



Vectren Corporation
One Vectren Square
Evansville, IN 47708

March 15, 2018

Ms. Beth E. Heline
General Counsel
Indiana Utility Regulatory Commission
PNC Center
101 W Washington Street
Suite 1500 A
Indianapolis, IN 46204

RE: Response to GAO 2017-3, Supplemental and Backup Power

Dear Ms. Heline:

This email submission is being made on behalf of Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana Inc. (“Vectren South”). Please see the requested responses to your questions 1 through 4, included below and as Attachment 1.

Any questions concerning this submission should be directed to Joe Rosebrock, whose contact information is as follows:

Joseph E. Rosebrock
Senior Regulatory Consultant
One Vectren Square
Evansville, IN 47708
Tel: 812-491-4121
Email: jrosebrock@vectren.com

Please let me know if the you have any questions or concerns about this submission.

Sincerely,

Joseph E. Rosebrock

Attachment 1: [IURC backup questionnaire.pdf](#)

Attachment 2: [VEDS Reply 1 - Rate BAMP Sheet No 19 SIGECO.pdf](#)

Attachment 3: [VEDS Reply 4 - Rate BAMP COSS Detail 43839.pdf](#)

**Vectren South-Electric
Response to GAO 2017-3
March 16, 2018**

To: Electric Utilities (as defined in Ind. Code § 8-1-2.4-2(d) – public and municipal)
Pursuant to GAO 2017-3, Indiana Utility Regulatory Commission (“Commission”) Staff
request the following information:

For the purposes of this information request, “identified services” are the supplemental or backup power of Ind. Code § 8-1-2.4-4(a)(2)

“(2) provide for the availability of supplemental or backup power to alternate energy production facilities, cogeneration facilities, or small hydro facilities, on a nondiscriminatory basis and at just and reasonable rates.”

and the backup, maintenance, and supplementary power of Ind. Code § 8-1-2.4-(6)(e)

“(e) Upon the request of the owner of a private generation project, an electric utility shall provide the private generation project with back up, maintenance, and supplementary power. The electric utility shall charge rates that:

(1) are based on the electric utility's costs;

(2) do not discriminate against:

(A) the private generation project; or

(B) other customers of the electric utility with load characteristics similar to the private generation project; and

(3) do not create subsidies for:

(A) the private generation project; or

(B) retail customers of the electric utility.”

1. Please identify your suite of tariffs that provide for the provision of the identified services.

Reply:

Vectren has the tariff rate schedule titled BAMP: Backup, Auxiliary and Maintenance Power Service, Sheet No. 19 (“Rate BAMP”). See a copy of the BAMP tariff in the attached as “VEDS Reply 1”.

2. Please explain how these tariffs work together to provide for the provision of the identified services.

Reply:

Rate BAMP is applicable to any Non-Residential Customer with a capacity requirement of 1,000 kW or more who owns and operates electric generating equipment, other than for emergency use. Rate BAMP’s rates are unbundled between Generation, Transmission and Distribution. The Backup Power Generation Service is available either as Firm or Non-Firm Power. A customer electing Firm Generation service under Rate BAMP requires Vectren to

maintain generation capacity to serve the customer's load at all points. Firm Generation is priced with a capacity charge related to the Cogeneration and Small Power Production ("CSP") rate ("Rate CSP") and energy prices associated with the native load Fuel Adjustment Clause ("FAC"). Non-Firm Generation is priced using an embedded simple cycle gas turbine price with energy buy-through at the MISO Locational Marginal Price ("LMP") or highest incremental cost to Vectren.

As a tariff customer connected to Vectren's system, a Rate BAMP customer always receives firm Transmission and Distribution services. Vectren's system grid design parameters treat all BAMP Transmission and Distribution Services as firm with accompanying reservation charges. Vectren does not offer a non-firm option for Transmission and Distribution service.

Auxiliary Power Service is capacity and energy supplied by Company to the Customer to meet its native usage on an ongoing daily basis in parallel with Customer's use of its own electric generation equipment. Auxiliary Power Service represents the Customer's usage in excess of the amount supplied by its own electric generation equipment. Rate BAMP imports tariff rates from the customer's applicable rate schedule to price Auxiliary Power Service, with the "applicable rate schedule" representing the appropriate rate schedule Customer would be served under absent customer owned generation.

Maintenance Power Service is capacity and energy provided by Company to replace capacity and energy normally generated by Customer's generating equipment during a scheduled outage of such equipment.

Rate BAMP requires the Customer to sign a three-year contract with Vectren for service, specifying the (1) firm or non-firm generation service, and (2) the capacity of the customer owned generation the Customer wishes to be backed up by Vectren.

3. Please provide the extent to which the identified services are being used by customers, and any available information regarding customers who considered but did not pursue using them.

Reply:

Beginning January 1, 2017, Vectren has one customer on Rate BAMP as a Non-Firm Generation customer.

Vectren has no customers who have pursued BAMP service but did not take BAMP service.

4. Please describe, and provide supporting cost-of-service level documentation in sufficient detail to foster a review of, the extent to which the rates for the identified services are cost based, nondiscriminatory, and do not result in subsidization.

Reply:

Please refer to the attached documents titled “VEDS Reply 4”, which represent Cost of Service Study work papers provided within Vectren South’s last Electric Base Rate Case, Cause No. 43839 (April 27, 2011).

Backup (firm) Distribution and Transmission service is priced at the \$6.21 tariff rate per kVa of contract backup demand. For customers receiving delivery at 69 kV or higher, a \$2.34 per kVa transmission voltage discount reduces the \$6.21 to \$3.87 per kVa. The \$6.21 transmission/distribution rate and the \$2.34 transmission voltage discount are supported in the Cost of Service Study in Cause No. 43839. These rates represent the same sub components in the approved rates and charges under the Large Power Service rate schedule (“Rate LP”), Sheet No. 17. See the attached spreadsheet for a matrix showing the derivation of Rate BAMP rates and charges from Rate LP in Cause No. 43839. BAMP’s \$6.21 per kVa backup demand charge is comprised of LP’s \$1.66 per kVa Transmission demand charge, plus the \$2.21 per kVa Sub Transmission demand charge, plus the \$2.34 per kVa Primary Distribution demand charge amounts under Rate LP.

Backup Capacity is either Firm or Non-Firm, and is priced as explained in Reply 2. Firm Backup capacity is priced at 120% of the current Rate CSP, Vectren tariff Sheet No. 79. The 2017 CSP capacity payment to a qualifying facility is \$4.09 per kVa. The 2018 CSP has been filed at \$3.88 per kVa, which, upon its approval, will replace the \$4.09 per kVa. Non-Firm capacity is priced at \$2.98 per kVa. This represents Vectren’s embedded revenue requirement for its gas-turbines from the Cost of Service Study in Cause No. 43839 (see the attached document).

As noted in Reply 2, for any remaining customer load not covered by the customer’s generation, Rate BAMP uses tariff rates from the customer’s applicable rate schedule to price the Auxiliary load.

Please send the requested information by March 16, 2018.

The information may be sent electronically to: urccomments@urc.in.gov or by regular mail to:

Beth E. Helene, General Counsel
Indiana Utility Regulatory Commission
101 W. Washington Street, Suite 1500 A
Indianapolis, IN 46204

Thank you for your participation in this matter.