

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

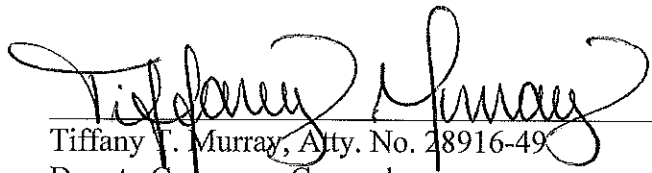
VERIFIED PETITION OF SOUTHERN INDIANA )  
GAS AND ELECTRIC COMPANY D/B/A )  
VECTREN ENERGY DELIVERY OF INDIANA, )  
INC. FOR (1) APPROVAL OF AN ADJUSTMENT )  
TO ITS GAS SERVICE RATES THROUGH ITS )  
CSIA RATE SCHEDULE, AND (2) APPROVAL OF )  
PETITIONER'S UPDATED 7-YEAR PLAN, )  
INCLUDING ACTUAL AND PROPOSED )  
ESTIMATED CAPITAL EXPENDITURES AND )  
CSIA COSTS, ALL PURSUANT TO IND. CODE )  
CHPT. 8-1-8.4 AND 8-1-39 AND THE )  
COMMISSION'S ORDER IN CAUSE NO. 44429 )

CAUSE NO. 44429 TDSIC - 04

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S  
PROPOSED ORDER

Comes now, the Indiana Office of Consumer Counselor (OUCC), by counsel, hereby submits  
its Proposed Order to the Commission for its approval.

Respectfully submitted,

  
Tiffany T. Murray, Atty. No. 28916-49  
Deputy Consumer Counselor

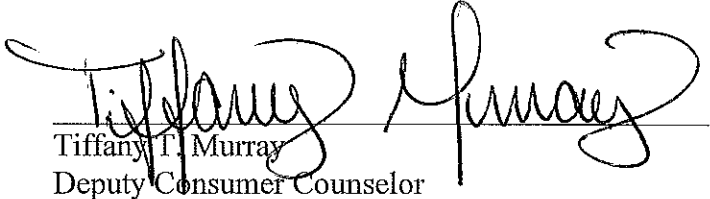
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**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor's Proposed Order* has been served upon the following counsel of record in the captioned proceeding by electronic service on June 23, 2016.

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA GAS )  
AND ELECTRIC COMPANY D/B/A VECTREN ENERGY )  
DELIVERY OF INDIANA, INC. FOR (1) APPROVAL OF )  
AN ADJUSTMENT TO ITS GAS SERVICE RATES )  
THROUGH ITS CSIA RATE SCHEDULE, AND (2) )  
APPROVAL OF PETITIONER'S UPDATED 7-YEAR )  
PLAN, INCLUDING ACTUAL AND PROPOSED ) CAUSE NO. 44429 TDSIC 4  
ESTIMATED CAPITAL EXPENDITURES AND CSIA )  
COSTS, ALL PURSUANT TO IND. CODE CHPT. 8-1-8.4 )  
AND 8-1-39 AND THE COMMISSION'S ORDER IN )  
CAUSE NO. 44429 )

ORDER OF THE COMMISSION

**Presiding Officers:**

**Carol A. Stephan, Commission Chair**

**Aaron Schmoll, Administrative Law Judge**

On April 6, 2016, in accordance with Indiana Code ch. 8-1-8.4 and ch. 8-1-39, Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Petitioner" or "Vectren South") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission") for approval of: (a) Compliance and System Improvement Adjustment ("CSIA") charges associated with complying with federal mandates ("Compliance Projects") and to improve safety, reliability, or modernization of its gas pipeline systems ("TDSIC Projects"), (b) deferral of 20% of the revenue requirement on recoverable Compliance Projects and TDSIC Projects, (c) an update to Petitioner's seven-year plan for eligible Compliance Projects and TDSIC Projects ("7 Year Plan" or "Plan") approved by the Commission's Order in Cause No. 44429 (consolidated with Cause No. 44430) ("44429 Order"), and its Orders in Cause Nos. 44429 TDSIC-1, 44429 TDSIC-2, and 44429 TDSIC-3 and (d) adjustment to Petitioner's authorized net operating income ("NOI") to reflect any approved earnings for purposes of Ind. Code § 8-1-2-42(g)(3).

On April 6, 2016, Petitioner pre-filed the verified testimony, exhibits, and attachments of James M. Francis, Vice-President of Safety and System Integrity for Vectren Utility Holdings, Inc. ("VUHI"); and J. Cas Swiz, Director of Rates and Regulatory Analysis for VUHI. On May 9, 2016, Petitioner filed the revised direct testimony of its witness J. Cas Swiz.

On June 6, 2016, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony, exhibits and attachments of Leon A. Golden, Utility Analyst in the Resource Planning and Communications Division and Heather R. Poole, Senior Utility Analyst in the Natural Gas Division. The Vectren South Industrial Group ("Industrial Group") sought to intervene and filed the testimony of Nicholas Phillips, Jr., Managing Principal of Brubaker & Associates, Inc., on June 6, 2016. On June 10, 2016, Vectren South filed rebuttal testimony and exhibits.

A public evidentiary hearing was held on June 20, 2016, at 9:30 a.m. in Suite 220, Judicial Courtroom 222, of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, Vectren South, the Industrial Group and the OUCC presented their respective evidence without objection. No member of the public appeared or participated at the hearing.

Based upon the applicable law and the evidence presented, the Commission finds:

1. **Notice and Jurisdiction.** Notice of the hearing in this Cause was given and published by the Commission as required by law. Petitioner is a public utility as defined in Ind. Code §§ 8-1-2-1(a) and 8-1-39-4 and an energy utility as defined in Ind. Code § 8-1-2.5-2. Under Ind. Code chpt. 8-1-39, the Commission has jurisdiction over a public utility's seven-year plan for eligible transmission, distribution, and storage improvements, including targeted economic development projects and extension of gas service in rural areas. Under Ind. Code chpts. 8-1-8.4 ("Compliance Statute") and 8-1-39 ("TDSIC Statute"), the Commission has authority over certain changes to Petitioner's rates and charges. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **Petitioner's Characteristics.** Petitioner is a corporation organized and existing under the laws of the State of Indiana. Petitioner's principal office is located at One Vectren Square, Evansville, Indiana. Petitioner renders natural gas utility service to the public in the State of Indiana and owns, operates, manages, and controls plant and equipment used for the distribution and furnishing of such services.

3. **Background.** The 44429 Order approved Petitioner's 7-Year Plan consisting of various Compliance and TDSIC Projects including rural extensions and authorized certain cost recovery through Petitioner's CSIA and deferral of certain other costs. In approving the Plan, the Commission found that the projects in Year 1 were eligible transmission, distribution and storage system improvements ("eligible improvements") as defined in Ind. Code § 8-1-39-2. Petitioner was authorized to merge its approved Pipeline Safety Adjustment ("PSA") mechanism with the CSIA and to adjust its NOI to reflect approved earnings associated with the CSIA. The 44429 Order was appealed to the Indiana Court of Appeals ("Court"). The Court's June 11, 2015 Unpublished Memorandum Decision (the "Decision") affirmed the 44429 Order in all respects, rejecting the OUCC's accounting challenges and the Vectren Industrial Group's challenges to the sufficiency of Vectren South's plan detail, the latter on the basis that the issue had been waived because it was not raised before the Commission. *Indiana Office of Util. Consumer Counselor v. Southern Indiana Gas & Elec. Co.*, No. 93A02-1409-EX-668, 2015 Ind. App. Unpub. LEXIS 649 (Ind.Ct.App. June 11, 2015).

Petitioner provided additional information to support TDSIC Projects in Cause No. 44429-TDSIC-3 to address concerns raised about the information provided. Our March 30, 2016 Order in Cause No. 44429 TDSIC-3 (the "TDSIC-3 Order") found that the Petitioner has set forth sufficient information to designate each of the TDSIC Projects as an eligible improvement and also: (a) approved Petitioner's updated plan, as it relates to Compliance Projects; (b) approved certain TDSIC projects in years 3 through 7 of the 7-Year Plan; (c) approved Petitioner's 7-Year Plan, including the updated project lists and project cost estimates for 2014 and 2015 and updated cost estimates for the future years of the plan; (d) authorized the Petitioner to recover 80% of the costs incurred in connection with the approved updated 7-Year Plan through the CSIA; (e)

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authorized Petitioner to defer 20% of the costs incurred, including ongoing carrying charges on all deferred costs, for recovery in its next general rate case; (f) required Petitioner to file updated revenue requirement schedules to determine the proper CSIA rates and charges and to file a revised Appendix K – CSIA tariff sheet for approval by the Energy Division; and (g) authorized Petitioner to adjust its net operating income for purposes of the earnings test calculation.

**4. TDSIC Statute.** The TDSIC Statute encourages investment in eligible transmission, distribution and storage system improvements undertaken for purposes of safety, reliability, system distribution, or storage utility projects by enabling a public utility to recover TDSIC costs through a periodic rate recovery mechanism. *See* I.C. §§ 8-1-39-2, -7 and -9. Public utilities must present a 7-Year plan for approval that provides the best estimate of the costs of the eligible improvements, demonstrates the public convenience and necessity require or will require the projects and shows that the costs of the eligible improvements included in the plan are justified by incremental benefits attributable to the plan. *See* I.C. § 8-1-39-10. By providing for timely cost recovery, the Legislature has implemented a regulatory framework that supports large infrastructure improvement projects.

Under the TDSIC Statute, an electing utility is required to initiate a base rate proceeding before the expiration of the 7-Year plan with respect to the same type of utility service. *See* I.C. § 8-1-39-9(d). The TDSIC Statute caps the average aggregate increase in a public utility's total retail revenues resulting from a TDSIC at two percent (2%) in a twelve month period. *See* I.C. § 8-1-39-14. 20% of the approved plan costs are deferred and only recovered at the time of approval of new base rates. *See* I.C. § 8-1-39-9(b).

The TDSIC Statute also seeks to encourage extension of natural gas facilities to rural areas by permitting gas utilities to adopt a 20-year margin test for purposes of determining whether the revenues from a customer are sufficient to warrant the cost of extending facilities to that customer and allowing for recovery of these costs through the TDSIC. *See* I.C. § 8-1-39-11(c). Economic development is encouraged by allowing recovery of costs associated with targeted economic development ("TED") projects. *See* I.C. § 8-1-39-11(b). The structure of the TDSIC Statute demonstrates that its purpose is to encourage investments in transmission, distribution and storage systems that serve the public interest by promoting economic development, safety, reliability and system modernization while ensuring these investments benefit customers by determining that the costs are justified by incremental benefits, requiring a best estimate of costs, capping the maximum increase and requiring a review of a public utility's rates within a reasonable time of making investments in eligible transmission, distribution, and storage system improvements.

**5. Petitioner's Updated 7-Year Plan.** Ind. Code § 8-1-39-9(a) requires a utility to update its seven-year plan as a component of TDSIC periodic automatic adjustment filings. Petitioner seeks approval of updates to its 7-Year Plan. In recognition of *NIPSCO Industrial Group v. Northern Indiana Public Serv. Co.*, 31 N.E.2d. 1 (Ind. Ct. App. 2015) and our construction of the TDSIC Statute subsequent to approval of Petitioner's 7-Year Plan, Petitioner continues to provide additional detail about its 7-Year Plan. Specifically, Vectren South witness Francis attached to his testimony Petitioner's Exhibit No. 1, Attachment JMF-9 which, in addition to identifying specific assets, the year construction on projects is to begin and an estimate of the costs, now includes details related to variances and other information. Specific cost estimates for each project were provided in workpapers provided to the Commission and other stakeholders.

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After reviewing the updated Plan, the OUCC raised no general concerns about the type or level of detail Petitioner provided to support the Plan.

Based upon our review of the evidence of record, we find that Petitioner's updated 7-Year Plan as presented in Petitioner's Exhibit No. 1, Attachment JMF-9 is reasonable. We also find that Petitioner has provided sufficient support for the estimate of the cost of the eligible improvements included in the updated 7-Year Plan, as well as the projected effects of the updated 7-Year Plan on retail rates and charges. In addition, the evidence demonstrates that the public convenience and necessity continues to require the eligible improvements and the estimated costs are justified by the incremental benefits. We further find that Petitioner has defined the projects for years 4 through 7 sufficiently to be deemed eligible improvements for purposes of TDSIC and CSIA treatment. Therefore, the updated 7-Year Plan is reasonable and it is approved.

The 44429 Order adopted an informal process designed to allow stakeholders to address their issues prior to Petitioner's filing the tracker. As part of that process, the Petitioner was required to meet with the OUCC at least eight weeks before each fall tracker filing. In this proceeding, the OUCC and Petitioner agreed that meeting four weeks prior to the date of filing instead of the current eight week timeframe would be more beneficial. This timing allows the Petitioner to reconcile accounting information for the filing activities and finalize the information to be provided to the OUCC at the meeting. Based on the agreement of the parties, we approve of a change to the pre-meeting schedule from eight weeks to four weeks.

**6. Commission Discussion and Findings Regarding Costs To Be Included In CSIA.** Petitioner requests approval of the federally mandated costs and TDSIC costs it incurred related to its Compliance and TDSIC Projects during the period of July 1, 2015 through December 31, 2015 pursuing its 7-Year Plan. We discuss each separately.

**A. Compliance Project Costs.** Mr. Francis described the activities Petitioner has undertaken and costs needed to comply with federal mandates, including those pursuant to the transmission integrity management program ("TIMP") and the distribution integrity management program ("DIMP") pipeline safety rules. Mr. Francis testified that in the TDSIC-4 Period, Vectren South invested approximately \$9.3 million in Compliance Projects and also provided a summary of these investments.

Mr. Francis stated that the operation and maintenance ("O&M") expenses associated with the Compliance Projects for Petitioner during the TDSIC-4 Period was approximately \$1.8 million. He stated that these incremental expenses were formerly recovered through Petitioner's Pipeline Safety Adjustment. He also described the TIMP, DIMP, and other activities undertaken by Petitioner for Compliance Projects during the TDSIC-4 Period that caused O&M expenses. Included in these activities were a number of projects and on-going processes intended to reduce Vectren South's facility damage rate and improve pipeline safety.

OUCC witness Golden testified that the OUCC did have concerns about sufficiency of some cost estimates for Compliance Plan projects. However, he indicated that Vectren South provided additional information in discovery which addressed the OUCC's concerns. He stated that the OUCC did not object to the cost increases as a result of the additional information provided by Petitioner.

No party disputed the reasonableness of the investments or the associated O&M expenses Petitioner seeks to recover through its CSIA. Based on the evidence presented, we find that Petitioner has adequately described the undisputed Compliance Project investments and expenses and supported that such investments are reasonable and eligible for recovery through Petitioner's CSIA.

**B. TDSIC Project Costs.** Petitioner also seeks to recover the costs of its TDSIC Projects for the period of July 1, 2015 through December 31, 2015. Mr. Francis described the activities Petitioner has undertaken to invest in transmission, distribution and storage system improvements for purposes of safety, reliability, system modernization or economic development. Mr. Francis testified that in the TDSIC-4 Period, Vectren South invested approximately \$1.75 million in TDSIC Projects between July 1, 2015 and December 31, 2015 and also provided a summary of these investments. Mr. Francis also explained the variances.

OUCG witness Golden testified that Vectren South had removed AMR and other New Projects from its updated 7-Year Plan in accordance with the Commission's TDSIC-3 Order. He discussed concerns that arose during the course of his analysis of Vectren South's case-in-chief and supporting documentation. He stated that the OUCG did not object to cost increases as a result of clarification provided by Vectren South on information provided in its case-in-chief. Based on the evidence presented, we find that Petitioner has adequately described the TDSIC Project investments and expenses and supported that such investments are reasonable and eligible for recovery through Petitioner's CSIA.

**7. Commission Discussion and Findings Regarding Revenues and Rates.** The 44429 Order granted Petitioner accounting authority for, and subsequent recovery of, costs specific to the 7-Year Plan. The accounting authority includes the timely recovery within the CSIA of eighty percent (80%) of the revenue requirement associated with the 7-Year Plan capital investments and O&M expenses, and deferral of the remaining twenty percent (20%) of the revenue requirement until Petitioner's next base rate case, which is to be filed on or before August 27, 2021, in accordance with Ind. Code § 8-1-39-9(d).

Petitioner proposes the following ratemaking and accounting treatment, in accordance with the 44429 Order:

- (1) Authorization of the eligible revenue requirement amounts as of December 31, 2015, inclusive of the Compliance and TDSIC Component amounts associated with:
  - a. capital investment in eligible projects, both completed and under construction;
  - b. financing costs incurred on projects during construction;
  - c. post-in-service carrying costs ("PISCC") on eligible complete projects; and
  - d. deferred Compliance Project-related O&M expenses, projected incremental depreciation, and property tax expenses.
- (2) Recovery, via the CSIA, of 80% of the eligible revenue requirement amounts as of December 31, 2015.
- (3) Deferral of 20% of the eligible revenue requirement amounts as of December 31,

2015, for subsequent recovery in a base rate case

Petitioner filed its Petition for approval of CSIA rates and charges on April 6, 2016. Petitioner has not filed a similar petition within the prior six-month period. Mr. Francis attached a copy of Petitioner's updated 7-Year Plan as part of its evidence in this proceeding. Mr. Swiz utilized the customer class revenue allocation factor based on firm load approved in Petitioner's most recent retail base rate case order as approved in the 44429 Order. He also included schedules identifying the projected effects of the 7-Year Plan on Petitioner's retail rates and charges. Therefore, we find that Petitioner has satisfied the requirements of Ind. Code § 8-1-39-9 to file a petition allowing automatic adjustments through the CSIA.

**A. Billing Period.** In the TDSIC-1 Order, we approved Petitioner filing its petitions and cases-in-chief every six months, on or before October 1 and April 1 of each year, with new semi-annual CSIA charges becoming effective on January 1 and July 1, respectively. There are no changes to the reconciliation period in each filing; the October filings recover costs incurred January through June of the same year and the April filings recover costs July through December of the previous year. The following table summarizes the procedural schedule:

Filing Date	Update Actual Costs Incurred Through	Implement Updated CSIA
October 1	June 30	January 1
April 1	December 31	July 1

**B. Revenue Requirement.** Mr. Swiz described how Petitioner calculated the CSIA in this filing. He stated the revenue requirement for both the Compliance Projects and TDSIC Projects include the return on new capital investments, incremental property tax and depreciation expenses, as well as recovery of the regulatory assets recorded through the deferral of O&M expense, the interim deferral of depreciation expense, and PISCC. Petitioner then multiplied the total annual revenue requirement by 80% to achieve the recoverable portion of the revenue requirement for TDSIC-4. This total recoverable amount will be utilized to derive semi-annual rates based on annualized billing determinants.

Attachments JCS-1, JCS-2, and JCS-3 of Petitioner's Exhibit No. 2 shows the detail calculations of the underlying revenue requirements as of December 31, 2015 related to eligible Compliance and TDSIC Project costs, both recoverable in the Petitioner's CSIA and deferred. Mr. Swiz also provided detailed schedules of the return on new capital investment and incremental expenses, as well as the accumulated depreciation and construction work in progress ("CWIP") balances attributed to the new capital investments as of December 31, 2015.

Mr. Swiz explained the process used to segregate and record the capital costs of the 7-Year Plan during and at completion of construction. He stated that the requirements of the Federal Energy Regulatory Commission Uniform System of Accounts were followed in recording project construction costs. Mr. Swiz also explained the capitalized overheads included in the construction costs and the allowance for funds used during construction.

The Commission may not approve a TDSIC that would result in an average aggregate increase in a public utility's total retail revenues of more than 2% in a 12-month period. Petitioner



provided information showing that there is no amount in excess of 2% of retail revenues for the past 12 months. Based on this evidence, we find that Petitioner has utilized the proper methodology to calculate the average aggregate increase in Petitioner's total retail revenues and that Petitioner's proposed CSIA charges will not result in an average aggregate increase in Petitioner's total retail revenues of more than two percent in a twelve month period.

We find, based on the evidence in the record, that Petitioner's request to begin earning a return on the value of the eligible TDSIC and Compliance Projects incurred through December 31, 2015, as presented in the 7-Year Plan, complies with the tracker authority approved in the 44429 Order and it is approved. When Petitioner completes projects in the last year of the 7-Year Plan, some of the costs for these projects will occur outside of the 7-Year Plan period, and thus will not be included for recovery through the CSIA mechanism.

We further find that Petitioner's proposed total revenue requirement has been calculated in compliance with the tracker methodology approved in the 44429 Order and it is approved. Pursuant to Ind. Code Chpts. 8-1-39 and 8-1-8.4, only 80% of this revenue requirement is recoverable in the Petitioner's CSIA mechanism. We approve the recovery of 80% of the total revenue requirement amounts, \$8,754,329, as noted in Petitioner's Exhibit No. 2, Attachment JCS-1, Schedule 3. We also approve the deferral for subsequent recovery in Vectren South's next base rate proceeding of 20% of the total revenue requirement amounts, \$2,188,582, as noted in Petitioner's Exhibit No. 2, Attachment JCS-1, Schedule 3. As noted in the testimony of Mr. Swiz, the collection of 80% of the revenue requirement is, in order of priority, the full return on the investments, including the full equity and debt return and then eligible operating expenses. The collection priority will not impact the total amount authorized by the Commission in this Order for immediate recovery in the CSIA nor the amount deferred and authorized for future recovery in a base rate proceeding as noted in Petitioner's Exhibit No. 2, Attachment JCS-1, Schedule 3. In the event the authorized revenue requirement in a TDSIC proceeding is not fully recovered in the applicable CSIA, the unrecovered amount becomes a variance that is recoverable in the subsequent reconciliation process.

**C. Customer Class Revenue Allocation for TDSIC Component.** Industrial Group witness Phillips testified that the Commission has determined that Section 9(a) of the TDSIC Statute calls for use of "revenue" allocation factors, not "margin" allocation factors. In particular, "revenue" includes gas cost recovery revenue in addition to margin. Mr. Phillips stated that the revenue requirements that the Petitioner seeks to recover under the TDSIC Statute in this proceeding should be allocated among customer classes based on total revenue, including gas cost revenue.

On rebuttal, Petitioner's witness Swiz responded that Vectren South is willing to adjust its allocation factors for the TDSIC Component of the CSIA to reflect the revenues from its most recent base rate case. However, he noted that the Compliance Component remains unchanged given the Compliance Statute (Ind. Code Ch. 8-1-8.4) is silent on how to allocate costs, and Vectren South's approach is consistent with the longstanding allocation method used in Vectren South's Pipeline Safety Adjustment ("PSA") which has now been rolled into the Compliance Component of the CSIA. Mr. Swiz presented revised schedules in Petitioner's Exhibit No. 3 implementing these changes.

Our March 30, 2016 Order in Cause No. 44403-TDSIC-3 (p. 48) recognized that “the TDSIC Statute unambiguously calls for use of ‘revenue’ allocation factors, not ‘margin’ allocations.” We find that Petitioner's approved TDSIC capital expenditures and costs included for recovery in the TDSIC Component of the CSIA should be allocated to the various customer classes based on total revenue from its most recent base rate case, including gas cost revenue.

**D. Authorized Net Operating Income.** In accordance with the 44429 Order, Mr. Swiz testified that Petitioner has adjusted its statutory NOI earnings test by increasing its authorized NOI by incremental earnings from approved CSIA filings. The OUCC found no errors in Petitioner's methodology of calculating the adjustment to authorized NOI.

Based on the evidence in record, we find that Petitioner has utilized the proper methodology to calculate the after-tax return on investment that will be added to the authorized NOI. Therefore, effective with the approved rates in this Cause, Petitioner will adjust its authorized NOI by \$3,428,389 for the Compliance Projects and \$658,481 for the TDSIC Projects.

**E. Reconciliations.** Mr. Swiz testified that Petitioner is including a reconciliation of revenues and costs in this filing, starting with the effective date of rates approved in TDSIC-1. As required by past TDSIC orders, Petitioner submitted testimony detailing and supporting the calculation of the variance, and provided the OUCC with this calculation during the 8 week pre-filing meeting. The variance included for recovery totaled \$459,507 of under-collections for the period July 2015 through December 2015. These variances are determined by specific Rate Schedules and included in the rates and charges proposed in this filing. The OUCC supported Petitioner's calculation of the variance. Based on the evidence in record, we find that Petitioner has properly calculated the reconciliation variance for the period July through December 2015.

**8. Confidential Information.** Petitioner filed a Motion for Protective Order on April 6, 2016, which was supported by affidavit showing documents to be submitted to the Commission contained trade secret information within the scope of Ind. Code §§ 5-14-3-4(a)(4) and 24-2-3-2. The Presiding Officers issued a Docket Entry on April 19, 2016 finding such information to be preliminarily confidential, after which such information was submitted under seal. We find all such information is confidential pursuant to Ind. Code §§ 5-14-3-4 and 24-2-3-2, is exempt from public access and disclosure by Indiana law and shall be held confidential and protected from public access and disclosure by the Commission.

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

1. The Compliance Projects are compliance projects undertaken to comply with federally mandated requirements within the meaning of Indiana Code ch. 8-1-8.4.

2. Petitioner's updated 7-Year Plan, including the updated project lists and project cost estimates for 2015 and 2016 as well as the updated cost estimates for the future years of the Plan is hereby approved. Petitioner is hereby authorized to recover 80% of the costs incurred in connection with the updated 7-Year Plan through the CSIA and to defer 20% of the costs incurred, including ongoing carrying charges on all deferred costs, for recovery in its next general rate case.

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3. Petitioner's requested CSIA rates and charges set forth in Petitioner's Exhibit No. 3, Attachment JCS-5, are approved.

4. Petitioner is authorized to implement its CSIA Rate Schedule as described in Petitioner's Exhibit No. 3 pursuant to Ind. Code §§ 8-1-39-9(a) and 8-1-8.4-7 (c)(1) to effectuate the timely recovery of 80% of eligible and approved capital expenditures, TDSIC Projects, and Compliance Projects.

5. Petitioner is authorized to adjust its net operating income for purposes of the earnings test calculation pursuant to Indiana Code § 8-1-2-42(g)(3) by the approved amounts noted in section 7(D) of this order.

6. Information filed pursuant to the Petitioner's Motion for Protective Order is deemed confidential pursuant to Indiana Code § 5-14-3-4 and Indiana Code § 24-2-3-2, is exempt from public access and disclosure by Indiana law, and shall be held confidential and protected from public access and disclosure by the Commission.

7. Petitioner shall be and hereby is required to allocate TDSIC capital expenditures and costs recovered in the TDSIC Component of the CSIA to the various customer classes based on total revenue from its most recent base rate case, including gas cost revenue.

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

**STEPHAN, HUSTON, WEBER, AND ZIEGNER CONCUR:**

**APPROVED:**

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

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**Mary M. Becerra**  
**Secretary to the Commission**