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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**IN THE MATTER OF THE COMMISSION'S)
INVESTIGATION INTO ANY AND ALL)
MATTERS RELATED TO THE)
COMMISSION'S GUIDELINES FOR)
INTEGRATED RESOURCE PLANNING BY AN)
ELECTRIC UTILITY CONTAINED IN 170 IAC)
4-7 AND SUBMISSION OF THE 2009)
INTEGRATED RESOURCE PLANS)
)
)
**RESPONDENTS: ALL GENERATION-)
OWNING ELECTRIC UTILITIES SUBJECT TO)
170 IAC 4-7)****

CAUSE NO. 43643

APPROVED: OCT 14 2010

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

On February 25, 2009, the Indiana Utility Regulatory Commission ("Commission") commenced an investigation in this Cause to allow the Commission to consider and review any and all matters associated with the sufficiency of the Commission's requirements concerning the Integrated Resource Planning ("IRP") contained in 170 IAC 4-7 ("Rule 7") and to allow for review of the IRPs submitted in this proceeding. Rule 7 concerns the submission of an IRP by generation-owning utilities to the Commission. Currently, eight Indiana utilities submit IRPs to the Commission every two years. Those utilities are: Duke Energy Indiana, Inc. ("Duke Energy Indiana"), Indiana Michigan Power Company ("I&M"), Indianapolis Power & Light Company ("IPL"), Northern Indiana Public Service Company ("NIPSCO"), Indiana Municipal Power Agency ("IMPA"), Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren"), Hoosier Energy Rural Electric Cooperative, Inc. ("Hoosier Energy"), and Wabash Valley Power Association, Inc. ("WVPA") (collectively, the "Respondents").

A Prehearing Conference was held in this Cause at 9:00 a.m. on March 10, 2009 in Room 224, 101 W. Washington Street, Indianapolis, Indiana to establish a procedural schedule in this matter. In accordance with the Prehearing Conference Order dated March 25, 2009, Technical Conferences were held on May 8, 2009 and May 20, 2009 in Room 222, 101 W. Washington Street, Indianapolis, Indiana. Per a Docket Entry issued by the Presiding Officers on March 3, 2009, discussions at the Technical Conferences concerned administrative topics surrounding the submission of IRPs, data required to be included in the IRPs and analysis of the IRPs and the manner in which Rule 7 could be amended and modernized. Responses to the Presiding Officers' Docket Entry dated April 24, 2009 were also discussed. The Commission, Respondents and the Office of Utility Consumer Counselor ("OUCC") participated at the Prehearing Conference and Technical Conferences.

On July 20, 2009, the Respondents filed with the Commission Respondent Utilities' Joint Comments ("Joint Comments"), which provided suggested changes to Rule 7. Respondents agreed that Rule 7 should be revised and updated but noted that rule promulgation could not be completed before November 1, 2009, the due date for IRP submissions. Respondents proposed to submit revised rule language for the Commission's review by December 31, 2009. In a Docket Entry dated October 27, 2009, the Presiding Officers directed Respondents to file their respective IRPs with the Commission under this Cause. Further, the October 27, 2009 Docket Entry established a procedural schedule for the submission of Comments on the submitted IRPs and proposed revised Rule 7 language and scheduled an Evidentiary Hearing for March 1, 2010 at 10:00 a.m. in Room 222, 101 W. Washington Street, Indianapolis, Indiana.

NIPSCO filed its IRP with the Commission on October 29, 2009. On October 30, 2009, Vectren, IPL and I&M filed their respective IRPs. On November 2, 2009, IMPA and WVPA filed their IRPs with the Commission. Hoosier Energy filed its IRP on December 1, 2009, and Duke Energy Indiana filed its IRP with the Commission on January 7, 2010.

Pursuant to a Docket Entry dated November 23, 2009, the Presiding Officers amended the procedural schedule in this Cause, and the Evidentiary Hearing was continued to April 1, 2010. In accordance with the November 23, 2009 Docket Entry, the OUCC and Respondents filed their respective proposed Rule 7 revisions on December 30, 2009. Pursuant to a Docket Entry dated January 22, 2010, the Evidentiary Hearing was continued to May 20, 2010 and then to June 28, 2010 pursuant to a February 2, 2010 Docket Entry. On February 1, 2010, the OUCC filed Consumer Comments with the Commission.

The OUCC filed Comments on Vectren's IRP on April 5, 2010; IMPA's IRP on April 13, 2010; NIPSCO's IRP on April 21, 2010; IPL's IRP on April 27, 2010; WVPA's IRP on April 28, 2010; and Hoosier Energy's IRP and Duke Energy Indiana's IRP on April 29, 2010. On May 28, 2010, the OUCC filed substitute Comments on I&M's IRP. On May 27, 2010, IPL filed its Reply to the OUCC's Comments on its IRP, while I&M, IMPA, Duke Energy Indiana, Vectren and NIPSCO filed Replies to the OUCC's Comments on their respective IRPs on May 28, 2010. By Docket Entry dated May 25, 2010, the Presiding Officers continued the Evidentiary Hearing in this matter to July 6, 2010 at 1:30 p.m. in Room 222, 101 W. Washington Street, Indianapolis, Indiana. Respondents and the OUCC appeared and participated at the Hearing, while no member of the general public appeared or attempted to participate.

Based upon the applicable law and evidence, the Commission now finds as follows:

1. **Notice and Jurisdiction.** Due, legal and timely notice of the public hearings conducted in this Cause was given as required by law. Respondents submit their respective IRPs with the Commission pursuant to Rule 7. The Commission initiated this investigation pursuant to Ind. Code § 8-1-2-58 and Ind. Code § 8-1-2-59. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding in the manner and to the extent provided by the laws of the State of Indiana.

2. Respondents' Characteristics. Duke Energy Indiana, Vectren, IPL, NIPSCO and I&M are public utilities within the meaning of the Public Service Commission Act, as amended, Ind. Code § 8-1-2 *et seq.* IMPA is a joint agency within the meaning of Ind. Code § 8-1-2.2-2(e) and is a body corporate and politic and a political subdivision of the State of Indiana. As provided in Ind. Code § 8-1-2.2-19, IMPA is not a “public utility,” as defined in the Public Service Commission Act, Ind. Code § 8-1-2 *et seq.*, but is defined as a “public utility” for purposes of the Utility Powerplant Construction Act, Ind. Code § 8-1-8.5-1(a)(2). Hoosier Energy is a generation and transmission cooperative organized under the Indiana Rural Electric Membership Corporation Act, Ind. Code § 8-1-13 *et seq.* and a public utility within the meaning of Ind. Code § 8-1-8.5 *et seq.* WVPA is a corporation organized and existing pursuant to the Indiana Non-Profit Corporations Act and, pursuant to Order of this Commission in Cause No. 35091, has been granted a Certificate of Public Convenience and Necessity to operate as a public utility.

3. Commission Discussion and Findings. The Commission notes that since the promulgation of Rule 7, the utility climate has changed in Indiana. For example, Respondents are now members of regional transmission organizations (“RTOs”). RTOs and regulation by the Federal Energy Regulatory Commission (“FERC”) make the electric industry more regional in its operations and planning. Transmission may become a more significant part of utility investment than it was in the past. Although individual utilities still conduct transmission planning for their own systems, their plans are submitted pursuant to an RTO planning process where the plans of all of the transmission owning utilities are optimized. RTO transmission plans often go beyond traditional reliability requirements and increasingly include broader economic and policy considerations when reviewing alternative transmission investments.

Respondents’ IRPs were filed under this Cause so that they could be reviewed in conjunction with Rule 7 and to facilitate discussions concerning the possible revision of Rule 7. At the Evidentiary Hearing, the Respondents introduced into evidence their respective IRPs, proposed revised Rule 7 language and Replies to the OUCC’s Comments on the IRPs. The OUCC introduced into evidence its proposed revised Rule 7 language and Comments on Respondents’ IRPs.

The Respondents and the OUCC agree that Rule 7 should be updated. As a result, the parties submitted to the Commission extensive and detailed Comments concerning the IRPs and Rule 7 language. The parties cover various topics, such as the frequency and format of IRP filings, the process in which IRPs are reviewed and the type of information included in the IRPs. The Respondents suggest that the IRPs should be filed every three years instead of two, while the OUCC notes that a number of states require them to be filed every two years. The OUCC suggests that the comment period should be extended from ninety days to 180 days. The Respondents consider this extension of the comment period to be overly burdensome, unless the IRPs were to be filed every three years instead of two. The OUCC proposes that the IRPs should be filed with the Commission in a formally docketed proceeding, while the Respondents disagree. The parties also disagree as to whether the IRPs should be standardized and whether an enforcement mechanism should be implemented in the event of non-compliance.

However, the parties concur that the length of the IRP forecast should be ten years rather than twenty years.¹ The Respondents and OUCC agree that definitions in Rule 7 should be modified. The OUCC and Respondents also agree as to the appropriate time to utilize Requests for Proposal.

The Commission, having reviewed the considerable evidence filed in this Cause, finds that our Rule concerning Integrated Resource Plans should be updated. Revising Rule 7 would provide consistency within Respondents' IRP submissions. As we noted in our February 25, 2009 Order, Rule 7 has not been updated since its inception, and utility operations and circumstances have changed. Revising Rule 7 to reflect such changes would help to provide a more relevant IRP.

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

1. Respondents shall submit to the Commission their next IRPs on or before November 1, 2011 in accordance with Rule 7.
2. Commission Staff is instructed to commence a rulemaking proceeding to revise Rule 7 for Commission approval in accordance with the findings herein.
3. This Order shall be effective on and after the date of its approval.

ATTERHOLT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: OCT 14 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

¹ The OUCC's Comments submitted on November 18, 2009 stated it recommends that the IRP rule be revised to include a ten-year planning horizon.