

OFFICIAL  
EXHIBITS

Petitioner's Exhibit No. 9  
Cause No. 45387  
Vectren South  
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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY  
D/B/A VECTREN ENERGY DELIVERY OF INDIANA, INC.  
A CENTERPOINT ENERGY COMPANY  
(VECTREN SOUTH)

IURC CAUSE NO. 45387

IURC  
PETITIONER'S  
EXHIBIT NO. 9  
DATE 11-12-20 REPORTER LR

SUPPLEMENTAL TESTIMONY  
OF  
RINA H. HARRIS  
DIRECTOR, ENERGY EFFICIENCY

ON

SETTLEMENT AGREEMENT ON THE ELECTRIC DEMAND SIDE MANAGEMENT  
2021-2023 POLICY AND PROGRAMS

SPONSORING JOINT EXHIBIT NO. 1

**SETTLEMENT TESTIMONY OF RINA HARRIS**

**I. INTRODUCTION**

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

A. My name is Rina H. Harris, and my business address is One Vectren Square, Evansville, Indiana 47708.

**Q. By whom are you employed?**

A. I am employed by CenterPoint Energy, Inc. ("CenterPoint"). Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Petitioner", "Vectren South" or "the Company") is an indirect subsidiary of CenterPoint.

**Q. What position do you hold with Petitioner Vectren South?**

A. I am the Director of Energy Efficiency for CenterPoint, the ultimate parent company of Vectren South. I hold the same position for the two other utility subsidiaries of CenterPoint – Indiana Gas Company, Inc. d/b/a/ Vectren Energy Delivery of Indiana, Inc. ("Vectren North") and Vectren Energy Delivery of Ohio, Inc. ("Vectren Ohio").

**Q. Are you the same Rina Harris who previously submitted direct and rebuttal testimony in this Cause?**

A. Yes.

**II. PURPOSE**

**Q. What is the purpose of your testimony in this proceeding?**

A. The purpose of my testimony is to present and support the Stipulation and Settlement Agreement ("the Settlement Agreement") entered into by and among the Indiana Office of Utility Consumer Counselor ("OUCC"), Citizens Action Coalition on Indiana, Inc. ("CAC"), and Vectren South (collectively, the "Settling Parties"), separately filed as Joint Exhibit No. 1. The Settlement Agreement represents reasonable resolutions of the issues in this proceeding and supports a Commission order adopting the terms. The Settlement Agreement reflects modifications to Vectren South's 2021-2023 Electric Demand Side

1 Management ("DSM") Plan ("2021-2023 Plan" or the "Plan") filed by the Company in June  
2 2020. I will discuss the terms of the Settlement Agreement and support why it is consistent  
3 with Ind. Code § 8-1-8.5-10 ("Section 10"), is in the public interest, and should be  
4 approved.

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6 **Q. Are you sponsoring any attachments in this proceeding?**

7 A. Yes. I am co-sponsoring the Settling Parties' Joint Exhibit No. 1, which is a separately filed  
8 copy of the Settlement Agreement.

9  
10 **Q. Were your testimony and exhibits in this proceeding prepared by you or with your  
11 participation?**

12 A. Yes.

13  
14 **Q. Are there any other Vectren South witnesses sponsoring testimony in this  
15 proceeding?**

16 A. No.

17  
18 **Q. Please provide an overview of the Settlement Agreement.**

19 A. Under the Settlement Agreement, the Settling Parties have agreed that Vectren South's  
20 requested relief in this Cause should be granted in its entirety, subject to certain terms  
21 and conditions as specifically set forth in the Settlement Agreement. Those terms relate  
22 primarily to DSM Program Design, lost revenue recovery, and performance-based  
23 financial incentive levels. The Settling Parties have agreed these terms are reasonable  
24 and in the public interest.

25  
26 The Settling Parties conducted thorough review and discussions around Vectren South's  
27 filing in this proceeding. And, the Settlement Agreement reflects agreement by and among  
28 the Settling Parties on all issues in the proceeding while continuing to achieve cost-  
29 effective energy savings at Vectren South's total planned budget and savings outlined in  
30 its pre-filed testimony and associated 2021 – 2023 Plan. Specifically, the Settlement  
31 Agreement caps lost revenue recovery, adjusts Vectren South's requested performance-  
32 based financial incentive levels, and modifies certain residential program designs. All  
33 modifications to the 2021 – 2023 Plan are in the public interest and remain compliant with

the requirements of Section 10, including consistency with Vectren South's 2019/2020 IRP, and should be approved.

**Q. Please describe changes to Vectren total savings and budget as proposed in the Direct Testimony of Petitioner's Exhibit 1.**

A. The Settlement Agreement does not modify Vectren South's original request to implement the DSM programs defined in the 2021 - 2023 Plan, with the goal of achieving approximately 132 million kilowatt hours ("kWh") in energy savings reduction at an estimated cost of \$34.2 million during the three-year period. This level of energy savings is roughly equal to 1.3% reduction in eligible energy consumption from current customer usage levels, consistent with Vectren South's 2019/2020 IRP.

**Q. Please describe Section I.A of the Settlement Agreement.**

A. This section addresses DSM program and implementation modifications to Vectren South's filed 2021-2023 Plan. For settlement purposes, for the duration of the 2021 – 2023 Plan (the "Plan Period"), Vectren South agrees to reduce the effective useful life ("EUL") for general service lamps ("GSL") included in its Plan from a 15-year EUL to a 2-year EUL. With the exception of the Modified School Education Program (defined below), Vectren South also agrees to recognize the non-Energy Star GSL as the baseline bulb for programs within the 2021 – 2023 Plan continuing to offer GSL bulbs. Implementation of the revised EUL and baseline will result in the following agreed-upon modifications to Vectren South DSM 2021 – 2023 programs:

- (1) The GSL EUL and baseline modification will render Vectren South's proposed Home Energy Assessment ("HEA") program not cost-effective due to the reduced benefits relative to costs. Settling Parties agree to remove the HEA Program from Vectren South's program portfolio and re-allocate its HEA budget<sup>1</sup> to other cost-effective programs. In an effort to replace forgone HEA savings,<sup>2</sup> Vectren South will work with its Oversight Board ("OSB") to determine final placement of reallocated dollars to achieve cost-effective savings.

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<sup>1</sup> HEA 3-year budget total: \$793,169; Annual budget: 2021 - \$239,713; 2022 - \$256,589; 2023 - \$296,868

<sup>2</sup> HEA 3-year savings total: 1.8M kwh; Annual savings: 2021 -550,810 kwh; 2022 – 576,574 kwh; 2023 – 684,783

- 1 (2) The GSL EUL and baseline modification will also render Vectren South's School  
2 Education program (as filed in 2021-2023 Plan) ("Filed School Education Program")  
3 not cost-effective due to the reduced benefits relative to costs. Settling Parties agree  
4 to remove the Filed School Education Program from Vectren South's program portfolio  
5 and reallocate its Filed School Education Program budget<sup>3</sup> to other cost-effective  
6 programs. In an effort to replace foregone Filed School Education Program savings,<sup>4</sup>  
7 Vectren South will work with its OSB to determine final placement of reallocated dollars  
8 to achieve cost-effective savings.
- 9 (3) The Filed School Education Program is designed to teach young students how to  
10 conserve energy and produce cost-effective savings. This program includes a  
11 curriculum for teachers and a take home kit for children and families. Due to significant  
12 societal and intangible benefits realized through this program, Settling Parties agree  
13 to continue this Program ("Modified School Education Program") as a marketing  
14 initiative via its marketing budget. Vectren South will not capture energy savings  
15 associated with the delivery of this modified program and will forego associated lost  
16 revenues and performance incentives.
- 17 (4) Vectren South will continue to directly install Energy Star GSLs in its income qualified  
18 program ("IQW") as described in its pre-filed testimony. However, Vectren South  
19 agrees to the revised GSL EUL and baseline guidelines as negotiated by Settling  
20 Parties. This program is designed to provide weatherization upgrades to low income  
21 homes that otherwise would not have been able to afford the energy savings  
22 measures. Furthermore, Vectren South will return to its prior program eligibility of up  
23 to 200% of federal poverty level ("FPL"), removing its proposal to expand eligibility for  
24 201-300% FPL. Vectren South will work with its OSB to explore ways to improve IQW  
25 program reach and participation by expanding the eligibility and verification  
26 requirements of the program in other ways.
- 27 (5) Contingent upon modifications number three (3) and four (4) above, Settling Parties  
28 agree to decrease the IQW budget by \$343,352 over the Plan Period and allocate that

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<sup>3</sup> School Program 3-year budget total: \$343,352; Annual budget: 2021 - \$118,451; 2022 - \$122,451; 2023 - \$102,451

<sup>4</sup> School Program 3-year savings total: 2.1M kwh; Annual savings: 2021 -733,118 kwh, 2022 – 696,462 kwh, 2023 – 661,639

1 funding to Vectren South's marketing budget to fund the Modified School Education  
2 Program.

3 (6) The Settling Parties also agree to work collaboratively, in good faith, through the  
4 Company's OSB to: continue evaluating and exploring the potential for: (1) a revised  
5 HEA channel, and (2) instituting the HEA's blower door test measure in one or more  
6 non-IQW residential program(s).

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8 **Q. Please describe Section I.B of the Settlement Agreement.**

9 A. This section addresses Vectren South's proposal for lost revenues. In its pre-filed  
10 testimony, the Company requested authority to collect lost revenues consistent with its  
11 previously approved 2018 – 2020 Plan. Specifically, Vectren South proposed to recover  
12 lost revenues for all programs based on: (1) the weighted average measure life ("WAML")  
13 of the Plan Period, and (2) a one-time 10% further reduction in annual savings.

14  
15 Settling Parties agree to a four (4), three (3), and two (2) year cap on lost revenues<sup>5</sup> for  
16 any programs during the 2021, 2022, and 2023 implementation period, respectively.  
17 Vectren South will zero out, in its Demand Side Management Adjustment ("DSMA") Rider,  
18 all lost revenue recovery approved for the DSM Program years up to, and including, the  
19 test year adopted for the setting of base rates in Vectren South's next base rate case  
20 proceeding. Vectren South continues to support recovery of lost revenues for its full EUL,  
21 or otherwise reasonably modified by the Company. Given Vectren South's planned electric  
22 base rate in 2023, this capping approach is a reasonable means of compromise as part  
23 of the overall settlement package.

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25 Furthermore, Settling Parties' agreement to remove Vectren South's HEA Program and  
26 shift its School Education Program to outreach/education will reduce pre-filed lost  
27 revenues by approximately \$1.7 million over the Plan Period.

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<sup>5</sup> The settlement proposal represents a reduction of \$42.1 million in lost revenues over the life of the Plan. Specifically, a \$1.7M reduction for HEA & School Education programs due to 2-year EUL for GSLs and a \$40.4 million reduction from reducing WAML from 12 years to 4 years in 2021, 3 years in 2022, and 2 years in 2023.

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**Table RHH-1 2021 – 2023 HEA & School Lost Revenue**

2021-2023 Electric Filed DSM Plan HEA & Schools Lost Revenue							
2021-2023	Orig Annual Gross Program Energy Savings (kWh)	Total Lifetime Energy Savings (kWh)	NTG (from Plan)	Net Lifetime Energy Savings (kWh)	Net Lifetime with 12 Year Cap	KWH with Cap & 10% off	Total LRAM Lifetime \$'s
90%							
7 year Cap, 2 yr GSL EUL							
Home Energy Assessment & Weatherization	550,810	8,262,154	75%	6,196,616	2,891,754	2,602,579	\$ 202,751
Energy Efficient Schools	733,118	7,331,182	100%	7,331,182	5,131,827	4,618,644	\$ 359,750
<b>Total 2021</b>	<b>1,283,928</b>	<b>15,593,336</b>		<b>13,527,797</b>	<b>8,023,581</b>	<b>7,221,223</b>	<b>\$ 562,501</b>
Home Energy Assessment & Weatherization	576,574	8,648,613	75%	6,486,460	3,027,015	2,724,313	\$ 212,235
Energy Efficient Schools	696,462	6,964,622	100%	6,964,622	4,875,236	4,387,712	\$ 341,820
<b>Total 2022</b>	<b>1,273,036</b>	<b>15,613,235</b>		<b>13,451,082</b>	<b>7,902,250</b>	<b>7,112,025</b>	<b>\$ 554,055</b>
Home Energy Assessment & Weatherization	684,783	10,271,741	75%	7,703,806	3,595,109	3,235,598	\$ 252,023
Energy Efficient Schools	661,639	6,616,391	100%	6,616,391	4,631,474	4,168,327	\$ 324,674
<b>Total 2023</b>	<b>1,346,422</b>	<b>16,888,132</b>		<b>14,320,197</b>	<b>8,226,583</b>	<b>7,403,925</b>	<b>\$ 576,698</b>
<b>2021-2023 Totals</b>	<b>3,903,387</b>	<b>48,094,703</b>		<b>41,299,076</b>	<b>24,152,414</b>	<b>21,737,173</b>	<b>\$ 1,693,253</b>

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**Q. Please describe Section I.C of the Settlement Agreement.**

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A. This section addresses Vectren South's opportunity to earn performance-based financial incentives. Settling Parties agree to Vectren South's proposed shared savings

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performance incentive approach with one modification. The performance-based financial approach proposed by Vectren South is aligned with Section 10 requirements and encourages cost-effective delivery of programs. Furthermore, Vectren South's performance incentives continue to be tied to both tiered levels of energy savings achieved and the net present value ("NPV") of benefits of the utility cost test ("UCT") test. Settling Parties agree to modify the Company's proposed performance incentive matrix by increasing the top tier incentive level from 10% to 13%. All other components remain consistent with Vectren South's pre-filed testimony.

Performance Incentives	
Achievement Level (kWh)	Incentive Level (NPV of net benefits of UCT)
110%	13%
100 - 109.99%	8%
90 - 99.99%	7%
80 - 89.99%	6%
75 - 79.99%	5%
0 - 74.99%	0%

Vectren South is proposing to earn a performance incentive on all programs included in the 2021 – 2023 Plan, except the Conservation Voltage Reduction ("CVR") and IQW programs. As explained by witness Bell in her pre-filed testimony in this proceeding, Vectren South is requesting authority to earn a return on and of the capital investment and other related costs associated with implementing the CVR program; therefore, Vectren South is not seeking authority to earn performance incentives for the CVR program.

Vectren South's projected performance incentives are further modified with the removal of its HEA program and School Education Program as described in Section I.A. Performance incentive impacts associated with these two programs result in a \$100,000 reduction over the Plan Period. Budgets associated with the HEA and School Education program will be shifted to other cost-effective DSM programs, per OSB feedback. Resulting increased savings and performance incentive impacts have not yet been



determined. Reallocation of HEA and School Education Program budgets will be reflected in Vectren South's annual operating plan, which requires OSB feedback/approval.

Finally, per Settling Parties terms, during the Plan Period, prior to filing its annual DSMA Rider, Vectren South agrees to exclude \$129,679 per year from the base calculation of the annual performance incentives, which is equivalent to removing the costs associated with the yet to be constructed natural gas pipeline included in Vectren's IRP. If the Company reaches the 110% achievement level, Vectren South will reduce its performance incentive by an additional \$129,679 per year, during the Plan Period prior to filing its annual DSMA Rider. In addition, during the Plan Period, prior to filing its annual DSMA Rider, Vectren South will reduce its proposed performance incentives, irrespective to achievement level, by \$60,000 per year (\$180,000 over the Plan Period). Each of these three annual reductions only apply to the calculation of performance incentives; the reductions do not apply to the calculation of cost-effectiveness of the Company's programs in the 2021-2023 Plan.

**Q. Please describe Section I.D of the Settlement Agreement.**

Vectren South agrees to use best efforts in working with its OSB to update Vectren South's Interruptible Contract ("IC") Rider by the end of calendar year 2020. Vectren South's IC is applicable to any Rate Schedule Large Power ("LP") or High Load Factor ("HLF") electric service customer who can provide for not less than 1000 kVa of interruptible demand. Vectren South will work to align its IC rider with the latest Midcontinent Independent System Operator ("MISO") rules.

**Q. Please describe other terms included in the Settlement Agreement.**

The opening paragraph explains the Settlement Agreement is a result of compromise, represents a fair, just, and reasonable resolution of all matters raised in this proceeding; and states the Settling Parties agree the relief requested by Vectren South in this proceeding should be granted, subject to the terms and conditions of the Settlement Agreement. Section II describes the scope of the Settlement Agreement; the approval being sought for the Settlement Agreement; and applicable conditions to the effect of the Settlement Agreement. Specifically, Paragraph II.2 makes clear that the Settlement Agreement is the result of compromise reached during the settlement process, and that

1 the Settlement Agreement shall not constitute an admission or waiver by any Settling Party  
2 in any other proceeding except as necessary to enforce its terms, nor shall it be cited as  
3 precedent.

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5 The Settlement Agreement is a compromise and will be null and void unless approved in  
6 its entirety without modification or further condition that is unacceptable to any Settling  
7 Party. The Settlement Agreement also includes provisions concerning the substantial  
8 evidence in the record supporting the approval of the Settlement Agreement and reflects  
9 other terms typically found in settlement agreements before this Commission.

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11 **Q. In your opinion, is the Settlement Agreement reasonable and appropriate?**

12 A. Yes. During discussions, various positions were presented and reviewed, resulting in  
13 acknowledgement by the Settling Parties that agreement on the disputed aspects of the  
14 Company's 2021 – 2023 Plan could not be reached without compromise to address issues  
15 such as program design, performance incentives and lost revenue. The resulting  
16 Settlement Agreement reflects negotiated positions relative to those presented by the  
17 Settling Parties in direct and rebuttal testimony and captures all of the issues reviewed by  
18 the parties in this case. The Settling Parties agree that the Settlement Agreement  
19 concluded with a fair and reasonable result on the disputed aspects of the Company's  
20 2021-2023 Plan.

21  
22 **Q. In your opinion, is Commission approval of the Settlement Agreement in the public  
23 interest?**

24 A. Yes. The Settlement Agreement is supported by and within the scope of the evidence.  
25 Taken as a whole, the Settlement Agreement represents the result of good faith, arm's-  
26 length negotiations reflecting a fair and balanced outcome of the issues between the  
27 Settling Parties in this case. The Settlement Agreement provides a reasonable resolution  
28 between the Settling Parties with respect to the relief requested herein without the time  
29 and expense that would be incurred in connection with litigation of the positions of the  
30 Settling Parties. Vectren South asks the Commission to issue an order approving the  
31 Settlement Agreement in its entirety.

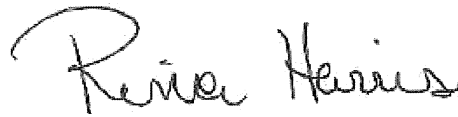
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1   **Q.**    Does this conclude your settlement testimony in support of the Settlement  
2           **Agreement?**

3   **A.**    Yes, it does.

### VERIFICATION

I, Rina H. Harris, Director, Energy Efficiency at Southern Indiana Gas & Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., a CenterPoint Energy Company, affirm under penalties of perjury that the statements and representations in my foregoing Supplemental Testimony are true to the best of my knowledge, information and belief.

A handwritten signature in black ink that reads "Rina Harris". The signature is written in a cursive style with a large initial "R".

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Rina H. Harris

Date: October 20, 2020