

**ORIGINAL**

| Commissioner | Yes | No | Not Participating |
|--------------|-----|----|-------------------|
| Huston       | √   |    |                   |
| Freeman      |     |    | √                 |
| Krevda       | √   |    |                   |
| Ober         | √   |    |                   |
| Ziegner      | √   |    |                   |

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**AMENDED PETITION OF DUKE ENERGY )  
INDIANA, LLC SEEKING (1) APPROVAL OF A )  
PROPOSED ELECTRIC TRANSPORTATION )  
PROGRAM AND AUTHORITY TO DEFER ) CAUSE NO. 45616  
RELATED EXPENSES; (2) APPROVAL OF A )  
PROPOSED ELECTRIC VEHICLE FAST ) APPROVED: JUN 01 2022  
CHARGING (EVFC) TARIFF; AND (3) )  
APPROVAL OF A PROPOSED ELECTRIC )  
VEHICLE SERVICE EQUIPMENT (EVSE) )  
TARIFF )**

**ORDER OF THE COMMISSION**

**Presiding Officers:  
James F. Huston, Chairman  
Sarah E. Freeman, Commissioner  
David E. Veleta, Senior Administrative Law Judge**

On September 23, 2021, Duke Energy Indiana, LLC (“Duke Energy Indiana” or “Petitioner”) filed a Petition and case-in-chief testimony requesting approval of a proposed electric transportation program and deferral of related expenses. On October 22, 2021, Petitioner filed an Amended Petition and supporting testimony requesting additional approval of a proposed Electric Vehicle (“EV”) Charging tariff and a proposed Electric Vehicle Service Equipment tariff. Petitioner’s case-in-chief included the direct testimony and exhibits of the following: Cormack C. Gordon, Director, Transportation Electrification, Duke Energy Business Services, LLC; Suzanne E. Siefertman, Director, Rates and Regulatory Planning, Duke Energy Indiana, LLC; and Roger A. Flick, II, Manager, Rates and Regulatory Strategy, Duke Energy Business Services, LLC.

On September 23, 2021 and October 22, 2021, Petitioner also filed motions for protection of confidential and proprietary information which were granted on October 6, 2021 and November 2, 2021, respectively.

Citizens Action Coalition of Indiana, Inc. (“CAC”) filed a Petition to Intervene on September 29, 2021, which was granted on October 22, 2021. On November 4, 2021, ChargePoint, Inc. (“ChargePoint”) filed its Petition to Intervene, which was granted on November 17, 2021.

On December 16, 2021, CAC filed the direct testimony of Kerwin L. Olson, Executive Director. On January 6, 2022, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed the direct testimony of John E. Haselden, Senior Utility Analyst in the Electric Division, and Caleb R. Loveman, Electric Division Utility Analyst. ChargePoint filed the direct testimony of Kevin George Miller, Director of Public Policy.

On January 18, 2022, Petitioner filed the rebuttal testimony of Cormack C. Gordon, Suzanne E. Sieferman, and Roger A. Flick, II.

On January 25, 2022, ChargePoint filed a correction to Mr. Miller’s testimony. On February 1, 2022, the OUCC filed a Motion for Leave to late file a public comment (“Motion”).

On February 8, 2022, the Commission conducted a public evidentiary hearing in this Cause at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, the Parties offered their respective pre-filed evidence, which was admitted into the record without objection. Also at the hearing, the Commission denied the OUCC’s Motion.

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

**1. Notice and Commission Jurisdiction.** Notice of the hearing in this Cause was given and published as required by law. Duke Energy Indiana is a public utility as that term is defined in Ind. Code § 8-1-2-1(a) and is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, including the approval of its rates and charges under Ind. Code § 8-1-2-42. Accordingly, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

**2. Petitioner’s Characteristics.** Duke Energy Indiana is a public utility and an Indiana limited liability corporation with its principal office located in Plainfield, Indiana. Petitioner is engaged in the business of rendering retail electric utility service to approximately 850,000 customers in 69 Indiana counties.

**3. Relief Requested.** Petitioner requests approval of a proposed Electric Transportation Program (“ET Program”) comprised of the following components: Residential EV Charging Incentive program; Commercial EV Charging Incentive program; Electric School Bus program; Electric Transit Vehicle program; Fleet Advisory; and Education and Outreach.

In addition, Petitioner requests authority to defer the associated costs of the ET Program until its next retail base rate case; approval of a proposed Electric Vehicle Fast Charging (“EVFC”) Tariff; and approval of a proposed Electric Vehicle Service Equipment (“EVSE”) Tariff.

**4. Proposed ET Program.** Mr. Gordon testified that Petitioner’s proposed ET Program is a 24-month Pilot program to provide currently unavailable foundational knowledge on charging behaviors and grid impacts from a wide array of electric vehicle market segments; allow Indiana to join other states in deploying EV infrastructure to meet growing market needs; and provide a financial benefit for all customers, regardless of participation.

Mr. Gordon testified that the ET Program was developed with an EV collaborative stakeholder group which included in-depth conversations and feedback on program components over the course of six months. General EV discussions also took place outside of the collaborative core group with dealerships, mayors, businesses, economic development groups, business developers, and others. He testified that the collaborative process resulted in better defined metrics of success and clarified program details; the calculation of net benefits using standard utility cost

tests; customer choice on electric vehicle supply equipment; consideration of low-income participation; researching vehicle-to-grid technology with eSchool Buses; and establishing baseline data for future EV offerings.

Mr. Gordon testified that the major goal of the ET Program is to identify otherwise unknown effects of increasing adoption of different types of electric vehicles on the electric system, to understand various customer EV charging behaviors, and to further verify the potential benefits to all Duke Energy Indiana customers and the state of Indiana. Metrics and objectives will be measured throughout the program<sup>1</sup> with a specific post-program evaluation focused on calculating updated utility cost-benefit results using the actual load profiles from the ET Program. He testified the ET Program allows for a degree of flexibility, with the on-going collaborative process to guide program modifications throughout the term.

Mr. Gordon discussed EV market changes since 2013. He testified that with EV adoption climbing, the time is now to ensure multiple types of EV charging technologies are integrated safely, reliably, and cost effectively. He also testified that Duke Energy and other utilities have proposed and received approval for EV programs in other jurisdictions.

ChargePoint witness Mr. Miller testified that Petitioner's proposed ET Program and tariffs, with certain modifications, will help overcome barriers to deploy EV charging infrastructure and create value for all Duke Energy Indiana customers by creating new load to reduce unit energy costs. In addition, managed charging supports widespread grid benefits resulting from more efficient grid utilization and deferred capital upgrades. Ratepayer benefits increase when EV charging is shifted off-peak or intelligently managed. He also noted that several studies highlight the expected long-term electric sales from incremental EV load exceeds the marginal cost of grid infrastructure to support that load. The addition of new dispersed load during off-peak hours can result in wider distribution of fixed costs, leading to lower rates for all customers.

OUCG witness Mr. Haselden testified that with IDEM's recent grants awarded for electric school buses, transit vehicles, EV education and outreach, as well as the Infrastructure Investment and Jobs Act signed into law on November 10, 2021, four of Petitioner's proposed program components are duplicative, unnecessary, and should be denied. He testified the OUCG does not oppose Petitioner's proposed Residential and Commercial EV Charging Incentive Programs but recommended adding a demand response group or subgroup to these pilot program components.

CAC witness Mr. Olson recommended the Commission reject or hold the case in abeyance until a statewide EV policy is developed by the Indiana Legislature.

In rebuttal, Mr. Gordon testified that it is premature to add a demand response component to Petitioner's proposed ET Program as it would add degrees of complexity and cost with minimal incremental learnings or value. In addition, the collection of information to inform a demand response type program in the future is inherent to the currently proposed Residential and Commercial EV Charging Incentive programs as designed.

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<sup>1</sup> Witness Gordon's Exhibit 1-A lists the objectives of Petitioner's ET Program broken down by each individual component.

A. Residential EV Charging Incentive Component. Mr. Gordon testified that this component evaluates three utility-offered incentives to encourage residential customer EV adoption and home charging without requiring the customer to install a new meter and service. Quarterly participation payments (\$50/quarter over two years totaling \$400) will be made by Petitioner to test incentive methods for home charging, for up to 500 total residential customers on a first-come, first-served basis. Customers will be randomly assigned to one of three method groups to test a residential customer's willingness to react to utility signals on when to charge their EVs but will not affect other energy usage patterns in the home. The method groups are: (1) baseline charging - customers charge however needed without any price signals or messaging from Petitioner and receive the incentive regardless of charging times; (2) off-peak credit of \$0.05/kWh for charging between 9PM-6AM, capped at \$16.67 per month; and (3) peak avoidance credit of up to \$16.67 per month for charging outside 6AM-9PM on weekdays only, with two opt-outs per month.

Customers are eligible for only one incentive per residence and must own, lease, or otherwise operate on a regular basis, one or more plug-in EVs per installation. Customers must demonstrate the purchase and installation of their choice of level 2 EVSE at their residence and charge at their residence at least once per week on average throughout the month. Usage will be billed under the applicable residential schedule and other riders for the billing demand and kWh registered or computed by Duke Energy Indiana's metering facilities during the current month. Technology options, priced around \$200 annually per customer, are available to collect charging behaviors without requiring the participant to install a new metered service.

Mr. Miller testified that ChargePoint supports Petitioner's proposed Residential EV Charging Incentive Component.

As discussed above, Mr. Haselden testified the OUC does not oppose Petitioner's proposed Residential Charging Incentive Component but recommended adding a demand response group or subgroup to these pilot program components.

B. Commercial EV Charging Incentive Component. Mr. Gordon testified that this component supports installation of 1,200 total Level 2 EVSE incentives, including charging stations, for any public or private entity, apartment dwelling units, government, or workplace fleet operators to support EV adoption, collect utilization characteristics of EV charging-behavior for a variety of EV types and weight-classes, and better understand potential grid and utility impacts of this EV charging market segment. Upon acceptance of customer's application and verification of proper installation of all EVSE behind a separate meter, customer will receive a one-time \$500 incentive per EVSE. He testified that 10% of all incentives (120/1,200) will be located in low-income areas as defined by the 200% level of United States Health and Human Services Poverty Guidelines for 2021. Applications will be considered on a first-come, first-served basis and customer locations must receive electric service from Duke Energy Indiana. A minimum of 4 EVSE incentives is required per location, with a single customer limited to 20 EVSE incentives, regardless of their number of locations. Allocation of the EVSE incentives, which may be modified to provide flexibility, include: 600 locations publicly accessible 24/7; 200 public or private workplace locations; 200 multi-unit dwelling locations; and, 200 private fleet locations. Private Fleet customers must own, lease, or otherwise operate on a regular basis, one or more plug-in

electric vehicles (PHEVs or BEVs) per installed EVSE. Customers may select any eligible, available commercial rate, including time of use rates, with usage billed thereunder with other applicable riders for the billing demand and kilowatt-hours registered or computed by or from Petitioner's metering facilities during the current month. In addition, participants must request new service to separately meter all EVSE funded by this incentive; customer's charging station(s) must be installed on customer's side of a new Petitioner meter; and the incentive is incremental to any revenue credit given. This allows for unlimited customer choice of EVSE with no networked charging station required.

As discussed above, Mr. Haselden testified the OUCC does not oppose Petitioner's proposed Commercial EV Charging Incentive Component but recommended adding a demand response group or subgroup to these pilot program components

Mr. Miller testified that ChargePoint supports the proposed Commercial EV Charging Incentive Component, with the following recommendations: 1) increase the incentive to reflect the current EV charging market and be commensurate with those offered by other utilities; 2) require all chargers to be networked; and 3) authorize Duke Energy Indiana to cover the cost of make ready investments up to the utility meter, in addition to customer incentives for EVSE, to further support commercial Level 2 deployments.

Mr. Gordon testified that Petitioner does not support a blanket policy requirement for networked charging. While networked chargers are both valuable and even necessary for many use cases, there are potential circumstances in which the features of networked charging are not required and therefore place undue incremental cost burden on participants.

C. Electric School Bus Component. Mr. Gordon testified that this component will explore the benefits and challenges associated with bi-directional power flow from EV School Bus batteries back to the distribution grid. The program component will fund up to \$197,000 per bus, which includes installation of Petitioner-owned EVSE and assistance with the purchase of the EV School Bus. The program component is limited to six school buses, with no more than two buses per school system. Petitioner will install and own the bi-directional EVSE with the participating school corporation responsible for proper operation and maintenance of the charging station according to manufacturer guidelines. Petitioner will establish and maintain charging station network connectivity for load control capabilities during the full 24-month Pilot. The school corporation will own the EV School Bus, but at the conclusion of the program component, Petitioner will retain ownership rights to the EV School Bus battery and may remove and repurpose it at the end of the bus's useful life (as determined by the school).

The component will be available on a first-come, first-served basis, to customers operating public school transportation systems in Duke Energy Indiana's service territory, with at least half of the incentives allocated to schools with over 30% of students on free or reduced lunches according to the USDA's Community Eligibility Provision data. Petitioner reserves the right to select participants to ensure the broadest set of data for Indiana. Participants must grant Petitioner access to all vehicle charging data throughout the Pilot term and allow implementation of load management capabilities to reduce charging speeds, up to and including full curtailment and bi-

directional power flow, provided such control activities do not impact the necessary duty cycle of the EV School Bus.

Mr. Gordon explained that bi-directional charging allows not only for an EV battery to be charged, but for that battery to also discharge back to the electric system via interconnection. Prior to participation, the school corporation and Petitioner will execute an Electric Vehicle Bus Supply Equipment Site Agreement to establish the terms and conditions of VSE and EV School Bus installation and ownership. Throughout the term of the program, Petitioner will cover network and preventative service fees necessary to perform bi-directional power dispatching events, which are estimated at approximately \$6,500 per year.

Mr. Haselden testified that the proposed school bus program is unnecessary and redundant and will have no effect on the capacity of Duke Energy Indiana's T&D system, other than to increase the load on the specific circuits on which they are located. Therefore, the value of the Vehicle to Grid ("V2G") in the proposed school bus component is overstated by assuming system T&D capacity cost savings when there are none. This reduces the benefits by approximately half and renders the program component less cost effective.

In rebuttal, Mr. Gordon testified the OUCC's recommendation to deny the Electric School Bus component is misplaced and not supported by any evidence. The IDEM grant does not require, nor fund V2G charging, and the administration and use of federal funding has yet to be determined. Petitioner's proposed component will assist schools, gain valuable learnings around V2G impacts on the grid, and is critical for the feasibility and success of large-scale school bus V2G projects. He testified that Duke Energy Indiana recently commissioned Indiana's first and only active V2G school bus charging station with Bartholomew Consolidated School Corporation, as a research project, which has already presented opportunities for improvement. Conducting the proposed Electric School Bus component is beneficial to the overall success of similar, future efforts.

D. Electric Transit Vehicle Component. Mr. Gordon testified that the purpose of this component is to collect transit vehicle utilization data and other load characteristics and incentivize electric vehicles used for public transportation ("EV Transit Vehicles").

Mr. Haselden testified the proposed Transit Vehicle Component should be denied as it is not cost effective under the RIM test and the customer incentive is not adequate to induce participation.

In rebuttal, Duke Energy Indiana agreed to remove the Electric Transit Vehicle component from the proposed ET Program. Duke Energy Indiana will continue to monitor the rollout of federal funding opportunities and will look to propose future programs in the public transportation sector.

E. Fleet Advisory Component. Mr. Gordon testified that the purpose of this proposed component is to provide comprehensive analysis for customers operating fleets that are interested in switching those fleets to all-electric. Petitioner plans to perform 45 consultations over two years, with each budgeted at \$12,000. Participation will be on a first-come, first-served basis

to non-residential Duke Energy Indiana customers. Participants must operate a commercial vehicle fleet.

OUC witness Mr. Haselden testified the proposed Fleet Advisory Component is a load-building marketing effort and should be denied.

ChargePoint witness Mr. Miller cautioned that blurring the lines between a utility providing customer incentives and offering input on topics such as EV procurement and management, funding options, or EVSE choices fall beyond the scope of a utility advisory function and could adversely affect the market for charging equipment or services. He recommends these services focus on promoting the technical guidance made available through the incentives, as well as education focused on how to manage charging and effectively integrate newly electrified vehicles while mitigating disruptions to business operations. Mr. Miller recommended Petitioner ensure all marketing materials and communications with customers be vendor neutral.

In rebuttal, Mr. Gordon contradicted Mr. Haselden's assertion and testified that the component provides benefits to participating customers who are likely to electrify their fleet by helping them navigate in a way most optimal to the customer and utility system. By learning about customer efforts from the beginning to optimize the grid and respond to fleet electrification, non-participants also benefit. He testified the Fleet Advisory component provides not only participant-specific analysis, such as total cost of ownership, or route and vehicle feasibility, but also managed charging recommendations and grid impact analysis. The component allows Petitioner to be informed of fleet electrification plans so that it can respond and plan holistically, enabling insights on longer term customer and system needs. It is appropriate for Duke Energy Indiana to assist customers in avoiding mistakes that could impact their operations and the grid.

Mr. Gordon also testified in rebuttal that it is Duke Energy Indiana's intention that this component be a vendor-neutral service. Marketing materials will not promote any specific solution, and recommendations made to customers will be based on functional needs and should include multiple examples of provider options.

F. Education and Outreach Component. Mr. Gordon testified the purpose of this component is to utilize various communication channels to ensure the components and benefits of each proposed component will be effectively communicated to Duke Energy Indiana customers. Dealership education and outreach are a major focus of the component to pursue successful customer EV experiences. Mr. Gordon testified that as a part of this program component the collaborative meeting schedule with stakeholders will continue to provide feedback on its status, successes, and challenges.

Mr. Haselden testified that with IDEM's recent grant of \$800,000 to South Shore Clean Cities for statewide EV education and outreach, this proposed component is redundant and unnecessary.

In rebuttal, Mr. Gordon testified the proposed Education and Outreach component is to support effective communication with prospective and actual participants in each of the EV components proposed in this proceeding, not with the VW Mitigation Trust fast charging program.

For the ET Program to be successful, education and outreach is a necessary and reasonable component.

**5. ET Program Benefits.** Mr. Gordon testified that Petitioner conducted a Ratepayer Impact Measurement (“RIM”) Test, Participant Cost Test (“PCT”), and Total Resource Cost Test (“TRC”) to quantify customer benefits related to the ET Program. He explained the tests and testified that all three tests resulted in a positive net benefit for the portfolio of programs. However, he noted the PCT and TRC cost effectiveness tests are not an exact fit for this ET Program as they are not designed to evaluate EV charge-specific components, therefore Petitioner included these components in the RIM tests, but not in the PTC and TRC results. The RIM test results were used to guide changes in incentive levels for participants while balancing overall Program benefits to all non-participating customers, showing nearly \$90,000 net benefits to all customers, despite limited individual customer participation. He testified that data received from the ET Program will be used to further refine vehicle benefits using Petitioner specific load curves, EV charging behaviors, and lessons learned from most successful incentive structures.

Mr. Gordon testified that several consumer protections are built into its proposed ET program component, including 1) a limited two-year term, at which time Petitioner may propose to extend certain component elements; 2) the limited scope, number of participants, and specific goals for each component; and 3) a proposed cost recovery cap.

OUC witness Mr. Haselden testified that Petitioner’s \$89,630 net present value of benefits for the EV Program under the RIM test assumes higher kWh sales will benefit all customers prior to implementation of new rates in the next rate case, which is incorrect. The benefit of increased sales prior to implementing new rates will accrue solely to Petitioner through increased contribution to fixed costs and profits via the increased sales and will not benefit other customers. He testified that removing the first few years of increased sales revenue until Petitioner’s next rate case would drive the net present value (“NPV”) of benefits for the EV Program negative under the RIM test. However, removing non-cost-effective components (Electric School Bus, Electric Transit, Fleet Advisory, and Education and Outreach) may result in a cost-effective portfolio.

In rebuttal, Mr. Gordon testified that with the removal of the Electric Transit Vehicle component the overall ET Program RIM score increased, with net benefits increasing from \$89,630 to \$674,479.

**6. ET Program Costs and Ratemaking.** Ms. Siefertman testified that Petitioner is proposing a cost recovery cap at \$4.3 million, plus actual carrying costs. Mr. Gordon testified the \$4.3 million cost cap is comprised of approximately \$0.510 million of capital spend and approximately \$3.790 million of O&M spend. He testified that within the \$4.3 million cost cap, the costs are evenly split over two years, with the exception of the Electric School Bus component which budgets all six buses and chargers deployed in the first year in order to gather adequate data in year two. Additional costs associated with network data collection are also included in the Residential and School Bus components. Mr. Gordon explained that incentive and participant quantity levels for the ET Program were determined by studying the existing EV market in Duke

Energy Indiana and feedback from stakeholders during the collaborative process, as well as the RIM test cost-benefit analysis.

Ms. Sieferman testified that for the capital portion of the ET Program, Petitioner is requesting authority to defer depreciation expense and post-in-service carrying costs at the weighted average cost of capital rate as a regulatory asset until the capital components are deemed to be used and useful in a future base rate case. For the associated O&M costs, Petitioner is requesting deferral with carrying costs at the weighted average cost of capital (“WACC”) rate, as a regulatory asset to be held for recovery in a future retail base rate case. Ms. Sieferman believes this ratemaking proposal to be reasonable and prudent and the proposed accounting treatment to be in accordance with Generally Accepted Accounting Principles (“GAAP”).

OUC witness Mr. Loveman testified that Petitioner’s proposed accounting, ratemaking treatment, and cost recovery for the ET Program should be denied. The ET Program is experimental, discretionary, not necessary for system operation and maintenance, load building with no discernable benefits to ratepayers, and should be paid for by shareholders. Any potential benefits over a 10-year period are speculative and would not be realized until a future base rate case. He testified Petitioner did not cite any applicable authority allowing for recovery of the costs proposed, and that the ET Program is not necessary to provide safe and reliable service to Duke Energy Indiana customers.

Mr. Loveman testified that if the ET Program is approved, he recommended Petitioner be permitted to calculate carrying charges on the capital portion of the ET Program regulatory asset at the lower of Duke Energy Indiana’s Allowance for Funds Used During Construction (“AFUDC”) or WACC rate, less the equity portion for each rate, as Petitioner has not demonstrated any financial harm if not included. In addition, Petitioner should only be permitted to calculate carrying costs charges for two years beginning when the asset is placed in service, corresponding to the duration of the pilot program, and only permitted to earn a return of and not a return on the regulatory asset which relates to the O&M expense portion of the ET Program, in a future rate case. He explained that utilities should only earn a “return on” physical assets it owns. The bulk of the O&M costs Petitioner proposes are for incentives to be paid directly to customers and do not involve installing equipment Duke Energy Indiana will own. The incentives are a limited-use benefit only in place for the two-year duration of the ET Program. Mr. Loveman testified Petitioner did not demonstrate it would suffer any financial harm if not permitted to calculate carrying charges at its full WACC rate. Mr. Loveman testified any cost recovery should be capped at \$4.3 million, excluding carrying costs.

In rebuttal, Mr. Gordon testified that with the removal of the Electric Transit Vehicle component, the total cost estimate for the ET Program decreased from \$4.3 million to \$3.3 million. However, he stated that the recent excessive escalation in inflation could impact the estimate over the two-year life of the Pilot.

In rebuttal, Ms. Sieferman testified that Petitioner is incurring carrying costs on both the capital and O&M portions of the investment and it is reasonable to seek recovery of both. She testified that the proposed use of the WACC rate for calculating carrying costs is more applicable to the types of costs being incurred in the ET Program (primarily O&M); whereas the AFUDC rate

is typically used to calculate carrying costs incurred during construction and includes short-term debt. These two rates have varied over time and one rate may be lower than the other at any point in time making it inappropriate to simply pick the lower of the two rates. She testified that in addition to being theoretically incorrect, such an approach would be administratively cumbersome and inefficient. One methodology should be approved and used consistently in calculating carrying costs in this proceeding.

Ms. Sieferman testified Duke Energy Indiana finances its rate base with both debt and equity, and it should be allowed to recover all financing costs associated with the ET Program and not just the debt portion of the carrying costs. She also pointed out that the Commission has allowed for deferral of post-in-service carrying costs, including the equity component, in prior proceedings. Ms. Sieferman explained that the GAAP accounting rule does not restrict a company from ever receiving the equity return portion of post-in-service carrying costs from customers nor does it mean that commissions cannot approve recovery of post-in-service carrying costs that include an equity component.

Ms. Sieferman testified that Mr. Loveman's suggestion to limit the calculation of carrying costs to a maximum of two years is unnecessary to address concerns with open-ended accrual of carrying costs. Duke Energy Indiana has proposed accrual of carrying costs until such time as the associated regulatory assets can be recovered in a future retail base rate case which, by statute, will be within six years of approval of Petitioner's pending TDSIC 2.0 plan filing in Cause No. 45647.

## **7. EV Tariffs.**

A. EVFC Tariff. Mr. Flick testified that Petitioner's proposed EVFC Tariff is available for use by any electric vehicle owner who charges their electric vehicle at a Duke Energy Indiana public fast charging site (50 kW or greater), with the rate applying only at the Duke Energy Indiana-owned charging stations. The proposed EVFC Tariff promotes accessible public fast charging and provides Commission oversight over the rates charged. Mr. Flick testified that with the support of the Regional Electric Vehicle Coalition (REV Midwest), the Midwest region is on the leading edge of providing needed charging infrastructure to meet demand as rapid adoption of electric vehicles continues. In addition, with the availability of offsetting financial support from the Indiana Department of Environmental Management ("IDEM") VW Beneficiary Mitigation Fund this provides a unique and prime opportunity to deploy a statewide fast charging network. Mr. Flick testified that Petitioner and seven other electric utilities were awarded \$5.5 Million to roll out and operate a 61-location DC Fast Charge Network across the State by the end of 2023. As part of that network, Duke Energy Indiana was approved to install fast charging at 17 locations across its service territory, each of which will be capable of simultaneously charging two cars at 50 kW or higher charging power output.

Mr. Flick testified that the proposed EVFC Tariff provides an equitable payment manner for its Duke Energy Indiana-owned and operated fast charging stations and aligns well with the IDEM program's objective of cultivating the Indiana fast charging market while not undercutting the rates charged at third party-owned charging stations. He testified the EVFC rate is derived from an Indiana statewide average of 11 existing, comparable public charging stations with greater than 50 kW charging output capacity that are publicly accessible 24-hours per day. Petitioner will

review the rate quarterly and update it when the statewide average changes by more than 10% from the amount in the proposed EVFC Tariff. Mr. Flick explained that using a dollar per kWh pricing structure provides a simple and equitable pricing construct across different vehicle charging types, speeds, and locations which is easy for the end-user to understand. Mr. Flick testified Petitioner is proposing an EVFC Tariff rate energy charge of \$0.342505 per kWh, with an additional \$1.00 per minute idling fee after ten minutes to apply at certain stations located in close proximity to highway corridors or other highly trafficked areas. The applicable rate will be clearly visible to users on the display in \$/kWh. Petitioner reserves the right to limit station output based upon periods of high demand or high station utilization. Petitioner proposes using revenues received from the EVFC Tariff to cover costs associated with station operations for a minimum of five years, at which time any remaining accrued revenues (above the O&M associated with the charging stations) will be credited against overall costs of the entire 17-location project.

Mr. Haselden testified the OUCC recommends Petitioner's proposed EVFC tariff be denied. He testified the proposed EVFC pricing is not based upon Duke Energy Indiana's cost of providing service. It is also not related to the levelized cost of Duke Energy Indiana's portion of the EVFCs in the Crossroads project or ongoing operations and maintenance costs. He testified the EVFC price ranges vary by operating company, the sample size is extremely small, and it does not consider any subsidization of costs by the host companies. This results in a distorted and subsidized range of pricing whose average value is meaningless, and not a reasonable range of market prices. Mr. Haselden further testified that it is premature to set a price for EVFCs that do not exist and whose operating or financial structure is unknown. The large amount of federal funding for EVFCs, coupled with the REV Midwest coordination, will have a substantial effect on what development of EVFCs and pricing will be.

Mr. Miller testified ChargePoint does not support Petitioner's proposed EVFC tariff and recommends Duke Energy Indiana be directed to allow site hosts to establish and adjust the prices and pricing policies for EV charging services provided at utility-owned EV chargers located on their property. He testified this would ensure the utility remain whole for electricity costs while allowing site hosts flexibility to price charging services in accordance with its goals and core business alignment which is fundamental to market development. He testified this would not constitute third-party sales of electricity since a network service provider could be used to facilitate EV charging transactions, with the electricity sold directly by Duke Energy Indiana to the driver.

In rebuttal, Mr. Flick testified the EVFC Tariff is not being offered prematurely. The tariff's periodic pricing updates will ensure it adjusts as charging conditions within the State evolve, enabling a common interstate charging experience. Mr. Flick testified that pricing at Duke Energy Indiana owned locations should not be ceded to a third party outside of the utility and Commission's oversight. The proposed EVFC Tariff does not prohibit others from securing charging infrastructure on their own and establishing pricing at their locations at their discretion.

In rebuttal, Mr. Gordon testified that from an overall policy standpoint, Duke Energy Indiana does not support host ability to establish pricing and policies for the EVFC Tariff. While participant site hosts under the EVSE Tariff maintain full pricing and policy autonomy, funding of the charging infrastructure associated with the EVFC Tariff is not borne directly by the site host. In addition, Duke Energy Indiana must provide a consistent and fair price for all utility-owned and

operated fast charging stations under the 5-year operational requirement of the VW Mitigation Trust. Mr. Gordon also testified that by accepting the award of funds by IDEM through the Indiana Utility Group (“IUG”) project, Duke Energy Indiana has made a commitment to the State of Indiana to deliver the projects. Approval of the proposed EVFC Tariff is needed to provide charging at its IUG charging stations in the coming months. In order to operate individual electric vehicle fast charging locations at the time they are commissioned, pricing must be established in advance.

B. EVSE Tariff. Mr. Flick testified that Petitioner’s proposed EVSE Tariff is for regulated customers desiring electric vehicle charging infrastructure at their residential or commercial premises served by Duke Energy Indiana’s distribution system. The EVSE Tariff will be based on installation of standard equipment and billed as a monthly fee for each type of equipment. The proposed charging technology/equipment options, described in the EVSE Tariff, span a considerable spectrum of charging capabilities intended to cover the majority of charging demands. Mr. Flick explained that in developing the EVSE Tariff, Petitioner used as a model its Sheet No. 42, Rate LED. Both provide products and services on the customer’s side of the delivery point and offer simple, standard pricing based on third party vendor equipment quotes, adjusted for other costs incurred by Petitioner in the course of offering the products. The EVSE Tariff offers prospective customers a menu of clear/concise monthly prices to serve their onsite charging equipment needs. Mr. Flick testified that all charging equipment remain the property of Duke Energy Indiana, excluding any electrical upgrades made on the customer’s side of the delivery point at the customer’s election and expense. Also, the proposed EVSE Tariff does not include energy charges to charge the electric vehicles, rather the customer will use its standard energy service tariff along with any potentially managed charging offers ultimately approved by the Commission. Mr. Flick noted that while a customer taking advantage of the EVSE charging equipment tariff may also qualify for the other proposed offerings under the ET Program, there is no requirement that they participate in those. The proposed EVSE Tariff design is intended to be flexible and offer customers clear and concise pricing options. He testified that the proposed electric transportation tariff offerings will not negatively impact Duke Energy Indiana’s other customers.

Mr. Haselden testified the OUCC has no concerns with the proposed EVSE tariff as it is voluntary and would be paid only by participating customers.

Mr. Miller testified ChargePoint does not support Petitioner’s proposed EVSE tariff, recommending it be revised to expressly allow for customer ownership and third-party turnkey solutions. He testified Petitioner should also provide site hosts the ability to choose from at least two vendors of EV charging hardware and software for all options available to customers under the EVSE Tariff. In addition, he recommended all chargers installed through the EVSE Tariff be networked to enable increased functionality and wider future program design options.

In rebuttal, Mr. Flick testified that restricting customer choice to exclusively networked equipment ignores EV customers that might not desire more expensive, and potentially perceived to be more intrusive, charging options. He testified there are other technologies that enable insight and management of EV charging load between the customer and utility without networked equipment, such as smart panels, smart breakers, and software platforms connected directly to the

EV itself. Mr. Flick testified that although, inherently outside the design of the EVSE Tariff, Duke Energy Indiana has no opposition to customer ownership of EV chargers and charging infrastructure or securing third-party turnkey solutions, with the limitation that such structures should be operated in a manner compatible with Duke Energy Indiana's service regulations. In addition, Mr. Flick confirmed that the proposed EVSE Tariff will offer a suite of charging hardware and software solutions.

C. Alternatives to Proposed Tariffs. ChargePoint witness Mr. Miller recommended Petitioner submit one or more alternatives to traditional demand-based tariffs within six months from the date of an order in this proceeding. He testified that implementing appropriate rate designs that eliminate, defer, or reduce demand charges is key to unlocking increased investment in EV charging infrastructure. As Duke Energy Indiana develops demand charge alternatives, it should consider specific use cases as well as alternatives that have already been demonstrated by utilities in other states.

In rebuttal, Mr. Flick testified Duke Energy Indiana already offers a standard Low Load Factor Secondary Service rate without a demand charge and two time-of-use commercial rates that could be utilized by commercial and industrial EV customers. He testified that Duke Energy Indiana is willing to discuss the prospect of offering additional rates with charging stakeholders in future proposals.

CAC witness Mr. Olson testified that Petitioner should consider the potential federal funding opportunities for Indiana as a result of the federal bipartisan infrastructure bill before asking for captive ratepayer money.

In rebuttal, Mr. Gordon testified that the proposed EVSE and EVFC Tariffs do not hold customers captive, as alleged. These are voluntary programs which are completely participant focused and do not impact non-participating ratepayers. Although Petitioner will consider federal funding opportunities to help relieve program expenses and support eligible customers choosing to apply for available funding, waiting for additional funding that may or may not materialize will only delay the gathering of important data.

## **8. Commission Discussion and Findings.**

A. Electric Transportation Program. As the electric vehicle market continues to mature in Indiana, electric vehicles and their interactions with the electric grid present the potential to reach a point where proactive utility action will be necessary to ensure core system reliability objectives are maintained. The efficiency at which a utility grid manager can manage this potential future interaction will be enhanced by early and ongoing efforts to discover information that may assist a utility in designing effective programs and practices to meet these objectives. Understanding the impacts to the electric system, in particular those impacts which flow from customer use and charging behavior, is important for the successful integration of electric vehicles in Indiana. Petitioner's proposed ET Program will help provide some of this information.

In this proposed pilot project, Petitioner requests approval of an ET Program comprised of Residential EV Charging Incentive program; Commercial EV Charging Incentive program; Electric School Bus program; Fleet Advisory; and Education and Outreach. The Commission recently enacted General Administrative Order 2020-05 which provides guidance for utilities filing programs like the one proposed in this proceeding. Petitioner acknowledged the Commission's recent related GAO 2020-05 and addressed the related information in its testimony.

The Residential and Commercial electric vehicle charging programs are designed to yield information about customer charging patterns and the influence of incentives on off-peak charging. As such, the Residential and Commercial electric vehicle charging programs may provide Petitioner with valuable information for use in future electric vehicle grid management program design. The OUCC recommended the addition of a demand response component to the ET Program. While we acknowledge the value of shaping the response of the potential increased demand of EV use, we agree with Petitioner that it is premature to add a demand response component to the ET Program because it would add complexity and cost, without additional benefits.

Regarding the Electric School Bus component, Petitioner will be able to assess the V2G capabilities with an asset that is being utilized both as a typical school bus and as energy storage. In addition, there is potential to partner with school corporations to provide low-emission transportation while also evaluating additional grid resources. We encourage Petitioner to seek additional state and federal funding opportunities as an opportunity to help relieve program costs. The Electric School Bus component will be available to customers operating public school transportation systems in Petitioner's electric service territory. Mr. Gordon testified that Petitioner will "reserve the right to select participants to ensure the broadest set of data for Indiana." We encourage this approach, as opposed to a strictly first come, first served approach, as it may improve the quality of information that is obtained from the pilot. Additionally, Petitioner should update the Commission and the Parties annually during the pilot on the status of any alternative funding that has been secured for the Electric School Bus Component. Finally, with the global supply chain issues that currently exist and geopolitical risks that are potentially limiting the availability of the components necessary to build batteries, Petitioner should provide an update on any of these supply chain related challenges annually for the duration of this pilot.

With regard to the fleet advisory component, Petitioner's Witness Gordon testified that "as more and more customers are seeking to electrify their fleets, it is appropriate for Petitioner to assist them, in order to avoid mistakes that could impact their operations and the grid." We find the fleet advisory component is in the public interest because it will provide information early in the customer consideration process that helps Duke Energy Indiana and the customer better understand the impacts of electric vehicle fleets on the electric grid system. Likewise, the education and outreach component is necessary and reasonable as it will ensure customers are aware and educated on the various components of the ET Program and the related benefits. Electric vehicle adoption represents a potentially significant and growing customer-side of the meter activity and the ability of the manager on the utility-side of the meter to have visibility across the meter should reasonably benefit the public utility system overall.

In Cause No. 45253 S2, Petitioner previously proposed an ET Pilot Program, which contained several of the components included in the ET Program proposed in this proceeding. In response to our Order in Cause No. 45253 S2, Petitioner removed material investments in utility owned fast charging and significantly reduced the customer impact of its proposed programs, reducing it by more than half and scaling it in line with similar pilots we have approved for investor-owned utilities. See *Petition of Indiana Michigan Power Co.*, 2020 WL 2618183 (IURC May 20, 2020). Petitioner also provided more evidence of the impact on non-participants, indicating that overall the program has a positive impact on all customer rates, including non-participants. We agree with Petitioner that understanding what happens on the customer side of the meter is helpful to better manage what is needed on the utility side of the meter. Based on the evidence, the Commission finds that Duke Energy Indiana's ET Program is reasonable given its modest size coupled with the opportunity it presents for Petitioner to enhance its understanding and management of the impact of electric vehicle charging on its distribution system, thereby benefiting all of Petitioner's customers.

ChargePoint offered its preferences framed as modifications to Petitioner's proposed ET Program. To the extent Petitioner's rebuttal accepted or clarified how these preferences could be assimilated into the ET Program we accept these modifications and encourage the further collaborative efforts also agreed to by Petitioner. However, we decline to direct the additional proposed modifications be incorporated into what we find to be a reasonable pilot offering.

**B. Ratemaking.** The OUCC argued that Petitioner's decision to incur the costs of the ET Program is not just and reasonable for cost recovery from Duke Energy Indiana's customers and that Duke Energy Indiana should not be allowed to defer and recover capital and O&M costs for the programs. While it is arguably an obligation of Duke Energy Indiana to understand and grow in its understanding of managing its service franchise in the normal course of business, the pace of change, as well as the potential material impact mentioned above, driven by the likely accelerated adoption of electric vehicles which are being heavily incentivized is elevated. Therefore, utility efforts to understand the changes while they are still manageable should reasonably be expected to be elevated, and even encouraged. Thus, by approving Petitioner's ET Program we are in effect acknowledging a reasonable encouragement of expedited learning regarding the effects of electric vehicles on Petitioner's distribution system. Furthermore, the proposed ratemaking treatment and its approval is consistent with the approval we have given similar sized pilots from other investor-owned utilities. See *Indiana Michigan Power Co.*, 2020 WL 2618183 at 61. Based upon the evidence presented, we find that Petitioner's decision to incur the costs of the ET Program is just and reasonable and Duke Energy Indiana should be allowed to defer and recover capital and O&M costs, plus carrying costs, as proposed in Petitioner's Ex. 2, and as modified in its rebuttal testimony.

**C. EV Tariffs.** Based upon the evidence presented, we find that Petitioner's proposed EVSE and EVFC Tariffs as presented in Petitioner's Exhibit 3 are reasonable and hereby approved by the Commission. Petitioner has shown that these two tariffs provide options for customers and are not subsidized by non-participating customers.

Participating EVSE customers will pay the full costs of installation of service equipment at their premise. The proposed EVSE tariff is a voluntary offering that provides customers

additional EV related services at residential and commercial premises served by Duke Energy Indiana. As proposed, the EVSE tariff does not restrict customer choice, will be based on installation of standard equipment, and will be billed as a monthly fee for each type of equipment.

The EVFC tariff will enable the administration of fast charging services for its VW mitigation trust funded investments. Duke Energy Indiana seeks to provide a reasonable and flexible means to price fast charging service that neither undercuts other market participants nor overburdens EV drivers. Undercutting existing charging stations' pricing could serve as a barrier to entry to prospective non-utility charging market entrants and to possible expansion of existing market participants' locations. Pricing charging service above market price could result in underutilization of Duke Energy Indiana's charging stations. Duke Energy Indiana Witness Flick testified that "to ensure the rate remains current, the rate will be reviewed quarterly and updated when the statewide average changes by more than 10% from the amount in the proposed EVFC Tariff." The tariff's periodic pricing update is designed to ensure it adjusts as charging conditions within Indiana evolve.

We believe additional benefit would be gained if Duke Energy Indiana was to review the rate monthly and update the rate if outside 10%. However, to keep all parties and the Commission informed of market developments, even if the rate is not outside the 10% band, Duke Energy Indiana shall report its monthly comparison in a quarterly filing in this docket showing such comparison. Further, Duke Energy Indiana shall monitor and report in the quarterly filing any potential comparative sample data points that include per kWh DCFC which become available with the market's implementation of House Enrolled Act 1221. Accordingly, we find that Duke Energy Indiana's proposal to update the tariff pricing to reflect market pricing of non-utility owned charging infrastructure within the state is a reasonable approach to encourage this emerging market with the above modifications. Furthermore, when warranted by the expansion of the comparative sample data points Duke Energy Indiana shall make a request for adjustment of the sample in accordance with the Commission's Thirty-Day Administrative Filing Procedures and Guidelines at 170 IAC 1-6.

Finally, in approving this ET Program, the Commission finds that Petitioner has identified and defined metrics that will be used to determine the success of each component and, ultimately, enable the overall benefits for Duke Energy Indiana's customers to be evaluated. The Commission finds it is beneficial that Duke Energy Indiana gather and report the information summarized in Petitioner's Exhibit 1-A in a compliance report filed under this docket every twelve months for the two-year period, following the start of the ET Program.

**9. Confidential Information.** Petitioner filed Motions for Protection of Confidential and Proprietary Information ("Motions") with the Affidavits of Cormack C. Gordon and Roger A. Flick, II, on September 23, 2021 and October 22, 2021. In the Motions Petitioner demonstrated a need for confidential treatment for marginal cost estimates and sensitive pricing and cost details related to the development of the proposed EVSE Tariff. In docket entries dated October 22, 2021 and November 2, 2021, the Presiding Officers preliminarily found that such information should be subject to confidential procedures.

The Affidavits of Mr. Cormack and Mr. Flick indicate that such confidential information has actual or potential independent economic value for Petitioner and its ratepayers, the disclosure of the confidential information could provide Petitioner's competitors and suppliers an unfair advantage, and Petitioner and its affiliates have taken all reasonable steps to protect the confidential information from disclosure. Accordingly, pursuant to Ind. Code §§ 5-14-3-4 and 8-1-2-29, we find that the confidential information contains trade secrets and is excepted from public access and disclosure by the Commission.

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

1. Duke Energy Indiana's Electric Transportation Program as amended in its rebuttal testimony is approved, for a period of twenty-four months.

2. Duke Energy Indiana is authorized to defer and recover capital and O&M costs associated with the Electric Transportation Program, as set forth in Petitioner's Exhibit 2, and as modified in Petitioner's rebuttal testimony, with carrying costs, for recovery in Duke Energy Indiana's subsequent retail base rate proceeding.

3. Duke Energy Indiana is authorized to implement its EVFC Tariff as described in Petitioner's Exhibit 3 at Duke Energy Indiana-owned charging stations. Duke Energy Indiana shall file the tariff under this Cause for approval by the Commission's Energy Division.

4. Duke Energy Indiana is authorized to implement its EVSE Tariff as described in Petitioner's Exhibit 3. Duke Energy Indiana shall file the tariff under this Cause for approval by the Commission's Energy Division.

5. Petitioner shall file in this proceeding reports for the duration of the Electric Transportation Program as set forth in Finding No. 8.C.

6. The information submitted by Petitioner pursuant to a preliminary finding of confidentiality is determined to be confidential trade secret information and therefore excepted from public access.

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

**HUSTON, KREVDA, OBER, AND ZIEGNER CONCUR; FREEMAN ABSENT:**

**APPROVED: JUN 01 2022**

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

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**Dana Kosco**  
**Secretary of the Commission**