

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

SETTLEMENT TESTIMONY OF

PHILLIP R. GOODE

ON BEHALF OF PETITIONER

CRAWFORDSVILLE ELECTRIC LIGHT & POWER

PETITIONER'S EXHIBIT 8

JANUARY 27, 2021

Respectfully Submitted,



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I. INTRODUCTION

Q1. ARE YOU THE SAME PHILLIP R. GOODE THAT SUBMITTED DIRECT TESTIMONY IN THIS PROCEEDING ON BEHALF OF CRAWFORDSVILLE ELECTRIC LIGHT AND POWER (“CEL&P” OR “UTILITY”)?

A. Yes.

Q2. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?

I. The purpose of my settlement testimony is to provide the Utility’s overall perspective of the Stipulation and Settlement Agreement (the “Settlement”) between CEL&P and the Indiana Office of Utility Consumer Counselor (“OUCC”), which is included in my testimony as Attachment PRG-8. My testimony: (1) identifies the objectives of the Settlement; (2) explains the financial and operational impact of the Settlement on CEL&P; and (3) explains why the Settlement is in the public interest.

Q3. PLEASE PROVIDE AN OVERVIEW OF ANY ADDITIONAL TESTIMONY OFFERED BY CEL&P IN SUPPORT OF THE SETTLEMENT.

A. In addition to my testimony, CEL&P provides the Settlement testimony of four witnesses. Jennifer Z. Wilson will identify and explain the settled Revenue Requirement. Thomas A. Ghidossi provides settlement testimony on the agreed upon funding for CEL&P’s Capital Improvement Plan (“CIP”) and the adjustment for contract vegetation management. Joseph A. Mancinelli will discuss the Settlement’s changes to the cost of service study and rate design; the Settlement’s phased-in rate increases; the Settlement’s adjustment to CEL&P’s proposed customer charges; provide a revenue proof; and identify changes to our tariff resulting from the Settlement. Laurie A. Tomczyk will explain the Settlement’s changes to

1 the Energy Cost Adjustment (“ECA”) calculation, as well as settlement related changes to
2 the proposed Electric Vehicle (“EV”) rates.

3 **II. OBJECTIVES OF SETTLEMENT**

4 **Q4. WHAT ARE THE MAIN OBJECTIVES OF THE SETTLEMENT AGREEMENT**
5 **FROM CEL&P’S PERSPECTIVE?**

6 A. The Settlement addresses CEL&P’s main concerns about our revenue insufficiency by
7 increasing the Utility’s revenues by 13.72%. This settled rate increase was a good
8 compromise between CEL&P’s as-filed rate increase proposal, and the OUCC’s direct
9 testimony position. It allows CEL&P sufficient cash flow and income to prudently operate
10 the Utility, while funding necessary accounts in a gradual manner that allows CEL&P to
11 continue providing adequate service while balancing rate increases to customers. CEL&P’s
12 rate case team worked many hours to reach an agreement with the OUCC, and we appreciate
13 the agency’s efforts to reach terms with which both parties could agree. The Settlement
14 achieves CEL&P’s primary objective of adjusting rates to support the Utility’s operations,
15 while at the same time addressing the OUCC’s concerns regarding reasonable rates and
16 mitigating the rate increase’s impact on customers.

17 **III. FINANCIAL AND OPERATIONAL IMPACT OF SETTLEMENT**

18 **Q5. PLEASE DISCUSS THE KEY FINANCIAL ASPECTS OF THE SETTLEMENT.**

19 A. Ms. Wilson’s settlement testimony addresses and explains many of the financial details of
20 the Settlement. From CEL&P’s perspective, the Settlement’s key financial provisions are
21 interrelated to produce the necessary operational revenue and cash flow and reserves for
22 future decommissioning and remediation expenses. Those key aspects are: 1) an agreed total

1 revenue requirement; and 2) an agreed upon rate design and two step phase-in of rate
2 increases.

3 **Q6. PLEASE DISCUSS THE KEY OPERATIONAL ASPECTS OF THE SETTLEMENT.**

4 A. From an operational perspective, the Settlement allows CEL&P to have sufficient operation
5 and maintenance funds; fund its Capital Improvement Plan for the next six years; catch up
6 on its vegetation management program and transition to a regular vegetation management
7 cycle; make the Temporary Rate Rider (“TRR”) approved in Cause No. 45429 a permanent
8 part of rates; and begin its EV program with the annual reporting requirements discussed
9 below.

10 **Q7. HOW WILL THE SETTLEMENT IMPROVE THE UTILITY’S OPERATING**
11 **FUND?**

12 A. In the spring of 2020, CEL&P began seeing significant deficiencies in its Operating Fund.
13 As a result, the Utility Service Board (“USB”) authorized me to begin making loans from
14 the Utility’s Depreciation Fund to make up for the shortfall in Operating Expenses. I have
15 needed to make these loans repeatedly in varying amounts depending on what was happening
16 in any given month. For example, in months where CEL&P has multiple expenses due at
17 the same time along with payroll needing to be processed, it was not uncommon for
18 CEL&P’s cash on hand to be very low or needing to borrow from the Depreciation Fund.
19 These loans, combined with the loss of revenues from the 2016 rate design mathematical
20 error, also resulted in the Depreciation Fund being insufficient for CEL&P to complete many
21 of the system improvements that I believe were necessary. As discussed in more detail in
22 Ms. Wilson’s testimony, the Settlement Agreement provides the Utility with an annual
23 working capital revenue requirement. I believe that if the Commission approves the

1 Settlement, once new revenue begins to flow, these loans from the Depreciation fund will no
2 longer be necessary, the Utility will have sufficient revenue to meet expenses, and the new
3 Capital Improvement Plan will be fully funded.

4 **Q8. HOW HAS THE COMMISSION'S APPROVAL OF THE TRR IMPACTED CEL&P?**

5 A. I want to thank the OUCC and the Commission for quickly addressing our revenue shortfall
6 from the rate design error in our last rate case through the TRR. I have attached the Final
7 Order in in Cause No. 45429 as Attachment PRG-9 to my settlement testimony. When
8 additional revenues began to flow from the TRR in November 2020, it gave CEL&P some
9 "breathing room". However, we are still suffering from a significant loss of revenues that
10 the Utility has foregone as a result of the 2016 rate design mathematical error, while expenses
11 are simultaneously increasing, and the COVID-19 pandemic is ongoing. So, it was critical
12 that we make the TRR permanent, while implementing an additional rate increase. The good
13 news is that because the TRR has already been implemented, this mitigates the rate increase
14 needed in Phase I to reach our revenue requirement target. Mr. Mancinelli explains this in
15 more detail in his settlement testimony.

16 **Q9. HOW HAS CEL&P'S VEGETATION MANAGEMENT PROGRAM BEEN**
17 **IMPACTED BY THE REVENUE SHORTFALL?**

18 A. Due to current budget constraints, CEL&P is on a 7-year trim cycle for the distribution
19 system, but we have not been able to progress in that cycle in a timely manner. Not only
20 does the settled contract vegetation management adjustment help the utility catch-up and
21 complete the 7-year cycle that it is currently behind on, but also on a going forward basis,
22 the increased vegetation management budget allows CEL&P to transition to a more
23 appropriate 3-year trim cycle for distribution while maintaining the current two-year cycle

1 for the bulk transmission system in Crawfordsville. Mr. Ghidossi's settlement testimony
2 provides additional detail on vegetation management contract expense.

3 **Q10. IF THE COMMISSION APPROVES THE SETTLEMENT, IS ADDITIONAL**
4 **ACTION NEEDED FROM THE USB AND THE CRAWFORDSVILLE CITY**
5 **COUNCIL?**

6 A. Yes. I have kept in close contact with the Crawfordsville Utility Service Board ("USB")
7 throughout the rate study and rate case process. While not engaged directly in the settlement
8 discussions, they are aware of the give-and-take of the settlement process over the last two
9 months. I presented the Settlement to the USB at their meeting on January 26, 2021, and
10 received a favorable recommendation to proceed with finalizing the Settlement and
11 presenting testimony supporting it for the Commission's approval. The USB authorized me
12 to enter into the Settlement Agreement. However, the rates approved by the USB Resolution
13 and City Council Ordinance approved last year do not match the Settlement rates. Therefore,
14 if the Commission approves the Settlement, those rates must be approved via a new USB
15 Resolution and City Council Ordinance, so that the local laws match the rates the
16 Commission has approved. This is why, as explained in the settlement testimony of Mr.
17 Ghidossi, we do not expect higher revenues to flow from this settled rate increase to the
18 Utility until the third quarter of this year.

19 **IV. ELECTRIC VEHICLE DATA REPORTING**

20 **Q11. PLEASE EXPLAIN THE ELECTRIC VEHICLE ("EV") REPORTING**
21 **PROVISIONS OF THE SETTLEMENT.**

22 A. CEL&P will have a new EV rate class under the Settlement. Ms. Tomczyk's testimony sets
23 forth how the settled EV rates were developed. Under the Settlement, CEL&P will also

1 annually report to the Commission and the OUCC data regarding the EV program.
2 Specifically, CEL&P will annually provide the following data:

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

14 **Q12. WHEN WILL CEL&P BEGIN TO FILE ITS EV REPORTS?**

- 15 A. First EV report to be filed by December 31, 2021 to include data from the preceding twelve
16 months, and be filed annually thereafter.

17 **V. SETTLED COST OF SERVICE AND RATE DESIGN**

18 **Q13. DO YOU SUPPORT THE SETTLEMENT COST OF SERVICE AND RATE**
19 **DESIGN?**

- 20 A. Yes. Mr. Mancinelli took the settled Revenue Requirement and modeled a new settlement
21 cost of service study and rate design. His testimony provides detail on this process, and I
22 believe the result is appropriate.

23 **Q14. PLEASE PROVIDE AN OVERVIEW OF THE NEW RATE DESIGN.**

1 A. As part of the Settlement, we agreed to create a new General Power Large (“GPL”) class.
2 We also eliminated some of our originally proposed demand charges and demand ratchets,
3 to address the OUCC’s concerns about customer impact and the inability of small
4 commercial customers to make meaningful changes to their levels of demand. Mr.
5 Mancinelli’s settlement testimony explains these changes from our originally proposed rate
6 design in detail.

7 **VI. ENERGY COST ADJUSTMENT PROCEDURES**

8 **Q15. PLEASE COMMENT ON THE SETTLEMENT’S RESOLUTION OF CEL&P’S**
9 **ENERGY COST ADJUSTMENT PROVISIONS.**

10 A. Paragraph 4 of the Settlement provides: “All other issues set forth in CEL&P’s case-in-chief
11 that are not specifically addressed in this Joint Stipulation and Settlement Agreement shall
12 be approved as proposed by CEL&P as set forth in its supporting Settlement Testimony.”
13 Particularly relevant to this provision is CEL&P’s request for authorization to adjust its ECA
14 procedures, which track and flow through to the Utility’s customers the purchased power
15 costs from the Indiana Municipal Power Agency (“IMPA”) on a quarterly basis. By virtue
16 of Paragraph 4 of the Settlement, the settling parties agree to the modification of CEL&P’s
17 ECA procedures as described in our petition and the settlement testimony of Ms. Tomczyk.

18 **VII. PUBLIC INTEREST DISCUSSION**

19 **Q16. ARE YOU FAMILIAR WITH THE COMMISSION’S POLICY AND STANDARD**
20 **OF REVIEW FOR SETTLEMENT AGREEMENTS?**

21 A. Yes. The Commission’s rules, at 170 IAC 1-1.1-17, provide that it is the policy of the
22 Commission to review and accept appropriate settlements. A settlement must be supported
23 by probative evidence so that the Commission may make appropriate findings of fact in its

1 decision and determine whether the evidence supports the Commission's conclusion
2 regarding the settlement. The Commission may reject, in whole or in part, any proposed
3 settlement if the Commission determines the settlement is not in the public interest. I
4 understand that settlements are favored as a matter of policy because they help resolve
5 proceedings with greater certainty, speed and administrative efficiency than litigation. I
6 recognize that the Commission will closely examine the Settlement and evidentiary record
7 and determine whether it is reasonable and in the public interest.

8 **Q17. WHY IS APPROVAL OF THE SETTLEMENT CONSISTENT WITH THE PUBLIC**
9 **INTEREST?**

10 A. Approval of the Settlement as it is written is consistent with the public interest because the
11 Settlement represents a comprehensive resolution of all of the issues in this proceeding by
12 CEL&P and the OUCC. As the evidence reflects, the Settlement resolves complex, divisive,
13 and controversial issues surrounding several interrelated issues, including but not limited
14 to, revenue requirement, mitigation, and an appropriate phased in rate design. Ultimately,
15 the Settlement provides CEL&P with an opportunity to earn sufficient revenues, maintain
16 adequate cash flows and fund necessary reserve accounts while balancing the interests of
17 the Utility's customers in receiving reasonable service at a fair cost.


18 **CONCLUSION**

19 **Q18. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

20 A. Yes.

VERIFICATION

I affirm under the penalties of perjury that the foregoing Prefiled Verified Settlement
Testimony is true to the best of my knowledge, information and belief as of the date here filed.


Phillip R. Goode

ORIGINAL

STATE OF INDIANA

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

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF)
 CRAWFORDSVILLE ELECTRIC LIGHT & POWER)
 FOR APPROVAL OF A MODIFICATION TO THE) CAUSE NO. 45429
 COMMISSION'S APRIL 13, 2016 ORDER IN CAUSE)
 NO. 44684 TO CORRECT A MATHEMATICAL) APPROVED: SEP 29 2020
 ERROR AND APPROVE A TEMPORARY RATE)
 ADJUSTMENT RIDER TO ALLOW RECOVERY OF)
 ITS AUTHORIZED REVENUE REQUIREMENT)

ORDER OF THE COMMISSION**Presiding Officers:****James F. Huston, Chairman****Loraine L. Seyfried, Chief Administrative Law Judge**

On August 11, 2020, Crawfordsville Electric Light & Power ("CEL&P") filed with the Indiana Utility Regulatory Commission ("Commission") an Agreed Motion to Modify Order to Correct Mathematic Error and for Approval of Temporary Rate Adjustment Rider ("Petition") under Cause No. 44684. In support of its Petition, CEL&P also filed the Affidavits of Phillip R. Goode, CEL&P's Manager, and Joseph A. Mancinelli, President and Chief Executive Officer of NewGen Strategies & Solutions, LLC ("NewGen"). Because Cause No. 44684 was a closed docket, the Commission created this Cause to consider CEL&P's request.

On September 1, 2020, the Commission caused a Docket Entry to be issued that provided notification of the Commission's intent to modify its April 13, 2016 Order issued in Cause No. 44684 ("April 2016 Order") to correct a mathematical error in CEL&P's approved rate calculation to allow CEL&P to recover its authorized revenue requirement unless any objections were filed within 20 days. Twenty days have passed and no objections were filed.

Based on applicable law and the evidence presented, the Commission finds as follows:

1. Commission Jurisdiction and Notice. CEL&P is a municipally owned utility as defined in Ind. Code § 8-1-2-1(h) whose rates and charges for the provision of electric service are subject to the Commission's jurisdiction in accordance with Ind. Code § 8-1.5-3-8. In addition, Ind. Code § 8-1-2-72 authorizes the Commission, upon notice to the public utility and after opportunity to be heard, to amend any order of the Commission. On August 27, 2020, CEL&P filed a Submission of Proof of Publication demonstrating it published notifications of the filing of its Petition in *The Paper*, a newspaper of general circulation in Montgomery County, Indiana, on August 19 and 26, 2020. The Commission also caused a Docket Entry to be issued on September 1, 2020, providing notification of its intent to modify its April 16 Order. Accordingly, the Commission has jurisdiction over CEL&P and the subject matter of this proceeding.

2. Requested Relief. CEL&P requests the Commission modify its April 2016 Order to correct a mathematical error in CEL&P's approved rate calculation so that CEL&P can recover its authorized revenue requirement on a going forward basis through a temporary rate adjustment rider.

3. Evidence in Support of Requested Relief. Mr. Goode described the events that led to the discovery of the mathematical error. Mr. Goode stated that the Commission's April 2016 Order approved a settlement with the Indiana Office of Utility Consumer Counselor ("OUCC") that provided for an authorized revenue requirement of \$37,016,872. However, within a few months after the issuance of the April 2016 Order, CEL&P noticed the utility was not collecting as much revenue as expected. He stated that CEL&P discussed the issue with its rate consultant and was informed that the shortfall was caused by recent changes in rate structure at its wholesale power provider, the Indiana Municipal Power Authority.

Mr. Goode stated that in preparation for the filing of a rate case in 2020, he authorized NewGen, a ratemaking consultant that had assisted Richmond Power & Light with its rate study, to review CEL&P's existing rates. He stated that NewGen determined that CEL&P had not been collecting its authorized revenue requirement because the tariffed rates had been incorrectly calculated by using improper energy billing units. As a result of the error, CEL&P had failed to collect approximately \$2.9 million of its authorized revenue requirement over the period of August 2016 through January 2020.

Mr. Goode stated that CEL&P is seeking approval for a temporary rate adjustment rider, a copy of which was attached to the Petition and uses the corrected calculations set forth in Attachment JAM-3 of Mr. Mancinelli's Affidavit. He stated that the proposed rider will apply to all rate classes except for the lighting rate class, which is charged by fixture and does not have an associated energy charge. He stated that CEL&P confirmed with the OUCC that it has no objections to CEL&P's requested relief and that CEL&P is not seeking to recover any lost past revenues.

Mr. Mancinelli provided additional information regarding the mathematical error, the revised calculations, and workpapers supporting CEL&P's request. Mr. Mancinelli stated that he discovered a mathematical error in the tariff calculation related to system losses that resulted in CEL&P charging rates that were insufficient to collect its authorized revenue requirement. He stated that if a revenue proof had been conducted, the error would have been identified. He also noted additional errors that had a de minimis rate impact.

4. Commission Discussion and Findings. The Commission's April 2016 Order approved a settlement agreement between CEL&P and the OUCC that provided for an increase to CEL&P's rates and charges to produce operating revenues of \$37,016,872. The Order further approved changes to CEL&P's electric rates as reflected in Joint Settlement Exhibit 2, which contained the revisions to CEL&P's tariffs that were to implement the authorized revenue requirement.

CEL&P requests that the Commission modify its April 2016 Order to correct a mathematical error in its approved tariffs that has prevented CEL&P from collecting its authorized revenue requirement. CEL&P is not seeking to recover any uncollected revenue

retroactive to the effective date of the April 2016 Order, but instead seeks only to begin recovering its full authorized revenue requirement on a going forward basis through a temporary rate adjustment rider.

The evidence presented demonstrates that CEL&P's approved tariffs contained a mathematical error that has prevented CEL&P from collecting the revenue requirement authorized in the April 2016 Order. The OUCC, the only other party to the settlement agreement approved in the April 2016 Order, agrees that an error exists and has no objection to CEL&P's implementation of a temporary rider. In addition, no other objections to CEL&P's request have been filed with the Commission.

Therefore, the Commission finds that its April 2016 Order shall be amended to correct the mathematical error as set forth in Attachment JAM-2 of Mr. Mancinelli's Affidavit. CEL&P is authorized to collect the corrected rates through its proposed rider beginning October 1, 2020.

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

1. The Commission's April 2016 Order is amended to correct the mathematical error as set forth in Attachment JAM-2 of Mr. Mancinelli's Affidavit.

2. CEL&P is authorized to collect the corrected rates through its proposed temporary rate adjustment rider beginning October 1, 2020.

3. In accordance with Ind. Code § 8-1-2-70, Petitioner shall pay the following itemized charges within 20 days from the date of the 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:	\$ 815.59
OUCC Charges:	<u>\$ 919.75</u>
Total:	\$1,735.34

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

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

APPROVED: SEP 29 2020

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

Regina K. Joyner  Digitally signed by Regina K. Joyner
Date: 2020.09.29 10:28:37 -04'00'

Mary M. Schneider
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:

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)
Revenue Requirement	\$39,390,041
Plus: URT Amt on Adjustments	\$66,033
Total Revenue Requirement	\$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.

6. Vegetation Management Expense. The Settling Parties agree that the Operations and Maintenance Expense shall include an adjustment for \$558,510 in annual funding for vegetation management contract costs. Mr. Ghidossi's Settlement Testimony provides the detail supporting this adjustment.

7. Annual Working Capital Revenue Requirement. The Settling Parties agree that the Revenue Requirements shall include an adjustment for \$796,176 in funding for CEL&P's working capital. Ms. Wilson's and Mr. Loveman's Settlement Testimonies provide the detail supporting this adjustment.

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.

b. Labor, Public Employees Retirement Fund ("PERF"), and Federal Insurance Contributions Act ("FICA") Tax Expense. The Settling Parties

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:

Customer Classes	Settlement Rate Revenue Phase 1	Settlement Rate Revenue Phase 2
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
Total	\$36,655,423	\$39,088,333*

*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 phases¹ (columns (c) and (d)) as set forth below:

	Phases			
	(a)	(b)	(a)+(b)=(c)	(d)
Customer Class	Absorption of TRR Currently in Rates	Rate Increase Adjustment to Meet Phase 1 Rates	Phase 1	Phase 2
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%
Total	2.7%	3.9%	6.6%	6.6%

¹ 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**



Kristina Kern Wheeler
Nikki Gray Shoultz
Bose McKinney & Evans LLP

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