ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF DUKE ENERGY INDIANA, INC., PURSUANT TO THE COMMISSION'S MAY 18, 2004 ORDER IN CAUSE NO. 42359 AND IND. CODE § 8-1-2-42, FOR (1) AUTHORITY TO RECOVER VIA RIDER NO. 70 CERTAIN COSTS ASSOCIATED WITH PETITIONER'S POWERSHARE® PROGRAM AND SPECIAL CONTRACT DEMAND RESPONSE PROGRAM; (2) AUTHORITY TO SHARE NON-NATIVE SALES PROFITS/LOSSES VIA RIDER NO. 70; (3) APPROVAL TO RECOVER MISO MODULE E-1 COSTS VIA RIDER NO. 70; (4) APPROVAL OF THE TREATMENT OF MISO MODULE E-1 REVENUES; AND (5) CONFIDENTIAL TREATMENT OF CERTAIN INFORMATION RELATING TO PEITIONER'S POWER PURCHASES AND SALES AND NON-NATIVE SALES	)	**CAUSE NO. 44348 SRA 2** **APPROVED:** FEB 10 2016

OR ARW

ORDER OF THE COMMISSION

Presiding Officers:
Angela Rapp Weber, Commissioner
Loraine L. Seyfried, Chief Administrative Law Judge

On September 17, 2015, Duke Energy Indiana, Inc.[1] ("Petitioner" or "Duke Energy Indiana") filed a Petition with the Indiana Utility Regulatory Commission ("Commission") initiating this Cause.

Also on September 17, 2015, Duke Energy Indiana prefiled testimony and exhibits of:

- Mr. Scott Park, Director, IRP & Analytics – Midwest for Duke Energy Business Services LLC
- Mr. Wenbin (Michael) Chen, Manager, Midwest Trading for Duke Energy Business Services LLC
- Mr. Benjamin Passty, Lead Load Forecasting Analyst in Load Forecasting and Fundamentals for Duke Energy Business Services LLC
- Mr. Richard A. Philip, Lead Product & Service Manager for Duke Energy Business Services LLC

[1] On January 6, 2016, Petitioner filed its Notice of Change of Legal Name, stating that effective January 1, 2016, the legal name of Petitioner was changed to Duke Energy Indiana, LLC.

- Mr. Scott A. Burnside, Manager – Post Analysis and Regulatory Support for Duke Energy Carolinas, LLC
- Ms. Suzanne E. Sieferman, Manager Rates and Regulatory Strategy for Duke Energy Business Services LLC

On December 1, 2015, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony and exhibit of Ms. Stacie R. Gruca, Senior Utility Analyst in the Electric Division of the OUCC.

An evidentiary hearing was held in this Cause on January 12, 2016, at 1:30 p.m. in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the evidentiary hearing, Duke Energy Indiana and the OUCC offered their evidence, which was admitted into the record without objection. No members of the general public appeared or sought to testify at the hearing.

Based on the applicable law and the evidence herein, the Commission finds:

1. Notice and Commission Jurisdiction. Due, legal, and timely notice of the evidentiary hearing 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 and subject to the Commission's jurisdiction for approval of its rates and charges pursuant to Ind. Code § 8-1-2-42. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

2. Petitioner's Characteristics. Duke Energy Indiana is a public utility organized and existing under the laws of the State of Indiana, and has its principal office at 1000 East Main Street, Plainfield, Indiana 46168. Duke Energy Indiana is engaged in rendering electric utility service in the State of Indiana, and owns, operates, manages, and controls, among other things, plant and equipment within the State of Indiana used for the production, transmission, delivery, and furnishing of such electric service to the public. Duke Energy Indiana directly supplies electric energy to more than 800,000 customers located in 69 counties in the central, north central, and southern parts of Indiana.

3. Relief Sought. Petitioner requests the Commission find that: (1) Petitioner's PowerShare® and special contract demand response program costs for the period June 1, 2014, through May 31, 2015, are reasonable; (2) Petitioner is authorized to debit (or credit) customers with the difference between its PowerShare® program costs actually incurred and amounts included for the period June 1, 2014, through May 31, 2015; (3) Petitioner is authorized to debit (or credit) customers with 50% of Duke Energy Indiana's net off-system or non-native sales profits (or losses) above (or below) the base amount included in Duke Energy Indiana's rates, including the treatment and recovery of its non-native sales hedging activity; (4) Petitioner's treatment of Midcontinent Independent System Operator ("MISO") Module E-1 revenues is proper; and (5) Petitioner is authorized to recover MISO Module E-1 costs and applicable reconciliation amounts.

Further, Petitioner requests the Commission find the following trade secret information is entitled to confidential treatment: (1) all pricing and vendor information pertaining to sales made by Duke Energy Indiana for native load purposes; (2) power sales contracts; (3) information related to a customer-specific peak-load management contract with Steel Dynamics, Inc. ("SDI"); (4) information from the Generating Availability Data System ("GADS") relating to statistical generation operating data; and (5) certain information relating to non-native sales.

4. **Prior Applicable Commission Orders.** On May 18, 2004, in Cause No. 42359, Petitioner's last general retail base rate case, the Commission approved Petitioner's Rider 70, the Summer Reliability Rider, for the recovery of summer purchased power costs, PowerShare® Program costs, and for the sharing of off-system sales profits above and below the level built into base rates. Since issuance of that Order, the Commission has issued Orders in Cause Nos. 42870, 43074, 43302, 43505, 43715, 43906, 44035, 44214, 44348, and 44348 SRA-1 addressing Petitioner's requested recovery of costs under Rider 70 and authorizing modifications to the applicable recovery parameters when determined reasonable. For ease of reference, the Commission's Order in Cause No. 44348 directed Petitioner to make future Rider 70 filings under Cause No. 44348 SRA-X.

5. **Petitioner's Case-in-Chief.**

A. **Reliability Power Purchases.** Mr. Passty testified as to Petitioner's load forecast which projected a summer 2014 peak demand coincident of MISO's peak of 6,655.6 MW. He testified that customers who were served under Duke Energy Indiana's economic development riders totaled seven MWs of incremental load. He indicated the incremental load is very small and already captured in the peak summer load forecast, resulting in no material incremental costs related to serving those customers.

Mr. Philip testified as to Petitioner's energy efficiency resources, including its traditional demand-side management and demand response programs, customer specific contract offerings, and the PowerShare® program.

Mr. Park testified that Petitioner continues to rely on a portfolio approach to meet its native load customers' demand requirements and that renewable resources, purchased power when needed, energy efficiency, PowerShare®, and other demand-side management programs continue to play an important role in Duke Energy Indiana's resource mix.

Mr. Park testified that Duke Energy Indiana's capacity position was adequate to meet the minimum required reserve margin for the summer of 2014, and as a result, Petitioner made forward capacity sales of 132 Zonal Resource Credits ("ZRCs") in the bilateral market ahead of MISO's Planning Resource Auction ("PRA") and additional net sales of 602.3 ZRCs in the PRA.

Mr. Park testified that Petitioner purchased eight MW of installed capacity ("ICAP") from Logansport Municipal Utilities ("Logansport") under a long-term contract that began in 2009. However, because the unit became unavailable in summer 2011 and has not been repaired, no payments were made to Logansport under the contract for the period June 1, 2014, through May 31, 2015.

Mr. Park testified, altogether, the jurisdictional allocation of Rider 70 costs for the period June 1, 2014, through May 31, 2015, results in a request to recover a total of $16,545,276 before adjustment for Utility Receipts Tax via Rider 70 over a 12-month period, which amounts to an estimated increase of $0.24 on the monthly bill for a typical residential customer. He stated this amount includes a combination of: (1) a charge for the amount of PowerShare® program costs for the 12-month period above that reflected in base rates, (2) a charge for non-native sales profits (reflecting the fact that Duke Energy Indiana did not realize annual non-native sales profits above the level included in base rates for the 12-month period), and (3) a credit resulting from reconciliation for Rider 70 costs.

Mr. Park testified that, beginning with the MISO planning year of June 1, 2009 through May 31, 2010, there is a requirement that the Loss of Load Expectation ("LOLE") due to resource inadequacy cannot exceed one occurrence in ten years. He explained that the MISO Planning Reserve margin ("PRM") assigned to each load serving entity is on an unforced capacity ("UCAP") basis, such that the PRM on an ICAP basis will be translated to PRM_{UCAP} by multiplying it by one minus the MISO system average equivalent forced outage rate excluding events outside of management control ("$XEFOR_d$"). Each capacity resource is valued at its unforced capacity rating (i.e., installed rating multiplied by one minus the unit-specific $XEFOR_d$). He testified that under the MISO Module E-1 construct, compliance is assessed annually by comparing the amount of ZRCs designated by each load serving entity with its annual forecasted peak-load coincident with the MISO peak multiplied by one plus the PRM_{UCAP}.

For the planning year of June 2014 through May 2015, to satisfy the LOLE requirement, MISO established a minimum 7.3% required reserve margin on a UCAP basis.

Mr. Park described how Petitioner used the MISO Module E-1 Reserve Margin requirements as the minimum for future capacity purchases, as required in Cause No. 43505. He explained Petitioner used the required PRM_{UCAP} of 7.3% in its assessment of its supply vs. demand position. The surplus ZRCs were sold forward or offered into the PRA, or both, and that for summer 2014 the resulting actual PRM_{UCAP} was 7.3%. Mr. Park stated that in future years it is unlikely Petitioner would be able to meet the exact required PRM_{UCAP} because the ability to do so is highly dependent on the total number of ZRCs that are purchased, the block sizes available for purchase, and the marketability of any surplus in the PRA. Nevertheless, he said that Petitioner will continue to target the MISO Module E-1 PRM_{UCAP} as the appropriate minimum reserve requirement.

Mr. Park explained that although Petitioner's reserve margin was above the summer 2014 requirement even without taking into account special contracts and PowerShare®, it must take a longer-term approach with regard to resource planning. He discussed the true value in the PowerShare® program and special contracts in the long-term avoidance of additional generating capacity.

Mr. Park further explained that meeting the minimum reserve margin requirement does not ensure Petitioner will not need to buy expensive energy from the spot market during the year. Factors like unexpected plant shutdowns, derates, and extreme weather can increase reliance on the spot market at just the time that prices are increasing. He explained buying forward energy or price hedges limits exposure to price spikes. However, all ZRCs are purely capacity products to meet MISO resource adequacy requirements.

Mr. Park testified that Duke Energy Indiana continues to be committed to a portfolio approach to meet its native load peak demand obligations. Mr. Park noted that for summer 2014, Petitioner met native load customers' peak demand requirements through a resource mix consisting of 88.2% through its existing fleet of generating assets, 11% through a combination of conservation and demand response products, and 0.8% through renewable resources. Mr. Park testified that hourly spot purchases cannot take the place of firm capacity, but that hourly spot power is utilized when available and to the extent such power purchases are economic to meet short-term needs.

Mr. Chen described the bilateral capacity sales that were made for the 12-month period of June 1, 2014, through May 31, 2015. Mr. Chen testified that there was one bilateral capacity sale within the relevant time period with a counterparty, with total sale proceeds of $475,055. He stated that Duke Energy Indiana actively participated in MISO's annual PRA, where it purchased capacity from MISO for native load and sold generation capacity to MISO, at the same auction clearing price, resulting in net capacity sales from Petitioner to MISO. Mr. Chen testified that proceeds from sales in the annual auction were $3,921,594 for this Rider 70 proceeding, which is included in the calculation of non-native sales profits. He further testified as to his belief that the capacity sales were reasonable and only made once it was determined Petitioner had surplus capacity after complying with MISO's resource adequacy requirement. He stated the bilateral sales of ZRCs were the result of arms' length negotiations at then-prevailing market prices.

Mr. Chen stated that Duke Energy Indiana contracted with Logansport in 2009 for the rights to the generating capacity and energy from Logansport Unit #6 for the period July 1, 2009, through December 31, 2018. He explained that although the capacity is available year-round, the payment is prorated from June through September each year of the contract. Because the Logansport unit became unavailable in July 2011, capacity payments were suspended and the capacity was removed from Petitioner's MISO resource adequacy compliance plans.

Mr. Chen sponsored a confidential exhibit that included the agreement or confirmation supporting the capacity sale.

B. <u>PowerShare® and Customer-Specific Peak-Load Management Costs.</u> Mr. Philip described Petitioner's PowerShare® Program. He stated that PowerShare® has been offered under Standard Contract Rider No. 23 since 2000. The program provides financial incentives to industrial and commercial customers to reduce their electric demand during Petitioner's peak-load times and has two offerings: CallOption and QuoteOption. Under the CallOption component, customers commit to a pre-selected load reduction at a selected strike price. Mr. Philip explained that CallOption customers are paid a monthly premium for their commitment and an energy credit when they are called upon to reduce their load. Mr. Philip testified that the terms of the CallOption program vary depending on customer-selected parameters.

Mr. Philip explained that QuoteOption customers may elect whether or not to reduce load when called upon. As a result, QuoteOption customers are not paid a monthly premium, but an energy credit is paid when load reductions are made in response to Petitioner's request. The QuoteOption is available year round, in accordance with the Commission's Order in Cause No. 42870.

Mr. Philip testified that from June 1, 2014, through May 31, 2015, there were 12 PowerShare® CallOption economic curtailment events. For the 2014/15 planning year, Petitioner entered into 118 CallOption contracts.

Mr. Philip testified regarding Duke Energy Indiana's customer-specific peak-load management contract with SDI, which costs are recovered through Rider 70. He provided confidential testimony as to the total expenditures to be charged to customers resulting from the SDI contract. Mr. Philip testified that PowerShare® and any customer-specific peak-load management contracts are registered with MISO as Load-Modifying Resources, which allows Petitioner to reduce its MISO resource adequacy requirements.

Mr. Philip also provided an update on Duke Energy Indiana's energy efficiency efforts at the time of the filing. He explained that having received clarification from MISO, the applicable incremental impacts from Duke Energy Indiana's energy efficiency portfolio were incorporated in the coincident peak forecast submitted to MISO for the planning year 2015/2016.

C. <u>Sharing of Non-Native Sales Profits</u>. Mr. Burnside summarized Duke Energy Indiana's non-native sales strategy for the period of June 2014 through May 2015.

Ms. Sieferman explained that in Cause No. 42359, the Commission approved a sharing on a 50/50 basis, the differential between net non-native sales profits realized by Petitioner and the $14,747,000 net profit level for non-native sales included in the determination of Duke Energy Indiana's revenue requirement. Ms. Sieferman testified the Commission also found that Petitioner's base rates should reflect a reasonable level of trading expenses required to achieve those non-native sales profits in the amount of $3,953,000.

Mr. Burnside described the types of non-native sales Petitioner made in the past year, including (1) day ahead and real time sales to MISO; (2) sales of capacity in the MISO PRA that do not offset reliability purchases; (3) energy or capacity sales to non-MISO counterparties; (4) realized margin from non-native sales of emission allowances; (5) realized margin from non-native hedging activity; and (6) non-firm retail contracts with Duke Energy Indiana customers. Mr. Burnside explained how revenues and expenses allocable to non-native sales are determined.

Mr. Chen explained Petitioner's power hedging program and that Duke Energy Indiana also hedges for non-native load with the objective to lock in a margin for the forecasted surplus generation not allocated to serve native load. Mr. Chen explained why he believes Petitioner's power hedging practices are reasonable. For the period at issue, the non-native hedges resulted in a gain of $899,275.

Mr. Burnside stated that gross profits from non-native sales for June 1, 2014, through May 31, 2015, total $4,441,792 (before fixed trading expenses $3,953,000 or prior period adjustment amounts). Mr. Burnside explained that due to MISO's settlement cycles, there may be further revisions to non-native sales calculations. Petitioner proposed to include such prior period adjustments in future Rider 70 filings. For this filing, Petitioner did not receive updated MISO settlement statements for any prior periods.

Mr. Burnside testified regarding the Post Analysis Cost Evaluator model and that it economically dispatches generating units on an hourly basis, matches the demand (load) with available supply resources (generation or purchases), and allocates those production costs for serving native load and non-native sales. Mr. Burnside testified that starting in late February 2012, a price decrement was applied to the dispatch costs of Gibson 1-5, Wabash River 2-6, and Cayuga 1-2 generating units to correctly reflect the economics of additional costs associated with avoiding or reducing surplus coal inventories. Petitioner regularly assesses the need for, and value of, a price decrement. He explained that none of the assessments determined a need for a price decrement during the period covered in this proceeding.

D. Rider 70 Calculation and Rate Impact. Ms. Sieferman explained that Rider 70 was designed to recover the demand or capacity component of summer reliability purchased power costs, the reconciliation of actual and authorized PowerShare® costs, the sharing of non-native sales profits, and the recognition of a standard reconciliation process. She indicated that the period covered by this filing is the 12 months ended May 31, 2015.

Ms. Sieferman testified that $40,972,284 in capacity purchases were made in the PRA for native load during the 12-months ended May 31, 2015; however, they were offset by revenues received for generating capacity offered in the PRA, resulting in no net capacity purchases during the 12-months ended May 31, 2015. The net capacity sales were $4,396,649. Ms. Sieferman also explained Duke Energy Indiana's treatment of capacity sales included in this filing. She stated that sales of surplus capacity are from Petitioner's generating capacity or prior capacity purchases, and that capacity sales occurring in periods without capacity purchases, or in excess of capacity purchase values, were included in the non-native load sharing mechanism.

Ms. Sieferman testified that Rider 70 provides for the tracking of actual PowerShare® CallOption premiums, CallOption and QuoteOption energy credits, and costs associated with a customer-specific peak-load management contract with SDI. She testified that Petitioner's total peak-load management costs included in Rider 70 for the 12-month period ended May 31, 2015, totaled $10,668,983, which is more than the $1,023,000 amount authorized in Cause No. 42359. As such, retail customers will be charged $9,645,983 in this proceeding.

Ms. Sieferman stated the results of Petitioner's non-native sales for the 12-month period ended May 31, 2015, totals a $4,441,792 gain before applicable prior-period adjustments and fixed trading expenses ($3,953,000), or a $488,792 net non-native sales gain after the adjustments. Ms. Sieferman explained the amount of net non-native sales profit allocated to retail customers is $448,667. She explained that, when this is compared to the net non-native sales profits currently in base rates, the authorized 50/50 sharing results in a charge to customers of $7,149,167.

Ms. Sieferman explained that Rider 70 includes a standard reconciliation provision in which Duke Energy Indiana determines the difference between Rider 70 amounts approved for recovery and Rider 70 amounts actually billed to customers. Accordingly, a reconciliation of billed Rider 70 amounts corresponding to those authorized for recovery in Cause No. 44348 was made, and the reconciliation results in a $249,874 over-collection, which has been included as a credit to customers in the proposed Rider 70 factors in this proceeding.

Ms. Sieferman explained that in Cause 44348, the Commission approved a rate migration adjustment to Petitioner's allocation factors to be used in the development of Rider 70 rates. In that Cause, Duke Energy Indiana committed to continue to monitor the rate migrations between Rate HLF (high load factor) and LLF (low load factor) industrial customers each year and to propose an update to the allocation factors if there was a net change of greater than 10 MW from the 2012 levels. Ms. Sieferman testified that Petitioner completed the 2014 study resulting in an additional migration of approximately 26 MW, and in a change in the allocation percentages of approximately 2%. Accordingly, Petitioner included this change to the HLF/LLF rate migration adjustment in the development of the Rider 70 rates in this proceeding, which is set forth in Petitioner's Exhibit 6-B. Ms. Sieferman also testified that in May 2014, Petitioner completed its transition of certain lighting customers from the area lighting and outdoor lighting rate classes into an unmetered outdoor lighting service class.

In total, the amount to be recovered via Rider 70, including purchased power demand costs, PowerShare® costs, non-native sales profits sharing, and reconciliation is set forth in Petitioner's Exhibit 6-B. Ms. Sieferman explained that these costs would be recovered over a 12-month period, and that Petitioner's request herein would result in an increase of approximately $0.24 in the base bill of a typical residential customer compared to what such customer is paying today (excluding various tracking mechanisms and sales tax).

Ms. Sieferman explained that to effectuate Rider 70, Petitioner would defer the jurisdictional component of its purchased power costs until such time as the net purchased power costs are recovered through Rider 70, and that Petitioner would record either a regulatory asset or liability related to the true-up of PowerShare® costs in relation to the refund of PowerShare® costs, the reconciliation of actual Rider 70 billing amounts to amounts approved for recovery, and non-native sales profits subject to sharing.

E. <u>Request for Confidential Treatment</u>. In addition to the Affidavits of Mr. Park and Mr. Bailey filed in support of Duke Energy Indiana's Motion for the Protection of Confidential and Proprietary Information, Mr. Park provided additional testimony explaining why certain pricing and vendor information pertaining to sales, power sale contracts, GADS data relating to statistical generation operating data, and the customer-specific peak-load management contract with SDI are "trade secrets" and excepted from the access to public records provisions, consistent with Ind. Code §§ 5-14-3-4(a)(4) and 24-2-3-2.

6. <u>OUCC's Case-In-Chief</u>. Ms. Gruca testified concerning the OUCC's review of Petitioner's requested relief. She testified that her calculations of the jurisdictional allocation of Rider 70 costs for the period June 1, 2014, through May 31, 2015, match the amount that

Petitioner is requesting to recover and recommends the Commission approve recovery of such costs.

Ms. Gruca testified that Duke Energy Indiana complied with the Commission's Order in Cause No. 44348 SRA 1 by using the required PRM_{UCAP} of 7.3% and that Duke Energy Indiana's capacity position was adequate to meet the minimum required reserve margin for summer 2014 and, as a result, forward capacity sales were made. She further stated that the OUCC continues to recommend that the Module E-1 reserve margin requirements be utilized as the target for future necessary capacity purchases to fully capture the benefit of participating in MISO.

Ms. Gruca explained Duke Energy Indiana's continued use of special contracts and PowerShare® resources when it had already exceeded the MISO reserve margin requirements. She stated that the OUCC agreed with Mr. Park's testimony that it is appropriate to take a longer-term view by considering future compliance needs that may impact resource planning. She also testified that it seems reasonable to continue the use of special contracts and PowerShare® resources until it is known how retirement, shut down, or suspension of Duke Energy Indiana's Wabash River units will affect capacity conditions and capacity needs.

Ms. Gruca testified that Duke Energy Indiana provided an update regarding the status of its contract with Logansport with no capacity payments being made to Logansport for summer 2014, and that this capacity was not included in Duke Energy Indiana's supply vs. demand balance to meet its resource adequacy requirements. She recommended that Duke Energy Indiana continue to keep the Commission informed of the status of the Logansport contract and unit in future Rider 70 proceedings.

Ms. Gruca discussed the capacity purchases and sales made during the June 2014 through May 2015 period. She stated that capacity sales were netted against capacity purchases resulting in net proceeds of $4,396,649 for inclusion in non-native profit sharing.

Ms. Gruca testified that her audit corroborates Duke Energy Indiana's calculation of off-system sales profits and that Petitioner's requested recovery seems reasonable.

Ms. Gruca recommended that Duke Energy Indiana continue to update the Commission in future Rider 70 proceedings regarding its coal inventory, including the development of alternatives to its below-cost bidding approach.

Ms. Gruca testified she has no concerns regarding Petitioner's proposed recovery of PowerShare® Program costs or customer-specific peak-load management costs. She testified that Petitioner's PowerShare® Activity Log shows a quantified benefit to customers who participate in the programs.

Ms. Gruca testified that the inclusion of hedging activity in this proceeding is consistent with Petitioner's inclusion of such activity in numerous previous Rider 70 filings approved by the Commission.

Ms. Gruca also testified that Duke Energy Indiana provided documentation consistent with its obligation pursuant to the Settlement Agreement approved in Cause No. 42870 and modified as agreed to by the OUCC in Cause No. 43906.

7. **Commission Discussion and Findings.** Based upon the evidence presented, we find Petitioner continues to use a portfolio of diverse options to serve its customers' capacity needs. In addition, Petitioner should continue to use the MISO Module E-1 reserve margin requirements as the appropriate target for future necessary capacity purchases and update the Commission on any additional changes to MISO's resource adequacy construct. We further find that Petitioner should keep the Commission informed of the status of the Logansport contract and unit in future Rider 70 proceedings. Additionally, we find that Petitioner should continue to update the Commission on its coal inventory, including the development of alternatives to its decrement pricing.

We also find that Petitioner's PowerShare® Program and customer specific peak-load management costs for June 1, 2014, through May 31, 2015, were reasonable, the expenses were accurately calculated, and are approved. As we stated in the final Order in Cause No. 43074, the PowerShare® program is an important component in Petitioner's summer preparedness.

We further find that Petitioner has accurately calculated the amount of non-native sales profits that should be shared with customers under Rider 70, as approved by the Commission in Cause No. 42359. Mr. Burnside explained how Petitioner calculated its non-native sales amount, including adjustments for expense reduction and prior period amounts.

We also find that the calculations of the Rider 70 billing factors as developed in the exhibits and testimony of Ms. Sieferman to recover $16,795,529 over a 12-month period and presented on Petitioner's Exhibit 6-B are accurate, appropriate, and approved, including the adjustments made to the allocations for the industrial class rate migrations. We further direct Duke Energy Indiana to include such adjustment factors in the Rider 70 filed with the Commission in compliance with this Order.

We also find that Petitioner demonstrated a need for confidential treatment of certain information associated with its pricing and vendor information pertaining to sales made by Duke Energy Indiana for native load purposes, power sales contracts, GADS data relating to statistical generation operating data, and the customer-specific peak-load management contract with SDI, and no party objected to the request for confidential treatment. Accordingly, pursuant to Ind. Code § 5-14-3-4(a)(4), we find that this information, as identified in Duke Energy Indiana's redacted testimony and exhibits, constitutes "trade secrets" and shall continue to be held as confidential.

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

1. Petitioner is authorized to recover, through Rider 70, its PowerShare® and customer-specific peak-load management program costs consistent with Petitioner's testimony and exhibits.

2. Petitioner is authorized to recover, through Rider 70, its non-native sale sharing costs consistent with Petitioner's testimony and exhibits.

3. Petitioner is authorized to recover, through Rider 70, its calculated reconciliation amounts.

4. Petitioner is authorized to recover its MISO Module E-1 costs consistent with Petitioner's testimony and exhibits.

5. Prior to implementing the rates authorized herein, Petitioner shall file Rider 70 under this Cause for approval by the Commission's Energy Division. Rider 70 shall be effective for all bills rendered on and after the first billing cycle of March 2016.

6. Petitioner's confidential information identified herein shall continue to be held as confidential pursuant to Ind. Code §§ 8-1-2-29 and 5-14-3-4(a)(4).

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

MAYS-MEDLEY, HUSTON, STEPHAN, WEBER, AND ZIEGNER CONCUR:
APPROVED: FEB 10 2016

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

Brenda A. Howe

Brenda A. Howe,
Secretary to the Commission