

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION


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APPLICATION OF SOUTHERN INDIANA GAS)
AND ELECTRIC COMPANY d/b/a VECTREN)
ENERGY DELIVERY OF INDIANA, INC.)
("VECTREN SOUTH") FOR APPROVAL OF A)
DEMAND SIDE MANAGEMENT)
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. 43405 DSMA 4

APPROVED: AUG 26 2009



BY THE COMMISSION:

David E. Ziegner, Commissioner

Loraine L. Seyfried, Administrative Law Judge

On June 12, 2009, Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South" or "Petitioner") filed with the Indiana Utility Regulatory Commission ("Commission") its Application in this Cause for approval of its Demand Side Management Adjustment ("DSMA") for the six month period of September 1, 2009 through February 28, 2010 (the "DSMA4 period") as authorized in the Commission's August 15, 2007 Order in Cause No. 43111.

Petitioner filed the direct testimony of Scott E. Albertson on June 12, 2009. The Indiana Office of the Utility Consumer Counselor ("OUCC") filed the direct testimony of Wes R. Blakley on July 17, 2009. Petitioner did not file rebuttal testimony.

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 August 18, 2009 at 10:30 A.M., in Room 224, National City Center, 101 West Washington Street, Indianapolis, Indiana. At that time, the prefiled testimony and exhibits of Petitioner and the OUCC were admitted into evidence.

Based upon the applicable law and the evidence presented herein, the Commission now finds:

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. Petitioner is a "public utility" as defined in Ind. Code § 8-1-2-1 and as such, is subject to the jurisdiction of the Commission as provided in the Public Service Commission Act, and 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. **Petitioner's Characteristics.** Petitioner is a corporation organized and existing under the laws of the State of Indiana, and has its principal office at One Vectren Square,

Evansville, Indiana. Petitioner 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. **Requested Relief.** The Commission’s August 15, 2007 Order in Cause No. 43111 authorizes the Petitioner to seek approval of a DSMA on a semi-annual basis to allow for the recovery of differences between actual Demand Side Management (“DSM”) program costs and the amount of those costs included in base rates, including Direct Load Control (“DLC”) billing credits and any other DSM costs approved for recovery by the Commission. In this Cause, Petitioner seeks approval of a DSMA for the six month period September 1, 2009 through February 28, 2010. Petitioner’s proposed DSMA also reconciles actual DSMA costs and recoveries experienced during the period of October 2008 through March 2009. Pursuant to the Order in Cause No. 43111, the estimated DSM deferred balance as of March 31, 2007 is being amortized in base rates over 60 months. The difference between the DSM deferred balance at August 31, 2007 and the estimated DSM deferred balance included in base rates at March 31, 2007 is being amortized in the DSMA, also over 60 months.

4. **Calculation of the DSMA Factors.**

a. **Petitioner’s Evidence.** Petitioner’s witness Scott E. Albertson sponsored Petitioner’s Exhibit SEA-3 consisting of the schedules calculating the proposed DSMA factors and associated bill impacts. The DSMA factors were determined by adding the incremental DSMA amount for the DSMA4 period (including the amortizations described above) to the DSMA variance. The sum was then multiplied by the rate schedule allocation percentages approved in Cause No. 43111. The amount allocated to each rate schedule was then divided by the estimated sales quantity for that schedule for the six month DSMA4 period to determine the DSMA factors, which were then adjusted for the Indiana Utility Receipts Tax.

Mr. Albertson’s exhibits showed the derivation of the DSMA for each rate schedule for the six-month period ending February 28, 2010. The DSMA factors were designed to recover \$67,632 of incremental costs and a variance of \$59,894 during the DSMA4 period. The proposed factors for each rate schedule are as follows:

Applicable DSMAs (Per kwh)

<u>Rate Schedule</u>	<u>Factor</u>
A	\$ 0.000087
EH	\$ 0.000037
B	\$ 0.000026
SGS	\$ 0.000037
DGS/MLA	\$ 0.000064
OSS	\$ 0.000048
LP	\$ 0.000034
HLF ⁽¹⁾	\$ 0.000038
Billing Demand: First 4,500 kVa	\$ 102.60 per month
Billing Demand: Over 4,500 kVa	\$ 0.023 per kVa

⁽¹⁾ For all kWh used above 600 kWh per kVa of Billing Demand per month.

Petitioner's Exhibit SEA-2 is a tariff sheet containing the proposed DSMA adjustment factors (Sheet No. 66, Fourth Revised Page 1 of 1). Based on the foregoing, the average residential customer using 1,000 kWh per month during the DSMA4 period would see a decrease of \$0.005 per month.

b. **OUCC's Evidence.** The OUCC's witness Wes R. Blakley testified that the figures used in Petitioner's calculation of its DMSA factors are supported by the exhibits filed by Petitioner. Mr. Blakley stated that there is practically no increase in rates when the proposed amount to be recovered is applied to Petitioner's estimated sales for the period.

5. **Commission Findings.** The evidence of record supports approval of Petitioner's proposed DSMA factors as shown in Petitioner's exhibits submitted with its prefiled testimony. Accordingly, the Commission finds the requested DSMA 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 approval of changes in its Demand Side Management Adjustment factors is approved as set forth in Finding No. 4 above.

2. Petitioner shall file with the Electricity Division of this Commission, prior to placing in effect the DSMA factors herein approved, a revised Tariff Sheet No. 66 consistent with the findings set forth herein.

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

HARDY, ATTERHOLT, GOLC, AND ZIEGNER CONCUR; LANDIS ABSENT:

APPROVED AUG 26 2009

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


Brenda A. Howe
Secretary to the Commission