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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) CAUSE NO. 43354 MCRA 8
 APPROVAL OF A MISO COST AND)
 REVENUE ADJUSTMENT FOR ELECTRIC)
 SERVICE IN ACCORDANCE WITH THE) APPROVED: MAY 31 2011
 ORDER OF THE COMMISSION IN CAUSE)
 NO. 43111 EFFECTIVE AUGUST 15, 2007)
 PURSUANT TO I.C. § 8-1-2-42(a))

BY THE COMMISSION:
David E. Ziegner, Commissioner
Angela Rapp Weber, Administrative Law Judge

On March 18, 2011, in accordance with Indiana 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 MISO Cost and Revenue Adjustment ("MCRA") as authorized by the Commission's August 15, 2007 Order in Cause No. 43111. Submitted with the Application was the prefiled testimony and exhibits of Scott E. Albertson, the Director of Regulatory Affairs for Vectren South's parent company; Patricia A. Banet, the Manager of Large Customer Billing for Vectren South's parent company; and Michael W. Chambliss, Vectren South's Director of Network Operations and Dispatch. On April 26, 2011, the Office of Utility Consumer Counselor ("OUCC") filed the prefiled testimony of Stacie R. Gruca, a Utility Analyst, with attached exhibits. On May 6, 2011, Vectren South filed supplemental testimony and exhibits of Vectren South witness Mr. Albertson pursuant to the Commission's Order dated April 27, 2011 in Cause No. 43839, Applicant's electric rate case proceeding.

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 May 16, 2011 at 10:30 a.m. in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, Applicant's and the OUCC's testimony and exhibits were admitted into the record without objection, along with Vectren South's supplemental testimony and exhibits. No member of the public participated in the hearing.

Based on the applicable law and the evidence of record, the Commission now finds as follows:

- 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 a public electric utility and, as such, is subject to the jurisdiction of this

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 Order in Cause No. 43111 and modified in the Order in Cause No. 43839, the MCRA allows for the recovery of 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 10, Schedule 16, Schedule 17, Schedule 24, Schedule 26, Schedule 1, Schedule 2, and Schedule 9 charges and costs not otherwise recovered by MISO that are socialized for recovery from all market participants.

As modified in the Order in Cause No. 43839 and outlined in Vectren South witness Mr. Albertson's supplemental testimony, transmission revenues of \$5,371,424 are included as a credit in Vectren South's base rates. The Order also provides that the Company may retain increases in the transmission revenues from MISO Schedules 7, 8, and 9 ("MISO Attachment O Revenues") in excess of the base rate level of \$3,333,682 (i.e., those revenues are not tracked). The base rate level of transmission revenues subject to tracking is the total transmission revenues (\$5,371,424) less the MISO Attachment O Revenues (\$3,333,682). Customers will receive all actual transmission revenues from Schedules 1, 2, and 24 and from ALCOA. If the actual level of the Schedule 1, 2, 24 and ALCOA revenues exceeds the level included in base rates (\$2,037,741 per year), customers will receive the amount in excess in a future MCRA. If such actual revenues are less than \$2,037,741, Vectren South will not recover the shortfall. For that reason, no projected revenues are included on Schedule 3 of the supplemental exhibits.

To determine MCRA factors for this period, the calculation of the estimated MISO Charges in the amount of \$5,078,753 (Exhibit SEA-S3, Schedule 3, Line 15) is reduced by the base rate amount included for those MISO costs in Cause No. 43839. This results in NFCs of \$3,201,748 (Exhibit SEA-S3, Schedule 3, Line 17). The supplemental exhibits removed the amortization of Deferred MISO Costs and Additional Transmission Revenues. The Deferred MISO Costs are now being amortized in base rates, as provided in the Order in Cause No. 43839. The resulting amount of \$3,201,748 (Exhibit SEA-S3, Schedule 3, Line 21), plus the adjusted ending MCRA Regulatory Asset balance as of December 31, 2010 in the amount of \$(260,189) (Exhibit SEA-3, Schedule 4, Page 1 of 3, Line 14) is then multiplied by the rate schedule allocation percentages approved in Cause No. 43839. This result is then divided by the estimated rate schedule sales quantities for the six-month MCRA period (Exhibit SEA-S3, Schedule 1, Line 7).

Based on these calculations the resulting MCRA factors per kWh, modified to include Indiana Utility Receipts Tax, are shown on Applicant's Exhibit No. SEA-S3, Schedule 1 as follows:

Rate RS	\$0.001538
Rate B	\$0.000704
Rate SGS	\$0.001379
Rate DGS/MLA	\$0.001272
Rate OSS	\$0.001309
Rate LP	\$0.000665
Rate HLF	\$0.000671

Based on the foregoing, the average Residential-Standard customer using 1,000 kWh per month will experience a decrease of \$1.84 in each month between June 1, 2011 and November 30, 2011 (Exhibit No. SEA-S3, Schedule 5).

4. Overview of Evidence. Mr. Albertson sponsored the MCRA's and testified concerning the content and the calculation of the MCRA's noted above. Mr. Albertson also supported the actual annual non-Regional Expansion Criteria and Benefit ("RECB") revenues of \$5,917,630.76 for the twelve-month period ending August 31, 2010, compared against the annual non-RECB revenues available to customers (\$6,154,264 in total, made up of the amount of non-RECB revenue credits included in base rates of \$4,528,024 and the additional \$1,626,240 approved in MCRA4). The variance of \$236,633 has been included in MCRA8 with the August 2010 reconciliation (Applicant's Exhibit No. SEA-3, Schedule 4, Page 1 of 3, Line 8). As indicated above, Mr. Albertson also filed supplemental testimony and exhibits modifying the MCRA factor pursuant to the Final Order in Cause No. 43839. Vectren South witness Mr. Chambliss described Applicant's projects approved by MISO for RECB treatment and how those costs are reflected in this MCRA. Vectren South witness Ms. Banet described the estimated and actual NFCs related to MISO Day 1, Day 2, and Ancillary Services Market. At the public hearing, the OUCC indicated it had no issues with respect to Mr. Albertson's filed supplemental testimony and exhibits.

OUCC witness Ms. Gruca recommended acceptance of Applicant's recovery of Contestable RSG costs for the reconciliation period of July 2010 through December 2010, the recovery of the variance for the reconciliation period of July 2010 through December 2010, and MCRA factor for the estimated period of June 2011 through November 2011.

5. Commission Findings. The evidence of record supports approval of Applicant's proposed MCRA factors as stated in Paragraph 3. 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 Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. for the approval of its MISO Cost and Revenue Adjustment factor for each of its rate classes as set out in Paragraph 3 above shall be and hereby is approved.

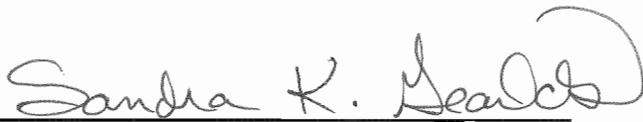
2. Applicant shall file with the Electricity Division of the Commission, prior to placing into effect the MCRA factors approved in this matter, a revised rate schedule under Tariff Sheet No.73 consistent with the findings set forth herein.

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

ATTERHOLT, LANDIS AND ZIEGNER CONCUR; MAYS AND BENNETT NOT PARTICIPATING:

APPROVED: MAY 3 1 2011

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

A handwritten signature in cursive script that reads "Sandra K. Gearlds". The signature is written in black ink and is positioned above a horizontal line.

**Sandra K. Gearlds
Acting Secretary of the Commission**