers. Specifically, Mr. Rutter recommended the Commission approve a middle ground under which Vectren South prices the compensation for procurement of EDG using a methodology designed to capture the true costs and benefits attributable to the DG contribution, recognizing the direct, societal, and other indirect benefits (Indiana DG Exhibit 3 at p. 14) or, in the alternative, require Vectren South to compensate EDG customers at the avoided cost of kWh sold for a specific retail rate class. In his supplemental testimony, Mr. Rutter presented an additional middle ground using Petitioner's most recent cost-of-service study from its 2009 rate case to estimate a cost-based middle ground rate. Without recommending a particular rate, Joint Intervenors' witness Kenworthy and Solarize's witness Mullett suggested the EDG rate should align with traditional cost-of-service principles (Joint Intervenors' Exhibit 2 at pp. 28-29), such as a detailed cost or value of service study. (Solarize Exhibit 5 at p. 17). Mr. Kenworthy encouraged the Commission to consider the "lower" cost to serve customer-generators in determining not only the appropriate outflow rate but also a lower inflow rate for DG customers. (Joint Intervenors' Exhibit 2 at p. 32).

The Commission is a creature of statute. *See* Ind. Code § 8-1-1-2. As an administrative agency, the Commission "derives its power and authority solely from statute, and unless a grant of power and authority can be found in the statute it must be concluded that there is none." *Indiana Bell Tel. Co. v. Indiana Util. Regulatory Comm'n*, 715 N.E.2d 351, 360 n.3 (Ind. 1999) (citations omitted). The authority of a state agency is limited to the express authority conferred by statutory enactment. *Board of Comm'rs of Morgan County. v. Wagoner*, 699 N.E.2d 1196, 1199 (Ind. Ct. App. 1998); *Indiana. Dept. of Natural Res. v. Town of Syracuse*, 686 N.E.2d 410, 411 (Ind. Ct. App. 1997).

We find that in Section 17, the legislature directed how the "rate to be credited to participating customers by the electricity supplier for excess distributed generation" shall be calculated. Joint Intervenors' witness Kenworthy acknowledges "the Commission is obliged to follow the statutory requirements related to the implementation of an excess distributed generation rate." Joint Intervenors' Exhibit 2 at p. 29, line 18. Mr. Kenworthy is correct. "When the

Legislature has specified the manner in which something is to be done, that is how it is to be done." *Re Indianapolis Power & Light Co.*, Order in Cause No. 39437 at p. 54, 1993 WL 13811976, 145 P.U.R. 4th 513 (IURC August 18, 1993).

The Commission finds the rate for crediting of EDG and the calculation thereof presented by Petitioner's witness Joiner in Attachment JMJ-1 are derived from, and consistent with, the process directed in the Distributed Generation Statutes, Sections 6 and 17. We decline to diverge from the Distributed Generation Statutes and calculate this rate differently as suggested by Indiana DG witness Rutter and other Intervenors' witnesses. Accordingly, the Commission finds Petitioner's proposed rate and the calculation thereof were shown to be reasonable and in compliance with Sections 6 and 17; therefore, the Commission approves Petitioner's proposed rate for crediting of EDG.

3. <u>Carryover of EDG Credits</u>. Petitioner seeks approval of a retail rate crediting mechanism that affords a Rider EDG customer a credit on the customer's monthly bill, with any excess credit to be carried forward and applied by Petitioner against future charges to that EDG customer for as long as such customer receives electric service at the premises from Petitioner. Petitioner's proposal to carry credits forward consistent with Section 18 was not opposed; however, Joint Intervenors' witness Kenworthy took issue with Petitioner's proposal that upon discontinuance of service, any EDG credit balance remaining will be credited to customers through Vectren South's FAC rather than cashing out any balance. Mr. Kenworthy recommended any remaining credits be refunded to EDG customers upon discontinuation of service.

In evaluating these alternatives, the Commission looks first to the requirements of the Distributed Generation Statutes. Section 18 provides:

> An electricity supplier shall compensate a customer from whom the electricity supplier procures excess distributed generation (at the rate approved by the commission under section 17 of this chapter) through a credit on the customer's monthly bill. Any excess credit shall be carried forward and applied against future charges to the customer for as long as the customer receives retail electric service from the electricity supplier at the premises.

There is no language in the Distributed Generation Statutes directing or supportive of a cash payment to Rider EDG customers. In this regard, the Commission finds it important to recognize what these statutes say as well as what they do not say. *See Van Orman v. State*, 416 N.E.2d 1301, 1305 (Ind. Ct. App. 1981). Section 18 calls for a credit to be applied against future charges for electric service which is consistent with the premise that EDG is a retail rate crediting mechanism. Similar to Section 18, Sections 15 and 17 also provide for the approved rate to EDG customers to be credited, with Section 17 providing that the Commission shall "approve a rate to be credited to participating customers by the electricity supplier for excess distributed generation." Section 17. We also note that under Ind. Code § 8-1-40-3(a)(3), to be properly sized, a DG customer's system is to be sized to meet the customer's load, limiting the likelihood of a credit positive position over the course of time.

In addition to the Distributed Generation Statutes directing that DG customers be compensated through a particular credit, Petitioner's witness Rice stated that providing cash

compensation to DG customers could have tax implications and, more importantly from our perspective, potential unintended implications by unintentionally shifting the DG customer from a resale customer receiving credits on their bill to a wholesale seller of power. We find this also supportive of the legislature's omission of any reference to cash compensation or, ultimately, a cash refund.

Based on the Distributed Generation Statutes, the Commission approves Vectren South's proposal to adopt a retail rate crediting mechanism that affords Rider EDG customers a credit, with any credit balance remaining when the participating customer is no longer a customer at the premises credited to all retail customers through the FAC.

4. Compliance Filing Updates. In accordance with Section 16, Petitioner proposes to update its Rider EDG rate annually, by March 1, via a compliance filing under this Cause. Section 16 provides that after approval of the initial rate, a utility shall "submit on an annual basis, not later than March 1 of each year, an updated rate for excess distributed generation in accordance with the methodology set forth in section 17 of this chapter." Section 16.

Having reviewed above (and approved) Petitioner's method of calculating the EDG rate under Section 17 and after reviewing the evidence presented upon Vectren South's methodology for annually updating Rider EDG, the Commission finds Vectren South's proposal for annually updating its EDG rate is consistent with, and meets the requirements of, Section 16. Because this Order is being issued after March 1, 2021, however, the Commission is concerned that the pricing information has not been updated as anticipated when this matter was heard; therefore, consistent with our ongoing statutory authority over rate matters, we find Petitioner shall submit a revised EDG tariff under this Cause, consistent with its post-hearing filings, setting forth a revised EDG rate based on 2020 data within 30 days from the issuance of this Order for review and approval by the Commission's Energy Division, a copy of which shall also be served upon the OUCC and all other parties to this proceeding.

5. Recovery of amounts credited to EDG customers through the FAC. Section 15 provides, "Amounts credited to a customer by an electricity supplier for excess distributed generation shall be recognized in the electricity supplier's fuel adjustment proceedings under IC 8-1-2-42." Solarize witness Mullett testified that Solarize is concerned that, with respect to DG customers, recovery of EDG credits through the FAC will constitute a "double recovery" of an "energy delivery charge." Solarize Exhibit 5 at p. 26, line 29-p.27, line 2.

As Mr. Rice explained on rebuttal, there is no double recovery because the costs eligible for recovery in the FAC are recovered based on energy (kWh) consumed by customers. In the case of an EDG customer, the FAC charges will be applied to the inflow measurement on their meter, representing the fuel costs associated with the energy the EDG customer consumed. Mr. Rice testified there is no double recovery because the customer pays the variable FAC based on energy consumed which is separate and distinct from the Rider EDG credits paid for EDG. Petitioner's Exhibit 3 at p. 30. Given Petitioner's rebuttal and the recovery of only energy costs in the FAC, the Commission finds that applying Section 15 does not result in a double recovery from EDG customers. Rather, the EDG customer will be paying the variable FAC charge based on energy consumed which is separate and distinct from the Rider EDG credits paid for EDG; therefore, the

Commission authorizes Petitioner, consistent with the statute, to recover amounts credited to EDG customers through its FAC.

B. EDG Tariff Determination. In addition to seeking approval of its rate for EDG, Vectren South asks the Commission to approve its proposed EDG tariff, i.e., Rider EDG, so Petitioner can apply the rate. As proposed, Rider EDG is based upon instantaneous netting, i.e., instantaneously measuring the difference between the amount of electricity a customer receives from Vectren South and the amount of electricity the customer supplies to Petitioner. Under Rider EDG, the net electricity a customer supplies Vectren South is instantaneously measured (defined as outflow). The OUCC and Intervenors challenged Petitioner's calculation of this difference at each instant, initially moving for summary judgment and subsequently, when that motion was denied, appealing that denial to the full Commission. In denying summary judgment, the Presiding Officers found "the Commission should have the benefit of a full evidentiary hearing upon the issues and [were] not persuaded Joint Movants (or Vectren) have shown there are no genuine issues as to any material fact and they are now entitled to the requested judgment as a matter of law." Docket Entry dated October 15, 2020, at p. 2. The Joint Movants mount a two-prong offensive, challenging whether instantaneous netting (as opposed to calculating the difference received and supplied once monthly) is permitted under Section 5 and if so, whether instantaneous netting results in unreasonable rates. We address both issues below.

1. Section 5. In their testimony and motion for summary judgment, the OUCC and Intervenors claim Petitioner's proposal to use instantaneous netting does not comply with the Distributed Generation Statutes. Specifically, they contend Vectren South is not determining EDG in accordance with Section 5. The Commission, therefore, looks first at this statute which states:

> As used in this chapter, 'excess distributed' generation means the difference between:
>
> (1) the electricity that is supplied by an electricity supplier to a customer that produces distributed generation; and
>
> (2) the electricity that is supplied back to the electricity supplier by the customer.

The OUCC and Intervenors' position relies upon the testimony of OUCC witness Alvarez who, as will be discussed more fully below, we find is incorrect in asserting that the outflow Petitioner's meter captures only recognizes Section 5(2). Petitioner's amended EDG tariff defines EDG consistent with Section 5, and mechanically, Petitioner's evidence shows that in measuring outflow, Vectren South's meter instantaneously nets both components of EDG under Section 5 at the meter to arrive at EDG. The EDG the meter measures is the difference between these components, not merely one component. As Mr. Rice explained on rebuttal:

> The net of the electricity supplied by Vectren South to the customer and the electricity that is supplied back to Vectren South is specifically captured as 'Outflow' on the customer's meter. In other words, the meter registers as 'Outflow' the net of both components of 'excess distributed generation' as set forth in IC § 8-2-40-5, not just a single component as OUCC Witness Alvarez believes.

> …
>
> [W]hat Vectren South referred to as 'what the distributed generation resource produced' was intended to refer to 'the electricity that is supplied back to the electricity supplier by the customer' (IC § 8-2-40-5(2)); and (ii) what Vectren South referred to as 'what the customer used behind the meter' was intended to refer to 'the electricity that is supplied by an electricity supplier to a customer' (IC § 8-1-40-5(1)). **The "difference" as specified in IC § 8-1-40-5 is the Outflow measurement on the meter.** (emphasis added)

Petitioner's Exhibit 3 at p. 6, lines 13-18, 25-32. Mr. Alvarez's position otherwise arrives at the difference between Section 5(1) and 5(2) at the wrong time, effectively deducting inflow a second time and not recognizing the meter itself is measuring the difference in the process, instantaneously netting the two components of EDG at the meter, to arrive at EDG. Essentially, the meter counts what is going through the meter and puts it into either the inflow or the outflow 'bucket,' but to get into the outflow 'bucket,' the meter has computed the difference between the two components under Section 5.

The Commission finds the instantaneous calculation the meter performs of the difference between the electricity Vectren South is supplying and the electricity the customer is supplying to Petitioner properly measures EDG under Section 5. Our finding is supported by the substantial evidence Petitioner presented explaining that outflow is calculated in accordance with Section 5 and accounts for both the electricity supplied by the customer to Petitioner and the electricity Vectren South supplied to the DG customer. As Petitioner's witness Rice testified, "The net of the electricity supplied by Vectren South to the customer and the electricity supplied back to Vectren South is captured as 'Outflow' on the customer's meter." (Petitioner's Ex. 3 at p. 6). Mr. Rice was unequivocal in explaining that the meter registers as outflow the net of both components of EDG in accordance with Section 5.

> Q. Both Mr. Alvarez and Solarize witness Kastner claim that Vectren South is not netting the kWh amount and monetizing the difference, but instead is summing Inflows multiplied by the retail rate and Outflows multiplied by the EDG rate and then calculating the difference. Is that accurate?
>
> A. No. The Outflow is the net, in kWh, of the 'electricity that is supplied back to the electricity supplier by the customer' and the 'electricity that is supplied by an electricity supplier to a customer.' This net amount is what Rider EDG is applied to in accordance with IC § 8-1-40-5.

Petitioner's Ex. 3 at p. 9, lines 7-14.

Consistent with Mr. Rice's testimony, the proposed Rider EDG tariff, as amended, defines EDG in accordance with Section 5 as the difference between: (1) the electricity that is supplied by an electricity supplier to a customer that produces distributed generation and (2) the electricity that is supplied back to the electricity supplier by the customer. (Petitioner's Exhibit 3, Attach. MAR-R1 at p. 1). The definition of outflow is then defined to specifically incorporate the term EDG.

Said another way, it is useful to conceptualize the difference at each instant of time, where the electricity supplied by the supplier and the customer's distributed generation meet at the meter as opposing forces, with the stronger force determining the direction of the flow. If the customer needs less electricity than its distributed generation is supplying, the statute terms the excess or difference between what is being supplied at that instant by Vectren South and what is flowing from behind the customer's meter as EDG.

Notwithstanding the foregoing, the OUCC and some Intervenors claim outflow, as registered on the meter, is not actually the difference between electricity supplied to the customer by the electricity supplier and electricity supplied to the electricity supplier by the customer because electricity only flows one way. We find, however, that because it can only flow one way, to become outflow, both components of Section 5 are netted at the meter to arrive at EDG. Solarize witness Picking recognized that Petitioner's smart meters net excess generation, Solarize Exhibit 1 at p. 5, lines 24-25, with Solarize witness Webb also recognizing the complexity of instantaneous netting reflects the netting of energy received and energy delivered by the customer that is measured by the utility. Solarize Exhibit 2 at p. 13, lines 8-10.

Having reviewed the evidence, as discussed above, the Commission finds that the electricity that flows through the meter and registers as outflow is the EDG produced by a DG customer for purposes of Section 5. This excess electricity registered as outflow on the meter is the electricity Vectren South must accept from the DG customer, regardless of whether that excess electricity is then needed or not needed to meet Vectren South's overall system needs. The amount of electricity Vectren South must accept from the customer is the amount of electricity that is supplied back to Petitioner by the customer in excess of the amount Vectren South supplied to the customer at the same moment – i.e., the difference between the two components of Section 5 occurring at that instant and time.

In contrast, under the OUCC and Joint Intervenors' interpretation, Section 5 would require a utility to permit DG customers to net the amount of the EDG they deliver to Petitioner at various times during the month against the amount of electricity supplied by the utility to them over the course of the same month. But, as discussed below, the Distributed Generation Statutes do not require the monthly or billing period netting which Intervenors' witnesses propose, and the timing of their proposed netting fails to recognize that the outflow measurement on the meter already is net of the amount of electricity supplied by Vectren South to meet the customer's load at the instant the outflow occurs. (Petitioner's Exhibit 3 at 6, lines 13-15). Accordingly, if the OUCC and Intervenors' view were adopted, the Commission finds it would result in over valuing EDG beyond what the statute directs. The result would, essentially, be a continuation of net metering under which Rider EDG customers could continue to bank their EDG on the utility's system at no charge until needed at some time later in the month, thereby also continuing to provide Rider EDG customers the retail rate allowed under net metering for "banked" excess generation throughout the month. Only at the end of the monthly netting period would excess energy returned to the grid by the distributed generator be valued at the EDG rate. We do not believe the General Assembly enacted the Distributed Generation Statutes to sunset net metering and replace it with a construct that achieves a similar outcome. Our conclusion is buttressed by the legislature having capped the amount of net metering capacity on electricity suppliers' systems but placing no comparable cap on EDG.

Based on the substantial evidence of record, the Commission finds that Vectren South's meters register at any given moment in time the difference between: (1) the electricity that is supplied by an electricity supplier to a customer that produces DG; and (2) the electricity that is supplied back to the electricity supplier by the customer and that instantaneous netting is permissible under Section 5; therefore, the Commission affirms the denial of the motion for summary judgment.

2. Reasonableness of rates and charges. Intervenors' witnesses testified that unlike the Commission's net metering rules, which require a "billing period" netting period, i.e., monthly netting, Section 5 does not set forth a particular netting period. Accordingly, Joint Intervenors' witness Kenworthy testified, "I have been advised by counsel that the concept of **some** netting period is implied by the use of the word 'difference,' and that the netting period is not specified in the statute." (Joint Intervenors' Exhibit 2 at p. 7, lines 12-15 (original emphasis)). Intervenors urge the Commission to find that instantaneous netting results in a rate that is not "just and reasonable" and, instead, apply a monthly netting period, which they assert "more accurately reflects cost of service." (Joint Intervenors' Exhibit 2 at p. 22, lines 8-9). As discussed below, the Commission finds the instantaneous measurement of EDG, i.e., instantaneous netting as that term is used herein, using the components the General Assembly set forth in Section 5 and calculating the rate per Section 17, yields rates that are just and reasonable. In so finding, we believe the Distributed Generation Statutes are intended to be a transition away from the net metering construct for new DG customers, with the primary value of DG creation in the retail rate context being its offsetting of demand behind the meter, a value overlooked or unreasonably discounted by Intervenors' focus upon prospective payback and bill differences. Nevertheless, the EDG rate must be reasonable.

The evidence reflects that netting the two elements set forth in Section 5 on a monthly rather than an instantaneous basis, has the effect of substantially reducing the DG customer's bill for energy Petitioner provides, but this reduction is shifted to the Vectren South customers that do not have a behind-the-meter generation resource. Joint Intervenors' witness Kenworthy presented a comparison of monthly netting, hourly netting, and instantaneous netting, which shows the amounts DG customers will pay for electricity they consume are lower under a monthly netting paradigm. (Joint Intervenors' Exhibit 2, Attach. WDK-2).

Petitioner's witness Rice also prepared analyses of five Vectren South customer bills, using data gathered over the past 12 months. In the case of three of the five DG customers, the analysis showed the customer would be billed for zero consumption most months of the year under a monthly netting paradigm, although energy was provided by Vectren South to those DG customers throughout the year. (Petitioner's Exhibit 5 at pp. 14-16). One customer was billed for zero consumption eleven of twelve months, but that customer used energy Petitioner supplied throughout the year. The one month where this usage impacted the bill calculation was because the customer had exhausted all of its credits. In that instance, the customer was billed well below what the monthly meter read reflected. (Petitioner's Exhibit 5 at p. 14). Another customer was billed for no usage during the 12-month period, and a third customer was billed for only approximately half of their actual usage. (Petitioner's Exhibit 5 at pp. 15-16). These customers do not, however, operate on Vectren South's system at zero cost, and the energy they consumed over the year was not purchased or produced by Vectren South at no cost.

Although Intervenors raised some cost-of-service concerns, the bulk of Intervenors' arguments in support of monthly netting focus on the payback period for customers that install a DG system. For instance, Mr. Kenworthy testified a customer's payback period will go from 10.7 years to 25.2 years under instantaneous netting. (Joint Intervenors' Exhibit 2 at p. 22). The Commission, however, is concerned with the reasonableness and implications for DG customers and non-DG customers. We find the evidence demonstrates that, ultimately, DG customers' faster payback periods translate to the utility's other customers paying costs associated with the excess electricity DG customers put on Vectren South's system – whether needed or not – including through the FAC. Ind. Code § 8-1-40-15 ("Section 15").[10] Under a monthly netting paradigm, Petitioner's non-DG customers also pay for the electricity consumed by the DG customers when they take electricity from Petitioner at no cost at a different time later in the month. EDG is not, literally, stored for the DG customer's future use. Accordingly, we cannot conclude it is just and reasonable for Petitioner's other customers to subsidize the payback periods of DG customers by the continuation of monthly netting as opposed to instantaneous netting. Monthly netting is prescribed for net metering customers, but the legislature created a specific EDG rate that differs from the net metering retail rate, and the statute is silent regarding the frequency with which a utility must calculate EDG, leaving it to the Commission to exercise its expertise and discretion in determining the reasonableness of a utility's proposed netting period for EDG.

Witnesses for Solarize contend that instantaneous netting, as proposed in the EDG tariff, will, in the words of Mr. Kastner, "drive some [prospective DG customers] to invest in only smaller systems that do not send much clean energy to the grid." (Solarize Ex. 4 at p. 9, lines 21-23). Likewise, Mr. Boggess states under instantaneous netting: "it is likely that solar systems will be sized smaller to allow less energy to be sent to the grid." (Solarize Ex. 3 at p. 8, lines 11-13). In the Distributed Generation Statutes, the General Assembly manifested an intent to encourage DG customers to size their systems to meet just the customer's needs – not to build systems sending substantial energy to the grid to improve their payback periods. To that end, Ind. Code § 8-1-40-3 ("Section 3") provides that DG facilities to which the statute are applicable are those with a "nameplate capacity of the lesser of: (A) not more than one (1) megawatt; or (B) the customer's average annual consumption of electricity on the premises."

Without acknowledging the legislative intent to limit the amount of DG that utilities must accept, Indiana DG witness Rutter asserts that DG customers create a benefit to Petitioner's systems that supports monthly netting. (Indiana DG Exhibit 3 at p. 6). The Commission finds, however, that the record does not support finding any such benefit justifies subsidization by non-DG customers of DG customers' payback periods. Petitioner's witness Rice testified that a DG customer that interconnects to Vectren South's distribution system requires a level of service equal to that of a customer that does not have a DG resource. (Petitioner's Exhibit 3 at p. 13). Mr. Rice further testified that the cost to manage DG customers, from interconnection evaluation to billing, are greater than those for non-DG customers. (Petitioner's Exhibit 3 at pp. 17-18). Similarly, Petitioner's witness Joiner testified that outflow produced by customer-owned DG resources does not reduce power plant, distribution, or transmission system costs. (Petitioner's Exhibit 4 at p. 5).

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[10] Per Section 15, "Amounts credited to a customer by an electricity supplier for excess DG shall be recognized in the electricity supplier's fuel adjustment proceedings under IC 8-1-2-42."

If a DG customer wants to continue the monthly netting paradigm and use the electricity they produce over the course of a month to offset their consumption later in the month, they have the option to do so by installing additional behind the meter equipment such as a battery. Batteries for home solar systems are readily available in today's market; however, Indiana DG witness Morton testified that "battery storage is very expensive" and, therefore, "adding the cost of batteries lengthens the financial payback time for a solar energy investment." (Indiana DG Exhibit 2 at p.9). The Commission is not persuaded that such a lengthened payback period requires Vectren South to continue allowing customers that own DG resources to, effectively, use Petitioner's electric system as their battery by using EDG credited during prior periods to offset inflows occurring any time during the month. We also note that Section 19 provides support that legislative intent was otherwise by providing a means to eliminate any subsidy if the EDG tariff does not do so. We find instantaneous netting reasonably limits using the grid as DG customer storage.

Based on the evidence, the Commission finds instantaneous netting will reasonably result in new Rider EDG customers paying for the energy they are supplied by Vectren South, no more and no less. Likewise, instantaneous netting compensates the DG customer for the energy they produce in excess of the amount Vectren South supplied at that time at the prescribed EDG rate. Accordingly, the Commission finds Petitioner's proposed instantaneous netting mechanism yields rates that are just and reasonable for Vectren South DG and non-DG customers, consistent with applicable statutes and cost-of-service principles. The fact that DG customers are generating behind the meter and, consequently, buying less, will generate value and return on their private investment.

C. **Miscellaneous Technology, Tariff, and Other Concerns.** Intervenors raised various concerns related to Petitioner's ability to implement Rider EDG, including bill accuracy, data retrieval and processing, and provisions in Petitioner's proposed Sheet No. 53 implementing Rider EDG. These issues are addressed below.

1. Technology Issues. Solarize's witness Mullett questioned Petitioner's ability or readiness to implement Rider EDG and accurately bill DG customers under Rider EDG. Petitioner presented substantial evidence supporting its capabilities, readiness, and ability to implement and accurately bill customers under Rider EDG. This evidence reflects Petitioner is currently retrieving and processing data from its AMI meters and has been doing so since early 2019. In addition, during the evidentiary hearing, Petitioner's witness Williams testified that Petitioner has "been successfully using [its] AMI system to pass information to [its] meter data management system since--for billing purposes since 2019, but we have been collecting data prior to February of 2019." (Tr. D-56, lines 12-15; *see also* Petitioner's Exhibit 5 at p. 6). Mr. Williams affirmed that Vectren South will be able to accurately bill EDG customers when the tariff is approved. Tr. D-56, lines 22-23.

Petitioner's witness Rice testified the metering construct for Rider EDG is the same as that for Petitioner's other customers. The only change is to the billing construct, which splits the data into the two components and will provide EDG customers with more granular information. (Petitioner's Exhibit 3 at pp.24, 26). He testified that Vectren South's ability to capture the dual channel end-of-month reads for billing purposes, using a standard meter set-up, and subsequently process the data to accurately bill a DG customer under Rider EDG, when approved, is not

impacted by any changes to Petitioner's bill presentation for Rider EDG customers. (Petitioner's Exhibit 3 at pp. 21-22).

Petitioner's witnesses Rice and Williams confirmed Rider EDG does not require incremental tools to measure end of month reads for billing purposes. (Petitioner's Exhibit. 3 at p. 26; Petitioner's Exhibit 5 at pp. 4, 8). In his testimony, Mr. Williams supported Petitioner's position that Rider EDG is not connected to, nor dependent upon, Vectren South's deployment of AMI meters. (Petitioner's Exhibit 5 at pp. 4, 8). He summarized Petitioner's history of AMI meter deployment and detailed the experience Vectren South has in successfully net metering and billing customers (Petitioner's Exhibit 5 at p. 4), confirming there are no material modifications or delays required to implement Rider EDG. (Petitioner's Exhibit 5 at p, 4). Mr. Williams opined that "AMI is just a vehicle by which information travels" from the DG meters to Petitioner's billing system. He testified that net metering, in and of itself, has not changed – data continues to be captured, with customer usage and excess generation still registered with revenue quality metering, albeit now remotely instead of physically travelling to the customer's meter. (Petitioner's Exhibit 5 at p. 8; *see also* Petitioner's Exhibit 3 at p. 26 (The process utilized to meter and bill a customer is unchanged but for the fact that the customer will capture two meter reads instead of just one). At the evidentiary hearing, Mr. Williams confirmed that Vectren South "will be able to accurately bill EDG customers when the tariff is approved." (Tr. D-56).

Petitioner also presented substantial evidence regarding the customer portal Vectren South is providing. Mr. Williams testified that Vectren South is "providing this information to our customers as a benefit of the AMI system which provides hourly data and will pass that data along to our customer so that they have better information regarding their energy usage." Tr. D-55, line 23—D-56, line 1. He noted that in the case of a DG customer, Petitioner will have information regarding their outflow. Mr. Williams stated these functions will be available by the end of 2020. (Tr. D-51).

2. Immediate Access to Facilities. Solarize witness Mullett and Joint Intervenors' witness Kenworthy raised issues related to the provision in the Terms and Conditions of Service of proposed Rider EDG that states: "Customer shall agree that Company shall at all times have immediate access to Customer's metering, control, and protective equipment." *See* Petitioner's Exhibit 3, Attach. MAR-R1 at p. 5. Mr. Mullett and Mr. Kenworthy asserted this language is overly broad when compared to 170 IAC 4-4.3-9 and not justified.

Petitioner's witness Abshier testified the access language at issue is identical to the immediate access language in Petitioner's Rider NM, which has been in effect since May 18, 2005, when the Commission approved this language in Petitioner's 30-Day Administrative Filing No. 2209. (Petitioner's Exhibit 4 at pp. 6-7). He testified there is a public safety need for immediate access to the customer's metering, control, and protective equipment "to ensure the interconnected generation facility is disconnected in emergency situations, such as fires, that could threaten safety of the public, first responders, and Company personnel, as well as cause potential damage… ." Petitioner's Exhibit 6 at p. 7, lines 15-18. Mr. Abshier stated Petitioner cannot wait for customer consent in case of emergencies or hazardous situations before disconnecting and isolating the DG system from Vectren South's electrical system. (Petitioner's Exhibit 6 at p. 7; *see also* Tr. C-58--C-59). During his cross-examination, Mr. Abshier disagreed that subsection (a) of 170 IAC 4-4.3-9 addresses access. He testified that under subsection (a), Vectren South may perform reasonable

inspections which is different than accessibility in hazardous or emergency situations. Mr. Abshier stated the wording at issue is from 170 IAC 4-4.1-7 for interconnection and metering, and that rule states: "Breakers and/or switches capable of isolating the qualifying facility from the electric utility shall at all times be immediately accessible to the electric utility." Tr. C-58.

Mr. Abshier further testified that Petitioner's intent with metering and protection devices is to immediately have access to isolate the customer's generating system in cases of emergencies or other hazards. He acknowledged the access provision at issue is not, however, limited to such instances, Tr. C-58, line 22—C-59, line 6, but because an emergency is not defined, Vectren South is requesting access at all times "to ensure that in emergency situations we would have the proper access needed." Tr. C-59, lines 2-6.

Petitioner's witness Abshier also explained why use of the IREC Model Procedures as proposed by Joint Intervenors' witness Kenworthy is not adequate for Petitioner's emergency access purposes because the IREC Model Procedures limit access to "reasonable access to the Interconnection Customer's premises for any reasonable purposes." He stated this is subject to interpretation and could restrict Petitioner's access to the facilities.

After reviewing 170 IAC 4-4.3-9(a), we concur that this is applicable to on-site inspections and not controlling for purposes of access during the emergencies described in 170 IAC 4-4.3-9(c). Petitioner provided substantial evidence supporting the reliability and safety reasons for immediate access to a customer's DG metering, control, and protective equipment in the event of an emergency, hazard, or similar need, and we find it is in the public interest that Petitioner have immediate access to protect its system and its workers, as well as the public, should an emergency or hazard arise; consequently, the Commission finds the access "at all times" set forth in paragraph 2 of the Terms and Conditions of Service should be aligned to better comport with the emergencies described in 9(c) and Mr. Abshier's testimony. Such alignment, in conjunction with the personnel and system safety provisions in the Terms and Conditions, will provide reasonable restrictions to Vectren South's access. The Commission, therefore, directs Petitioner to revise paragraph 2 of the Terms and Conditions of Service consistent with the foregoing findings and include this revised text when submitting its compliance filing per Finding No. 9.A.4. above.

3. Language Regarding Disconnecting Devices. Joint Intervenors' witness Kenworthy raised concerns regarding the provision in proposed Rider EDG related to disconnecting devices. Initially, Mr. Kenworthy asserted that Vectren South should clarify in proposed Rider EDG whether it requires disconnect devices for Level 1 Systems. Petitioner's witness Abshier testified that clarification is not necessary as Vectren South does not require disconnects for Level 1 interconnections and certain Level 2 interconnections (i.e., small installations) as determined by Vectren South. Mr. Abshier further testified that Rider EDG specifies that disconnects are required for Level 3 and applicable Level 2 interconnections as determined by Vectren South.

Upon review of the evidence and tariff language, the Commission finds the clarification Joint Intervenors suggest is unnecessary. Witness Abshier's rebuttal testimony clarified that proposed Rider EDG does not require disconnects for Level 1 interconnections. This testimony is consistent with the language in proposed Rider EDG providing that a disconnecting device is

required for Level 3 and applicable Level 2 interconnections. The requested express exclusion is unnecessary.

Mr. Kenworthy also recommended Vectren South reimburse customers for the switch to the extent Vectren South requires disconnect switches for Levels 2 and 3. 170 IAC 4-4.3-4(d), however, provides, "The utility may require the applicant to include a disconnect switch as a supplement to the equipment package." The equipment package in this regulation implies what the customer-generator brings to the interconnection process. Reimbursing the customer for this required disconnect switch would result in the cost being allocated to all ratepayers instead of the facility owner being required to install the disconnect. Additionally, 170 IAC 4-4.3-4 allows the utility to charge Level 2 applicants for minor modifications to the distribution system and Level 3 applicants for facilities the utility must install to accommodate the interconnection. The Commission declines to impose a new requirement on Vectren South that does not align with the applicable regulations.

4. Metering. Joint Intervenors' witness Kenworthy raised concerns about the provision in the proposed EDG tariff requiring customers receiving three-phase service to bear the cost of installing the three-phase meter. Mr. Kenworthy testified that additional metering should not be required for Rate EDG customers. Petitioner's witness Abshier provided rebuttal testimony explaining that the installation of larger three-phase metering devices has the potential to be time consuming, labor intensive, and costly. The evidence also demonstrated the proposed three-phase meter provision in Rider EDG is consistent with the three-phase meter provision found in Petitioner's approved Rider NM. Notwithstanding this testimony, the Commission finds that under Ind. Code § 8-1-40-20,[11] the costs associated with providing and maintaining the metering equipment necessary to carry out the procurement of EDG from customers are Petitioner's; therefore, Vectren South is directed to revise any requirement otherwise in Rider EDG, with that revised text to also be included when Petitioner submits its compliance filing per Finding No. 9.A.4.

5. Indemnity and Insurance. Solarize witness Mullett raised concerns about the following paragraphs in the Terms and Conditions of Service in Petitioner's proposed Rate EDG related to indemnity and insurance:

> 10. Customer agrees that Company shall not be liable for any damage to or breakdown of Customer's equipment operated in parallel with Company's electric system.
>
> 11. Customer shall agree to release, indemnify, and hold harmless Company from any and all claims for injury to persons or damage to property due to or in any way connected with the operation of Customer-owned equipment and/or generators.

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[11] Ind. Code § 8-1-40-20 states:

> (a) An electricity supplier shall provide and maintain the metering equipment necessary to carry out the procurement of excess distributed generation from customers in accordance with this chapter.
>
> (b) The commission shall recognize in the electricity supplier's basic rates and charges an electricity supplier's reasonable costs for the metering equipment required under subsection (a).

Solarize Exhibit 5 at p. 23; *see* Petitioner's Exhibit 3, Attach. MAR-R1, page 6. Mr. Mullett testified these provisions are "so protective to Vectren [South] as to be punitive to those of its customers which would serve the Company and its other customers as distributed generators. As such, these provisions are definitely a deterrent to prospective customer-generators contemplating making the large investments required to become distributed solar generators." Solarize Exhibit 5 at p.23, lines 23-26. Mr. Mullett further stated the proposed indemnification provision should be narrowed in scope and limited in amount to that of the required insurance policy ($100,000).

On rebuttal, Mr. Abshier testified the proposed indemnification and insurance language is identical to corresponding provisions in Rider NM which the Commission approved. He pointed out that the provisions in Rider NM are based on language in 170 IAC 4-4.2-8 and 170 IAC 4-4.3-10, respectively. As to insurance, Mr. Abshier testified the requirement is typically covered via the homeowner's insurance policy, stating:

> For any customer that's requesting application, we require the proof of insurance. They send us what they have as proof. That goes to our claims department to make sure that it covers the $100,000. We have not under my watch had an instance where we've requested additional insurance beyond what was provided by the customer.

Tr. C-54.

Initially, the Commission notes that the propriety of challenged tariff provisions should be addressed on the merits. It is not persuasive to simply advise that the same or a similar provision is found in another approved tariff where its inclusion may have gone unchallenged. While the Distributed Generation Statutes are silent concerning indemnification and insurance requirements for customers with DG resources, 170 IAC 4-4.3-10 is not. After comparing paragraph 11 of the Terms and Conditions of Service with 170 IAC 4-4.3-10(b)(2), we find Vectren South should revise its Terms and Conditions of Service related to liability and indemnification to be consistent with the applicable rule by recognizing the referenced indemnification and hold harmless associated with Customer-owned equipment and/or generators arises out of, results from, or is connected with an act or omission of Customer or Customer' employees, agents, representatives, successors, or assigns. Vectren South is directed to include such revised text in the Terms and Conditions of Service in Rider EDG when Petitioner submits its compliance filing per Finding No. 9.A.4.

6. Cost-of-Service. Joint Intervenors' witness Jester recommended the Commission direct Vectren South to provide a cost-of-service analysis for customers having DG behind-the-meter in its next general rate case and base the rate design for Rider EDG customers in that case on that study. Mr. Jester also suggested the Commission require Vectren South to offer optional time of use rates to all customers and allow customers with behind-the-meter rates to choose such time of use rates. Petitioner's witness Rice testified that Vectren South does not oppose a review of the DG customers within its next cost-of-service study, but Mr. Rice objected to such a review being made a requirement in this proceeding.

The Distributed Generation Statutes do not require a cost-of-service study to determine the rate for Rider EDG customers. This statutory framework—and this proceeding—relate to how

DG customers will be compensated for the EDG that utilities must accept. Accordingly, the Commission finds it is beyond the matters at issue in this proceeding to mandate how Petitioner should present its cost-of-service study in a future base rate case.

7. MISO-related Issues. Joint Intervenors' witness Jester recommended the Commission direct Vectren South to hereafter treat outflow as negative load for purposes of MISO's resource adequacy standards and MISO load statistics or, in the alternative, direct Vectren South to: (a) aggregate outflows from its customers; (b) obtain Zonal Resource Credits for those resources, and (c) use those Zonal Resource Credits in Vectren South's resource adequacy demonstrations to MISO and to the Commission.

Initially, we note Petitioner's MISO planning obligations are not at issue in this Cause. The task before the Commission concerns the rate for EDG under Ind. Code ch. 8-1-40; therefore, the Commission finds a determination upon these MISO-related issues is inappropriate as part of this proceeding.

8. PURPA Issues. Certain Intervenors also raised issues related to the PURPA. For instance, Joint Intervenors' witness Jester asserts that Rider EDG does not result in PURPA compliant rates because it does not result in Petitioner paying its "avoided costs." (Joint Intervenors' Exhibit. 1 at p.33). Solarize witness Mullett suggests the Commission should require Petitioner to implement additional available tariff offerings as a part of this proceeding, (Solarize Exhibit 5 at pp. 40-41), with other Solarize witnesses raising similar arguments.

Petitioner's Rider EDG is before the Commission to implement the General Assembly's statutory directives, including the rate calculation, set forth in the Distributed Generation Statutes. Importantly, under Ind. Code § 8-1-40-3, a customer's self-generation facility is sized to meet the customer's electricity requirements, not to routinely produce excess electricity for sale to the utility. Indiana Code ch. 8-1-40 and Rider EDG allow for the offsetting of consumption and generation behind-the-meter and prescribe the rate by which such a customer is compensated for EDG. FERC has historically treated this type of arrangement that involves credits through retail rates, such as net metering and that proposed in Petitioner's Rider EDG, as a retail transaction, not a wholesale sale. *See, e.g.*, *Sun Edison, LLC*, 129 FERC ¶ 61146, 61620 (Nov. 19, 2009) (FERC jurisdiction not implicated when the end-use customer that is also the owner of the generator receives a credit against its retail power purchases from the selling utility.). We find Solarize has not shown otherwise, providing little more than thinly supported allegations regarding PURPA issues without substantive support.

The Commission, therefore, declines to require Petitioner, as part of this proceeding, to make additional tariff offerings available. This proceeding is mandated under Section 10 which does not encompass other potential contract offerings for DG customers. Should Solarize desire to pursue such offerings it can do so by initiating an appropriate proceeding.

10. Confidential Information. Petitioner filed a motion for protection and nondisclosure of confidential and proprietary information on August 27, 2020, which was supported by an affidavit showing certain information to be submitted to the Commission constitutes trade secret information within the scope of Ind. Code §§ 5-14-3-4(a)(4) and 24-2-3-2.

A docket entry was issued on September 9, 2020, in which such information was found to be confidential on a preliminarily basis, after the information was submitted under seal. Indiana DG also filed a motion for protection and nondisclosure of confidential and proprietary information on August 31, 2020, which was supported by an affidavit showing certain information to be submitted to the Commission constitutes trade secret information within the scope of Ind. Code §§ 5-14-3-4 and 8-1-2-29. A docket entry was issued on September 11, 2020, granting the requested confidential treatment on a preliminarily basis, and Indiana DG subsequently submitted such information under seal. The Commission finds all such information should continue to be afforded confidential treatment under Ind. Code §§ 8-1-2-29 and 5-14-3-4 and is, therefore, exempt from public access and disclosure by Indiana law and shall be held and protected from public access and disclosure by the Commission.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Vectren South's rate for the procurement of EDG is approved in accordance with Ind. Code §§ 8-1-40-16 and -17; provided, Petitioner shall submit a revised EDG tariff under this Cause, consistent with our findings above, setting forth a revised EDG rate based on 2020 LMP data within 30 days from the issuance of this Order for review and approval by the Commission's Energy Division.

2. Vectren South's Rider EDG and proposed Sheet No. 53 of Tariff for Electric Service to implement Rider EDG are approved; provided, Petitioner shall submit a revised Sheet No. 53 under this Cause within 30 days from the issuance of this Order with amended access and indemnification provisions, consistent with the findings above.

3. Prior to implementing the rates, charges, and credits authorized in this Order, Vectren South shall file a new rate schedule under this Cause for approval by the Commission's Energy Division. Such rates and credits shall be effective on and after the Order date, subject to Division review and agreement with the amounts reflected.

4. Prior to implementing Rider EDG and proposed Sheet No. 53 of Tariff for Electric Service, and any amendment thereto, Vectren South shall file such documents under this Cause for approval by the Commission's Energy Division.

5. Vectren South is authorized to recover credits provided to Rider EDG customers through its FAC proceedings.

6. Until otherwise ordered, Vectren South shall annually update its approved EDG rate by March 1 via a compliance filing under this Cause based on updated LMP data for the prior calendar year.

7. The materials filed in this Cause under seal are declared to contain trade secret information and deemed confidential under Ind. Code §§ 5-14-3-4 and 24-2-3-2, are exempt from public access and disclosure, and shall be held by the Commission as protected from public access and disclosure consistent with Finding No. 10 above.

8. This Order shall be effective on and after the date of its approval.

HUSTON, FREEMAN, OBER, AND ZIEGNER CONCUR; KREVDA ABSENT:

APPROVED: APR 07 2021

I hereby certify that the above is a true and correct copy of the Order as approved.

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Dana Kosco
Secretary of the Commission