

October 12, 2021

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Ms. Beth E. Heline, General Counsel
Indiana Utility Regulatory Commission
101 W. Washington St. Ste. 1500 East
Indianapolis, IN 46204-3407

Re: Comments regarding IURC's Strawman MSFR Rule

Dear Ms. Heline:

The Indiana Energy Association ("IEA") appreciates the opportunity to review and comment on the strawman MSFR rule provided by the Commission following the September 21, 2021 technical conference. The following comments reflect our major comments at this time.

Historical Test Period (Sec. 1(n) and Sec. 5)

The definition of "historical test period" should be consistent with what is contained in IC 8-1-2-42.7 and therefore include the language regarding "appropriate normalizations and annualizations."

Major Projects (Sec. 1(q) and Sec. 5)

The IEA companies suggest that, first, "major projects" continue to be defined by reference to a percentage, such as 1%, to take into account the size differences among utilities. Requiring a large utility to define a project of \$250,000 as "major" will lead to a plethora of "major" projects that are not really "major". Alternatively, the definition of "major projects" could perhaps be modified to apply a 1% test to large utilities (e.g., utilities having more than a certain number of customers), while applying a dollar test to smaller utilities.

In addition, the IEA companies suggest that the definition of "major project" make clear that it refers only to capital projects.

Finally, we suggest differentiating between the requirements and consequences of "major projects" for historical versus future (and hybrid) test periods. Unlike in the historical test period context, in a future (or hybrid) test period, the rate base cutoff date for all rate base is necessarily in the future. However, we recognize there may still be compelling reasons to designate "major projects" in a future (or hybrid) test year context, such as: the need for the utility to provide additional

information about major projects during the pendency of the rate case, and the need to limit eligibility for deferred accounting treatment to only “major projects”, as the Commission’s strawman rules recognize. The IEA companies recommend that special rules for “major projects” continue to be required for historical, hybrid, and future test periods, but that the consequences of a project being defined as “major” be slightly different depending upon the type of test period – e.g., informational requirements for all test periods; deferred accounting authorization for all test periods; but differing cutoff date provisions depending upon the particular type of test period.

Definition of “Rate Schedules” (Sec. 1(w)) and Sec. 4(g)

This definition is too broad and too inclusive of documents which are not really rate schedules. The IEA companies suggest redefining along the lines of: “Schedules that list the various types and amounts of charges that can be made to customers in a particular rate category.”

Definition of “Work Papers” (Sec. 1(r))

The requirement for work papers to be word searchable should be modified by “to the extent possible”, to recognize that some work papers provided by third parties may not be word searchable. (This definition should also be renumbered as Sec. 1(x).)

“Electing” Utility (Sec. 2(c), etc.)

IC 8-1-2-42.7 is not an elective statute, in our view. Is it the Commission’s intent to allow utilities to elect into providing MSFRs, or is it the intent to require all utilities (other than for small utility rate cases) to submit MSFRs? If the latter, the IEA companies recommend removing references to “electing” utility. If this is kept in, note that “Electing Utility” should be redefined to refer to an election to file MSFRs, and should be capitalized throughout.

300 Days versus 10 Months (Sec. 2.1, etc.)

To be consistent with IC 8-1-2-42.7, the IEA companies recommend replacing 10 months with 300 days throughout the draft rule. We also suggest adding language to clarify and confirm that these provisions do not interfere with or delay the timeline of a rate case under IC 8-1-2-42.7, which provides for a 300-day timeline that commences upon the utility’s filing of its case-in-chief, for purposes of implementing interim rates.

Timeframe and Procedural Schedule (Sec. 2.1(b))

In order to have certainty around the timeframe and procedural schedule, the IEA companies recommend that there be a specific deadline (e.g., 20 days after filing) by which a party must assert that the utility’s case-in-chief is not complete.

Equitable Division of Time Procedurally (Sec. 2.1(e))

The IEA companies recommend that the Commission continue to use the 300-day procedural schedule set out by GAO 2013-5 as a presumption of an equitable division of time. This will help avoid disputes and increase administrative efficiency.

References to Cost Recovery (Sec. 4)

We suggest that the remaining references to “cost recovery” be eliminated, and that the wording reflect rate relief or rate adjustments instead.

Witnesses Sponsoring Rate Schedules (Sec. 4(g))

The IEA companies recommend that the phrase “to the extent possible” to the requirement that rate schedules be sponsored by one witness. There are instances where certain aspects of a rate schedule need to be sponsored by one witness, and other aspects need to be sponsored by another witness. Alternatively, perhaps the MSFRs could contain a requirement that the utility include a summary/index that provides a “roadmap” to all the schedules with a reference to all the sponsoring witnesses.

Updating Rate Base (Sec 5(3))

We suggest clarifying whether it must be a major project or general rate base that can be updated to the general rate base cutoff date versus within 10 business days of the evidentiary hearing.

Updated rate base (Sec 5(4))

We question whether updating rate base prior to the evidentiary hearing necessary for hybrid and future test periods, given there will likely be a separate process for certifying in-service status prior to implementing new rates. As mentioned in our comments *supra* regarding the definition of “major projects”, this issue should differentiate between historical versus future (and hybrid) test periods.

Financial Statements (Sec. 6)

As the Commission’s comments recognize, certain financial statements are as of a “point in time”, not for a period of 12 months. In addition, a total of only two or three years of financial statements should be required, not five years. Specifically: two years of such statements for historical test period cases, and three years (base, linkage, and test period) for future and hybrid test years.

Information Requirements for Rate Base Projects (Sec. 6)

The proposed requirement to list every rate base project added from the base period, by account number, etc., and the requirement to provide even more detailed information for investments greater than \$250,000 is overly broad and unduly burdensome. The IEA companies recommend that such information requirements be limited to “major projects”. Further, the IEA companies

recommend that, in addition to providing such information for “major projects”, the utility be required to provide a high level overview of the amount of investment in various areas (such as generation, transmission, distribution, etc.) that has or is projected to take place after the base year.

Further, Section 6(6) should be deleted in its entirety as the requested information may not be applicable to a municipal utility’s capital improvement plan. As such, it may not be feasible to provide the requested information where, by way of illustration and not limitation, cost information is based upon estimates or categories of projects as opposed to specific projects. In further support of deleting this provision, it is not clear why 6(6)(c) is needed regarding depreciation expense where E&R is being requested.

Reference to “Phased Rates” (Sec. 6(2), (5))

We suggest using the term “phased-in rates, as applicable” to be clearer and to reflect that not all rate requests will involve phase-in of rates.

Reference to “Added from Base Period” (Sec. 6(5)(A)(ii)(a))

We believe this should be “added to base period”.

General Ledger Requirement (Sec. 7(2))

This proposed requirement is not clear. Does this mean all transactions in a given year, or a financial statement with subaccounts for a period of time? This could be a huge amount of data. Also, should be limited to actual costs, i.e., historical or base period.

Deviations between Base Year and Future (or Hybrid) Test Period (Sec. 8(a)(2))

The proposed requirement to explain every deviation between the base period and the test period by account is overly burdensome. There could be a multitude of minor deviations between a base and hybrid or future test period. The IEA companies recommend that this requirement be limited to material deviations, such as deviations of more than 10%.

In addition, in this section we recommend deleting the word “all” in the phrase “all supporting work papers”, so as to avoid arbitrary or inadvertent technical violations of this rule. Alternatively, this could be rephrased to state “all *relevant* supporting work papers....”

Historical/Actual Focus (Sec. 8)

The wording of several requirements seems to be focused on historical/actual data only, rather than also encompassing future/projected costs.

Again, thank you for the opportunity to comment on these important draft rules, and thank you for holding technical conferences on these rules. The IEA companies have other, minor

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comments that we will plan to bring up either in future redlined rule comments or at the technical conferences.

Sincerely,

ICE MILLER LLP

A handwritten signature in blue ink that reads "Kay E. Pashos". The signature is written in a cursive style with a blue ink stamp behind it.

Kay E. Pashos

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