

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS )  
POWER & LIGHT COMPANY FOR )  
APPROVAL OF DEMAND SIDE )  
MANAGEMENT ADJUSTMENT FACTORS )  
FOR ELECTRIC SERVICE FOR THE )  
MONTHS OF JULY TO DECEMBER, 2010 IN )  
ACCORDANCE WITH THE ORDER OF THE )  
COMMISSION IN CAUSE NO. 43623. )

CAUSE NO. 43623 DSM 1

APPROVED: JUN 30 2010

**BY THE COMMISSION:**

**David E. Ziegner, Commissioner**

**Lorraine L. Seyfried, Administrative Law Judge**

On May 3, 2010, Indianapolis Power & Light Company (“IPL” or “Petitioner”), filed a verified petition seeking approval of Core and Core Plus Demand-Side Management Adjustment Factors (“CCP-DSM Adjustment Factors”) for electric service for the months of July 2010 to December 2010, in accordance with the February 10, 2010 Order issued by the Indiana Utility Regulatory Commission (“Commission”) in Cause No. 43623 (“DSM Order”) and the provisions of Standard Contract Rider No. 22 (Core and Core Plus Demand-Side Management Adjustment) approved by the Commission in the DSM Order (“Rider 22”). On May 3, 2010, IPL also pre-filed its direct testimony and exhibits. On June 11, 2010 IPL filed Revised Petitioner’s Exhibit LHA-2. On June 15, 2010, the Indiana Office of Utility Consumer Counselor (“OUCC”) prefiled the testimony and schedule of Wes R. Blakley. On June 16, 2010, the OUCC filed a corrected Schedule 1.

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 June 22, 2010, at 10:00 a.m., EDT, in Room 224, 101 W. Washington Street, Indianapolis, Indiana. The OUCC and IPL were represented by counsel. At the hearing, the pre-filed testimony and exhibits of IPL and the OUCC were admitted into evidence without objection and all parties waived cross-examination of all witnesses. No other party or member of the general public appeared.

Based upon the applicable law and being duly advised in the premises, the Commission now finds as follows:

**1. Notice and Jurisdiction.** Due, legal and timely notice of the public hearing conducted herein was given and published by the Commission as required by law. IPL is a “public utility” within the meaning of the Indiana Public Service Commission Act, as amended, Ind. Code § 8-1-2, and is subject to the jurisdiction of the Commission. Therefore, the Commission has jurisdiction over the Petitioner and the subject matter of this Cause in the manner and to the extent provided by the laws of the State of Indiana.

**2. Petitioner’s Characteristics.** IPL is an electric generating utility and a corporation organized and existing under the laws of the State of Indiana, with its principal place

of business located in Indianapolis, Indiana. IPL is lawfully engaged in rendering electric public utility service in the State of Indiana. IPL 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 service to the public.

**3. Implementation of DSM Programs.** IPL Witness Lester H. Allen explained the actions that IPL has taken subsequent to the DSM Order with regard to delivery of its Core and Core Plus Programs. He also described the timing and the forecasted spending related to the implementation of the Core and Core Plus Programs for the period July 1, 2010 through December 31, 2010. Mr. Allen explained the transitioning of the delivery of the Core Programs from IPL to the Statewide Implementation Contractor subsequent to the selection by the Demand Side Management Coordination Committee and necessary approvals by the Commission. Mr. Allen also described the formation and functioning of the Oversight Board to date and provided estimated demand and energy savings for all programs in 2010.

**4. Recovery of Costs.** In the DSM Order, the Commission authorized IPL to recover the costs incurred to implement the Core and Core Plus Programs through Rider 22. IPL was instructed to prepare semi-annual filings to recover the forecasted costs of the Core and Core Plus Programs over six-month periods that match the billing periods of the Rider 22 tracker. The semi-annual periods are July to December and January to June, and the Core and Core Plus Program expenditures will be forecasted semi-annually and reconciled to actual expenditures in a subsequent semi-annual filing. The cost recovery mechanism is applicable during the three-year period in which the DSM Programs are to be administered pursuant to the DSM Order, and will remain in effect until all costs and incentives are properly recovered from customers.

Mr. Allen sponsored Petitioner’s Exhibit LHA-1 showing the expected implementation schedule by program. IPL Witness Craig A. Forestal sponsored Petitioner’s Exhibit CAF-2 showing the Projected DSM Expenditures (by Cost Type and Customer Charge Type) for each Core and Core Plus DSM Program for the period July 2010 to December 2010 permitted to be included in Rider 22.

**5. Performance Incentives.** In its DSM Order, the Commission authorized the following performance incentives for IPL’s approved Core Plus Programs. However, to the extent IPL’s Residential Low and Moderate Income Weatherization program, the Commercial and Industrial Renewables Incentive program and educational funding and indirect costs that are unrelated to specific programs, or any portions thereof, are considered Core Plus Programs, such programs and costs were not eligible for performance incentives.

% of Target	Pre-tax Incentive
< 40%	-4%
≥ 40 < 60%	0%
≥ 60 < 80%	6%
≥ 80 < 90%	8%
≥ 90 < 100%	10%
≥ 100 < 110%	12%
≥ 110%	15%

Mr. Allen stated the DSM Order permits IPL to receive incentives on selected Core Plus Programs based on achieving targeted demand and energy savings. He sponsored Revised Petitioner's Exhibit LHA-2 showing the estimate of these savings. Mr. Forestal stated IPL is utilizing a target incentive in this filing of 8% of projected expenditures, which corresponds with the  $\geq 80 < 90\%$  performance range.

6. **Deferral for Recovery.** In the DSM Order, the Commission authorized IPL to defer, for recovery following its completion through Rider 22, the costs of a Home Area Network Proof of Concept ("HAN POC") and a Time of Use ("TOU") pricing study up to the estimated study costs. The cost of the HAN POC is estimated at \$300,000 and the cost of the TOU pricing study is estimated at \$200,000, which includes \$100,000 for certain modifications of IPL's customer accounting system to accommodate time-based rates. IPL's evidence indicated that as of March 31, 2010, IPL had expended \$41,525 on the HAN POC and has made no expenditures on the TOU study. IPL is not requesting any recovery of these costs in this filing.

7. **Reconciliation of Estimated and Actual Revenue.** Mr. Forestal stated that there are no prior period costs to reconcile in this filing, but that future reconciliations will recover or return the difference between estimated DSM program expenditures, revenues and incentives, and those amounts actually realized in the period.

8. **Resulting CCP-DSM Adjustment Factor.** The Grand Total Program Costs reflected in the CCP-DSM Adjustment Factors for the months of July 2010 to December 2010 is \$3,256,000 (Petitioner's Exhibit CAF-2, Line 38), which is the projected costs for the Core and Core Plus DSM Programs (Petitioner's Exhibit CAF-2, Line 37), including the target performance incentives. Dividing the Grand Total Program Costs for each customer charge type for the period of July 2010 through December 2010 by the estimated kilowatt hour sales for the respective customer charge types (7,231,800 MWh as shown on Petitioner's Exhibit CAF-2, Line 44) results in, after modification for the recovery of the Indiana Utility Receipts Tax, a factor for Rates RS and CW (with associated Rate RS service) of \$0.000927 per kWh; for Rates SS, SH, OES, UW and CS (with associated Rate RS service) of \$0.000513 per kWh; for Rate SL of \$0.000221 per kWh; and for Rates PL, PH and HL of \$0.000000 per kWh. Pursuant to Ind. Code § 8-1-2-42(a), the resulting CCP-DSM Adjustment Factors will be effective for all bills rendered for electric service beginning with the first billing cycles for the July 2010 billing month in Regular Billing District 41 and Special Billing District 01.

OUCS Witness Wes R. Blakley testified that his calculation of the adjustment factors matches Petitioner's calculation of its CPP-DSM Adjustment Factors and are supported by Petitioner's exhibits.

9. **Commission Findings.** The evidence presented in this Cause supports approval of Petitioner's proposed CCP-DSM Adjustment Factors. Accordingly, we find that the CCP-DSM Adjustment Factors requested herein should be approved.

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

1. The Verified Petition of Indianapolis Power & Light Company for approval of Core and Core Plus Demand-Side Management Adjustment Factors for electric service as set out in Finding No. 8 above shall be, and is hereby approved.

2. Indianapolis Power & Light Company shall file with the Electricity Division of this Commission, prior to placing in effect the Core and Core Plus Demand-Side Management Adjustment Factors herein approved, a separate amendment to its rate schedules with a reasonable reference therein reflecting that such charge is applicable to all of its filed rate schedules, as shown in Exhibit A attached to Petitioner's Exhibit CAF-1.

3. In its next DSM filing, Indianapolis Power & Light Company shall, in consultation with the Indiana Office of Utility Consumer Counselor, provide a proposed procedural schedule for the parties to follow in future DSM filings, which allow for the timely review and conduct of an evidentiary hearing by the Commission.

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

**HARDY, ATTERHOLT, LANDIS, MAYS AND ZIEGNER CONCUR:**

**APPROVED:** JUN 30 2010

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



**Brenda A. Howe,  
Secretary to the Commission**