

FILED
March 2, 2020
INDIANA UTILITY
REGULATORY COMMISSION

South Bend Exhibit 3
Cause No. 45285

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED)
PETITION OF INDIANA MICHIGAN)
POWER COMPANY FOR APPROVAL)
OF DEMAND SIDE MANAGEMENT)
(DSM) PLAN, INCLUDING ENERGY)
EFFICIENCY (EE) PROGRAMS, AND)
ASSOCIATED TREATMENT,)
INCLUDING TIMELY RECOVERY)
THROUGH I&M'S DSM/EE)
PROGRAM COST RIDER OF)
ASSOCIATED COSTS, INCLUDING)
PROGRAM OPERATING COSTS,)
NET LOST REVENUE, AND)
FINANCIAL INCENTIVES.)

IURC
INTERVENOR'S

EXHIBIT NO. 3

CAUSE NO. 45285

DATE 10-15-20

REPORTER LR

CROSS ANSWERING TESTIMONY OF THEODORE SOMMER ON BEHALF OF THE
CITY OF SOUTH BEND

The City of South Bend ("South Bend") hereby submits the Direct Testimony of Theodore Sommer in the above captioned Cause.

Respectfully submitted,

/s/ R. M. Glennon

Robert M. Glennon

Attorney at Law, #8321-49

Robert M. Glennon

Robert Glennon & Assoc., P.C.

3697 N. Co. Rd. 500 E.

Danville, IN 46122

(317) 852-2723

robertglennonlaw@gmail.com

CROSS ANSWERING TESTIMONY OF THEODORE SOMMER

Q. Please state your name, business address and title.

A. My name is Ted Sommer. I am a Partner with the Firm of LWG CPAs and Advisors.
My business address is 1776 North Meridian, Suite 500, Indianapolis, Indiana 46202.

Q. Are you the same Ted Sommer who authored Direct Testimony for South Bend in this Cause?

A. Yes, I am. I am testifying on behalf of the City of South Bend ("South Bend")

Q. What is the purpose of your Cross Answering testimony?

A. I present testimony in answer and response to testimony filed by the OUCC witness Mr. Haseldon and CAC witness Mellinger.

Q. Please summarize your recommendations.

A. My recommendations are:

I. I&M's proposal to include PES LED retrofit costs in the DSM/EE Rider is reasonable, so long as it is matched with reasonable monthly PES LED street light rates.

II. I&M's proposed PES rates for LED streetlights are excessive and should be reduced to reflect the much lower LED O&M and energy use costs and promote municipal participation and service.

1 **III.** I&M's PES proposal should be approved with the modifications proposed by South
2 Bend, including the municipalities' right to choice replacement LEDs from I&M's
3 portfolio of PES LED wattages and lumen outputs.

4 **I. OUCC's Testimony.**

6 **Q. What is your cross answering testimony regarding OUCC's testimony?**

7 A. OUCC's case in chief testimony does not specifically mention, nor take a position on
8 I&M's PES program. Thus OUCC offers no opposition to PES approval. South Bend
9 appreciates this, however, Mr. Haseldon's corrected testimony page 2 recommends that
10 except for the Income Qualified Weatherproofing program, consistent with IC 8-1-8.5-
11 10(1) the Commission should deny approval of the proposed "residential programs" that
12 are represented as not cost effective, but are in I&M's proposed DSM Plan. PES is not a
13 "residential program" but I do not want OUCC's concern about residential programs that
14 are "not cost effective" to raise even a specter of concern over the PES program cost
15 effectiveness and its approval. There are several salient points to be made.

16 First, IC 8-1-8.5-10 language does not necessarily preclude and seems to leave open the
17 approval of some DSM programs whose cost effectiveness scores are below what may
18 technically be considered cost effective. IC 8-1-8.5-10(h) simply states "A petition
19 submitted under this subsection may include a home energy efficiency assistance
20 program for qualified customers of the electricity supplier whether or not the program is
21 cost effective." I do not see any statement that other desirable energy efficiency
22 programs that may not pass one or more cost effectiveness test may not be approved.

1 Second, as Mr. Haseldon expresses, there appears to be leniency or accommodation in
2 cost effectiveness scores for Income Qualified programs. PES is in my view entitled to
3 the same accommodation for the closed financial loop public service not for profit
4 municipalities that might chose to participate in PES. As noted in South Bend's direct
5 testimony every dollar municipalities save on costs such as more efficient better
6 illuminating public safety street lighting becomes directly available to help pay for the
7 myriad of other public services municipalities provide.

8 Third, when the PES light wattage and light outputs are decreased to match those that
9 were used by I&M in the PES program approved in Cause No. 44841, I anticipate that
10 PES passes the cost effectiveness tests for both UTC and TRC. A Data Response by
11 I&M indicates with the suggested decreased lumen outputs PES passes both the UTC and
12 TRC tests.

13 **Q. What is your conclusion on this matter?**

14 A. Cost effectiveness scores for PES are not a barrier to its approval. The use of energy
15 efficient street lighting benefits all users of the public right-of -way and has the benefits
16 of additional safety, more directed lighting and cost savings. These benefits should more
17 than balance out any hypothetical numerical concern of cost effectiveness.

18 **II. CAC's testimony.**

19 **Q. What is your cross answering testimony regarding CAC's Mr. Mellinger's**
20 **testimony?**

21 A. Mr. Mellinger's testimony demonstrates that PES offers greater potential for energy

1 savings and improved UTC and TRC test results when LED wattages are lowered to
2 those recommended in the GE brochure he references in his footnote 95 and reflect the
3 light output and wattages I&M used in Cause No. 44841 prior approval of PES. His
4 testimony at page 55 demonstrating that PES energy savings can be doubled when the
5 lower wattage LEDs and 4,000 hours of operation instead of 4,300 hours are used further
6 establishes my point that PES efficiency scores are not an impediment to approving PES.

7 **Q. Has I&M expressed a willingness for PES participants to opt to have lower wattage**
8 **LEDs deployed in their selected areas?**

9 A. Yes. In response to South Bend informal request 2-6 I&M indicates that lower light out
10 put LEDs could be used by PES participants so long as the light is within the LED lamp
11 options PES offers. For example an existing 100-Watt HPS fixture could be replaced
12 with a 4,000 to 5,000 LED fixture instead of the 8,500 Lumen LED as proposed by I&M.
13 By following the manufacturer's recommendation, Mr. Mellinger maintains that I&M
14 could realize an additional 53% savings ($[88 \text{ Watts} - 41 \text{ Watts}] \div 88 \text{ Watts} = 53.4\%$)
15 above the savings projected by I&M for the replacement of its 100 Watt HPS fixtures.

16 **Q. Have similar lower lumen output LEDs been used in another major IOU LED**
17 **retrofit program?**

18 A. Yes. I have participated on behalf of a number of municipalities in the NIPSCO service
19 territory in a TDSIC program to change out the Company Owned Street Lights from High
20 Pressure Sodium (HPS) to LEDs of the same manufacturer used by I&M. Of those
21 estimated to be put into service in 2020, NIPSCO estimates that 83% are anticipated to be

1 changed out with LED fixtures using 39 watts. This certainly adds credence to the
2 testimony of Mr. Mellinger and Mr. Seelye on the matter of allowing municipalities the
3 ability to choose fixtures using fewer watts and greater efficiency than those proposed by
4 I&M.

5 **Q. What else has CAC raised that requires your response?**

6 A. Mr. Mellinger's testimony raises the issue that the I&M DSM Plan savings goals
7 presented in their filing are inconsistent with actual savings experienced in the current
8 DSM Plan, inconsistent with savings results and goals in comparison to other Indiana
9 utilities that have approved and functioning DSM Plans and inconsistent with the
10 Company's DSM/Energy Efficiency programs in its Michigan jurisdiction.

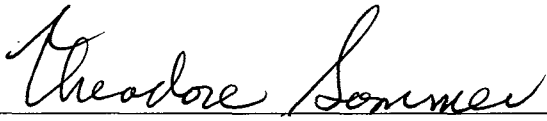
11 My review of his attachments and review of DSM scorecards available on the
12 Commission website lead me to concur with Mr. Mellinger's conclusions that the I&M
13 DSM Plan filed in this proceeding is inadequate, and not fully consistent with Indiana's
14 goal to offer well rounded and effective energy savings opportunities through DSM. I am
15 not persuaded by the testimony of I&M's witnesses that the level of savings proposed in
16 the I&M DSM Plan is reasonable, is based on a fresh and well thought out Market
17 Potential Study and based on results actually achieved under the current approved DSM
18 plan nor consistent with the experience of other Indiana utilities with current approved
19 DSM Plans.

20 **Q. Does this conclude your testimony in this matter?**

21 A. Yes.

VERIFICATION

I affirm under the penalties of perjury that the foregoing Direct Testimony is to the best of my knowledge and belief true and accurate.



Theodore Sommer

Dated: March 2nd, 2020

CERTIFICATE OF SERVICE

I hereby certify that on this 2 day of March, 2020, copies of the foregoing have been served by electronic mail upon the following:

Teresa Morton Nyhart
Jeffrey M. Peabody
Barnes & Thornburg LLP
11 South Meridian Street
Indianapolis, Indiana 46204
tnhart@btlaw.com
jpeabody@btlaw.com

Karol Krohn
Indiana Office of Utility Consumer Counselor
115 West Washington Street, Suite 1500 S
Indianapolis, IN 46204
kkrohn@oucc.in.gov
infomgt@oucc.in.gov

Jennifer A. Washburn
Margo Tucker
Citizens Action Coalition
1915 West 18th Street, Suite C
jwashburn@citact.org
mtucker@citact.org

Mathew S. McKenzie
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Columbus, Ohio 43215
mismckenzie@aip.com

/s/ R.M. Glennon

Robert M. Glennon

Attorney #8321-49

Robert M. Glennon

Robert Glennon & Associates. P.C.

3697 N. Co. Road 500 E.

Danville, IN 46122

Telephone: 317-852-2723

Fax: 317-852-0115