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Ms. Beth Roads
General Counsel
Indiana Utility Regulatory Commission

Re: Integrated Resource Plan and Energy Efficiency Plan Pre-Rulemaking
INDIEC Comments on 10-22-15 Strawman

Goal of the IRP process

The stated goal in the existing IRP rule is for the utility to select a least-cost mix of resources, whereas the Draft Proposed Rule defines a “preferred resource portfolio” which “economically, safely and reliably meets electric system demand.” 170 IAC 4-7-1(hh). Removing the term “least-cost mix of resources” from the regulation eliminates a significant consumer protection in the existing law, replacing it with the terms economic or cost-effective, which may be interpreted as weaker, less specific, standards.

While safety, reliability and risk must all be balanced in selecting a preferred portfolio, the utility should select the plan which balances all the factors in a least-cost manner. This standard would not require that the least-cost plan always be selected, but rather the plan that balances safety, reliability and risk in a least-cost manner. INDIEC suggests the following definition of “preferred resource portfolio” in order to reflect the appropriate emphasis on identifying the least-cost plan as follows:

“Preferred resource portfolio” means the utility’s selected long-term resource mix that is expected to safely and reliably meet system electric system demand on a least-cost basis, taking cost, risk, and uncertainty into consideration.

Reflect the Statutory Boundaries on Lost Margins

IC 8-1-8.5-10(d) specifically makes a distinction for programs designed primarily to reduce demand for limited intervals of time, such as during peak electricity usage or emergency conditions because a utility is not eligible to seek lost revenues or other incentives for those

programs. The regulation should reflect this statutory boundary by including the same restriction in 170 IAC 4-8-6 and 170 IAC 4-8-7.

Programs designed primarily to reduce demand for limited intervals of time, such as during peak electricity usage or emergency conditions are not eligible for lost revenue or management performance incentives.

Retention of the Reasonableness Standard for Cost Recovery

170 IAC 4-8-5 replaces the word “reasonable” with “prudent”. SEA 412 uses a reasonableness standard for judging programs. Accordingly, the word reasonable should remain in the regulation. The word prudent could be included as an additional descriptor, however.

Alternative Rate Designs

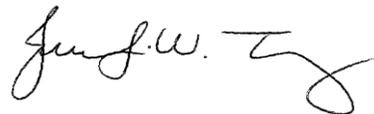
170 IAC 4-8-6 should not contain a provision on alternative rate designs. The way the strawman is currently written, it suggests that utilities might present alternative rate designs for approval in a DSM case. Making such a proposal outside of a rate case where all factors can be considered would most certainly be controversial and the regulation should not provide a basis for one side or the other to argue the appropriateness of the forum selected for consideration of the alternative rate design.

The intent of the language in the strawman seems to be an acknowledgement that a utility might have a decoupled or alternative rate design. If the Commission believes it is important to say something about the possibility of alternative rate designs, the statement should be rephrased as follows.

If a utility has an alternative rate design that eliminates the disincentive to pursue DSM programs, a lost revenue recovery mechanism may not be approved.

Thank you for the opportunity to submit comments. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Terry". The signature is fluid and cursive, with a large, stylized initial "J" and "T".

Jennifer Terry