STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, INC. FOR APPROVAL AND RECONCILIATION OF DEMAND SIDE MANAGEMENT ("DSM") PROGRAM COST RECOVERY THROUGH DUKE ENERGY INDIANA, INC. STANDARD CONTRACT RIDER NO. 66 AND UPDATED RIDER CHARGE ESTIMATES AND BILL IMPACT ANALYSIS FOR RIDER EE.	)	CAUSE NO. 43079 DSM 6 APPROVED: DEC 19 2012

ORDER OF THE COMMISSION

Presiding Officers:
David E. Ziegner, Commissioner
Loraine L. Seyfried, Chief Administrative Law Judge

On June 27, 2012, Duke Energy Indiana, Inc. ("Duke Energy Indiana" or "Petitioner") filed its Petition and supporting case-in-chief testimony and exhibits with the Indiana Utility Regulatory Commission ("Commission") for approval and reconciliation of Demand Side Management ("DSM") program cost recovery through Duke Energy Indiana's Standard Contract Rider No. 66. At that time, Petitioner prefiled the Direct Testimony and Exhibits of Ms. Diana L. Douglas.

On July 11, 2012, Petitioner filed its Amended Petition to include updated rider charge estimates and bill impact analysis for Rider EE, as required by Cause No. 43955. On July 27, 2012, Duke Energy prefiled the Supplemental Testimony and Exhibits of Ms. Douglas and the Direct Testimony and Exhibits of Mr. Timothy Duff and Ms. Karen K. Holbrook. Petitioner also requested Administrative Notice of pertinent documents, testimony, exhibits and the Order in Cause No. 43955, which was approved by the Commission on August 9, 2012, and such documents were entered into the record at the evidentiary hearing in this proceeding.

The Indiana Office of Utility Consumer Counselor ("OUCC") prefiled the testimony and exhibits of Ms. April Paronish and Mr. Wes Blakley on October 2, 2012, and Duke Energy Indiana prefiled the Rebuttal Testimony of Mr. Duff on October 16, 2012. On October 24, 2012 Duke Energy Indiana responded to certain questions contained in an October 18, 2012 Docket Entry.

Pursuant to notice issued by the Commission, proof of which was incorporated into the record and placed into the official files, a public evidentiary hearing in this Cause was held on November 1, 2012 at 9:30 a.m. in Room 224 of the PNC Center, Indianapolis, Indiana. At the evidentiary hearing, the evidence of Petitioner and the OUCC was offered and admitted without objection.

Subsequent to the evidentiary hearing, Steel Dynamics, Inc. ("SDI") and Nucor Steel – Indiana, a division of Nucor Corporation ("Nucor") filed Motions to Intervene Out-of Time on November 19, 2012 and November 21, 2012, respectively. SDI also filed a Notice of Defect, Motion to Dismiss in Part, and/or Motion to Establish Subdocket, in which Nucor joined. On November 30, 2012, Duke Energy Indiana filed its Response to the Motions. SDI and Nucor filed a Joint Reply on December 6, 2012.

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

1. **Notice and Jurisdiction.** Notice of the evidentiary hearing concerning Duke Energy Indiana's Petition was issued by the Commission on July 6, 2012 and published in the Indianapolis Star on July 10, 2012; in the Hendricks County Republican on July 12, 2012; and in the Weekend Flyer on July 14, 2012.

Petitioner is a public utility within the meaning of the Public Service Commission Act, as amended, Ind. Code ch. 8-1-2, Petitioner is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana. Petitioner requests relief pursuant to Ind. Code ch. 8-1-8.5, Ind. Code § 8-1-2-42(a) and 170 IAC 4-8. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **Petitioner's Characteristics and Business.** Petitioner is a public utility organized and existing under the laws of the State of Indiana with its principal place of business located at 1000 East Main Street, Plainfield, Indiana. It is engaged in rendering electric utility service to the State of Indiana and owns, operates, manages, and controls, among other things, plants, properties, and equipment within the State of Indiana used and useful for the production, transmission, delivery, and furnishing of such electric service to the public. Petitioner directly supplies electric energy to approximately 790,000 customers located in 69 counties in the central, north central, and southern parts of Indiana and supplies steam service to one customer from its Cayuga Generating Station.

3. **Requested Relief.** In its Petition, Duke Energy Indiana seeks approval of reconciliation and close-out of Standard Contract Rider No. 66 ("Rider 66"), which has been used to collect rates for legacy demand side management ("DSM") programs. Pursuant to the Order in Cause No. 43079 DSM 5, the Commission approved budgeted program amounts through the time that the Commission approved Petitioner's plan for compliance with the Commission's December 9, 2009 Order in Cause No. 42963 ("Phase II Order"). In Cause No. 44008, Petitioner subsequently received approval to increase the budget for 2011 to include a new residential lighting program. Petitioner seeks approval of its reconciliation of costs incurred for Petitioner's legacy DSM programs for calendar years 2010, 2011 and through March 2012, which was the last month its DSM programs were offered under the Rider 66 umbrella.

In addition, Standard Contract Rider No. 66-A ("Rider EE") is used to collect Core and Core Plus Program costs approved under the Phase II Order and the Commission's March 21, 2012 Order in Cause No. 43955 ("43955 Order"). Duke Energy Indiana's Amended Petition

seeks approval of its updated charge estimates and bill impacts under Rider EE for calendar year 2013, which were required to be filed with the Commission in accordance with the 43955 Order.

4. **Background.** In the Commission's May 25, 2005 Order in Cause No. 42612, Petitioner was authorized to continue Rider 66 to track recovery of actual DSM program costs and to continue to offer its existing portfolio of programs and funding levels until the latter of the approval of a new energy efficiency proposal or December 31, 2009. In Cause No. 43079 DSM 5, Petitioner subsequently obtained permission to continue to offer its programs until it received a final order in Cause No. 43955.

On December 9, 2009, the Commission issued its Phase II Order in Cause No. 42693. Pursuant to the Commission's Order, the utilities must achieve an annual energy savings goal of 2% within ten years, with annual stepped savings targets, for years one through nine. In the Phase II Order, the Commission also found that jurisdictional electric utilities, of which Duke Energy Indiana is one, are required to offer certain Core Programs to all customer classes and market segments. To implement these programs, electric utilities are required to pursue coordinated marketing, outreach and consumer education strategies on a statewide basis. Further, the utilities were required to implement and manage any additional programs needed (*i.e.,* Core Plus Programs) to achieve the energy savings goals established.

In its 43955 Order, the Commission approved, among other things, Petitioner's proposed Core Plus Program portfolio along with cost recovery (including lost revenues) and incentives through Rider EE. The 43955 Order also approved Core Program cost recovery through Rider EE. In the Commission's Order, Duke Energy Indiana was directed, in relevant part, as follows:

> By June 29, 2012, DEI shall submit to the Commission updated Rider EE charge estimates for the remainder of the approved three-year DSM Plan, along with a reconciliation of the existing DSM Rider 66. Further by June 29, 2012, DEI shall submit an updated bill impact analysis.

Duke Energy Indiana, Inc., Cause No. 43955 at 44 (IURC March 21, 2012).

5. **Petitioner's Case-in-Chief Evidence.** Ms. Diana Douglas, Director, Rates for Duke Energy Business Services, LLC ("Duke Energy Business Services") testified regarding the ratemaking treatment for the expenses incurred for approved programs offered by Petitioner during the calendar years 2010 and 2011 and January through March 2012 under Rider 66. She explained that this filing reconciles the expenses incurred for Petitioner's approved DSM programs for calendar years 2010 and 2011 as well as through March of 2012. Ms. Douglas also testified regarding the costs incurred from 2010 through March 2012 for the development, start-up and implementation of the Core Programs, which are to be deferred until the June 2013 Rider EE filing, in accordance with Orders in Cause Nos. 42693 S1 and 43955. Ms. Douglas also testified that costs incurred in 2012 for Core Plus Programs will be included in the June 2013 Rider EE filing.

Ms. Douglas testified that the costs to be recovered in this filing for legacy DSM programs will only be recovered from those customers eligible to participate in such programs:

specifically residential customers and commercial and industrial customers with an annual peak demand of 500 kW or less. These costs will be recovered from eligible customers on the basis of a specific class assignment, with residential customers being assigned the costs of residential programs and the costs of the non-residential (commercial and industrial or "C&I") programs being assigned to the eligible customers in the C&I group (consisting of customers meeting the peak demand limitation within rate classes CS, FOC, LLF, and HLF).

Ms. Douglas sponsored an updated Rider 66, which was last modified in March 2012, to set the rate to zero effective with the first billing cycle of April 2012, pending the final reconciliation of the rider in this proceeding. She explained upon Commission approval Petitioner would begin billing the new Rider 66 factors effective with the first billing cycle of January 2013 or upon the effective date of the Commission's order, if later. She also sponsored an exhibit reflecting how the costs to be recovered were developed, as well as an exhibit with the estimated residential rate impact for a customer using 1,000 kilowatt hours. The overall impact of the reconciliation of Rider 66, excluding the effects of other tracking mechanisms, is that residential rates will decrease by approximately 1.1%.

Ms. Douglas explained Duke Energy Indiana's proposal for terminating Rider 66. She testified that rather than have the updated Rider 66 in place for a specific amount of time, Petitioner proposes to monitor the Rider 66 billing amounts over the next year. It will continue to bill Rider 66 only until such time as the full revenue requirement is close to being billed, so as to minimize or eliminate the need for further reconciliations, and proposes to reset the Rider 66 factors to zero at that time via a compliance filing of revised tariffs. She noted Petitioner successfully has used a similar monitoring process in the past to avoid multiple reconciliations. She indicated as long as the final amount is not material, no further reconciliation would be required. However, if further reconciliations are required, Petitioner proposes doing so in a subsequent filing of its new Rider EE. Ms. Douglas explained that although Rider EE includes more non-residential customers than does Rider 66 because it does not have the 500 kW annual peak demand limitation, this would be a convenient way to completely finalize the Rider 66 final reconciliation once the Rider 66 tariff rates are reset to zero.

In Direct Testimony, Mr. Timothy Duff, General Manager, Retail Customer and Regulatory Strategy for Duke Energy Business Services explained Petitioner's update to the annual energy savings impacts tied to the achievement thresholds to be used in determining performance incentives and to the projected energy savings impacts from the portfolio of energy efficiency programs approved in Cause No. 43955.

Mr. Duff summarized the incentive structure approved in Cause No. 43955. He explained that Petitioner calculated the annual thresholds for the approved incentives by looking at the required energy savings impacts needed to meet the first Compliance period established in the Phase II Order and subtracting the energy savings impacts to be achieved by the Core Programs through the third-party administrator. The balance required to be achieved were considered Core Plus targets and reflected in the filing in Cause No. 43955 for purposes of calculating the incentive targets. Mr. Duff testified that the incentive target amounts needed to be updated because the Commission directed Petitioner in its 43955 Order to file updated charge estimates. Mr. Duff then explained that to ensure consistency, the annual impacts tied to the

achievement thresholds for the incentive mechanism were also being updated. In essence, Petitioner calculated the gross energy savings needed to be in compliance with the Phase II Order and subtracted the actual energy savings achieved in 2010 and 2011 to get the amount of energy savings needed for the remainder of the first compliance period (*i.e.,* 2012 and 2013). The under-compliance amount was then allocated between 2012 and 2013. The updated annual projected impact contribution from the Core Programs in 2012 and 2013 was subtracted to get to the total energy savings needed in 2012 and 2013 from Core Plus Programs in order to achieve the Phase II energy targets for the first compliance period. These figures were then used in the revised achievement thresholds.

Ms. Karen Holbrook, Director Product Analytics for Duke Energy Business Services, sponsored Direct Testimony that provided updated program costs, lost revenues and incentives that correspond to the updated target achievement numbers described in Mr. Duff's testimony. Additionally, she updated the budget numbers to reflect the removal of the PowerShare® and the Home Energy Comparison Report ("HECR") programs as directed in the 43955 Order, as well as revised evaluation, measurement and verification ("EM&V") costs as provided by the EM&V vendor.

Ms. Holbrook testified that the lost revenue amount is less than originally projected because more savings were achieved by the legacy Duke Energy Indiana DSM programs, which are not eligible for lost revenues. As to incentive amounts, Ms. Holbrook testified that the revised amount of incentives projected is less than originally projected primarily due to elimination of incentives on the HECR pilot and on Demand Response programs. She concluded her testimony by stating that the total costs for the approved programs for 2012 and 2013 are less than the total cost for the plan approved in Cause No. 43955 because of impacts achieved from legacy DSM programs, the removal of PowerShare®, and the removal of incentives on Power Manager and the HECR pilot.

In Supplemental Testimony, Ms. Douglas explained Duke Energy Indiana's updated charge estimates and an updated bill impact analysis related to the remainder of its 2011 – 2013 Energy Efficiency Plan ("EE Plan") approved in the 43955 Order. She testified regarding the ratemaking treatment granted in Cause No. 43955 and explained that Petitioner filed its revised tariff for 2012 on March 26, 2012 consistent with the Order, using the plan amounts approved for 2011 to develop the rates. The revised Rider EE was approved by the Commission's Electricity Division on March 28, 2012. Duke Energy Indiana is currently billing customers those amounts under Rider EE.

Ms. Douglas sponsored exhibits and testimony updating the charge estimates for 2013 to reflect the remainder of the EE Plan period. She explained that due to a number of intervening events between filing Cause No. 43955 and receiving the final order it was necessary to update components for both Core and Core Plus Programs. As to Core Programs, the revised budget reflects more recent estimates of Core Program costs and impacts for 2013 that were provided by the statewide third-party administrator and the statewide EM&V administrator. For Core Plus Programs, Ms. Douglas testified that the changes were dictated by the 43955 Order, which required the removal of PowerShare® CallOption and the removal of incentives for HECR and Power Manager. Additionally, the shortening of the time period for achieving the targeted

savings in the first compliance period from three years to two years required changes to impacts and costs. Ms. Douglas testified that the overall costs for the 2011-2013 three-year period (now condensed into less than two years for the EE Plan programs) do not exceed those presented and approved in Cause No. 43955.

Ms. Douglas sponsored exhibits that updated Core and Core Plus Program costs, with estimated lost revenues for all programs and estimated incentives for the Core Plus Programs. She explained lost revenues extended into 2014 and 2015 because lost revenues were reflected for three years from program participation dates or the life of a measure, if shorter. She testified that the updated Core Program cost is approximately $112.4 million and that the updated Core Plus Program cost is approximately $47.1 million, for a total to be reflected in all four calendar years for the two-year updated EE Plan of approximately $159.5 million. She further explained the development of the proposed rates.

Ms. Douglas testified that, when considering the rate impact of Rider EE and the final reconciliation rates for Rider 66 to be billed in 2013, the net impact for 2013 will be an increase of approximately 0.7% for a typical residential customer. Ms. Douglas testified that the impact of Rider EE and the final reconciliation rates for Rider 66 to be billed in 2013 will result in an average net impact for all retail customers of approximately 1.2%.

Ms. Douglas testified that Petitioner will reconcile 2012 EE Plan actual costs, lost revenues and incentives to amounts billed for Rider EE from April through December 2012 in the next Rider EE filing, planned for June 2013, presenting a new three-year plan to meet the Commission's energy savings targets for 2014 – 2016 and developing rates for 2014 that will be effective with the first billing cycle of 2014. She stated that the reconciliation will include a true-up of 2012 lost revenues and incentives based on 2012 actual participation in the energy efficiency programs and the results of any EM&V available at that time (both of which will affect the kWh impact achievement levels used to determine the lost revenue and incentive amounts). Ms. Douglas noted that due to the compressed timing to achieve incentives, Petitioner has ramped up its expenditures in 2012 above what was initially estimated. As a result, Petitioner may experience an under-recovery of the estimated costs of its programs for calendar year 2012 and such under-recovery would be reflected in the reconciliation process described above.

6. **OUCC's Case-in-Chief Evidence.** Ms. April Paronish, Senior Utility Analyst in the Resource Planning and Communications Division at the OUCC, testified regarding her concerns with Petitioner's proposal to reduce its DSM savings targets while maintaining its original incentive structure. Ms. Paronish stated Duke Energy Indiana's proposal to reduce its 2012 Core Plus target energy savings by 20,000 mWh, or almost 40% less energy savings, while maintaining the same incentive structure fundamentally alters its approved incentive mechanism. She testified that all utilities required to offer the Core Programs were equally affected by the delays in implementation. Further, she argued the delays did not negatively impact Duke Energy Indiana, as evidenced by the fact that Petitioner is the only utility proposing to reduce its savings targets. In addition, she stated that it was Duke Energy Indiana's choice to wait until Commission approval to offer its Core Plus Program portfolio. Ms. Paronish testified that she had the same concerns to a lesser degree for 2013.

Mr. Paronish testified the OUCC does not recommend Duke Energy Indiana be required to achieve the target savings in the 43955 Order because the evidence indicates Petitioner can meets its energy savings with its reduced targets. Instead, Ms. Paronish recommended that the Commission reject Duke Energy Indiana's proposed target-to-incentive recalibration and instead apply the proposed savings to the incentive structure approved in the 43955 Order. She also stated that the OUCC has concerns about Petitioner's lost revenue reconciliation process, but will take up that issue in the next reconciliation proceeding.

Mr. Wes Blakley, Senior Utility Analyst for the OUCC, stated that the figures used in Petitioner's calculation of its DSM adjustment factor are supported by the prefiled exhibits. He raised no issues with Duke Energy Indiana's filing.

7. **Duke Energy Indiana Rebuttal Testimony.** Mr. Duff filed Rebuttal Testimony addressing Ms. Paronish's concerns with the updated incentive targets. Mr. Duff explained that delays in implementation of both Core and Core Plus Programs required the third-party administrator and Duke Energy Indiana to update its planned spending and savings by attempting to achieve three years of impacts in two years or less of full implementation. This required a recalibration of the projected impacts to be achieved. Mr. Duff disagreed that Duke Energy Indiana has fundamentally altered its incentive mechanism as claimed by the OUCC. He explained the incentive mechanism was designed to reward Petitioner for complying with the savings targets. Meeting 100% of the savings targets corresponds to a 12% incentive under the mechanism approved in Cause No. 43955, just as it does in Duke Energy Indiana's proposal in this proceeding. The only thing that has changed is the amount of kWh savings required in 2012 and 2013 needed from Core Plus Programs to meet the three-year compliance period target. Because Petitioner's legacy DSM programs have contributed to additional significant energy savings in 2010 and 2011, the Core Plus Programs need less kWh savings in 2012 and 2013 in order to achieve compliance with the Phase II targets.

Mr. Duff explained that Duke Energy Indiana calculated the savings needed from Core Plus Programs in the same way it did in its initial filing in Cause No. 43955. However, because Petitioner realized a higher than anticipated savings from its legacy DSM programs, it achieved significant energy savings without receiving any shareholder incentive or lost revenue. As such, the savings needed from Core Plus Programs have been reduced, as well as the estimated lost revenues and incentives.

Mr. Duff disagreed that Duke Energy Indiana's proposal will allow it to earn 100% more incentive than it would have under the initial estimates from Cause No. 43955, as claimed by the OUCC. He stated that Petitioner's proposal will not result in Duke Energy Indiana earning more incentives on a percentage or absolute basis. Rather, Duke Energy Indiana is still proposing to earn 12% for delivering Core Plus achievements necessary to meet the Commission's Phase II savings targets, and the absolute amount of incentive is 16% lower than initially estimated.

Finally, Mr. Duff took issue with Ms. Paronish's statement that Duke Energy Indiana simply could have initiated its Core Plus Programs prior to Commission approval and achieved the savings initially estimated, notwithstanding the delay in approval. Mr. Duff pointed out that

Petitioner has historically, and currently, works in a collaborative fashion on its energy efficiency initiatives with interested stakeholders. He noted that Petitioner has not taken the position that it can begin new programs unilaterally without approval from or at a minimum notice to interested parties and the Commission. He noted the OUCC wanted to have prior input and required Petitioner to seek Commission approval before beginning a new lighting program in 2011. In the present case, he believes that if Duke Energy Indiana had begun Core Plus Programs prior to Commission approval, the savings that resulted would be subject to hindsight criticism and would be at risk of not counting toward the mandates.

8. **Commission Docket Entry.** In an October 18, 2012 Docket Entry, the Commission requested information from Duke Energy Indiana concerning its Core Plus Program EM&V framework. Duke Energy Indiana responded that there are no changes contemplated to the framework other than removal of the HECR program per the Commission's Order and that Duke Energy Indiana's evaluation plan falls within the Indiana Evaluation Framework reviewed by the Demand Side Management Coordination Committee

Petitioner also indicated that it expected to have Core Program EM&V results in April 2013 and some Core Plus Program EM&V results beginning in the third quarter of 2013, with results ranging from 12 to 24 months after Core Program implementation.

Finally, Petitioner explained that its proposal in this proceeding is not expected to have a material impact on the cost effectiveness of its Core Plus Programs because ultimately the same total level of program spending and savings are anticipated over the 2010 – 2013 compliance period.

9. **Commission Discussion and Findings.**

A. Motions by SDI and Nucor. Both SDI and Nucor filed Motions to Intervene Out-of-Time based on the fact that they did not receive notice concerning the additional relief sought in the Amended Petition and requested the Commission dismiss the portion of the proceeding related thereto and/or initiate a subdocket to address the additional relief.

170 IAC 1-1.1-8(c) provides that a party may amend a pleading (which pursuant to 170 IAC 1-1.1-2(5) includes a petition) once as a matter of course at any time before a responsive pleading is served, or if no responsive pleading is permitted and the cause has not been set for an evidentiary hearing, at anytime within 30 days after it is served.[1] Unlike a complaint, a petition requires no responsive pleading. *See* 170 IAC 1-1.1-9 and -10. At the time of Duke Energy Indiana's filing of its Amended Petition, this Cause had been set for evidentiary hearing. Therefore, Petitioner was required to seek leave to file its Amended Petition.

The published notice of the evidentiary hearing in this Cause only reflected the relief sought by Duke Energy Indiana in its orginial Petition, *i.e.*, DSM cost recovery under Rider 66. Because the Amended Petition seeks additional relief related to another cost recovery mechanism that applies to different customer classes, *i.e.*, Rider EE, the published notice was inadequate to

[1] 170 IAC 1-1.1-8(b) provides for the discretionary filing of motions to amend petitions, as opposed to when it is mandatory.

sufficiently apprise the public of the additional relief sought. Therefore, the Commission grants the Motions to Intervene of SDI and Nucor and establishes a subdocket to address Petitioner's updated rider charge estimates and bill impact analysis as requested in the Amended Petition and the prefiled testimony in this Cause. The subdocket shall be captioned as follows:

PETITION OF DUKE ENERGY INDIANA, INC. FOR APPROVAL AND RECONCILIATION OF DEMAND SIDE MANAGEMENT ("DSM") PROGRAM COST RECOVERY THROUGH DUKE ENERGY INDIANA, INC. STANDARD CONTRACT RIDER NO. 66 AND UPDATED RIDER CHARGE ESTIMATES AND BILL IMPACT ANALYSIS FOR RIDER EE.	)	**CAUSE NO. 43079 DSM 6 S1**

Although we find public notice concerning the relief sought in the Amended Petition to be insufficient to allow the Commission to authorize the implementation of interim Rider EE rates as proposed by Petitioner given the evidence currently before us, we are concerned with the possible effect an undue delay may have on future reconciliation amounts. Therefore, we agree that the procedural schedule should be reasonably limited based upon the circumstances herein and establish the following procedural schedule:

1. Intervenor's Prefiling Date. SDI, Nucor and any other Intervenors[2] shall prefile with the Commission the prepared testimony and exhibits constituting their respective cases-in-chief on or before January 16, 2013. Copies of same shall be served upon all parties of record.

2. OUCC and Intervenor Responsive Prefiling Date. The OUCC and any Intervenor may prefile testimony and exhibits responsive to each other's prefiled testimony and exhibits on or before January 30, 2013. Copies of same shall be served upon all parties of record.

3. Petitioner's Rebuttal Prefiling Date. Petitioner shall prefile with the Commission its prepared rebuttal testimony and exhibits on or before February 7, 2013. Copies of same shall be served upon all parties of record.

4. Evidentiary Hearing. An evidentiary hearing shall commence at 1:30 p.m. on February 15, 2013 in Room 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana.

B. Rider 66. Petitioner's evidence adequately demonstrates that Petitioner is seeking to meet the dictates established in the Phase II Order and the 43955 Order. In the 43955 Order, Duke Energy Indiana was directed to reconcile its legacy DSM programs under Rider 66. Petitioner has adequately demonstrated, with the OUCC's agreement, that its proposed Rider 66

[2] We do not consider the OUCC to be an Intervenor and note that it has already filed its case-in-chief in this Cause concerning the relief requested in the Amended Petition.

DSM adjustment factors are calculated accurately and appropriately. We also find Petitioner's proposal to close-out Rider 66 to be reasonable. As such, Petitioner is directed to implement its proposed Rider 66 billing factors on all bills rendered on or after the later of the first billing cycle of January 2013 or the effective date of this order. Further, Petitioner is directed to monitor the Riding 66 billing amounts and at such time as the full revenue requirement approved herein is close to being billed, Petitioner shall make a compliance filing under this Cause indicating its intention to terminate Rider 66 by setting the billing factors to zero. In such submittal, Petitioner shall indicate whether the final amount due or owed is expected to be material, and whether Petitioner proposes a further reconciliation or not. As long as the final amount is not material, no further reconciliation will be required. Any objection to Petitioner's filing and conclusion concerning further reconciliation shall be filed within 10 business days of Petitioner's filing, at which time the Commission will reopen this Cause for further proceedings. If a further reconciliation is required, Petitioner shall include such final reconciliation in a subsequent filing of its Rider EE as an adjustment to rates under Standard Contract Rider No. 66-A.

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

1. Petitioner is authorized to implement its requested Rider 66 DSM adjustment factors, beginning on all bills rendered on or after the later of the first billing cycle of January 2013 or the effective date of this Order, subject to its filing of the final Rider with the Commission's Electricity Division;

2. Petitioner is authorized to monitor the Rider 66 billing amounts and at such time as the full revenue requirement approved herein is close to being billed, Petitioner shall make a compliance filing in this Cause to terminate Rider 66 by setting the billing factors to zero for all customer classes in accordance with Paragraph 9.B. above;

3. A subdocket, Cause No. 43079 DSM 6 S1, is established to address Petitioner's request for approval of updated rider charge estimates and bill impact analysis for Rider EE as set forth in Paragraph 9.A. above;

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

ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: DEC 19 2012

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

Brenda A. Howe

Brenda A. Howe
Secretary to the Commission