

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, LLC)
FOR APPROVAL OF (1) AN ADJUSTMENT TO)
ITS RATES THROUGH ITS STANDARD)
CONTRACT RIDER NO. 66 FOR DEMAND)
SIDE MANAGEMENT AND ENERGY)
EFFICIENCY PROGRAM COST RECOVERY,) CAUSE NO. 43955 DSM-9
INCLUDING RECONCILIATION OF COSTS IN)
ACCORDANCE WITH THE FINAL ORDERS)
IN CAUSE NOS. 43955, 43955 DSM-1, 43955)
DSM-2, 43955 DSM-3, 43955 DSM-4, 43955 DSM-)
5, 43955 DSM-6 AND 43955 DSM-7)

SUBMISSION OF PETITIONER'S PROPOSED FORM OF ORDER

Duke Energy Indiana, LLC ("Duke Energy Indiana"), by counsel, respectfully submits its Proposed Form of Order in the above-captioned Cause to the Indiana Utility Regulatory Commission.

Respectfully submitted,

DUKE ENERGY INDIANA, LLC

By:



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was electronically delivered
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43955 DSM-3, 43955 DSM-4, 43955 DSM-5, 43955)	
DSM-6 AND 43955 DSM-7)	

ORDER OF THE COMMISSION

Presiding Officers:

Sarah E. Freeman, Commissioner

David E. Veleta, Senior Administrative Law Judge

On August 19, 2020, Petitioner, Duke Energy Indiana, LLC (“Duke Energy Indiana”) filed its Petition with the Indiana Utility Regulatory Commission (“Commission”) initiating this Cause. In its Petition, Duke Energy Indiana requested approval of an adjustment to its rates through Duke Energy Indiana’s Standard Contract Rider No. 66 (“Rider 66” or “EE Rider”) recovering the costs associated with its Demand Side Management (“DSM”)/Energy Efficiency (“EE”) Programs, as approved most recently in Cause No. 43955 DSM-7 (“DSM-7”), with rate factors to be effective with the first billing cycle for the billing month following the Commission’s Order.

Contemporaneous with its Petition, Petitioner filed its Direct Testimony, Exhibits, and its Public Workpapers. On September 4, 2020, the Commission issued its Docket Entry setting a procedural schedule and the evidentiary hearing in this matter. On September 10, 2020, Duke Energy Indiana submitted its Corrected Exhibit 2-A of Kathryn C. Lilly. On October 21, 2020, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed its case-in-chief.

Pursuant to public notice given and published as required by law, proof of which was incorporated into the record by reference, a public evidentiary hearing was held in this Cause on December 1, 2020, at 9:30 a.m., in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, the parties offered their respective pre-filed testimony and exhibits, which were admitted into the evidentiary record without objection. No members of the public appeared.

Based upon the applicable law and the evidence herein, the Commission now finds:

1. Notice and Commission Jurisdiction. Due, legal and timely notice of the hearing in this Cause was given as required by law. Petitioner Duke Energy Indiana is a public utility within the meaning of that term as used in Indiana Code §§ 8-1-2-1 and 8-1-8.5-1. Under Ind. Code chs. 8-1-2 and 8-1-8.5 and 170 IAC 4-8, the Commission has jurisdiction over the Petitioner's DSM and EE programs and associated cost recovery. Therefore, the Commission has jurisdiction over the Petitioner and the subject matter of this Cause.

2. Petitioner's Characteristics. Duke Energy Indiana is a public utility corporation organized and existing under the laws of the State of Indiana with its principal office in Plainfield, Indiana, and is a second tier wholly-owned subsidiary of Duke Energy Corporation. Petitioner is engaged in rendering electric utility service in the State of Indiana and owns, operates, manages, and controls, among other things, plant and equipment within the State of Indiana used for the production, transmission, delivery and furnishing of such service to the public. Duke Energy Indiana directly supplies electric energy to approximately 850,000 customers located in 69 counties in the central, north central and southern parts of the State of Indiana. It also sells electric energy for resale to other public utilities that in turn supply electric utility service to numerous customers in areas not served directly by Petitioner.

3. Relief Requested. In its Petition, Duke Energy Indiana requested approval to update its EE Rider adjustment factors to be billed to customers. The proposed factors updated the EE Rider factors to reflect the reconciliation of 2019 actual costs and energy savings achievements with amounts billed to customers in 2019 in accordance with previous Commission Orders. The filing also included re-reconciliations for the application of evaluation, measurement and verification ("EM&V") to lost revenue recovery for 2015, 2016, 2017, and 2018, and an adjustment to certain costs recorded in 2019 related to 2014, 2017, and 2018 programs to ensure the costs are assigned to the appropriate non-residential opt-out groups. In addition, Duke Energy Indiana requested continued authority to defer the over and under recoveries of projected DSM/EE Program costs, pending reconciliation in subsequent rider periods and approval to defer any costs incurred in implementing the DSM/EE programs prior to the time the Commission issues an Order authorizing Duke Energy Indiana to recognize these costs through the ratemaking process.

4. Petitioner's Case-in-Chief. Duke Energy Indiana presented the testimony of two (2) witnesses in its case-in-chief: Ms. Karen K. Holbrook, Director, Portfolio Regulatory Strategy and Support, and Ms. Kathryn C. Lilly, Rates & Regulatory Strategy Manager.

A. Ms. Holbrook's Testimony. Ms. Holbrook presented the various calculations performed for this filing and testified regarding the sources used to develop actual costs of providing programs in this reconciliation for 2019. She also presented an update of programs that were previously used in the 2015, 2016, 2017, and 2018 reconciliations.

Ms. Holbrook testified regarding previous DSM orders in cases relevant to this filing. They are:

1. Cause No. 43955 – The Commission approved programs for 2012 and 2013 and established the basic paradigm for Duke Energy Indiana programs. Specifically, this order approved recovery of program costs, performance

- incentives and lost revenues for three (3) years.
2. Cause No. 43955 DSM-1 (“DSM-1”) - The Commission approved a Settlement Agreement between Duke Energy Indiana and the OUCC, which modified the basic paradigm in Cause No. 43955. DSM-1 approved programs for 2014 and lost revenues for the life of the measure dating back to 2012. Duke Energy Indiana also agreed to reconcile estimated lost revenues with actual lost revenues with EM&V applied retrospectively to the previous reconciled period for each program.
 3. Cause No. 43955 DSM-2 (“DSM-2”) - The Commission again approved a Settlement Agreement between Duke Energy Indiana and the OUCC for 2015 programs, which made minor modifications to the Settlement Agreement approved in DSM-1, including changes to the calculation of 2015 performance incentives.
 4. Cause No. 43955 DSM-3 (“DSM-3”) - Although the Company requested approval of Duke Energy Indiana’s portfolio of programs for 2016-2018 under Ind. Code § 8-1-8.5-10 (“Section 10”), the Commission approved the portfolio under Ind. Code § 8-1-8.5-9. In doing so, the Commission did not grant a performance incentive and limited the recovery of lost revenues for programs approved in DSM-3 to four (4) years. Performance incentives and lost revenues approved in previous proceedings were unchanged. In June 2017, in its order in Cause No. 43955 DSM-3 S1 (“DSM-3 S1”), the Commission approved additional funding and associated lost revenues for the Company’s Smart Saver Non-Residential Prescriptive program.
 5. Cause No. 43955 DSM-4 (“DSM-4”) – Issued on December 28, 2017, the Commission approved the Company’s revised 3-year portfolio of EE programs consistent with its 2015 Integrated Resource Plan (“IRP”), consisting of programs to be offered during calendar years 2017 – 2019. The Commission’s Order approved lost revenues for the life of the measure and a shared savings performance incentive for programs to be offered during the 2017 - 2019 calendar years, the calculation of which was further explained in Ms. Holbrook’s testimony. It is this Order upon which this reconciliation is based.
 6. Cause No. 43955 DSM-5 (“DSM-5”) – On July 25, 2018, the Commission approved Duke Energy Indiana’s reconciliation of the costs incurred, including lost revenues, for programs for 2016 with amounts actually collected from customers. The Commission approved Petitioner’s revenue requirements associated with the forecast for the 2018 programs previously approved as part of the 2017 - 2019 Plan.
 7. Cause No. 43955 DSM-6 (“DSM-6”) - On December 19, 2018, the Commission approved, Duke Energy Indiana’s forecasted 2019 program costs, including lost revenues and performance incentives, as well as, reconciliation of the 2017 costs incurred and re-reconciliations of prior years.
 8. Cause No. 43955 DSM-7 (“DSM-7”), the Commission approved on February 26, 2020, Duke Energy Indiana’s 2018 actual costs and energy savings achievements with amounts billed to customers in 2018 in accordance with previous Commission Orders; along with the re-reconciliations for the application of EM&V to lost revenue recovery for 2015, 2016, and 2017.

In this filing, Ms. Holbrook testified that Duke Energy Indiana is seeking approval to implement revised rider factors under the Company's EE Rider that reflects the following:

- The 2019 reconciliation that has been prepared using actual 2019 costs and energy savings results;
- Re-reconciliations of 2015, 2016, 2017 and 2018 based on the application of additional EM&V results related to lost revenues; and
- An adjustment to certain costs recorded in 2019 related to 2014, 2017 and 2018 programs to ensure the costs are assigned to the appropriate non-residential opt out groups.

Ms. Holbrook testified that her group gathered actual program costs and calculated cost recovery revenue, performance incentive amounts and lost revenue for the 2019 reconciliation and updates to the 2015 – 2017 reconciliations.

Ms. Holbrook testified that this reconciliation is made pursuant to the Order in DSM-4, in which the Commission approved the recovery of program costs, lost revenues for the life of the measure, and the following shared savings performance incentive structure tied to tiered levels of energy savings achieved versus the as filed target and the net present value of the net benefits for the Utility Cost Test ("UCT") for each of its programs.

Performance Incentives	
Achievement Level (kWh)	Incentive Level (NPV of net benefits of UCT)
110%	10%
100-109.99%	8%
90-99.99%	7%
80-89.99%	6%
75-79.99%	5%
0-74.99%	0%

Ms. Holbrook sponsored exhibits showing the calculations of the revenue requirement provided to Ms. Lilly for her rate calculations. As to the reconciliation, Ms. Holbrook testified that all relevant costs (expenses) for the programs are recorded in the Company's General Ledger as they are incurred, including program costs, EM&V and administrative overhead costs by program and type of cost. For purposes of the 2019 reconciliation, Ms. Holbrook's group took all relevant charges recorded to the programs in 2019 from the General Ledger.

Ms. Holbrook testified that her group used costs, kWh achievement and avoided costs to calculate the shared savings performance incentive. Petitioner's Exhibit 1-G shows the calculations of the amounts of incentives earned by program. Ms. Holbrook further testified that the calculation of the shared savings performance incentives was in accordance with the Final Order in DSM-4.

Ms. Holbrook also testified that 2019 lost revenues were calculated by using impacts for each participant (kWh and kW) at the meter, net of free riders. Her group applied all EM&V received by June 30, 2020, and then applied the EM&V retrospectively for the purposes of calculating lost revenue, per the Agreement approved in DSM-1. The table below shows what EM&V has been applied retroactively to lost revenue calculations in 2019, and what years were impacted.

<u>Program / Product</u>	<u>Date Complete</u>	<u>Years Effective for Lost Rev.</u>
Residential Energy Assessments	7/31/2019	2016 – 2018

Actual participation was captured by rate schedule in Petitioner’s participation database and confirmed by Program Managers. Her group then multiplied the impacts per participant by the participation in each measure to calculate annual and monthly kWh and kW. They then applied the appropriate lost revenue rate, provided by Ms. Lilly, to the monthly kWh and kW to derive the lost revenue amount for each program. They used the 2019 lost revenue rates provided by the Rates group that reflected the lower tax rates from the 2017 Tax Cuts and Jobs Act to calculate the lost revenues for the full year.

Ms. Holbrook also testified as to what adjustments her group made to the 2015, 2016, 2017, and 2018 reconciliations. Petitioner’s Exhibits 1-A, 1-B, 1-C, and 1-D show the impact of the application of EM&V to lost revenues. Mr. Holbrook further testified as to the adjustment to 2019 costs for purposes of proper ratemaking for opted out groups. All adjustments are shown on Petitioner’s Exhibit 1-E.

B. Ms. Lilly’s Testimony. Ms. Lilly provided testimony on the Company’s EE Rider, the updated Tariffs for Commission approval, ratemaking treatment approved for the EE Rider and subsequent Rider filings, development of non-residential rates considering opt-in and out-out classes pursuant to SEA 340, rates proposed in this proceeding, estimated rate impacts, and the methodology used to determine lost revenue prices. Ms. Lilly testified that the components of the rates proposed in this proceeding are as follows:

- The 2019 reconciliation that has been prepared using actual 2019 costs, participation and energy savings results;
- Re-reconciliations of 2015, 2016, 2017 and 2018 lost revenues based on the application of additional EM&V results;
- An adjustment for certain costs recorded in 2019 related to 2014, 2017 and 2018 programs to ensure the costs are assigned to the appropriate non-residential opt out group, as discussed in the Testimony of Ms. Karen K. Holbrook;
- Forecasted costs for calendar year 2021, as requested in 43955 DSM-8 (“DSM-8”).

Ms. Lilly also summarized the customer impact of this filing, testifying that replacing the 2018 reconciliation amounts with the 2019 reconciliation will result in an increase to residential rates.

For non-residential customers, it provides for lower rates for the majority of the opt-out/opt-in groupings.

Ms. Lilly provided a summary to the Commission on how customers are charged for EE programs under the EE Rider pursuant to the various Commission Orders relevant to this proceeding. She explained, that as approved in the Commission's Order in Cause No. 43955 ("EE Order") and subsequent Orders in Cause Nos. 43079 DSM-6, 44441 ("Opt Out Order"), DSM-1, DSM-2, DSM-3, DSM-4, DSM-5, DSM-6, and DSM-7 (collectively, the Company's EE Orders), all customers and rate classes are charged for the cost of a vintage year's EE programs to the extent they are or were eligible to participate in the programs offered for that period.¹ The ratemaking model approved by the Commission for the EE Rider provides that residential customers, as a group, pay for the cost of residential programs (*i.e.*, all customers in the residential group pay the same rate per kWh) and non-residential customers, as a group, pay for the cost of non-residential programs for which they are or were eligible to participate in (*i.e.*, all participating customers in the non-residential group pay the same rate per kWh and all customers in each of the opt-out/opt-in groups pay the same rate per kWh).

Ms. Lilly described the ratemaking concepts and cost recovery that have been approved in the Company's EE Orders for use in the EE Rider as including the following:

- Cost assignment to residential and non-residential rate groups based on the programs offered to each group and, within the non-residential rate group, based on whether and when customers were eligible to participate in the programs or whether and when customers opted out (or in) of participation;²
- Inclusion of all customers in paying for the programs, including interruptible load to the extent not specifically excluded by contract language for customers with special contracts; and
- Rate development methodologies that include the use of kWh sales as billing determinants.

Ms. Lilly testified as to Duke Energy Indiana's experience with customer opt outs. She explained that since the enactment of SEA 340, codified at Ind. Code § 8-1-8.5-9, the Company has received opt-out notifications from customers in all opt-out windows and opt-in notices in four of those windows. Proposed Tariff rates have been developed in this proceeding for each of

¹ Costs for a vintage year's programs may extend beyond that vintage year or the time customers were eligible to participate in the programs, such as in the case of persisting lost revenues or for the costs of EM&V performed in a subsequent year for a prior vintage year's programs.

² The enactment of SEA 340 in 2014 allows qualifying customers with a load of more than one megawatt measured at a demand meter at a single site to opt out of participation. An opted-out customer will not be responsible for paying for current and future energy efficiency programs, but will be responsible for any costs (or entitled to any credits) related to programs offered up to the effective date of opt out. SEA 340 also allows qualifying customers to opt back in to EE program participation, but they must pay participant rates for three program years before being eligible to opt out again. This will require the development of rates for multiple groups of non-residential customers based on their opt out/opt in status. The rates will be developed using the same methodology and concepts explained in Ms. Lilly's testimony, but the costs and billing determinants used will be specific to each group of customers.

the resulting opt-out groups using the 2019 kWh for each group to allocate applicable costs and the revenues associated with each group to perform the 2019 reconciliation.

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

As approved by the Commission in the Company's EE Orders, the lost revenues associated with the 2012 – 2015 program years will be included in EE Rider rates until the measure life is expired for the individual programs or until rates are effective from a base rate case. As approved by the Commission in DSM-3, the lost revenues associated with the 2016 program year will be included in EE Rider rates for the lesser of four (4) years or measure life, or until rates are effective from a base rate case. As approved by the Commission in DSM-4, for 2017 – 2019 program years lost revenue will be included in EE Rider rates until the end of the measure life for the individual programs or until rates are effective from a base rate case. With the approval of the new base rates in IURC Cause No. 45253, persisting lost revenue amounts for calendar years 2012 through 2019 were reset to \$0 for forecasting 2021 rates. As approved in DSM-1, the lost revenues for all these years are also subject to additional reconciliations in future years due to retrospective application of EM&V. Any qualifying customers new to Duke Energy Indiana's system who sign a demand contract of more than one (1) megawatt and provide notice of opt out under the terms of the Tariff will not be responsible for any EE Rider costs (*i.e.*, will have a zero Tariff rate).

Ms. Lilly testified as to how the opt out requirements affected the calculation of the rates proposed for revised 2021. She explained it was necessary to calculate separate rates for each opt-out/opt-in group, because each group is responsible for a different set of costs based on effective dates of their opt outs or opt ins.

Ms. Lilly explained that the proposed revised rates were developed to include a 2019 reconciliation component as provided by Ms. Holbrook, updated lost revenue amounts for the reconciliation of 2015, 2016, 2017 and 2018; and adjustments applicable to 2014, 2017, and 2018 opt-out groups. For revised 2021 rates, 2021 estimated program cost, EM&V costs, lost revenues and incentives previously requested in DSM-8 were used. Persisting lost revenues for 2012 through 2019 have been removed due to new base rates implemented in 2020 (IURC Cause No. 45253). As Ms. Holbrook explained, the costs included in the rates incorporate the results of EM&V for calculating lost revenues and performance incentives, pursuant to the approved Settlement Agreements in DSM-1 and DSM-2 and the Commission's Orders in 43955 through 43955 DSM-7. The 2019 kWh and billed revenues for 2019 reconciliation were obtained from the Company's accounting records.

Petitioner's Exhibit 2-A is the Company's Rider No. 66 to be effective for billing after Commission approval. Petitioner's Exhibit 2-B, Pages 1 – 10, included a series of schedules

developing the rates that are presented for Commission approval in this proceeding. The costs and revenues for Non-Residential customers were shown at a more granular level of detail than for Residential customers to facilitate the ratemaking required for those who opted out/in, resulting in allocation of revenue requirements based on what period the costs relate to and using the billed revenues for each group.

Ms. Lilly explained the drivers of the 2019 reconciliation variances for both Residential and Non-Residential customer groups; factors resulted in an over-billing reconciliation variance for 2019 for Residential customers, and an under-billing reconciliation variance for 2019 for Non-Residential customers.

Petitioner's Exhibit 2-C provides information regarding the rate impact of the rate adjustment factors developed. Ms. Lilly explained that should the Commission approve the proposed Revised Rider 66 rates, rates for Residential customers will increase and most Non-Residential customer groups will decrease as compared to the current DSM-7 rates as modified in the compliance filing in IURC Cause No. 45253. Page 2 shows the monthly impact on the bill of a typical residential customer using 1000 kWh of the change in the Rider 66 rates should the Commission approve the revised rates.

Ms. Lilly testified as to what amendments to Duke Energy Indiana's rate schedules were being proposed in this proceeding. She explained that upon Commission approval, the Company is proposing to update its Standard Contract Rider No. 66, First Revised Sheet No. 66, Pages 1 through 36 (Petitioner's Exhibit 2-A, Pages 1 through 36) subject to Duke Energy Indiana's filing of the updated Rider 66 Tariff Sheet with the Commission's Electricity Division and begin billing the revised 2021 rates effective with the first billing cycle of the month following the Commission's Order in this proceeding.

Ms. Lilly explained the method used to determine the prices used to develop the amount of actual lost revenues included in this filing. Ms. Lilly testified that the Company's general methodology for developing lost revenue prices is as follows:

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

get an average fixed charge rate realization, which was applied to kWh sales.

Support for the pricing used for the 2019 reconciliation was filed in Ms. Lilly's Workpaper 6. The same general methodology using the applicable 2015, 2016, 2017 and 2018 data was used to develop the lost revenue pricing used in determining the 2015, 2016, 2017 and 2018 lost revenues that were trued up in this filing, support for which was filed in DSM-3, DSM-4, DSM-5, DSM-6 and DSM-7. For purposes of the 2015 - 2018 re-reconciliations, the base rates used are the rates approved in Cause No. 42359 that were billed during those periods and that properly reflected the pre-Tax Act thirty-five percent (35%) federal income tax rate.

Ms. Lilly testified as to how the lost revenue rates she developed for use by Ms. Holbrook will change with the issuance of the Final Order in Cause No. 45253. Ms. Lilly testified that the Company intends to adjust the lost revenue pricing rates at the time new base rates are approved and implemented.

Ms. Lilly concluded her testimony by stating that the Company intends to continue using the deferral accounting treatment discussed and approved in Cause No. 43955 to minimize the timing difference between cost or revenue recognition on the Company's books and actual cost recovery.

5. OUC's Case-in-Chief. The OUC presented the testimony of Caleb R. Loveman, Utility Analyst in the Electric Division of the OUC, in its case-in-chief.

A. Mr. Loveman's Testimony. Mr. Loveman testified that the purpose of his testimony is to provide an overview of Duke Energy Indiana's retail electric rates through its Standard Contract Rider No. 66 DSM Adjustment Factor. Mr. Loveman verified the accuracy of Duke Energy Indiana's calculation methodology used to derive its proposed DSM Adjustment Factors. Mr. Loveman recommended that the Commission approve Petitioner's proposed adjustment factors for 2021 on an interim basis, pending the outcome of the Commission's Final Order in DSM-8. He further recommended that should the DSM-8 Order contain any findings that alter Petitioner's proposed 2021 forecasts in the DSM-8 or DSM-9 cases, that Petitioner be required to file updated 2021 forecasts in this Cause within thirty (30) days of the Order, with the OUC and Intervenors filing discovery and their replies thirty (30) days thereafter. Mr. Loveman further recommend the commission approve Petitioner's:

1. Calendar year 2019 cost reconciliation;
2. Proposed adjustments to 2019 costs related to 2014, 2017, and 2018 non-residential opt-out reallocations; and
3. Proposed re-reconciliations of calendar years 2015, 2016, 2017, and 2018 based on additional EM&V results.

Mr. Loveman testified that he had concerns with Duke Energy Indiana's forecasted costs as its 2021 forecasted costs may change depending on the Commission's DSM-8 Order. A such, it is Mr. Loveman's recommendation, that should the Commission's DSM-8 Order contain any finding that alters Duke Energy Indiana's proposed 2021 forecasts either in the DSM-8 or DSM-9 proceeding, that the Commission require Duke Energy Indiana to file updated 2021 forecasts in

this Cause within thirty (30) days of the Order and the OUCC and Intervenors would have thirty (30) days thereafter to reply and conduct discovery.

Mr. Loveman testified as to the total amount of DSM charges Duke Energy Indiana was proposing to recover in this filing and noted, that the amounts could be significantly different based on the Commission's DSM-8 Order. He further testified that the adjustment factor to a typical residential customer's monthly bill could materially change depending on the DSM-8 Order.

Mr. Loveman provided Attachment CRL-1 illustrating that his calculations matched Petitioner's DSM adjustment factor calculations resulting in a \$0.91 bill increase for residential customers as shown on Petitioner's Exhibit 2-C (KCL).

Mr. Loveman concluded his testimony by advising nothing came to his attention indicating that Petitioner's calculations were incorrect, and as such, recommended that the Commission approve Petitioner's (1) calendar year 2019 cost reconciliation; (2) proposed adjustments to 2019 costs related to 2014, 2017, and 2018 non-residential opt-out reallocations; and (3) proposed re-reconciliations of calendar years 2015, 2016, 2017, and 2018 based on additional EM&V results. Mr. Loveman further recommended that the Commission approve Petitioner's proposed 2021 DSM adjustment factors on an interim basis, pending the outcome of the Commission's DSM-8 Order, and should the DSM-8 Order contain any findings that alter Petitioner's proposed 2021 forecasts in this cause or in DSM-9, that the Commission require Petitioner to file updated 2021 forecasts in DSM-8 within thirty (30) days of the Order, with the OUCC and Intervenors filing their replies and completing discovery within thirty (30) days thereafter.

6. Commission Discussion and Findings. This filing is to reconcile costs incurred in 2019 in accordance with the Order in Cause No. 43955 DSM-4. In that proceeding, we reviewed the reasonableness of the Plan presented and each of the factors set forth in Ind. Code § 8-1-8.5-10(h) and (k), including: program goals, budgets, cost-effectiveness, and EM&V processes. Our review concluded that Petitioner's EE Plan was consistent with its 2015 IRP, as required by statute, and that the Plan satisfied the applicable cost effectiveness tests including the UCT. As to cost recovery, we concluded:

Program Cost Recovery. Petitioner requests that it be authorized to recover program costs through its approved DSM Rider. Section 10 provides that once an electricity supplier's EE plan is approved, the Commission shall allow the electricity supplier to recover all associated program costs on a timely basis through a periodic rate adjustment mechanism. Section 10 (k)(2). The DSM Rules also provide authorization for the recovery of such program costs. 170 IAC 4-8-5. Having found Petitioner's Plan to be reasonable in its entirety, we therefore find that Petitioner shall be authorized to recover its associated program costs.

December 28, 2017 Final Order in IURC 43955 DSM-4, Page 45.

The record shows the OUCC agrees that Petitioner used the correct methodology, as approved in DSM-4 to calculate the DSM Rider factors proposed in this proceeding, and in fact, recommended that the Commission approve Petitioner's (1) calendar year 2019 cost reconciliation; (2) proposed adjustments to 2019 costs related to 2014, 2017, and 2018 non-residential opt-out reallocations; and (3) proposed re-reconciliations of calendar years 2015, 2016, 2017, and 2018 based on additional EM&V results. The one concern expressed by the OUCC is Petitioner's request for approval of its 2021 DSM adjustment factors. The OUCC recommends that this Commission approve Petitioner's proposed 2021 DSM adjustment factors on an interim basis, pending the outcome of this Commission's DSM-8 Final Order. The OUCC further recommends that should the DSM-8 Final Order contain any findings that alter Petitioner's proposed 2021 forecasts in DSM-8 or DSM-9, the Commission should require Petitioner to file updated 2021 forecasts in DSM-9 within thirty (30) days of the DSM-8 Final Order and the OUCC and Intervenors would file replies and conduct discovery within thirty (30) days thereafter. As discussed in further detail below, we conclude that the OUCC's concern in regard to Petitioner's 2021 DSM adjustment factors does not warrant the need for Petitioner to file updated 2021 forecasts in its DSM-8 and DSM-9 proceedings, nor does it warrant the need for any additional discovery in this matter after the issuance of this Commission's Final Order in this Cause.

A. Petitioner's Proposed 2021 DSM Adjustment Factors and the OUCC's Request for Petitioner to File Updated 2021 Forecasts in its DSM-8 and DSM-9 Proceedings.

The OUCC expresses its concern as to approving Petitioner's 2021 DSM adjustment factors in this proceeding as these adjustments are currently pending in Petitioner's DSM-8 proceeding. This Commission understands the OUCC's concern; however, there are sufficient procedures currently in place that allow for updated adjustments, in the form of Petitioner's reconciliation filings, and as such, Petitioner will be filing adjustments to its 2021 adjustment factors in its next reconciliation filing. As shown in Petitioner's past DSM reconciliation filings, changes and adjustments to its actual participation, costs and EM&V will be provided. Since Petitioner will be filing reconciliations of its 2021 DSM adjustment factors in its later reconciliation proceedings, this Commission finds that such reconciliation filings are more than sufficient to cover any adjustments coming out of the DSM-8 and DSM-9 Final Orders that could affect Petitioner's 2021 DSM adjustment factors. We further do not believe it is necessary to treat any 2021 adjustments differently than how Petitioner currently handles such adjustments in its reconciliation filings. We also note that the OUCC has not provided any statutory support specific to their recommendations. We further note that adopting the OUCC's recommendation that Petitioner update its forecasts within thirty (30) days of the date of this Final Order could create undue hardship on Petitioner given such a quick turnaround time. Given that this Commission has already rejected the OUCC's recommendation to require Petitioner to file updated 2021 forecasts, this point is moot.

Therefore, we reject the OUCC's recommendation to implement Petitioner's 2021 DSM adjustment factors on an interim basis pending the outcome of the Commission's DSM-8 Final Order. We further reject the OUCC's request to require Petitioner to update its 2021 forecasts in

this proceeding as such adjustments and reconciliations to Petitioners 2021 adjustments will be reflected in future reconciliation filings.

Furthermore, Petitioner's requested DSM rates as provided in its case-in-chief and described herein are approved.

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

1. Duke Energy Indiana's requested EE Rider Adjustment, as set forth in the Testimony and Exhibits of witnesses Karen K. Holbrook and Kathryn C. Lilly, which includes reconciliation of 2019 actual costs and energy savings achievements with amounts billed to customers in 2019 in accordance with previous Commission Orders, along with the re-reconciliations for the application of EM&V to lost revenue recovery for 2015, 2016, 2017, and 2018 is hereby approved.
2. Duke Energy Indiana's requested continued authority to defer the over and under recoveries of projected DSM/EE program costs, pending reconciliation in subsequent rider periods and approval to defer any costs incurred in implementing the DSM/EE programs prior to the time the Commission issues an Order authorizing Duke Energy Indiana to recognize these costs through the ratemaking process is hereby approved.
3. Duke Energy Indiana is authorized to implement its requested Rider No. 66 adjustment factors.
4. Duke Energy Indiana may begin billing new Rider No. 66 factors on all bills rendered beginning with the first billing cycle for the first full billing month following the date of this Order, subject to its filing of the updated Rider No. 66 with the Commission's Electricity Division.
5. This Order shall be effective on and after the date of its approval.

FREEMAN, HUSTON, KREVDA, OBER AND ZIEGNER CONCUR:

APPROVED:

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

Mary M. Schneider
Secretary to the Commission