ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

APPLICATION OF SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A VECTREN ENERGY DELIVERY OF INDIANA, INC. ("VECTREN SOUTH") FOR APPROVAL OF A MISO COST AND REVENUE ADJUSTMENT FOR ELECTRIC SERVICE IN ACCORDANCE WITH THE ORDER OF THE COMMISSION IN CAUSE NO. 43111 EFFECTIVE AUGUST 15, 2007 PURSUANT TO I.C. § 8-1-2-42(a)	)	CAUSE NO. 43354 MCRA 5 APPROVED: NOV 1 2 2009

BY THE COMMISSION:
David E. Ziegner, Commissioner
Loraine L. Seyfried, Administrative Law Judge

On September 18, 2009, in accordance with Ind. Code § 8-1-2-42(a), Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South" or "Applicant") filed with the Indiana Utility Regulatory Commission ("Commission") its Application and case-in-chief in this Cause for approval of a Midwest ISO Cost and Revenue Adjustment ("MCRA") as authorized in the Commission's August 15, 2007 Order in Cause No. 43111. Submitted with the Application was the prefiled testimony of Scott E. Albertson, the Director of Regulatory Affairs for Vectren South's parent company; Patricia Banet, the Manager of Large Customer Billing for Vectren South's parent company; Michael W. Chambliss, Vectren South's Director of Network Operations and Dispatch and attached exhibits. On October 23, 2009, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the prefiled testimony of Stacie R. Gruca, a Utility Analyst, and attached exhibits.

Pursuant to notice published as required by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public hearing was held in this Cause on November 2, 2009 at 9:30 AM, in Room 224, National City Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, Applicant's and the OUCC's testimony and exhibits were admitted into the record. No member of the general public participated in the hearing.

1. **Notice and Jurisdiction.** Due, legal and timely notice of the commencement of the public hearing in this Cause was given and published by the Commission as required by law. Applicant operates an electric public utility and, as such, is subject to the jurisdiction of the Commission as provided in the Public Service Commission Act. The provisions of said Act authorize the Commission to act in this proceeding. The Commission, therefore, has jurisdiction over the parties and the subject matter herein.

2. **Applicant's Characteristics.** Applicant is engaged in rendering electric utility service to the public and owns and operates an electric generating plant and distribution system for the production, transmission, delivery and furnishing of this service.

3. **Calculation of the MCRA Factors.** As approved in the Final Order in Cause No. 43111, the MCRA allows for the recovery of Midwest ISO ("MISO") charges not recovered in quarterly FAC filings. The MCRA is calculated on a semi-annual basis for each of Applicant's rate schedules based on the calculation of non-fuel cost ("NFC") and MISO revenue amounts ("MRA"). For purposes of this calculation, the NFC consists of MISO Schedule 1, Schedule 2, Schedule 9, Schedule 10, Schedule 16, Schedule 17, Schedule 24, and Schedule 26 and other charges and costs not otherwise recovered by MISO that are socialized for recovery from all market participants. As approved in MCRA 4, the MRA for the MCRA period shall be the allocated portion of annual Transmission Revenues available to customers (up to $6,154,264) less the allocated amount of such credits included in base rates ($4,528,024). Transmission Revenues are defined as those revenues corresponding to the revenue credits reflected in Attachment O of the MISO Open Access Transmission Tariff as well as revenues received from the application of MISO's transmission rates to wholesale loads that sink within Applicant's control area less the base rate level. The calculation is described in more detail in Applicant's Tariff for Electric Service (Sheet No. 73, Pages 1, 2 and 3).

Based on the evidence presented, to determine MCRA factors for this period, the calculation of the estimated MISO Charges in the amount of $4,146,852 (Exhibit SEA-3, Schedule 3, Line 15), is reduced by the base rate amount included for those MISO costs in Cause No. 43111. This results in NFCs of $2,192,423 (Line 17). The balance is then reduced by the MRA of $777,351 (Line 19) and increased by the Amortization of Deferred MISO Costs in the amount of $554,243 (Line 20). The resulting amount of $1,969,315 (Line 21), plus the prior period variance in the amount of $6,828,960 (Exhibit SEA-3, Schedule 4, Page 1 of 2, Line 12) is then multiplied by the rate schedule allocation percentages approved in Cause No. 43111. This result is then divided by the estimated rate schedule sales quantities for the six month MCRA period (Exhibit SEA-3, Schedule 1, Line 7).

Based on these calculations the resulting MCRA Factors, modified to include Indiana Utility Receipts Tax, are shown on Applicant's Exhibit No. SEA-2 as follows:

Rate A	$0.006783
Rate EH	$0.002511
Rate B	$0.001628
Rate SGS	$0.000865
Rate DGS/MLA	$0.005114
Rate OSS	$0.003327
Rate LP	$0.002557
Rate HLF	$0.002544
Billing Demand First 4500 kVa	$6,868.80 per month
Billing Demand Over 4500 kVa	$1.526 per kVa

Based on the foregoing, the average residential customer using 1,000 kwh per month will experience an increase of $10.13 or 8.77% between December 1, 2009 and May 31, 2010 (Exhibit No. SEA-3, Schedule 5).

4. **Overview of Evidence.** The evidence presented by both parties supports approval of the proposed MCRA factors. Applicant's witness Mr. Scott Albertson testified as to the content and the calculation of the MCRAs noted above. He sponsored the proposed MCRAs. Applicant's witness Mr. Michael Chambliss described Applicant's projects approved by MISO for Regional Expansion Criteria and Benefit ("RECB") treatment, and how those costs are reflected in this MCRA. Applicant's witness Ms. Patricia Banet described the estimated and actual NFCs related to MISO Day 1, Day 2, and Ancillary Services Market ("ASM").

The OUCC's witness Ms. Stacie Gruca testified that following informal discovery, Applicant provided work papers for the OUCC's review. The OUCC created its report after reviewing Applicant's exhibits and work papers. Ms. Gruca recommended acceptance of Applicant's recovery of Contestable RSG costs and recovery of variance for the reconciliation period of January 2009 through June 2009, and the MCRA factor for the estimated period of December 2009 through May 2010. Ms. Gruca also recommended approval of the adjustment to accrual of the amount of netted RSG credits and charges resulting from the RSG resettlement, pursuant to the Federal Energy Regulatory Commission Order in Docket No. ER04-691-090.

5. **Commission Findings.** The evidence of record supports approval of Applicant's proposed MCRA factors as set forth in Paragraph 3 above. Accordingly, the requested MCRA factors described herein should be approved.

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

1. The Application of Vectren Energy Delivery of Indiana, Inc. for the approval of its MISO Cost Revenue Adjustment factor for each of its rate classes as set out in Finding Paragraph No. 3 above shall be and hereby is approved.

2. Applicant shall file with the Electricity Division of the Commission, prior to placing into effect the MCRA factors approved in this matter, a revised rate schedule under Tariff Sheet No.73 consistent with the findings set forth herein.

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

HARDY, ATTERHOLT, GOLC, LANDIS AND ZIEGNER CONCUR:

APPROVED: NOV 1 2 2009

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

Brenda A. Howe

Brenda A. Howe
Secretary of the Commission