

OFFICIAL  
EXHIBITS

FILED  
June 12, 2020  
INDIANA UTILITY  
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IURC

PETITIONER'S

EXHIBIT NO. 3  
DATE 7-15-20 REPORTER LR

PETITION OF SOUTHERN INDIANA GAS AND )  
ELECTRIC COMPANY D/B/A VECTREN ENERGY )  
DELIVERY OF INDIANA, INC. ("VECTREN )  
SOUTH") FOR SUBMISSION AND APPROVAL OF )  
A 4CP DEMAND STUDY FOR PURPOSES OF )  
ALLOCATIONS IN RCRA, MCRA, AND DSMA )  
PROCEEDINGS )

CAUSE NO. 43354-MCRA21 S1

STIPULATION AND SETTLEMENT AGREEMENT AMONG  
VECTREN SOUTH, VECTREN INDUSTRIAL GROUP, SABIC INNOVATIVE  
PLASTICS MT. VERNON, LLC, AND  
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

This Settlement Agreement (the "Settlement Agreement") is entered into by and among Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc., a CenterPoint Energy Company ("Company" or "Vectren South"), the Indiana Office of Utility Consumer Counselor ("OUCC"), the Vectren Industrial Group ("Industrial Group"), and SABIC Innovative Plastics Mt. Vernon, LLC ("SABIC") this 11<sup>th</sup> day of June, 2020. Vectren South, the OUCC, the Industrial Group, and SABIC are collectively referred to herein as the "Settling Parties." The Settling Parties, solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts and counsel, stipulate and agree that the terms and conditions set forth in this Settlement Agreement represent a fair, just and reasonable resolution of all matters raised in this proceeding, subject to their incorporation by the Indiana Utility Regulatory Commission ("Commission") into a final, non-appealable order without modification or further condition that is unacceptable to any Settling Party ("Final Order"). If the Commission does not approve this Settlement Agreement in its entirety without any material change or condition deemed unacceptable to any party, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing

by the Settling Parties within fifteen (15) calendar days of the date the Final Order is issued by the Commission in this proceeding. The Settling Parties agree that this Settlement Agreement resolves the issues raised in Cause No. 43354-MCRA-21 S1 relating to allocation of costs for Vectren South's Electric Adjustment Mechanisms, inclusive of the MISO Cost and Revenue Adjustment ("MCRA"), the Reliability Cost and Revenue Adjustment ("RCRA"), the Environmental Cost Adjustment ("ECA"), the Clean Energy Cost Adjustment ("CECA"), and the Demand Side Management Adjustment ("DSMA").

In accordance with the terms of the approved Settlement Agreement in Cause No. 43354-MCRA 21, Vectren prepared an update to the four coincident peak (4CP) Study to reflect SABIC's migration to the Backup, Auxiliary, and Maintenance Power ("BAMP") tariff. In this sub-docket, Vectren proposed that the updated Study not be used to modify allocations. The Parties to this Settlement have reviewed the existing allocations as well as the results of the Study and have negotiated a set of allocation factors that represents a compromise that all the Settling Parties can support until the allocation factors are examined in Vectren's next base rate case. The Parties agree that this Settlement Agreement has eliminated potential litigation in this proceeding regarding whether and how allocations should be updated between rate cases absent unique circumstances.

#### **I. Allocation of MCRA Costs**

1. The Settling Parties agree the Commission should approve the following allocation percentages for Vectren South's MCRA proceedings beginning with the next annual proceeding to be filed under Cause No. 43354 (MCRA-24) and until further changes are authorized by the Commission within the Company's next base rate case proceeding:

<b>MCRA</b>	
<b>Rate Schedule</b>	<b>Proposed Allocation Percentages</b>
RS	40.3626%
B	0.1235%
SGS	1.7231%
DGS/MLA	26.1523%
OSS	2.0370%
LP	22.1111%
BAMP-Auxiliary	1.8911%
BAMP-Backup	4.7539%
HLF	0.8454%
	100.0000%

No Settling Party will challenge these allocation percentages prior to the date Vectren South files its next base rate case, and any modification to the allocation factors will be addressed within that base rate case.

2. The Settling Parties agree that these allocation percentages are (1) reasonable and supported by the record in this unique case, and (2) address any and all issues remaining within this proceeding, in accordance with the stipulated terms of Cause No. 43354-MCRA 21, as approved by the Commission’s Final Order issued on March 7, 2018 (the “MCRA 21 Order”).

3. The Settling Parties agree that only the allocation factors within the MCRA are to be adjusted, and no other provisions of the MCRA, including the recoverability of certain costs and revenues and the design of MCRA rates and charges, are addressed within this Settlement Agreement.

**II. Allocation of RCRA Costs**

4. The Settling Parties agree the Commission should approve the following allocation percentages for Vectren South’s RCRA proceedings beginning with the next annual

proceeding to be filed under Cause No. 43406 (RCRA-18) and until further changes are authorized by the Commission within the Company's next base rate case proceeding:

<b>RCRA</b>	
<b>Rate Schedule</b>	<b>Proposed Allocation Percentages</b>
RS	40.6160%
B	0.1307%
SGS	1.8234%
DGS/MLA	27.9043%
OSS	2.1556%
LP	24.6258%
BAMP-Auxiliary	1.8495%
BAMP-Backup	
HLF	0.8947%
	100.0000%

No Settling Party will challenge these allocation percentages prior to the date Vectren South files its next base rate case, and any modification to the allocation factors will be addressed within that base rate case.

5. The Settling Parties agree that these allocation percentages are (1) reasonable and supported by the record in this unique case, and (2) address any and all issues remaining within this proceeding, in accordance with the MCRA 21 Order.

6. The Settling Parties agree that only the allocation factors within the RCRA are to be adjusted, and no other provisions of the RCRA, including the recoverability of certain costs and revenues and the design of RCRA rates and charges, are addressed within this Settlement Agreement.

### **III. Allocation of ECA Costs**

7. The Settling Parties agree the Commission should approve the following

allocation percentages for Vectren South's ECA proceedings beginning with the current pending annual proceeding filed under Cause No. 45052 (ECA-1) and until further changes are authorized by the Commission within the Company's next base rate case proceeding:

<b>ECA</b>	
<b>Rate Schedule</b>	<b>Proposed Allocation Percentages</b>
RS	40.6160%
B	0.1307%
SGS	1.8234%
DGS/MLA	27.9043%
OSS	2.1556%
LP	24.6258%
BAMP-Auxiliary	1.8495%
BAMP-Backup	
HLF	0.8947%
	100.0000%

No Settling Party will challenge these allocation percentages prior to the date Vectren South files its next base rate case, and any modification to the allocation factors will be addressed within that base rate case.

8. The Settling Parties agree that Vectren South will provide updated ECA Schedules and proposed rates and charges (in accordance with this Settlement Agreement) in Cause No. 45052-ECA-1 within five (5) business days of the Commission's issuance of a Final Order in this proceeding.

9. The Settling Parties agree that these allocation percentages are (1) reasonable and supported by the record in this unique case, and (2) address any and all issues remaining within this proceeding, in accordance with the MCRA 21 Order.

10. The Settling Parties agree that only the allocation factors within the ECA are to

be adjusted, and no other provisions of the ECA, including the recoverability of certain costs and revenues and the design of ECA rates and charges, are addressed within this agreement.

**IV. Allocation of CECA Costs**

11. The Settling Parties agree the Commission should approve the following allocation percentages for Vectren South’s CECA proceedings beginning with the next annual proceeding to be filed under Cause No. 44909 (CECA-3) and until further changes are authorized by the Commission within the Company’s next base rate case proceeding:

<b>CECA</b>	
<b>Rate Schedule</b>	<b>Proposed Allocation Percentages</b>
RS	40.6160%
B	0.1307%
SGS	1.8234%
DGS/MLA	27.9043%
OSS	2.1556%
LP	24.6258%
BAMP-Auxiliary	1.8495%
BAMP-Backup	
HLF	0.8947%
	100.0000%

No Settling Party will challenge these allocation percentages prior to the date Vectren South files its next base rate case, and any modification to the allocation factors will be addressed within that base rate case.

12. The Settling Parties agree that these allocation percentages are (1) reasonable and supported by the record in this unique case, and (2) address any and all issues remaining within this proceeding, in accordance with the MCRA 21 Order.

13. The Settling Parties agree that only the allocation factors within the CECA are to be adjusted, and no other provisions of the CECA, including the recoverability of certain

costs and revenues and the design of CECA rates and charges, are addressed within this Settlement Agreement.

**V. Allocation of DSMA Costs**

14. The Settling Parties agree the currently approved and effective allocation percentages for Vectren South’s DSMA proceedings will remain unchanged until further changes are authorized by the Commission within the Company’s next base rate case proceeding:

<b>DSMA</b>		
<b>Rate Schedule</b>	<b>Current Allocation Percentages - DLC/I&amp;M</b>	<b>Current Allocation Percentages - Program Costs</b>
RS	43.1221%	43.5114%
B	0.1307%	0.1318%
SGS	1.8234%	1.8399%
DGS/MLA	27.9043%	28.1563%
OSS	2.1556%	2.1750%
LP/BAMP	23.9692%	24.1856%
HLF	0.8947%	0.0000%
	100.0000%	100.0000%

No Settling Party will challenge these allocation percentages prior to the date Vectren South files its next base rate case, and any modification to the allocation factors will be addressed within that base rate case.

15. The Settling Parties agree that these allocation percentages are (1) reasonable and supported by the record in this unique case, and (2) address any and all issues remaining within this proceeding, in accordance with the MCRA 21 Order.

16. The Settling Parties agree that only the allocation factors within the DSMA are addressed within this agreement, and no other provisions of the DSMA, including the recoverability of certain costs and revenues and the design of DSMA rates and charges, are

addressed within this Settlement Agreement.

#### **VI. Settlement Agreement -- Scope and Approval**

17. Neither the making of this Settlement Agreement nor any of its provisions shall constitute in any respect an admission by any Settling Party in this or any other litigation or proceeding. Neither the making of this Settlement Agreement, nor the provisions thereof, nor the entry by the Commission of a Final Order approving this Settlement Agreement, shall establish any principles or legal precedent applicable to Commission proceedings other than those resolved herein.

18. This 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 tribunal of competent jurisdiction. This Settlement Agreement is solely the result of compromise in the settlement process and, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any of the Parties may take with respect to any or all of the issues resolved herein in any future regulatory or other proceedings.

19. The Settling Parties' entry into this Settlement Agreement shall not be construed as a limitation on any position they may take or relief they may seek in pending or future Commission proceedings not specifically addressed in this Settlement Agreement.

20. The undersigned have represented and agreed that they are fully authorized to execute this Settlement Agreement on behalf of their designated clients, and their successors and assigns, who will be bound thereby, subject to the agreement of the Settling Parties on the provisions contained herein.

21. The communications and discussions during the negotiations and conferences



have been conducted based on the explicit understanding that said communications and discussions are or relate to offers of settlement and therefore are privileged. All prior drafts of this Settlement Agreement and any settlement proposals and counterproposals also are or relate to offers of settlement and are privileged.

22. This Settlement Agreement is conditioned upon and subject to Commission acceptance and approval of its terms in their entirety, without any change or condition that is unacceptable to any Settling Party.

23. Vectren South and the OUCC shall, and the other Settling Parties may, offer testimony supporting the Commission's approval of this Settlement Agreement and will request that the Commission issue a Final Order incorporating the agreed proposed language of the Settling Parties and accepting and approving the same in accordance with its terms without any modification. Such supportive testimony will be agreed-upon by the Settling Parties and offered into evidence without objection by any Settling Party and the Settling Parties hereby waive cross-examination of each other's witnesses.

24. The Settling Parties will support this Settlement Agreement before the Commission and request that the Commission accept and approve the Settlement Agreement. This Settlement Agreement is a complete, interrelated package and is not severable, and shall be accepted or rejected in its entirety without modification or further condition(s) that may be unacceptable to any Settling Party. The Settling Parties propose to submit this Settlement Agreement and evidence conditionally, and if the Commission fails to approve this Settlement Agreement in its entirety without any change or imposes condition(s) unacceptable to any adversely affected Settling Party, the Settlement Agreement and supporting evidence shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling

Parties within fifteen (15) calendar days of the date the Order is issued by the Commission, and the Commission will continue to proceed to a decision in the affected proceeding, without regard to the filing of this Settlement Agreement.

25. The Settling Parties will work together to prepare an agreed-upon proposed order to be submitted in this Cause to address the issues addressed in this Settlement Agreement. The Settling Parties will request Commission acceptance and approval of this Settlement Agreement in its entirety, without any change or condition that is unacceptable to any party to this Settlement Agreement.

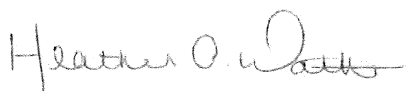
26. The Settling Parties also will work cooperatively on news releases or other announcements to the public about this Settlement Agreement.

27. The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of any Final Order entered by the Commission approving the Settlement Agreement in its entirety without changes or condition(s) unacceptable to any Party (or related orders to the extent such orders are specifically and exclusively implementing the provisions hereof) and shall not oppose this Settlement Agreement in the event of any appeal or a request for rehearing, reconsideration or a stay by any person not a party hereto.

Accepted and Agreed on this 11<sup>th</sup> day of June, 2020

(signature page follows)

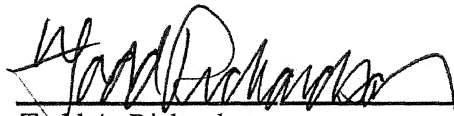
SOUTHERN INDIANA GAS AND ELECTRIC  
COMPANY D/B/A VECTREN ENERGY  
DELIVERY OF INDIANA, INC., A  
CENTERPOINT ENERGY COMPANY



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Heather A. Watts  
An Attorney for Southern Indiana Gas and  
Electric Company d/b/a Vectren Energy  
Delivery of Indiana, Inc., a CenterPoint  
Energy Company

VECTREN INDUSTRIAL GROUP

A handwritten signature in black ink, appearing to read "Todd Richardson", written over a horizontal line.

Todd A. Richardson  
An Attorney for the Vectren Industrial  
Group

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

*Lorraine Hitz-Bradley*

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Lorraine Hitz-Bradley

An Attorney for the Indiana Office of Utility Consumer Counselor

SABIC INNOVATIVE PLASTICS MT. VERNON, LLC



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Nikki G. Shultz

An Attorney for the SABIC Innovative Plastics Mt. Vernon, LLC