

**ORIGINAL**

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

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF THE CITY OF CRAWFORDSVILLE, )  
INDIANA, BY AND THROUGH ITS MUNICIPAL )  
ELECTRIC UTILITY, CRAWFORDSVILLE )  
ELECTRIC LIGHT AND POWER, FOR APPROVAL )  
OF A NEW SCHEDULE OF RATES AND CHARGES )  
FOR ELECTRIC SERVICE AND FOR APPROVAL )  
TO MODIFY ITS ENERGY COST ADJUSTMENT )  
PROCEDURES )**

**CAUSE NO. 45420**

**APPROVED: APR 21 2021**

**ORDER OF THE COMMISSION**

**Presiding Officers:**

**David E. Ziegner, Commissioner**

**Lorraine L. Seyfried, Chief Administrative Law Judge**

On August 19, 2020, the City of Crawfordsville, Indiana, and Crawfordsville Electric Light and Power (jointly, “CEL&P” or “Utility”) filed a petition with the Indiana Utility Regulatory Commission (“Commission”) initiating this Cause. On that same day, CEL&P filed the direct testimony and exhibits of the following witnesses:

- Phillip R. Goode, Manager of CEL&P;
- Jennifer Z. Wilson, C.P.A. and Consulting Managing Director at Crowe LLP;
- Thomas A. Ghidossi, President of Exponential Engineering Company;
- Joseph A. Mancinelli, President and Chief Executive Officer of NewGen Strategies and Solutions, LLC, (“NewGen”); and
- Laurie A. Tomczyk, Executive Consultant at NewGen.

On September 9, 2021, Petitioner submitted corrected direct testimony and exhibits of Phillip R. Goode, Jennifer Z. Wilson, Joseph A. Mancinelli; and Laurie A. Tomczyk.

On October 23, 2020, Petitioner submitted corrected direct testimony and exhibits Joseph A. Mancinelli and filed additional direct testimony of Andrew J. Reger, Executive Consultant at NewGen, which was adopted as Ms. Tomczyk’s supplemental testimony after Mr. Reger left employment with NewGen.

The Commission conducted a public field hearing in this Cause at 6:00 p.m. on October 29, 2020, at Fusion, 101 W. Main Street, Crawfordsville, Indiana.

On December 23, 2020, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed consumer comments and the direct testimony and exhibits of the following witnesses:

- Caleb R. Loveman, Utility Analyst in the OUCC’s Electric Division;

- Michael D. Eckert, Assistant Director in the OUCC’s Electric Division;
- Anthony A. Alvarez, Utility Analyst in the OUCC’s Electric Division;
- Kaleb G. Lantrip, Utility Analyst in the OUCC’s Electric Division;
- Lauren M. Aguilar, Utility Analyst in the OUCC’s Electric Division; and
- Sergio G. Hunt, Utility Analyst in the OUCC’s Electric Division.

On January 27, 2021, CEL&P and the OUCC filed a Settlement Agreement (“Settlement”) and supporting settlement testimony, reaching a comprehensive settlement of all issues in this Cause. CEL&P filed the settlement testimony of Messrs. Goode, Ghidossi and Mancinelli, and Meses. Wilson and Tomczyk. The OUCC filed the settlement testimony of Mr. Loveman, which was corrected on February 12, 2021.

On February 9, 2021, the Presiding Officers issued a docket entry requesting additional information from CEL&P and the OUCC. CEL&P filed its response on February 10, 2021 and the OUCC filed its response on February 12, 2021. Also, in response to the docket entry, the OUCC filed corrected settlement testimony of Mr. Loveman.

Due to the continuing COVID-19 pandemic, the Commission conducted a virtual settlement hearing in this Cause at 9:30 a.m. on February 16, 2021. CEL&P and the OUCC appeared at and participated in the hearing. The parties’ evidence was offered and admitted into the record without objection or cross-examination.

The Commission, having considered the evidence presented and the applicable law, now finds:

**1. Notice and Jurisdiction.** Due, legal, and timely notice of the public hearings in this Cause was given and published by the Commission as required by law. CEL&P is a municipally owned utility as that term is defined in Ind. Code §§ 8-1-2-1(h) and 8-1.5-1-10. Under Ind. Code § 8-1.5-3-8(f)(2), the Commission has jurisdiction over CEL&P’s rates and charges. Therefore, the Commission has jurisdiction over CEL&P and the subject matter of this Cause.

**2. CEL&P’s Characteristics.** CEL&P is a municipally owned utility with its principal office located at 808 Lafayette Road Crawfordsville, Indiana, 47933. CEL&P through the Common Council of the City of Crawfordsville and the City’s Utility Service Board, owns, operates, manages, and controls plant, property, equipment, and generation facilities used and useful to provide electric utility service to approximately 10,000 customers in and around the City of Crawfordsville and Montgomery County. CEL&P purchases all its power and energy requirements from the Indiana Municipal Power Agency (“IMPA”) pursuant to the terms of a power sales contract, and the Utility does not own any generation of its own.

**3. Relief Requested.** In its Petition, CEL&P requests approval of a new schedule of rates and charges for electric utility service; a change to its Energy Cost Adjustment (“ECA”) tracking mechanism; and approval to submit any adjustments to its new Electric Vehicle (“EV”) Rate via the Commission’s 30-day filing process, if needed. Subsequently, CEL&P and the OUCC filed, and now request approval of, the Settlement.

#### 4. CEL&P's Case-In-Chief.

A. Phillip G. Goode. Mr. Goode, CEL&P's General Manager, testified regarding CEL&P's current utility operations, rate proposal, capital improvement plan ("CIP"), and changes to rate design.

Mr. Goode testified that CEL&P's rates have not increased since its last rate case in 2016 in Cause No. 44684. However, he testified that by 2019, CEL&P was experiencing repeated months where the Utility's financial statements indicated a negative net income. Mr. Goode testified that he continued to question the Utility's revenue insufficiency and hired NewGen as an independent consultant to review the rates CEL&P imposed to effectuate the settlement approved in Cause No. 44684. NewGen concluded that CEL&P did not collect the authorized revenue requirement because its tariffed rates had been incorrectly calculated by CEL&P's prior rate consultant by using improper energy billing units. Because of this error, CEL&P failed to collect approximately \$2.98 million over the period August 2016 through January 2020. Contemporaneously with its new rate case filing, CEL&P filed a motion requesting that the Commission correct the mathematical error and approve a temporary rate adjustment rider ("TRR") to allow recovery of its authorized revenue requirement on a going-forward basis.<sup>1</sup>

Mr. Goode testified that CEL&P engaged NewGen to perform a new cost-of-service study ("COSS"). Based on the results of the studies, and input from CEL&P's management, the Utility Service Board and Common Council resolved to seek the Commission's authority to increase base rates and charges and to restructure the Utility's rates and charges to accurately reflect the cost of service. Mr. Goode also testified regarding the financial and operational impacts of the ongoing COVID-19 pandemic and the Governor's moratorium on utility disconnections.

Mr. Goode testified that CEL&P has developed a CIP covering 2021–2026. The major CIP improvements are related to building and rebuilding transmission lines, building a new Memorial Drive Substation, and Advanced Meter Infrastructure ("AMI") deployment. Mr. Goode stated that CEL&P considered requesting a transmission and distribution system improvement charge but ultimately concluded that such a tracker is not ideal for a smaller municipal electric utility like CEL&P. He noted that the revenue insufficiency from the 2016 rate design mathematical error necessitated that expenditures be reduced across numerous budget categories, but the biggest impact was on CEL&P's CIP. Several of the projects CEL&P presented to the Commission in its last rate case were delayed.

Mr. Goode testified that CEL&P requests approval to modify its current ECA to reflect its proposed rate design, which expands customer class categories, creates new customer classes that will initially not have customers, and establishes new demand charges for the General Power ("GP") and general electric heating. He also provided an overview of CEL&P's proposed changes to the tariff structure and rate design, eliminating some rate components that are no longer needed, and updating others.

B. Jennifer Z. Wilson. Ms. Wilson, Consulting Managing Director at Crowe LLP, testified regarding CEL&P's electric revenue requirements for the 12 months ended February

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<sup>1</sup> The Motion was subsequently docketed as Cause No. 45429.

29, 2020 based on her analysis in Attachment JZW-2. Ms. Wilson stated that CEL&P's overall requested rate relief for the test year is \$40,947,150, or approximately 18.06%.

Ms. Wilson explained the data used to prepare the revenue requirement study and related schedules was acquired from the Utility's normal business records, except for the pro-forma amounts that were calculated based on figures derived from the Utility's business records and assumptions provided by and approved by Utility management. As reflected on pages 2 and 3 of her report, the balance sheets as of February 29, 2020, December 31, 2019, and December 31, 2018 reflect that CEL&P's utility plant in service has been depreciated over 68% as of February 29, 2020. Ms. Wilson testified that the income statements for the 12 months ended February 29, 2020, and December 31, 2019, indicate a continuing operating loss. While the net income for the year ended December 31, 2018, was a positive \$462,648, she stated this was not a sufficient amount to fund the extensions and replacements approved in Cause No. 44684.

Ms. Wilson stated she considered the provisions in Ind. Code § 8-1.5-3-8 when developing the revenue requirement. She testified that CEL&P's revenue requirement was developed using the cash basis, which is the same basis used in the Utility's last rate case. Under the cash basis approach, the actual cash flow expenditures of the Utility are used to derive the revenue requirement, including operation and maintenance ("O&M") expenses, taxes other than income taxes, debt service, extension and replacements, and other cash funding requirements.

CEL&P's actual operating revenue for the 12 months ended February 29, 2020, as shown in Attachment JZW-2, is \$34,814,198. On a pro-forma basis, CEL&P would experience an operating loss for the test year. Ms. Wilson stated a revenue increase of \$6,207,752 is required to reach CEL&P's revenue requirement of \$40,947,150 for the test year. She then provided detailed descriptions of her proposed adjustments to CEL&P's revenue requirement, including various fixed, known, and measurable adjustments, normalizations, and annualizations through February 28, 2021.

**C. Thomas A. Ghidossi.** Mr. Ghidossi, President of Exponential Engineering Company, testified regarding CEL&P's 2021–2026 CIP. CEL&P's CIP included five subcategories: (1) substations; (2) transmission lines; (3) protection and control systems; (4) AMI deployment; and (5) general capital projects. Mr. Ghidossi explained how each category serves to maintain CEL&P's reliability, safety, efficiency, and performance. He produced a report, included as Attachment TAG-2, which describes the proposed projects, cost estimates (including contingency and escalation), and schedule.

Mr. Ghidossi testified regarding the need for each project category, how the labor and material costs are based on information provided to him by CEL&P, and how he analyzed and updated those costs for escalation and contingency factors. At the end of Mr. Ghidossi's cost report is a schedule showing the escalation and contingency factors CEL&P applied to its capital project budgets and the adjusted amounts for the period 2021–2026. CEL&P proposed a total CIP budget of \$23,306,631, with an average annual budget of \$3,884,438.

**D. Joseph A. Mancinelli.** Mr. Mancinelli, President and CEO of NewGen, testified regarding the COSS and CEL&P's rate design and tariff changes. The COSS

functionalizes, sub-functionalizes, classifies, and allocates costs using generally accepted methodologies recognized by the National Association of Regulatory Utility Commissioners (“NARUC”) and the American Public Power Association. Based on this data, the COSS allocates CEL&P’s test-year revenue requirement to each rate class.

Mr. Mancinelli testified that a COSS typically classifies costs into three categories: demand-related costs, energy-related costs, and customer-related costs. The demand-related costs are typically associated with system capacity requirements, are fixed in nature, and do not vary with day-to-day changes in system energy use. Energy-related costs are variable in nature and vary with day-to-day changes in system energy use. Customer-related costs, such as billing, collections, and customer service functions, are driven by the number of customers on the system.

Mr. Mancinelli explained how he prepared the COSS based on financial data, monthly system operating data and statistics, system sub-transmission and distribution infrastructure statistics, monthly billing data, and class peak demand data, provided by CEL&P. He also provided detailed testimony describing the methods used to complete, and the results of, the COSS. He summarized the results of the COSS in Table JAM-6 on page 27 of his direct testimony.

Mr. Mancinelli testified that rate design principles utilized in this case represent the policies, goals, and objectives important to CEL&P and the community it serves. These principles include ensuring revenue adequacy; implementing gradualism in rate design by spreading rate increases over two years in two phases and increasing system revenues by a smaller amount in the first year; limiting the annual residential customer class rate increase and allowing no customer class to receive a rate decrease; better aligning rates with COSS results; improving efficiency signals and fixed cost recovery by introducing demand charges and a demand ratchet to some classes of customers; moving certain large commercial customers to the appropriate customer class; increasing customer service charges and demand charges towards cost of service; improving consistency of pricing signals by merging the GP and Municipal General Power (“MP”) rate structures; and recalibrating the ECA so that ECA pass-through charges are near zero. Mr. Mancinelli summarized the proposed rates on current revenues by class in Table JAM-14 on page 41 of his direct testimony.

After the filing of its petition in this Cause, CEL&P became aware of an error in its COSS. Tantalus is a third-party vendor used by CEL&P that provided NewGen the hourly AMI data for use in CEL&P’s COSS study. When this hourly data was time-stamped and used in the COSS, Mr. Mancinelli explained that NewGen assumed it to be recorded in Eastern Time. However, after review by the OUCC, it was discovered the time stamps were in Coordinated Universal Time. Once the error was recognized, Mr. Mancinelli reran the COSS with the correct time-stamped hours. Mr. Mancinelli testified regarding the changes NewGen implemented because of this correction. Although the corrected COSS shows the residential rate class would require a greater rate increase to fully cover its allocated costs, CEL&P made no change to its proposed residential rate in an effort to move the residential classes more gradually toward cost of service.

Mr. Mancinelli testified in support of a new demand ratchet for commercial customers. He explained that when a commercial customer’s billing demand is highly variable, those customers will not fairly contribute to their cost of service because monthly rate revenues contributed through

a demand charge are not sufficient to recover the costs associated with an all-time maximum demand event. For these customers, a demand ratchet corrects this inequity by setting a billing demand floor based on a historical look at a customer's monthly peak demand requirement. CEL&P proposed a demand ratchet setting this floor at 50% of the customer's maximum demand on a rolling 12-month basis.

**E. Laurie A. Tomczyk.** Ms. Tomczyk, an Executive Consultant at NewGen, testified regarding the proposed changes to CEL&P's ECA tracker, non-recurring charges, and LED fixture charges for streetlighting and outdoor lighting. Ms. Tomczyk explained the establishment and current calculation of the ECA rate and CEL&P's proposed changes to the application of the ECA rate to certain customer classes. Ms. Tomczyk developed a recommended ECA model that incorporates the proposed changes to assess both demand and energy charges to the GP and MP rate schedules, which she provided in Attachment LAT-3.

Ms. Tomczyk explained that during the test year, actual IMPA rates that were in effect from March through December 2019 differed from those in effect during January and February 2020. Thus, Adjustment 2 to the revenue requirements study was made for purchased power costs, as detailed on Table LAT-1.

Ms. Tomczyk testified about her recommended non-recurring charges, which were equal to or less than the calculated cost for CEL&P to provide those services. CEL&P updated its existing LED streetlighting rates, and Ms. Tomczyk testified regarding how those rates were developed based on cost of service. She also explained the development of new LED outdoor lighting rates.

In her supplemental direct testimony, Ms. Tomczyk explained CEL&P's proposed public EV charging rate design. CEL&P signed a five-year lease with Charge Point for the two existing EV charging stations at a fee of \$2,500 per charger per year for installation and maintenance. Therefore, there are no other ongoing maintenance or service costs from Charge Point to CEL&P for the stations other than the annual subscription fee. The charging stations were strategically placed in locations where CEL&P was already replacing/installing existing streetlighting infrastructure, thus there were no additional directly assignable infrastructure costs associated with supporting these charging stations.

Ms. Tomczyk based the proposed public EV charging rate on CEL&P's existing GP service class, with additional and specific adjustments and charges designed to recover costs of serving EV charging facilities. She testified that the EV rate was designed to represent the costs of power supply, delivery, and customer/administrative service, and the costs of certain other items specific to serving public EV charging stations in CEL&P's territory. Ms. Tomczyk noted that the third-party charging station lease payments will be treated below-the-line and not included in customer rates.

## **5. OUC's Case-In-Chief.**

**A. Caleb R. Loveman.** Mr. Loveman, Utility Analyst in the OUC's Electric Division, testified regarding CEL&P's proposed revenue requirement. He prepared schedules

CRL-1 through CRL-7 reflecting the adjustments that the OUCC was recommending in this Cause. Mr. Loveman noted that the Commission approved a TRR to correct a mathematical error in CEL&P's tariffed rates to allow CEL&P an opportunity to begin collecting the authorized revenue requirement from its last rate case on a going forward basis until its new base rates are established in this Cause. The OUCC did not oppose the TRR.

Mr. Loveman noted that CEL&P proposed including \$1,690,038 as part of CEL&P's annual revenue requirement to fund CEL&P's operating fund balance to \$8,684,350. He testified that Ms. Wilson included purchased power and taxes in her calculation, items which are not included in a typical working capital calculation and should be removed. He noted that at the end of the test year, CEL&P had \$4,685,266 in combined restricted and unrestricted cash. Mr. Loveman testified that this was a sufficient level of cash for CEL&P, particularly since CEL&P has no outstanding debt.

Mr. Loveman also testified that Ms. Wilson's calculation of 90 days cash on hand was inappropriate. Based on a 45-day method working capital calculation typically used in Commission proceedings, CEL&P's operating fund is overfunded by \$1,191,817. However, Mr. Loveman testified that it is reasonable to recognize CEL&P will need to respond to future unknown events otherwise not provided for in its base rates, such as storm damage, and that Mr. Goode testified that the COVID-19 pandemic was a source of strain on CEL&P's finances. He testified that a reasonable level of cash reserves will assist CEL&P in addressing some level of future unknowns without the need to seek additional rate relief. Mr. Loveman concluded that CEL&P's cash reserves are adequate, and CEL&P does not require an increase to its annual operating fund. Therefore, he recommended the Commission deny CEL&P's request for a \$1,690,038 annual operating fund contribution.

Mr. Loveman then testified regarding the remaining components of CEL&P's proposed revenue requirement. He accepted CEL&P's proposed uncollectible expense adjustment. Mr. Loveman explained that he adjusted CEL&P's net utility plant in service and Payment in Lieu of Taxes ("PILT") amount by the percentage of CEL&P's operations inside the City of Crawfordsville, resulting in a \$195,537 decrease from CEL&P's test year. He recommended removing \$26,393 of advertising expense and \$30,458 in expenses related to the small projects completed by the Utility for the City of Crawfordsville from CEL&P's revenue requirement. Mr. Loveman also recommended including \$11,829 in interest income as an offset to CEL&P's revenue requirement. Mr. Loveman also testified that he adjusted the Utility Receipts Tax ("URT") amount based on the OUCC's recommended lower increase in revenue requirement. Overall, Mr. Loveman testified that the OUCC recommended a revenue requirement for CEL&P of \$37,970,705, an increase of 9.53%.

**B. Michael D. Eckert.** Mr. Eckert, Assistant Director in the OUCC's Electric Division, testified regarding CEL&P's pro-forma proposed vegetation management expense for its transmission and distribution systems. He testified that he believed CEL&P did not provide sufficient testimony to support: (1) its \$660,000 pro-forma request; (2) the nature of the expenses to be incurred; and (3) the benefits of the proposed CEL&P system expense.

Mr. Eckert testified that CEL&P's requested pro-forma amount is significantly higher than its \$344,560 total test year vegetation management expense amount and is significantly higher than any actual vegetation management expense CEL&P has incurred since 2012. He explained that CEL&P calculated its proposed pro-forma contract vegetation management expense amount from a 2018 quote from Plant Growth Management Systems, LLC ("PGMS") to perform contract vegetation management services on CEL&P's transmission and distribution systems for seven years at a \$225,314 yearly cost. However, CEL&P did not hire PGMS in 2018, and prior to filing its rate case, CEL&P contacted PGMS for an updated quote. PGMS verbally indicated its annual vegetation management expense for a seven-year period would be \$330,000, as opposed to \$225,314 per year in its 2018 quote. CEL&P doubled the new annual quote of \$330,000 to \$660,000, as it intends to complete the trim cycle in 3.5 years, as opposed to the current seven years.

Mr. Eckert testified that CEL&P's test year expense and its historical expense amounts do not provide sufficient justification for its \$757,036 pro-forma vegetation management expense amount. He noted that CEL&P plans to use in-house vegetation management until it transitions to contract vegetation management. While Mr. Eckert testified that he believed CEL&P's proposed contract vegetation management expense was unreasonable, he recognized that CEL&P's evidence shows it has experienced problems historically with meeting its vegetation management needs using its in-house vegetation management labor. He explained the OUCC does not oppose CEL&P's transition to contract vegetation management exclusively, given that the Utility's experience with contract vegetation management labor was more efficient.

For these reasons, Mr. Eckert testified that the OUCC opposed CEL&P's proposed vegetation management expense. He testified that CEL&P's rates should instead reflect \$458,147 contract vegetation management expense and \$97,035 in-house vegetation management expense. Therefore, Mr. Eckert recommended the Commission authorize annual pro-forma contract vegetation management expense of \$458,147, instead of CEL&P's proposed \$660,000 pro-forma amount.

**C. Anthony A. Alvarez.** Mr. Alvarez, a Utility Analyst in the OUCC's Electric Division, testified regarding CEL&P's proposed 2021–2026 CIP, including its proposed system improvement and modernization projects.

Mr. Alvarez explained his detailed review of the scope and budget in the proposed CIP. He identified 15 projects in CEL&P's 2021–2026 CIP that were previously included in CEL&P's 2016–2019 CIP from its prior rate case, Cause No. 44684. Mr. Alvarez testified that in response to OUCC discovery, CEL&P stated that there were many CIP projects which CEL&P could not complete because of revenue shortfalls. He noted that CEL&P also provided a list of nearly \$1 million in unexpected capital projects work not included in the last rate case's CIP. Mr. Alvarez testified that CEL&P's clarifications resolved his concerns about potential double-counting in the two CIPs.

Mr. Alvarez acknowledged Mr. Goode's testimony that CEL&P's Memorial Drive Substation project was delayed, and this delay had cascading effects on other associated projects. The 2021–2026 CIP shows three line items totaling \$4,349,481 associated with the Memorial



Drive Substation project: (1) the Memorial Drive Substation (138kV Tap, 15 Transformer, Switchgear, Breakers); (2) 50% Down Payment on Memorial Drive Substation Transformer; and (3) 20% Down Payment on Memorial Drive Substation Switchgear. Based on his review, Mr. Alvarez concluded these are reasonable projects for CEL&P to complete in order to maintain the reliability and integrity of its system.

Mr. Alvarez agreed with CEL&P that the Memorial Drive Substation and associated projects are critical in terms of setting future project schedules. Any further delay may cause scheduling bottlenecks down the line, preventing other projects from proceeding on time and ultimately costing ratepayers more money. He expected CEL&P's base rates will result in adequate funding for timely completion of all its CIP projects, including the Memorial Drive Substation. Ultimately, Mr. Alvarez did not recommend any adjustments to CEL&P's requested CIP budget or to any of its proposed projects.

**D. Kaleb G. Lantrip.** Mr. Lantrip, a Utility Analyst in the OUCC's Electric Division, testified regarding CEL&P's proposed: (1) extensions and replacements ("E&R"); (2) rate case expense amortization; (3) labor, employee benefits, and Federal Insurance Contributions Act ("FICA") tax expenses; and (4) miscellaneous adjustments.

Regarding CEL&P's annual E&R calculation, Mr. Lantrip noted Ms. Wilson's revenue requirement calculation reflects an adjustment to CEL&P's proposed budget for the first year in CEL&P's CIP, in which the first-year project budget is paid for using CEL&P's depreciation fund of \$1,142,609. She then averages the total remaining CIP budget of \$22,164,022 over the remaining five years, for a calculated annual E&R amount of \$4,432,804. Mr. Lantrip proposed calculating CEL&P's E&R revenue requirement using a six-year average rather than the five-year average because the benefit of CEL&P using its depreciation fund in the first year to reduce the overall outstanding CIP funding is negated by shortening the period over which CIP funds are collected from ratepayers. Therefore, he recommended a six-year average annual E&R amount of \$3,694,004.

Mr. Lantrip expressed concern with CEL&P's proposal to include the costs for two COSSs in its pro-forma proposed rate case expense. In addition to the costs associated with the NewGen COSS used to develop its rate proposal in this Cause, CEL&P also included the original COSS consultant's costs even though that consultant was dismissed due to alleged errors in the previous rate case and the COSS prepared by that original consultant in this Cause was not ultimately used. He explained that while the result of any mediation or litigation is uncertain, it is more appropriate for CEL&P to recover the previous consultant's costs from the consultant or its insurance carrier. Mr. Lantrip concluded that the cost of the original COSS should be excluded from rates, and CEL&P should recover \$106,250 of annual rate case expense. He also recommended that within 14 days of CEL&P either reaching an agreement on the matter or resolving the dispute through litigation, the Utility be required to submit a 30-day filing to reduce its base rates by the amount of any proceeds it receives as a result of mediation or litigation with its former COSS consultant and its insurance carrier, net of any reasonable litigation/mediation costs and the cost of the prior COSS, if not recovered in base rates.

Mr. Lantrip testified that he disagreed with the labor expense amounts CEL&P used in calculating its labor and employee benefits expenses adjustments. He proposed adjusting the labor expense budget to exclude \$154,999 from test year labor expense, because due to the current economic conditions, CEL&P did not plan to fill the open Assistant General Manager (\$119,996 budgeted salary) and the open Administrative Assistant (\$35,003 budgeted salary) positions until it received a revenue increase. While he acknowledged CEL&P later indicated that it planned to advertise for these two positions, Mr. Lantrip testified that he did not believe the change was sufficiently explained or supported by CEL&P. Therefore, he continued to support a \$154,999 reduction of pro-forma O&M labor expense for the unfilled positions, which decreased CEL&P's salaries and wages expense by \$24,290.

Mr. Lantrip explained that the pro-forma Public Employees Retirement Fund ("PERF") and FICA expenses should be adjusted consistent with his recommended reduced labor expense amount. Mr. Lantrip also testified that \$2,650 in charitable and civic contributions unrelated to the provision of electric utility service should be eliminated from CEL&P's pro-forma operating expense revenue requirement calculation.

**E. Lauren M. Aguilar.** Ms. Aguilar, a Utility Analyst in the OUCC's Electric Division, testified regarding CEL&P's EV rate proposal. She reviewed information from CEL&P clarifying how CEL&P designed the EV rate, and who would be responsible for the costs associated with the EV chargers. She testified the OUCC was satisfied CEL&P has taken the necessary steps to ensure non-participating ratepayers are not subsidizing the EV chargers.

Ms. Aguilar recommended CEL&P provide progress reports on its EV program. She explained that the Commission has previously required EV pilot program reporting, acknowledging the importance of collecting data from this accelerating market. Ms. Aguilar testified that reporting on the program will help interested stakeholders and the Commission understand EV usage within the state.

CEL&P confirmed it is willing to provide this information, subject to availability, on an annual basis starting December 31, 2021. Ms. Aguilar testified that the EV reports should include the following data:

- (1) The number of customers in CEL&P service territory who drive an EV prior to the beginning of the program, and yearly thereafter;
- (2) Number of customers using the CEL&P-provided public station each day;
- (3) Duration of each charge;
- (4) kWh of each charge;
- (5) Time of day charges occurred (at the very least, off-peak vs. on-peak);
- (6) General location of customer (local or out of state) reasonably discernable by CEL&P; and
- (7) The battery level of the EV prior to charging and the charge level at the conclusion (i.e. was the car empty when it started and full when it left) as is reasonably discernable by CEL&P.

Together with the annual EV reporting, Ms. Aguilar testified that the OUCC recommends the Commission approve CEL&P's EV Tariff as presented.

**F. Sergio G. Hunt.** Mr. Hunt, a Utility Analyst in the OUCC's Electric Division, testified regarding his analysis of NewGen's COSS. Based on his review, he stated NewGen appears to have conducted the COSS in a similar process as the one outlined in the NARUC Electric Utility Cost Allocation Manual. To calculate demand contributions of each class, NewGen used hourly load data collected by CEL&P's AMI meters for each rate class. While CEL&P does not yet have 100% AMI meter deployment, Mr. Hunt testified that he found no issue with the AMI meter distribution and sample size for purposes of calculating demand contributions for each class during the test year used in the COSS.

Mr. Hunt noted a discrepancy between the data used in the COSS versus the rate design. The GP rate class billing demand used in the COSS was modeled as being approximately 20 MW lower than was used in the calculation of rates for that rate class. Mr. Hunt testified that CEL&P should correct this discrepancy so that the values used in the COSS and in the calculation of rates are the same.

Regarding CEL&P's proposed GP rate class demand charges, Mr. Hunt testified the OUCC was concerned about imposing demand-related charges and ratchets on CEL&P's smallest customers in its GP rate class. He explained that demand can be a complex concept for a small customer to understand and these customers should be prepared for the effects of demand charges or ratchets. Mr. Hunt testified that larger customers are more likely to understand these charges and have options available for affecting their demand. The OUCC contends small customers in CEL&P's GP class do not have enough influence or understanding over their monthly demand to warrant either a demand charge or a demand ratchet.

Mr. Hunt testified that the OUCC did not have concerns with CEL&P's demand charges currently being applied to the Primary Power ("PP") class because this rate class already had demand charges approved and implemented prior to this case. Also, the PP rate class customers have higher demand than those in the GP rate class, are more aware of their monthly demand, and are better equipped to manage their monthly load. However, Mr. Hunt stated that the OUCC opposed CEL&P's request to apply demand ratchets to PP customers. He explained that most CEL&P's PP customers would experience no change in their test year billing demand from the imposition of the ratchet, and thus the demand ratchet created little benefit for CEL&P. Finally, Mr. Hunt testified that while NewGen did not conduct any weather normalization as part of its cost of service analysis, most municipal utilities do not have data available to perform a weather normalization analysis, and thus the OUCC did not oppose using CEL&P's COSS in absence of a weather normalization.

**6. Settlement.** In their Settlement, CEL&P and the OUCC ("Settling Parties") agreed that CEL&P should be authorized to increase its rates and charges to reflect the total net revenue requirement of \$39,456,074 (a total increase of 13.72%), which is a decrease of approximately \$1.5 million from the amount originally requested by CEL&P. The parties also agreed that CEL&P will implement its 13.72% revenue increase over two phases, with the first phase ("Phase I") in the amount of 6.6% to be effective upon the issuance of the Commission's final order in this Cause.

The second phase (“Phase II”), in the amount of 6.6%, will be effective 12 months after the effective date of Phase I.

Both CEL&P and the OUCC submitted testimony supporting the Settlement, which is summarized below.

**A. CEL&P’s Settlement Testimony.**

**i. Mr. Goode.** Mr. Goode testified that the Settlement was a good compromise between CEL&P’s as-filed rate increase proposal and the OUCC’s direct testimony position. It allows CEL&P sufficient cash flow and income to prudently operate the Utility, while funding necessary accounts in a gradual manner that allows CEL&P to continue providing adequate service while balancing rate increases to customers. Mr. Goode explained that the Settlement achieves CEL&P’s primary objective of adjusting rates to support the Utility’s operations, while at the same time addressing the OUCC’s concerns regarding reasonable rates and mitigating the rate increase’s impact on customers. From an operational perspective, the Settlement allows CEL&P to have sufficient O&M funds; fund its CIP for the next six years; catch up on its vegetation management program and transition to a regular vegetation management cycle; make the TRR a permanent part of rates; and begin its EV program with the annual reporting requirements.

Mr. Goode testified that in the spring of 2020, CEL&P was making loans from the Utility’s depreciation fund to make up for the shortfall in operating expenses. These loans, combined with the loss of revenues from the 2016 rate design mathematical error, also resulted in the depreciation fund being insufficient for CEL&P to complete many necessary system improvements. Mr. Goode explained that if the Commission approves the Settlement and new revenue begins to flow, he believes these loans from the depreciation fund will no longer be necessary, the Utility will have sufficient revenue to meet expenses, and the new CIP will be fully funded. While additional revenues from the TRR improved CEL&P’s operating revenue beginning in November 2020, the Utility is still suffering from a significant loss of revenues that the Utility has foregone because of the 2016 rate design mathematical error, while expenses are simultaneously increasing and the COVID-19 pandemic is ongoing. The Settlement makes the TRR permanent, while implementing an additional rate increase.

Due to current budget constraints, Mr. Goode testified that CEL&P is on a seven-year trim cycle for the distribution system, but the Utility has not been able to progress in that cycle in a timely manner. He explained that the settled contract vegetation management adjustment will help the Utility catch up and complete the current seven-year cycle that it is behind on. It will also, on a going forward basis, allow CEL&P to transition to a more appropriate three-year trim cycle for distribution, while maintaining the current two-year cycle for the bulk transmission system in Crawfordsville. However, Mr. Goode testified, if the Commission approves the Settlement, those rates must be approved via a new Utility Service Board Resolution and City Council Ordinance, so that the local laws match the rates the Commission has approved. Therefore, CEL&P does not expect higher revenues to flow from this settled rate increase to the Utility until the third quarter of 2021.

Mr. Goode explained that CEL&P will have a new EV rate class under the Settlement. CEL&P will also annually report to the Commission and the OUCC data regarding the EV program, as suggested in Ms. Aguilar's direct testimony. CEL&P's first EV report will be filed by December 31, 2021, to include data from the preceding 12 months, and then will be filed annually thereafter. As part of the Settlement, CEL&P also agreed to create a new General Power Large ("GPL") class. CEL&P also agreed to eliminate some of its originally proposed demand charges and demand ratchets, to address the OUCC's concerns about customer impact and the inability of small commercial customers to make meaningful changes to their levels of demand. The Settling Parties also agreed to the modification of CEL&P's ECA procedures.

Mr. Goode opined that approval of the Settlement is in the public interest because it represents a comprehensive resolution of all issues in the proceeding raised by CEL&P and the OUCC. He stated that the Settlement provides CEL&P the opportunity to recover sufficient revenues, maintain adequate cash flows, and fund necessary reserve accounts while balancing the interest of CEL&P's customers in receiving reasonable service at a fair cost.

ii. **Ms. Wilson.** Ms. Wilson explained the settled revenue requirement, including the financial details of the Settlement. She stated that as a result of the Settlement, adjustments were made to O&M expenses, taxes other than income taxes, E&R, the annual working capital revenue requirement, and the inclusion of interest income as an offset to the revenue requirements. CEL&P accepted a total of \$160,991 in adjustments to O&M expenses as reasonable for settlement purposes. Of that amount, \$101,490 is an agreed reduction in the annual vegetation management contract expense as described by Mr. Ghidossi.

CEL&P agreed to the remaining additional O&M expense adjustments as reasonable for purposes of settlement: (1) removing certain advertising expenses totaling \$26,393 from the test year; (2) removing expenses totaling \$30,458 from the test year related to small projects the Utility performed for the City of Crawfordsville; (3) removing charitable contributions totaling \$2,650 from the test year; (4) accepting the PILT calculation of \$229,463 resulting in a decrease of \$537 from the amount calculated by CEL&P; and (5) including interest income of \$11,289 as an offset to the overall revenue requirement.

Ms. Wilson explained that the Settling Parties also agreed to: (1) adjust metered sales for the reclassification of select customers from GP sales to PP sales; (2) adjust purchased power expenses for IMPA's 2020 published rates; (3) adjust for pro-forma salaries and wages and related increases to PERF and FICA; (4) remove nonrecurring expenditures for relay testing and exploratory cost of service study; and (5) include an estimated increase in budgeted uncollectible accounts expense.

Ms. Wilson testified that CEL&P agreed to an annual working capital revenue requirement amount of \$796,176, which is \$893,862 less than CEL&P proposed in its direct testimony. CEL&P made loans of \$1,055,000 from its depreciation fund cash to its operating fund cash in order to have sufficient funds available to pay its monthly operating expenses. Ms. Wilson explained that the test year ending level of \$1.9 million is not adequate for CEL&P to be able to manage fluctuations in monthly operating expenses and other unexpected events or circumstances such as a storm or non-payment from a major customer. She stated that the key component of the

Settlement's treatment of the working capital revenue requirement is that it establishes a level of liquidity that does not presently exist, which will allow the Utility to build its operating fund balance and to fund day-to-day operating expenses without borrowing from CEL&P's depreciation fund. Ms. Wilson recommended that the Commission approve the Settlement because it will provide sufficient revenue for adequate and reasonable service.

iii. **Mr. Ghidossi.** Mr. Ghidossi addressed the agreed upon funding for CEL&P's CIP and the adjustment for contract vegetation management. The Settling Parties agreed to \$558,510 in annual funding for vegetation management contract costs, in lieu of the \$660,000 CEL&P originally proposed. Mr. Ghidossi opined that vegetation management around overhead electric lines is critical to reducing outages and improving reliability of electric service, and more tree-related outages occur when there are more years in a cycle. He believes a three-year vegetation management cycle for distribution lines and a two-year vegetation management cycle for transmission lines are reasonable for CEL&P.

Since the 2018 PGMS contract vegetation management proposal is three years old, and the vegetation on CEL&P's system has continued to grow while the Utility fell further behind on tree trimming, Mr. Ghidossi provided an updated analysis of total predicted six-year contract maintenance costs for both distribution and transmission for 2021–2026, based upon the information provided in the 2018 audit. As indicated in his Attachment TAG-3, Mr. Ghidossi utilized the 2018 PGMS proposal as the base for determining projected costs for a new 2021–2026 vegetation management plan. He adopted a three-year distribution cycle and a two-year transmission cycle, as recommended.

Mr. Ghidossi then used five factors to modify the PGMS proposal in order to prepare his estimate for each year: (1) annual escalation for contract vegetation management; (2) CEL&P's actual distribution and transmission system miles versus PGMS's estimate; (3) cost savings as proposed by PGMS for a consistent year-over-year distribution maintenance plan; (4) CEL&P's actual contract vegetation management expenditures for 2019 and 2020; and (5) the aging factor provided by PGMS to account for each year in which maintenance is delayed. Using all these factors and implementing two three-year distribution cycles and three two-year transmission cycles, Mr. Ghidossi reached the average annual cost for contract maintenance over the 2021–2026 period that was agreed upon in the Settlement. This figure does not include any in-house vegetation management expenses. Mr. Ghidossi explained that CEL&P's in-house vegetation management personnel and/or linemen would be the best means of dealing with tree trimming related to broken branches, accidents, and storms, because the vegetation management contract would not cover these events and would be a significant cost adder for CEL&P.

The Settling Parties agreed to an annual revenue requirement to fund the CIP of \$4,029,822. This amount funds the total 2021–2026 CIP of \$22,164,022. CEL&P anticipates that its new rates will go into effect late in the third quarter of 2021; therefore, the revenue contribution for the balance of CIP projects will occur over approximately 5.5 years, instead of the five years CEL&P had originally proposed. Mr. Ghidossi concluded that CEL&P's as-settled contract vegetation management costs are reasonable and necessary, and that the CIP revenue requirement requested by CEL&P is necessary and reasonable to properly fund the full CIP. He recommended that both components, as integral parts of the Settlement, be approved by the Commission.

iv. **Mr. Mancinelli.** Mr. Mancinelli discussed the Settlement's changes to the COSS and rate design; the Settlement's phased-in rate increases; the Settlement's adjustment to CEL&P's proposed customer charges; provided a revenue proof; and identified changes to CEL&P's tariff resulting from the Settlement. Using the settled revenue requirement, he modeled a new settlement COSS and rate design. His update included changing the appropriate system revenue requirement line items that reflect settlement adjustments and dividing the originally proposed single GP ("Original GP") rate class into a small and large group of customers, pursuant to the terms of the Settlement. While the Settling Parties agreed that CEL&P's original proposal to consolidate the current GP and MP customer classes was appropriate, they agreed to divide the Original GP class into two groups. The first group, a GP class, will be applicable to customers with maximum monthly demand less than or equal to 10 kW. A second group, a GPL class, will be applicable to customers with maximum monthly demand greater than 10 kW but less than 50 kW. Mr. Mancinelli stated that the division of the GP class into a group of small commercial customers (which will consist of about 79% of the current GP class) was based on the CEL&P's agreement to not introduce a demand charge to the smallest commercial customers.

Mr. Mancinelli explained that the Settlement COSS study only differs from CEL&P's proposal on direct in that the Original GP class was divided into GP and GPL classes, and the system revenue requirement was lowered to the Settlement amount as described in Ms. Wilson's settlement testimony. Overall, CEL&P system rate revenues will be 3.7% lower than CEL&P initially requested. Given this lower settlement system revenue requirement, Mr. Mancinelli explained that the residential rate cap was lowered to 6% annually (from CEL&P's original proposal of 7%), which is still well below rate increases indicated by the Settlement COSS. Commercial customers will make up the revenue shortfall; but in all cases, under the Settlement, the class revenue responsibility associated Phase II rates will be lower than originally proposed. Mr. Mancinelli also noted that the Settlement adjusts lighting rates in one step rather than two.

Mr. Mancinelli explained that the two-step increases associated with GPL customers are higher in Phase I compared to Phase II, due to the impact of the TRR approved by the Commission in Cause No. 45429, which would have caused the GPL rates to decrease in Phase I if the percentage increases by phase were applied in the same way as other classes. He noted the Settling Parties agreed that it did not send the correct price signals to decrease GPL rates in Phase I, just to increase rates in Phase II, particularly when no other class was seeing a rate decrease in the first phase. Therefore, he believes that the GPL rate phase-in proposal results in a smooth transition from current rates with the TRR to settlement rates.

Because CEL&P intended that the TRR would be eliminated and absorbed into base rates upon completion of the current rate case, Mr. Mancinelli explained that the rate increase needed in Phase I to reach CEL&P's revenue requirement target is mitigated, as shown in Table JAM-S5. For example, the average rate increase for residential customers in Phase I will be only 2.74%, instead of 6%.

Regarding the Settlement's material changes to rate design, Mr. Mancinelli explained that GP customers will have a customer charge and an energy charge, but not the demand charge or demand ratchet originally proposed by CEL&P. The customer charge will vary depending upon

whether service is for single or three phase service. Mr. Mancinelli noted that this rate structure is identical to the current GP and MP rate structures. While CEL&P originally proposed a demand charge and a 50% demand ratchet applicable to all customer classes with a demand charge, the Settling Parties agreed to retain a demand charge only for the new GPL class, but at a lower level than what CEL&P had originally proposed. Additionally, CEL&P agreed the 50% demand ratchet would not apply to GPL customers. Customers in this class will be subject to customer, demand, and energy charges.

Mr. Mancinelli provided a comparison of CEL&P's as-settled rates with those of surrounding utilities, and generally found them to be competitive. He also provided a revenue proof for the settled rate design. Finally, Mr. Mancinelli recommended that the Settlement be accepted and approved by the Commission.

v. **Ms. Tomczyk.** Ms. Tomczyk explained the Settlement's changes to the ECA calculation, lighting, and EV rates. She presented a revised ECA tracker model to reflect the proposed changes to the GP and MP classes and incorporate the production demand and energy allocators from the Settlement COSS. She also presented revised LED fixture charges for streetlighting and outdoor lighting based on the settled COSS and rate design. Due to the creation of a new rate design for the GPL class, Ms. Tomczyk explained that it was necessary to update the EV charging rates, such that the costs of power supply, delivery, and administrative service in the revised EV charging rates were based upon the Settlement base rates for the new GPL class. Finally, she identified the non-recurring charges for Settlement purposes.

vi. **CEL&P's Response to the Commission's February 9, 2021 Docket Entry.** The Presiding Officers issued a docket entry on February 9, 2021 requesting CEL&P to indicate whether it intends to remove rate case expense from rates once fully amortized. CEL&P responded that it agrees to make a 30-day filing four years after the final order in this Cause is issued to remove the amortized rate case expense from its tariff rates if the Utility has not already returned to the Commission for a rate case by that time.

## **B. OUCC's Settlement Testimony.**

i. **Mr. Loveman.** Mr. Loveman testified that the Settlement will provide CEL&P certainty regarding revenue requirements and the allocation of CEL&P's revenue requirement among its rate classes, while protecting ratepayers' interests. He explained the Settlement represents a balance of all interests, and the OUCC, as the statutory representative of all ratepayers, believes the Settlement is a fair resolution, and recommends its approval. Mr. Loveman noted that the Settling parties agreed to an annual revenue requirement increase that was approximately a \$1.491 million reduction from CEL&P's as-filed requested revenue requirement. Mr. Loveman supports the Settlement as it provides the following ratepayer benefits:

- (1) An annual \$893,862 reduction in the working capital revenue requirement contribution to the operating fund compared to CEL&P's original proposal;
- (2) A \$402,982 reduction in the annual E&R revenue requirement;
- (3) Various O&M expense adjustments;
- (4) Inclusion of interest income as an offset to the overall revenue requirement;



- (5) Various cost allocation and rate design modifications; and
- (6) Additional ratepayer benefits negotiated by the Settling Parties.

Mr. Loveman provided detailed explanations of the consumer benefits for each of these elements. CEL&P demonstrated its daily cash flow restraints, and the Settling Parties reached a settlement on the annual working capital revenue requirement contribution of \$796,176 to the Utility's operating fund. He noted that the settled working capital amount uses the 45-day calculation and includes O&M expenses and payroll taxes but does not include purchased power expense or other taxes.

**7. Commission Discussion and Findings.** The parties seek approval of their Settlement, which resolves all issues in this case. Settlements presented to the Commission are not ordinary contracts between private parties. *U. S. Gypsum, Inc. v. Ind. Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). Any settlement agreement that is approved by the Commission “loses its status as a strictly private contract and takes on a public interest gloss.” *Id.* (quoting *Citizens Action Coal. of Ind., Inc. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission “may not accept a settlement merely because the private parties are satisfied; rather, [the Commission] must consider whether the public interest will be served by accepting the settlement.” *Citizens Action Coal.*, 664 N.E.2d at 406. Any Commission decision, ruling, or order—including the approval of a settlement—must be supported by specific findings of fact and sufficient evidence, as well as a determination that the decision, ruling, or order is not contrary to law. *U. S. Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coal. of Ind., Inc. v. Pub. Serv. Co. of Ind., Inc.*, 582 N.E.2d 330, 331 (Ind. 1991)). Therefore, before we can approve the Settlement, we must determine whether the evidence in this Cause sufficiently supports the conclusion that the Settlement is reasonable, just, and consistent with the purpose of applicable law, is not contrary to law, and serves the public interest.

Indiana law strongly favors settlement as a means of resolving contested proceedings. *See, e.g., Georgos v. Jackson*, 790 N.E.2d 448, 453 (Ind. 2003) (Indiana strongly favors settlement agreements); *Mendenhall v. Skinner & Broadbent Co.*, 728 N.E.2d 140, 145 (Ind. 2000) (The policy of the law generally is to discourage litigation and encourage negotiation and settlement of disputes) (citation omitted). A settlement agreement “may be adopted as a resolution *on the merits*, if [the Federal Power Commission] makes an independent finding supported by substantial evidence on the record as a whole that the proposal will establish just and reasonable rates.” *Mobil Oil Corp. v. Fed. Power Comm’n*, 417 U.S. 283, 314 (1974) (emphasis in original) (internal quotation marks omitted); *see also, e.g., Indianapolis Power & Light Co.*, Cause No. 39938, 1995 WL 735722 (IURC Aug. 24, 1995) (quoting *Mobil Oil Corp.*, 417 U.S. 283, 314).

Ind. Code § 8-1.5-3-8(c) establishes how the Commission determines just and reasonable rates and charges for a municipally owned utility:

(c) “Reasonable and just rates and charges for services” means rates and charges that produce sufficient revenue to:

(1) pay all the legal and other necessary expenses incident to the operation of the utility, including:

(A) maintenance costs;

- (B) operating charges;
  - (C) upkeep;
  - (D) repairs;
  - (E) depreciation;
  - (F) interest charges on bonds or other obligations, including leases;
- and
- (G) costs associated with the acquisition of utility property under IC 8-1.5-2;
- (2) provide a sinking fund for the liquidation of bonds or other obligations, including leases;
  - (3) provide a debt service reserve for bonds or other obligations, including leases, in an amount established by the municipality, not to exceed the maximum annual debt service on the bonds or obligations or the maximum annual lease rentals;
  - (4) provide adequate money for working capital;
  - (5) provide adequate money for making extensions and replacements to the extent not provided for through depreciation in subdivision (1); and
  - (6) provide money for the payment of any taxes that may be assessed against the utility.

Rates and charges under Ind. Code § 8-1.5-3-8 are designed to produce an income sufficient to maintain a municipally owned utility's property in a sound physical and financial condition to render adequate and efficient service. Rates and charges that are too low to meet the foregoing requirements are unlawful.

As explained further below, we find that the Settlement is reasonable, just, and consistent with the purpose of applicable law, is not contrary to law, and serves the public interest. Therefore, we approve the Settlement in its entirety.

**A. Test Period.** The test period selected for determining CEL&P's revenues and expenses reasonably incurred in providing utility service to its customers is the 12 months ended February 29, 2020, adjusted for changes that are fixed, known, and measurable for ratemaking purposes and that occur within 12 months following the end of the test year. We find that the test period is sufficiently representative of CEL&P's normal operations to provide reliable data for ratemaking purposes.

**B. Revenue Requirement, Rates, and Charges.** CEL&P and the OUCC have agreed to the level of CEL&P's annual revenue requirements. The Settling Parties agree that CEL&P should be authorized to increase its rates and charges for electric service to reflect a total net revenue requirement in the amount of \$39,456,074 resulting in a total increase of 13.72% over CEL&P's current revenues at existing rates, including the TRR approved in Cause No. 45429. The Settling Parties further agree that CEL&P should implement its 13.72% revenue increase over two phases. The Phase I amount of 6.6% would be effective upon the issuance of the Commission's final order in this Cause, and the Phase II amount of 6.6% would be effective 12 months after Phase I. This revenue requirement is a decrease of approximately \$1.5 million from the amount originally requested by CEL&P.

The parties submitted substantial evidence in their respective direct and settlement testimony and exhibits describing the components of, and adjustments to, CEL&P’s revenue requirement. Based on the evidence of record, we find that CEL&P’s current rates and charges are insufficient to provide for CEL&P’s annual cash revenue requirement and are therefore unlawful. We approve the agreed revenue requirement contained in the Settlement, which is summarized as follows:

Purchased Power Expense	\$27,492,095
O&M Expense	\$ 6,134,547
Extensions and Replacements	\$ 4,029,822
Annual Working Capital Revenue Requirement	\$ 796,176
Taxes Other Than Income Taxes & New URT	\$ 949,230
Other Revenue and Interest Income	(\$ 11,829)
<hr/>	<hr/>
Revenue Requirement	\$39,390,041
Plus: URT Amt on Adjustments	\$ 66,033
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Total Revenue Requirement	\$39,456,074

1. **Extensions and Replacements.** The Settling Parties agree to an annual amount of \$4,029,822 for E&R to fund the 2021–2026 CIP over 5.5 years. CEL&P will fund its 2021 capital improvements from its depreciation fund. We agree with Messrs. Loveman and Ghidossi and find that the use of 5.5 years to average the CIP more closely aligns with the length of time associated with the CIP and benefits ratepayers by reducing the revenue requirement reflected in rates collected from ratepayers while providing CEL&P sufficient revenue recovery to complete its CIP.

2. **Vegetation Management Expense.** The Settling Parties agree that the O&M expense shall include an adjustment for \$558,510 in annual funding for vegetation management contract costs. This adjustment amount includes the PGMS recommended three-year distribution cycle and two-year transmission cycle for 2021–2026. Mr. Ghidossi’s Settlement supporting testimony detailed the calculation of the agreed upon vegetation management expense, which is a reduction of \$101,490 from the amount proposed by CEL&P. The evidence demonstrates that the Settling Parties’ agreement on this expense allows CEL&P to transition to contract vegetation management, which it has found to be more efficient, and to catch up and maintain reasonable trim cycles.

3. **Annual Working Capital Revenue Requirement.** The Settling Parties agree that the revenue requirement shall include an adjustment for \$796,176 in funding for CEL&P’s working capital. Initially, CEL&P proposed an approximate \$1.69 million annual operating fund contribution using a 90-day factor of its O&M expenses, including purchased power and taxes other than income taxes. The OUCC disagreed with Petitioner’s proposed amount and proposed no additional funding based on its use of the traditional 45-day working capital calculation, which does not include purchased power or taxes. As explained by Ms. Wilson’s and Mr. Loveman’s Settlement supporting testimony, we find that the Settling Parties’ agreed upon working capital revenue requirement reasonably addresses CEL&P’s daily cash flow restraints,

while also using the more traditional 45-day calculation, which includes O&M expenses and excludes purchased power expense and payroll taxes.

**4. Miscellaneous Revenue Requirement Components.** Ms. Wilson's and Mr. Loveman's Settlement supporting testimonies detail the Settling Parties' agreement on additional miscellaneous components of the revenue requirement. The Settling Parties agree to CEL&P's proposed amounts for labor, PERF, FICA expense, rate case expense, and uncollectible expense. They also agree to the removal of the following test year expense as not properly included in rates: (1) \$2,650 of charitable and civic contributions; (2) \$30,458 of expenses related to projects completed for the City of Crawfordsville; and (3) \$26,393 of advertising expense. In addition, the Settling Parties agree that the total revenue requirement as settled reflects \$229,463 in PILT, \$11,829 in test year interest income received as an offset to the overall revenue requirement, and an adjustment to the URT expense commensurate with the other revenue requirement settlement terms. Based on the evidence provided, we find these agreed upon revenue requirement adjustments to be reasonably supported.

**C. Allocation of Agreed Upon Increase in Operating Revenues.** The COSS attached to the settlement testimony of Joseph A. Mancinelli was used by CEL&P in the process of establishing a new schedule of rates and charges implementing the Settling Parties' agreed increase in operating revenues. The OUCC raised no objection to CEL&P's COSS and we find its use in implementing the rate increase authorized herein to be reasonable.

**D. Rate Class and Design Changes.** The Settling Parties agree that the GP rate class should be redesigned into two distinct rate classes, as follows:

- a. The GP customer class applies only to customers with maximum monthly demand up to 10kW. There is no demand charge for this class. GP has different customer charges for single phase and three phase service, and an energy charge. No demand ratchet is applicable to this class.
- b. CEL&P will have a new GPL class for customers with maximum monthly demand greater than 10kW up to 50 kW. This class will have a customer charge, and demand and energy rates as per settled rate design. No demand ratchet is applicable to this class.

They also agree that the PP class will include a 50% demand ratchet, as designed in Mr. Mancinelli's direct testimony.

The evidence demonstrates that the changes to the GP rate class address the OUCC's concerns about customer impact and the inability of small commercial customers to make meaningful changes to their level of demand. The reduction in CEL&P's proposed demand charges will also ease the transition for customers paying those charges. As to the demand ratchet for the PP class, the Settling Parties' agreement recognizes the ability of a demand ratchet to ensure a utility will cover its fixed costs while also providing a strong pricing signal to customers to efficiently manage their electricity.

The Settling Parties also agreed to an EV rate design that reflects the cost of delivery and is not subsidized by other ratepayers. CEL&P will also provide annual reports of certain EV data, which will further the understanding of EV development in the state.

**E. Mitigation of COSS Cost Allocations.** At the settled total revenue requirement, the Settling Parties agree that CEL&P’s rate increases by class for each phase should be as follows:

<b>Customer Classes</b>	<b>Settlement Rate Revenue Phase I</b>	<b>Settlement Rate Revenue Phase II</b>
Residential Service	\$9,653,846	\$10,233,076
General Power Service	\$1,435,490	\$1,492,815
General Power Large Service	\$3,623,125	\$3,728,608
Primary Power Service	\$21,519,687	\$23,210,559
Municipal Street Lighting Service	\$272,630	\$272,630
Outdoor Lighting Service	\$131,509	\$131,509
Traffic Signal Service	\$19,135	\$19,135
<b>Total</b>	<b>\$36,655,423</b>	<b>\$39,088,333<sup>2</sup></b>

**F. Absorption of the TRR into Phase I Rates and Two-Phase Rate Increase Methodology.** CEL&P’s TRR will cease to exist upon the Commission’s approval of CEL&P’s new base rates. On top of mitigation from strict COSS cost allocations, the impact of this TRR absorption (shown in column (a) below) will further serve to mitigate the Phase I rate increases that customers will incur from present rates (shown in column (b) below). The Settling Parties agree that CEL&P’s rate increase will occur in two phases<sup>3</sup> (columns (c) and (d)) as set forth below:

	<b>Phases</b>			
	<b>(a)</b>	<b>(b)</b>	<b>(a)+(b)=(c)</b>	<b>(d)</b>
<b>Customer Class</b>	<b>Absorption of TRR Currently in Rates</b>	<b>Rate Increase Adjustment to Meet Phase I Rates</b>	<b>Phase I</b>	<b>Phase II</b>
Residential Service	3.2%	2.7%	6.0%	6.0%
General Power Service	2.7%	1.3%	4.0%	4.0%
General Power Large Service	5.1%	0.0%	5.1%	2.9%
General Power Combined	4.4%	0.4%	4.8%	3.2%
Primary Power Service	2.1%	5.0%	7.2%	7.9%
Municipal Street Lighting Service	0.0%	31.1%	31.1%	0.0%
Outdoor Lighting Service	0.0%	(0.0%)	(0.0%)	0.0%

<sup>2</sup> The Settling Parties targeted revenue of \$39,090,619 in Phase II, but due to the need to round the rates for purposes of rate design, the final cost allocation is off by a small amount.

<sup>3</sup> The phase percentage increases are compounded to result in the total percentage increases.

Traffic Signal Service	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>2.7%</b>	<b>3.9%</b>	<b>6.6%</b>	<b>6.6%</b>

**G. Rate Schedules and Non-Recurring Charges.** The Settling Parties agree to the rate design as reflected in Mr. Mancinelli’s settlement testimony, which includes the rate schedules for each class setting forth the monthly customer/facility charges, demand charges, and energy charges for each customer class. Mr. Mancinelli’s settlement testimony also includes a revenue proof demonstrating that the agreed schedule of rates and charges will produce the annual revenue requirement agreed upon by the Settling Parties. The Settling Parties further agree to the non-recurring charges set forth in Mr. Mancinelli’s settlement testimony.

**H. Mediation and Litigation of 2016 CEL&P Rate Design Mathematical Error.** As recommended by the OUCC, CEL&P agrees to notify the Commission and the OUCC within 14 days if mediation or litigation results in a damages award to the Utility from an allegation that CEL&P’s former rate consultant performed a rate design error. Within 30 days of a receipt of funds and a final, unappealable court order or mediation settlement, CEL&P will make a 30-day filing for a one-time credit to customers to pass through such award, net of reasonable litigation costs and reasonable attorney’s fees.

**I. New ECA Procedures.** Based on the evidence of record, we find reasonable and approve CEL&P’s proposed modifications to its ECA procedures as described in Ms. Tomczyk’s direct testimony and updated in her settlement testimony to reflect the proposed changes to the GP and MP classes and incorporate the production demand and energy allocators from the Settlement COSS.

**J. Approval of Settlement.** Based on the evidence of record, as discussed above, we find that the Settlement represents a fair and just resolution of the issues raised in this Cause. Having reviewed the Settlement, we further find that it is in the public interest. The terms of the Settlement provide sufficient cash flow for CEL&P to continue to operate its utility reliably and efficiently. At the same time, the Settlement limits the cost increases to ratepayers and mitigates rate shock by spreading the increase over two years. Therefore, we approve the Settlement.

**8. Use of the Settlement.** The parties have agreed that the Settlement will not constitute nor be cited as precedent by any person or deemed an admission by any settling party in any other proceeding, except as necessary to enforce the terms of the Settlement. The parties also agree that the Settlement is solely the result of compromise in the settlement process and is without prejudice to and will not constitute a waiver of any position that either settling party may take with respect to any issue in any future regulatory or non-regulatory proceeding. With regard to future citation of the Settlement, we find that the Settlement and our approval of it should be treated in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434 (IURC March 19, 1997).

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

1. The Settlement between CEL&P and the OUCC, a copy of which is attached hereto, is approved.

2. CEL&P's net revenue requirement of \$39,390,041 and a total revenue requirement of \$39,456,074 is approved.

3. CEL&P is authorized to implement the rate increases as set forth in the Settlement and approved herein. Prior to implementing the rates authorized in this Order, CEL&P shall file the tariff and applicable rate schedules under this Cause for approval by the Commission's Energy Division. Such rates will be effective on or after the Order date, subject to Energy Division review and agreement with the amounts reflected.

4. The proposed CEL&P tariff, as filed on January 27, 2021, is approved consistent with the Settlement and this Order.

5. CEL&P is authorized to modify its ECA procedures as approved herein.

6. CEL&P is authorized to begin its EV program with annual reporting requirements beginning on December 31, 2021.

7. CEL&P's proposed CIP is approved.

8. CEL&P's TRR approved in Cause No. 45429 shall be eliminated and absorbed into the Utility's Phase I base rates.

9. CEL&P shall make a 30-day filing four years after the date of this Order to remove the amortized rate case expense from its tariff rates if the Utility has not already returned to the Commission for a rate case by that time.

10. CEL&P shall notify the Commission and the OUCC within 14 days if mediation or litigation results in a damages award to the Utility from an allegation that CEL&P's former rate consultant performed a rate design error. Within 30 days of a receipt of funds and a final, unappealable court order or mediation settlement, CEL&P shall make a 30-day filing for a one-time credit to customers to pass through such award, net of reasonable litigation costs and reasonable attorney's fees.

11. In accordance with Ind. Code § 8-1-2-70, CEL&P shall pay the following itemized charges within 20 days from the date of this Order into the Commission public utility fund account described in Ind. Code § 8-1-6-2, through the Secretary of the Commission, as well as any additional costs that were incurred in connection with this Cause:

Commission Charges	\$ 7,563.24
OUCC Charges	\$ 59,900.50
Legal Advertising Charges	<u>\$ 118.30</u>
TOTAL	\$ 67,582.04

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

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

**APPROVED: APR 21 2021**

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

---

**Dana Kosco  
Secretary of the Commission**



STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF CRAWFORDSVILLE, )  
INDIANA, BY AND THROUGH ITS MUNICIPAL )  
ELECTRIC UTILITY, CRAWFORDSVILLE )  
ELECTRIC LIGHT AND POWER, FOR APPROVAL ) CAUSE NO. 45420  
OF A NEW SCHEDULE OF RATES AND CHARGES )  
AND FOR APPROVAL TO MODIFY ITS ENERGY )  
COST ADJUSTMENT PROCEDURES )

**JOINT STIPULATION AND SETTLEMENT AGREEMENT**

This Joint Stipulation and Settlement Agreement (“Settlement Agreement”) is entered into this 27th day of January, 2021, by and between Crawfordsville Electric Light & Power (“CEL&P” or the “Utility”) and the Indiana Office of the Utility Consumer Counselor (“OUCC”) (collectively, the “Settling Parties”), who stipulate and agree for purposes of settling all matters in this Cause between them that the terms and conditions set forth below represent a fair, reasonable, and negotiated compromise resolution of all issues in this Cause, subject to their incorporation in a final order of the Indiana Utility Regulatory Commission (“Commission”).

**Terms and Conditions of Settlement Agreement**

1. **Requested Relief.** On August 19, 2020, CEL&P initiated this Cause by filing a Petition to adjust its rates and charges for electric service and for authority to modify its energy cost adjustment (“ECA”) procedures.

2. **Prefiled Evidence of Parties.** In support of its Petition, CEL&P filed the prefiled testimony and exhibits of Phillip R. Goode, Jennifer Z. Wilson, Thomas A. Ghidossi, Joseph A. Mancinelli, and Laurie A. Tomczyk. On October 23, 2020, Mr. Mancinelli filed corrected testimony, and Andrew J. Reger filed new testimony on proposed electric vehicle rates. On December 23, 2020, the OUCC filed the prefiled testimony and exhibits of Kaleb G. Lantrip,

Sergio G. Hunt, Anthony A. Alvarez, Lauren M. Aguilar, Michael D. Eckert, and Caleb R. Loveman. The case was settled before rebuttal testimony was filed.

3. **Settlement.** Through analysis, discussion, and extensive negotiation, as aided by their respective technical staff and experts, CEL&P and the OUCC have now agreed on the terms and conditions as described herein that resolve all issues between them in this Cause.

4. **Revenue Requirement, Rates, and Charges.** The Settling Parties agree that CEL&P should be authorized to increase its rates and charges for electric service to reflect a total net revenue requirement in the amount of \$39,456,074 resulting in a total increase of 13.72% over CEL&P's current revenues at existing rates, including the Temporary Rate Rider approved in Cause No. 45429. The Settling Parties further agree that CEL&P shall implement its overall 13.72% rate increase over two (2) phases with the first phase ("Phase I") in the amount of 6.6% to be effective upon the issuance of the Commission's final order in this Cause. The second phase ("Phase II") in the amount 6.6% will be effective twelve months after Phase I. This Revenue Requirement is a decrease of approximately \$1.5 Million from the amount originally requested by CEL&P. Below is the agreed upon revenue requirement calculation, which is determined in accordance with I.C. § 8-1.5-3-8:

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Other Revenue and Interest Income	(\$ 11,829)
<hr/> Revenue Requirement	<hr/> \$39,390,041
Plus: URT Amt on Adjustments	\$66,033
<hr/> Total Revenue Requirement	<hr/> \$39,456,074

All other issues set forth in CEL&P's case-in-chief that are not specifically addressed in this Joint Stipulation and Settlement Agreement shall be approved as proposed by CEL&P as set forth in its supporting Settlement Testimony.

5. **Extensions and Replacements.** The Settling Parties agree to an annual amount of \$4,029,822 for Extensions and Replacements to fund the 2021-2026 Capital Improvement Plan ("CIP") over 5.5 years. CEL&P will fund its 2021 Capital Improvements from its depreciation fund. Mr. Loveman's, Ms. Wilson's and Mr. Ghidossi's Settlement Testimonies provides detail supporting the settled amount for Extensions and Replacements.

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8. **Miscellaneous Revenue Requirement Components.** The Settling Parties agree to the Revenue Requirement calculation included in Ms. Wilson's and Mr. Loveman's Settlement Testimonies, which include the following additional miscellaneous components:

- a. **Payment in Lieu of Taxes ("PILT").** The Settling Parties agree that the Total Revenue Requirement as settled reflects an agreed upon PILT amount of \$229,463.
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agree that the Total Revenue Requirement as settled reflects an agreed upon labor amount of \$2,696,930, and pro forma PERF expense and pro forma FICA tax expense of \$331,648 and \$234,862, respectively, as set forth in the case-in-chief.

- c. **Charitable and Civic Contributions.** The Settling Parties agree that the Total Revenue Requirement as settled includes the removal \$2,650 from CEL&P's test year expense, which represents CEL&P's charitable and civic contributions not properly recovered in rates.
- d. **Rate Case Expense.** The Settling Parties agree that the Total Revenue Requirement as settled includes CEL&P's rate case expense, as set forth in the case-in-chief.
- e. **Uncollectible Expense.** The Settling parties agree that the Total Revenue Requirement as settled includes \$20,000 in pro forma uncollectible expense, as set forth in the case-in-chief.
- f. **Projects for the City of Crawfordsville.** The Settling Parties agree that the Total Revenue Requirement as settled removes \$30,458 of expenses related to projects completed for the City of Crawfordsville from the test year that are not related to providing safe and reliable electric utility service.
- g. **Advertising Expense.** The Settling Parties agree that the Total Revenue Requirement as settled remove \$26,393 of advertising expense from the test year that is unrelated to Public Health & Safety advertisements.
- h. **Interest Income.** The Settling Parties agree that the Total Revenue Requirement as settled reflects \$11,829 in test year interest income received as an offset to the overall revenue requirement.

- i. **URT Expense.** The Settling Parties agree that the Total Revenue Requirement as settled reflects an adjustment to the URT Expense commensurate with the other revenue requirement settlement terms.

9. **Allocation of Agreed Upon Increase in Operating Revenues.** The cost of service study (“COSS”) prepared by NewGen Strategies & Solutions attached to the Settlement Testimony of Joseph A. Mancinelli was used by CEL&P in the process of establishing a new schedule of rates and charges implementing the authorized increase in operating revenues. The OUCC has no objection to CEL&P’s cost of service study.

10. **Changes to the General Power (“GP”) Rate Class.** The Settling Parties agree to redesign the GP Rate Class into two distinct rate classes, as follows:

- a. The GP customer class applies only to customers up to 10kW. There is no demand charge for this class. GP has different customer charges for single phase and three phase service, and an energy charge. No demand ratchet is applicable to this class.
- b. CEL&P will have a new General Power–Large (“GP-Large”) class for customers above 10kW up to 50 kW. This class will have a customer charge, and demand and energy rates as per settled rate design. No demand ratchet is applicable to this class.

11. **Primary Power (“PP”) Class Demand Ratchet.** The Settling Parties agree that the PP Class will include a 50% demand ratchet, as designed in Mr. Mancinelli’s Direct Testimony.

12. **Mitigation of COSS Cost Allocations.** At the Settled Total Revenue Requirement, the Parties agree that CEL&P’s rate increases by class for each phase shall be as follows:

<b>Customer Classes</b>	<b>Settlement Rate Revenue Phase 1</b>	<b>Settlement Rate Revenue Phase 2</b>
Residential Service	\$9,653,846	\$10,233,076
General Power Service	\$1,435,490	\$1,492,815
General Power Large Service	\$3,623,125	\$3,728,608
Primary Power Service	\$21,519,687	\$23,210,559
Municipal Street Lighting Service	\$272,630	\$272,630
Outdoor Lighting Service	\$131,509	\$131,509
Traffic Signal Service	\$19,135	\$19,135
<b>Total</b>	<b>\$36,655,423</b>	<b>\$39,088,333*</b>

\*The Settling Parties targeted revenue of \$39,090,619 in Phase 2, but due to the need to round the rates for purposes of rate design, the final cost allocation is off by a small amount.

### **13. Absorption of Temporary Rate Rider into Phase I Rates and Two-Phase Rate**

**Increase Methodology.** As intended, CEL&P’s Temporary Rate Rider (“TRR”) will cease to exist upon Commission’s approval of CEL&P’s new base rates. On top of mitigation from strict COSS Cost Allocations, the impact of this TRR absorption (shown in column (a) below) will further serve to mitigate the Phase I rate increases that Customers will incur from present rates (shown in column (b) below). The Parties agree that CEL&P’s rate increase will occur in two phases<sup>1</sup> (columns (c) and (d)) as set forth below:

	<b>Phases</b>			
	<b>(a)</b>	<b>(b)</b>	<b>(a)+(b)=(c)</b>	<b>(d)</b>
<b>Customer Class</b>	<b>Absorption of TRR Currently in Rates</b>	<b>Rate Increase Adjustment to Meet Phase 1 Rates</b>	<b>Phase 1</b>	<b>Phase 2</b>
Residential Service	3.2%	2.7%	6.0%	6.0%
General Power Service	2.7%	1.3%	4.0%	4.0%
General Power Large Service	5.1%	0.0%	5.1%	2.9%
General Power Combined	4.4%	0.4%	4.8%	3.2%
Primary Power Service	2.1%	5.0%	7.2%	7.9%
Municipal Street Lighting Service	0.0%	31.1%	31.1%	0.0%
Outdoor Lighting Service	0.0%	(0.0%)	(0.0%)	0.0%
Traffic Signal Service	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>2.7%</b>	<b>3.9%</b>	<b>6.6%</b>	<b>6.6%</b>

<sup>1</sup> The phase percentage increases are compounded to result in the total percentage increases.

**14. Rate Schedules and Non-Recurring Charges.** The Settling Parties agree to the Rate Design as reflected in Mr. Mancinelli's Settlement Testimony which includes the rate schedules for each class setting forth the monthly customer/facility charges, demand charges and energy charges for each customer class as agreed to by the Settling Parties. Mr. Mancinelli's Settlement Testimony also includes a revenue proof demonstrating that the agreed schedule of rates and charges will produce the annual Revenue Requirement agreed upon herein. The Settling Parties further agree to the Non-Recurring Charges set forth in Mr. Mancinelli's Settlement Testimony.

**15. Mediation and Litigation of 2016 CEL&P Rate Design Mathematical Error.** CEL&P agrees to notify the Commission and the OUCC within fourteen (14) days if mediation or litigation results in a damages award to the Utility from an allegation that CEL&P's former rate consultant performed a rate design error. Within thirty (30) days of a receipt of funds and a final, unappealable court order or mediation settlement, CEL&P will make a 30-day filing for a one-time credit to customers to pass through such award, net of reasonable litigation costs and reasonable attorney's fees.

**16. Electric Vehicle Program.** The Settling Parties agree to CEL&P's proposed electric vehicle ("EV") rate, as adjusted for settlement, and presented in Laurie A. Tomczyk's Settlement Testimony. The Settling Parties further agree that CEL&P shall annually report the following to the OUCC and the Commission:

- (1) The number of customers in CEL&P service territory who drive an EV prior to the beginning of the Program, and yearly thereafter;
- (2) Number of customers using the CEL&P-provided public station each day;
- (3) Duration of each charge;
- (4) kWh of each charge;

- (5) Time of day charges occurred (at the very least, off-peak vs. on-peak);
- (6) General location of customer (local or out of state) reasonably discernable by CEL&P;  
and
- (7) The battery level of the EV prior to charging and the charge level at the conclusion (i.e. was the car empty when it started and full when it left) as is reasonably discernable by CEL&P.

CEL&P shall provide these annual reports with the data indicated above, beginning December 31, 2021 and including data for the preceding 12-months, subject to the data availability issues noted below that affect its reporting:

- With regard to subpart (1), CEL&P attempted to obtain information regarding the number of existing EV chargers in its territory as part of its due-diligence for the EV project in the third quarter of 2018, but was unsuccessful. Neither the Indiana Bureau of Motor Vehicles, nor local car dealerships could provide this information, and it appears it is not otherwise publicly available.
- With regard to subpart (6), Customer location is often available, but not always, as the Customer's ZIP Code is not required by ChargePoint when setting up an account.
- With regard to subpart (7), battery level data is not currently available from the chargers presently deployed in Crawfordsville.
- Should the data in subparts (1), (6) and (7) become available in the future, CEL&P will include this information in its reports.

CEL&P's EV reports will occur annually thereafter.

**17. Admissibility and Sufficiency of Evidence.** The Settling Parties stipulate to the admissibility of the testimony and exhibits presented by the Settling Parties in this proceeding.



The Settling Parties agree that the prefiled evidence constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed.

**18. Non-Precedential Effect of Settlement.** The Settling Parties agree that the facts in this Cause are unique and all issues presented are fact specific. Therefore, the Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any Settling Party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process, and is without prejudice to and shall not constitute a waiver of any position that either Settling Party may take with respect to any issue in any future regulatory or non-regulatory proceeding. The Settlement Agreement provides the Settling Parties with certain agreed upon benefits without the uncertainty, risk, and expense of further protracted litigation.

**19. Authority to Execute.** The undersigned hereby represent and agree that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients who will hereafter be bound thereby.

**20. Proposed Order.** The Settling Parties hereby agree to submit a proposed final order for issuance by the Commission which the Settling Parties will file after the evidentiary hearing in this matter.

**21. Approval of Settlement Agreement in its Entirety.** As a condition of this Settlement, the Settling Parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling

Parties. The Settling Parties further agree, unless otherwise separately agreed to in writing by the Settling Parties, that in the event the Commission does not issue a Final Order in the form that reflects the Agreement described herein, the procedural schedule shall be promptly adjusted to allow for CEL&P to pre-file its rebuttal testimony and this matter should promptly proceed to a litigated hearing after which the Commission should rule based on the litigation evidence of record in this proceeding. The Settling Parties agree that, in such event, the evidence of record and any post-hearing filings should be considered by the Commission as if no settlement had been reached, unless otherwise agreed by all Settling Parties in a writing that is filed with the Commission. All settlement discussion shall be treated as privileged and confidential. The Settling Parties represent that there are no other agreements in existence between them relating to matters covered by this Settlement Agreement.

22. **Confidentiality.** The parties recognize that certain confidential information has been shared through discovery in this matter. Such information includes (but is not limited to) the confidential Revenue Requirement Study and the confidential electronic Cost of Service Study performed by NewGen Strategies and Solutions, which includes customer-specific proprietary usage data. The OUCC has entered into a confidentiality agreement with CEL&P and the parties shall treat all such confidential information as confidential information in accordance with such agreement(s).

ACCEPTED AND AGREED:

**CRAWFORDSVILLE ELECTRIC  
LIGHT & POWER**



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Kristina Kern Wheeler  
Nikki Gray Shoultz  
Bose McKinney & Evans LLP

**INDIANA OFFICE OF THE UTILITY  
CONSUMER COUNSELOR**



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Scott Franson  
Randall Helmen  
Office of Utility Consumer Counselor

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF CRAWFORDSVILLE, )  
INDIANA, BY AND THROUGH ITS MUNICIPAL )  
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- b. CEL&P will have a new General Power–Large (“GP-Large”) class for customers above 10kW up to 50 kW. This class will have a customer charge, and demand and energy rates as per settled rate design. No demand ratchet is applicable to this class.

11. **Primary Power (“PP”) Class Demand Ratchet.** The Settling Parties agree that the PP Class will include a 50% demand ratchet, as designed in Mr. Mancinelli’s Direct Testimony.

12. **Mitigation of COSS Cost Allocations.** At the Settled Total Revenue Requirement, the Parties agree that CEL&P’s rate increases by class for each phase shall be as follows:



<b>Customer Classes</b>	<b>Settlement Rate Revenue Phase 1</b>	<b>Settlement Rate Revenue Phase 2</b>
Residential Service	\$9,653,846	\$10,233,076
General Power Service	\$1,435,490	\$1,492,815
General Power Large Service	\$3,623,125	\$3,728,608
Primary Power Service	\$21,519,687	\$23,210,559
Municipal Street Lighting Service	\$272,630	\$272,630
Outdoor Lighting Service	\$131,509	\$131,509
Traffic Signal Service	\$19,135	\$19,135
<b>Total</b>	<b>\$36,655,423</b>	<b>\$39,088,333*</b>

\*The Settling Parties targeted revenue of \$39,090,619 in Phase 2, but due to the need to round the rates for purposes of rate design, the final cost allocation is off by a small amount.

### 13. **Absorption of Temporary Rate Rider into Phase I Rates and Two-Phase Rate**

**Increase Methodology.** As intended, CEL&P’s Temporary Rate Rider (“TRR”) will cease to exist upon Commission’s approval of CEL&P’s new base rates. On top of mitigation from strict COSS Cost Allocations, the impact of this TRR absorption (shown in column (a) below) will further serve to mitigate the Phase I rate increases that Customers will incur from present rates (shown in column (b) below). The Parties agree that CEL&P’s rate increase will occur in two phases<sup>1</sup> (columns (c) and (d)) as set forth below:

	<b>Phases</b>			
	<b>(a)</b>	<b>(b)</b>	<b>(a)+(b)=(c)</b>	<b>(d)</b>
<b>Customer Class</b>	<b>Absorption of TRR Currently in Rates</b>	<b>Rate Increase Adjustment to Meet Phase 1 Rates</b>	<b>Phase 1</b>	<b>Phase 2</b>
Residential Service	3.2%	2.7%	6.0%	6.0%
General Power Service	2.7%	1.3%	4.0%	4.0%
General Power Large Service	5.1%	0.0%	5.1%	2.9%
General Power Combined	4.4%	0.4%	4.8%	3.2%
Primary Power Service	2.1%	5.0%	7.2%	7.9%
Municipal Street Lighting Service	0.0%	31.1%	31.1%	0.0%
Outdoor Lighting Service	0.0%	(0.0%)	(0.0%)	0.0%
Traffic Signal Service	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>2.7%</b>	<b>3.9%</b>	<b>6.6%</b>	<b>6.6%</b>

<sup>1</sup> The phase percentage increases are compounded to result in the total percentage increases.

**14. Rate Schedules and Non-Recurring Charges.** The Settling Parties agree to the Rate Design as reflected in Mr. Mancinelli's Settlement Testimony which includes the rate schedules for each class setting forth the monthly customer/facility charges, demand charges and energy charges for each customer class as agreed to by the Settling Parties. Mr. Mancinelli's Settlement Testimony also includes a revenue proof demonstrating that the agreed schedule of rates and charges will produce the annual Revenue Requirement agreed upon herein. The Settling Parties further agree to the Non-Recurring Charges set forth in Mr. Mancinelli's Settlement Testimony.

**15. Mediation and Litigation of 2016 CEL&P Rate Design Mathematical Error.** CEL&P agrees to notify the Commission and the OUCC within fourteen (14) days if mediation or litigation results in a damages award to the Utility from an allegation that CEL&P's former rate consultant performed a rate design error. Within thirty (30) days of a receipt of funds and a final, unappealable court order or mediation settlement, CEL&P will make a 30-day filing for a one-time credit to customers to pass through such award, net of reasonable litigation costs and reasonable attorney's fees.

**16. Electric Vehicle Program.** The Settling Parties agree to CEL&P's proposed electric vehicle ("EV") rate, as adjusted for settlement, and presented in Laurie A. Tomczyk's Settlement Testimony. The Settling Parties further agree that CEL&P shall annually report the following to the OUCC and the Commission:

- (1) The number of customers in CEL&P service territory who drive an EV prior to the beginning of the Program, and yearly thereafter;
- (2) Number of customers using the CEL&P-provided public station each day;
- (3) Duration of each charge;
- (4) kWh of each charge;

- (5) Time of day charges occurred (at the very least, off-peak vs. on-peak);
- (6) General location of customer (local or out of state) reasonably discernable by CEL&P;  
and
- (7) The battery level of the EV prior to charging and the charge level at the conclusion (i.e. was the car empty when it started and full when it left) as is reasonably discernable by CEL&P.

CEL&P shall provide these annual reports with the data indicated above, beginning December 31, 2021 and including data for the preceding 12-months, subject to the data availability issues noted below that affect its reporting:

- With regard to subpart (1), CEL&P attempted to obtain information regarding the number of existing EV chargers in its territory as part of its due-diligence for the EV project in the third quarter of 2018, but was unsuccessful. Neither the Indiana Bureau of Motor Vehicles, nor local car dealerships could provide this information, and it appears it is not otherwise publicly available.
- With regard to subpart (6), Customer location is often available, but not always, as the Customer's ZIP Code is not required by ChargePoint when setting up an account.
- With regard to subpart (7), battery level data is not currently available from the chargers presently deployed in Crawfordsville.
- Should the data in subparts (1), (6) and (7) become available in the future, CEL&P will include this information in its reports.

CEL&P's EV reports will occur annually thereafter.

**17. Admissibility and Sufficiency of Evidence.** The Settling Parties stipulate to the admissibility of the testimony and exhibits presented by the Settling Parties in this proceeding.

The Settling Parties agree that the prefiled evidence constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make all findings of fact and conclusions of law necessary for the approval of this Settlement Agreement as filed.

**18. Non-Precedential Effect of Settlement.** The Settling Parties agree that the facts in this Cause are unique and all issues presented are fact specific. Therefore, the Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any Settling Party in any other proceeding except as necessary to enforce its terms before the Commission or any court of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process, and is without prejudice to and shall not constitute a waiver of any position that either Settling Party may take with respect to any issue in any future regulatory or non-regulatory proceeding. The Settlement Agreement provides the Settling Parties with certain agreed upon benefits without the uncertainty, risk, and expense of further protracted litigation.

**19. Authority to Execute.** The undersigned hereby represent and agree that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients who will hereafter be bound thereby.

**20. Proposed Order.** The Settling Parties hereby agree to submit a proposed final order for issuance by the Commission which the Settling Parties will file after the evidentiary hearing in this matter.

**21. Approval of Settlement Agreement in its Entirety.** As a condition of this Settlement, the Settling Parties specifically agree that if the Commission does not approve this Joint Stipulation and Settlement Agreement in its entirety, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling

Parties. The Settling Parties further agree, unless otherwise separately agreed to in writing by the Settling Parties, that in the event the Commission does not issue a Final Order in the form that reflects the Agreement described herein, the procedural schedule shall be promptly adjusted to allow for CEL&P to pre-file its rebuttal testimony and this matter should promptly proceed to a litigated hearing after which the Commission should rule based on the litigation evidence of record in this proceeding. The Settling Parties agree that, in such event, the evidence of record and any post-hearing filings should be considered by the Commission as if no settlement had been reached, unless otherwise agreed by all Settling Parties in a writing that is filed with the Commission. All settlement discussion shall be treated as privileged and confidential. The Settling Parties represent that there are no other agreements in existence between them relating to matters covered by this Settlement Agreement.

**22. Confidentiality.** The parties recognize that certain confidential information has been shared through discovery in this matter. Such information includes (but is not limited to) the confidential Revenue Requirement Study and the confidential electronic Cost of Service Study performed by NewGen Strategies and Solutions, which includes customer-specific proprietary usage data. The OUCC has entered into a confidentiality agreement with CEL&P and the parties shall treat all such confidential information as confidential information in accordance with such agreement(s).

ACCEPTED AND AGREED:

**CRAWFORDSVILLE ELECTRIC  
LIGHT & POWER**



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Kristina Kern Wheeler  
Nikki Gray Shoultz  
Bose McKinney & Evans LLP

**INDIANA OFFICE OF THE UTILITY  
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