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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 APPROVAL OF A) CAUSE NO. 43406 RCRA 11
RELIABILITY COST AND REVENUE)
ADJUSTMENT FOR ELECTRIC SERVICE IN)
ACCORDANCE WITH THE ORDERS OF THE) APPROVED:
COMMISSION ISSUED IN CAUSE NO. 43111) OCT 23 2013
DATED AUGUST 15, 2007 AND CAUSE NO. 43839)
DATED APRIL 27, 2011)

ORDER OF THE COMMISSION

Presiding Officers:
David E. Ziegner, Commissioner
Marya E. Jones, Administrative Law Judge

On July 19, 2013, 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 in this Cause for approval of its Reliability Cost and Revenue Adjustment ("RCRA") as authorized in the Commission's August 15, 2007 Order in Cause No. 43111 and the April 27, 2011 Order in Cause No. 43839. Applicant filed with its Application the testimony of Shawn M. Kelly, Director, Regulatory Affairs for Vectren Utility Holdings, Inc. ("VUHI"), Applicant's parent company, and Wayne D. Games, Applicant's Vice President, Power Supply. The Indiana Office of Utility Consumer Counselor ("OUCC") filed its report and the testimony of Stacie R. Gruca, Senior Utility Analyst, on September 17, 2013.

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 October 10, 2013 at 9:30 a.m., in Room 224, 101 West Washington Street, Indianapolis, Indiana. At that time, the prefiled testimony and exhibits of Applicant and the OUCC were admitted into evidence without objection. No members of the general public appeared.

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. Applicant is a "public utility" as defined in Ind. Code § 8-1-2-1 and as such, is subject to

the jurisdiction of this Commission as provided in the Public Service Commission Act, and the provisions of said Act authorize the Commission to act in this proceeding. Under Ind. Code § 8-1-2-42, the Commission has jurisdiction over changes to Applicant's rates and charges, including tracking provisions approved by the Commission. The Commission, therefore, has jurisdiction over Applicant and the subject matter herein.

2. **Applicant's Characteristics.** Applicant is a public electric generating utility corporation organized and existing under the laws of the State of Indiana with its principal office and place of business located at One Vectren Square, Evansville, Indiana 47708. Applicant is engaged in rendering electric utility service in the State of Indiana, and owns, operates, manages and controls plant and equipment in within the State of Indiana used for the for the production, transmission, delivery and furnishing of this service to the public.

3. **Requested Relief.** The Commission's August 15, 2007 Order in Cause No. 43111 authorizes Applicant to seek approval of an RCRA on a semi-annual basis to allow Vectren South to adjust its rates for Non-Firm Wholesale Power Margins, Municipal Wholesale Margins, Environmental Emission Allowance Credits, Interruptible Sales billing credits and Purchased Power Non-Fuel Costs. To the extent that purchased power non-fuel costs and interruptible sales billing credits differ from base rate level amounts for those charges, those differences will be tracked under the RCRA. Non-firm wholesale power margins that differ from the base rate level are shared 50/50 with customers. Pursuant to the Commission's October 12, 2012 Order in Cause No. 43406 RCRA 10, Applicant seeks approval of the first RCRA annual filing for the twelve month period November 1, 2013 through October 31, 2014.

4. **Wind Power Related Costs.** Applicant sponsored testimony from Mr. Games regarding the RCRA inclusion of energy costs from the Fowler Ridge II ("Fowler Ridge") Renewable Energy Purchase Agreement ("REPA") as approved by the Commission in Cause No. 43635 on June 17, 2009. Mr. Games testified that REPA costs included in the reconciliation period were \$193,740 for the twelve (12) month period May 2012 to April 2013.

5. **Calculation of the RCRA Rates.** Applicant's witness Kelly sponsored Exhibit SMK-3 consisting of the schedules calculating the proposed RCRA rates and associated bill impacts. Based on the evidence presented, the RCRA rates for this period are based on the following:

Factor Inputs	Charge/Credit
Non-Fuel Component of Purchased Power Cost	\$ (2,130,580)
Interruptible Sales Billing Credits	\$ (182,521)
Estimated PJM Costs	245,977
Environmental Emission Allowance Costs	\$ (135,627)
Total Reliability Cost	\$ (1,534,235)
Net EA Margin	\$ (28,025)
Incremental RCRA Amounts to be Tracked	\$ (2,174,725)
Under (Over) Recovery Variance *(May 2012 – April 2013)	\$ 1,222,809
WPM Margin Shortfall Sharing	\$ (1,750,724)
Total Charge/(Credit)	(\$ 2,704,640)

The proposed RCRA rates adjusted for Indiana Utility Receipts Tax from Applicant's Exhibit SMK-3 Schedule 1, Line 7, are as follows:

Applicable RCRA Rates (per kWh)

<u>Rate Schedule</u>	
RS	(\$ 0.000791)
B	(\$ 0.000343)
SGS	(\$ 0.000735)
DGS/MLA	(\$ 0.001044)
OSS	(\$ 0.000560)
LP	(\$ 0.000302)
HLF	(\$ 0.000279)

Based on the foregoing, the average Residential-Standard customer using 1,000 kWh per month will see a decrease of \$0.93 from the currently approved RCRA in each month on his or her electric bill from the effective date of this Cause until the effective date of the next subsequent RCRA.

6. Base Rate Amounts. The projections in this filing reflect changes to the annual base rate amounts in Applicant's previous base rate order in Cause No. 43839 ("Rate Order"), including Purchased Power non-fuel costs of \$7,804,072, Interruptible Sales billing credits of \$1,686,350 and Environmental Emission Allowance costs of \$135,627. Non-firm wholesale power margins that differ from the base rate level continue to be shared 50/50 with customers. The base rate level per the Rate Order is \$7,500,000 annually.

7. Commission Findings. The evidence of record supports approval of Applicant's proposed RCRA rates. Based on the testimony and evidence submitted in this

Cause, the Commission finds the proposed changes to the calculation of the RCRA should be approved. Accordingly, the requested RCRA rates described herein are 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 its Reliability Cost and Revenue Adjustment for electric service as set out in Finding No. 5, is hereby approved.

2. Applicant shall file with the Electricity Division of this Commission, prior to placing in effect the RCRA rates herein approved, revised Tariff Sheet No. 74, Page 2 of 2 consistent with the findings set forth herein that Petitioner.

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

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

APPROVED: OCT 23 2013

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


Brenda A. Howe
Secretary to the Commission