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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

MAY 29 2014

INDIANA UTILITY
REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA,)
 INC. FOR APPROVAL OF (1) ITS PROPOSED)
 DEMAND SIDE MANAGEMENT AND)
 ENERGY EFFICNCY PROGRAMS FOR 2015,)
 INCLUDING COST RECOVERY, LOST)
 REVENUES AND SHAREHOLDER)
 INCENTIVES; (2) AUTHORITY TO OFFER)
 ADDITIONAL DEMAND SIDE)
 MANAGEMENT PROGRAMS WITH COST)
 RECOVERY, INCLUDING LOST MARGINS)
 AND A SHAREHOLDER INCENTIVE; (3))
 AUTHORITY TO DEFER COSTS INCURRED)
 UNTIL SUCH TIME THEY ARE REFLECTED)
 IN RETAIL RATES; (4) RECONCILIATION)
 OF DEMAND SIDE MANAGEMENT AND)
 ENERGY EFFICIENCY PROGRAM COST)
 RECOVERY THROUGH DUKE ENERGY)
 INDIANA, INC. STANDARD CONTRACT)
 RIDER 66A, AND (5) REVISIONS TO)
 STANDARD CONTRACT RIDER 66A)

CAUSE NO. 43955-DSM-2

PETITION AND REQUEST FOR ADMINISTRATIVE NOTICE

Duke Energy Indiana, Inc. (“Duke Energy Indiana” or “Petitioner”) hereby petitions the Indiana Utility Regulatory Commission (“Commission”) for approval of its demand side management and energy efficiency (“EE”) programs for 2015, including program cost recovery, lost revenues, and a shared saving mechanism, pursuant to 170 IAC 4-8-1 *et seq.* In this proceeding, Petitioner will also reconcile the amounts billed through its Standard Contract Rider No. 66A (“Rider EE”) during 2013 to the costs (including lost revenues) incurred in offering these programs and incentives achieved during 2013.

1. Petitioner’s Corporate and Regulated Status. Petitioner is an Indiana corporation with its principal office in the Town of Plainfield, Hendricks County, Indiana. Its

address is 1000 East Main Street, Plainfield, Indiana 46168. It has the corporate power and authority, among others, to engage, and it is engaged, in the business of supplying electric utility service to the public in the State of Indiana. Accordingly, Petitioner is a “public utility” within the meaning of that term as used in the Indiana Public Service Commission Act, as amended, Ind. Code § 8-1-2-1, and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana, including Ind. Code § 8-1-2-1 *et seq.* Petitioner is a second tier wholly-owned subsidiary of Duke Energy Corporation.

2. **Petitioner’s Electric Utility Service.** Petitioner owns, operates, manages and controls plants, properties and equipment used and useful for the production, transmission, distribution and furnishing of electric utility service to the public in the State of Indiana. Duke Energy Indiana directly supplies electric energy to approximately 810,000 customers located in 69 counties in the central, north central and southern parts of the State of Indiana. Petitioner also sells electric energy for resale to municipal utilities, Wabash Valley Power Association, Inc., Indiana Municipal Power Agency and to other public utilities that in turn supply electric utility service to numerous customers in areas not served directly by Petitioner.

3. **Recent History of EE.** Petitioner has offered EE programs since the early 1990s and has consistently maintained a portfolio of programs for its customers. More recently, all regulated investor-owned electric companies in the state of Indiana were required to offer a suite of Core Programs administered by a third-party administrator and additional Core Plus programs to meet Commission energy efficiency targets, as established in Cause No. 43693 Phase II (“Phase II Order”). The 2014 Indiana General Assembly enacted legislation (Senate Enrolled Act 340 (“SEA 340”)) that, *inter alia*, created an industrial customer opt out for those large

customers with over 1 MW of load. At the conclusion of 2014, the legislation specified that there will no longer be targets or a third-party administrator, as required by the Phase II Order.

4. **Petitioner's Current Authority to Offer EE Programs.** In 2012, the Commission approved Duke Energy Indiana's proposed portfolio in Cause No. 43955, with modification, for 2012 and 2013. The Commission also approved program cost recovery, including lost revenues and a shareholder incentive. Because of the delay from filing the Petition in Cause No. 43955 to final order, the Commission requested that Petitioner update its charge estimates, bill impact analysis, and incentive targets for the remainder of 2012 and 2013, and the Commission approved those updates on March 21, 2013, in Cause No. 43079 DSM6.

In mid-2013, Duke Energy Indiana filed for a one-year extension, with minor modifications, of the programs approved in Cause No. 43955. In October, the OUCC and Petitioner filed a settlement agreement, which was subsequently approved by the Commission. Petitioner's current programs are planned to run through the end of 2014.

5. **Relief Sought by Petitioner.** In this proceeding, Duke Energy Indiana seeks authority to continue to provide the programs approved in Cause Nos. 43955 and 43955 DSM1 for one additional year, through December 31, 2015. Petitioner seeks to include additional programs in its portfolio. The portfolio includes programs for all customer segments, anticipating that a substantial portion of its customer load may choose to opt out of the C&I programs. Petitioner also requests accounting and ratemaking authority to recover associated program costs, lost revenues, and a shared savings mechanism. Petitioner proposes to exclude its income qualified program from its shareholder incentive proposal. Because there are no longer Commission-provided targets and because it better aligns Petitioner and customers' goals in the

provision of cost effective EE, Petitioner seeks approval of a shared savings mechanism in lieu of a tiered savings incentive as currently approved.

Petitioner also seeks approval of its reconciliation of the costs incurred (including lost revenues) for both Core and Core Plus Programs and incentives achieved (for Core Plus Programs only) during 2013 with amounts actually collected from customers from Rider EE billings.

Finally, Duke Energy Indiana requests authority to adjust Rider EE accordingly and for continued authority to use deferred accounting on an ongoing basis until such costs are reflected in retail rates to ensure proper matching of expenses with the rate recovery of such expenses through Rider EE.

6. Applicable Law. Petitioner considers the provisions of the Public Service Commission Act, as amended, including Ind. Code § 8-1-2-4, 12, 42(a), 46, 61, and 170 IAC 4-8-1 *et seq.*, to be applicable to this proceeding, and believes that such traditional statutes and rules provide the Commission authority to approve the relief requested.

7. Request for Administrative Notice. The analysis and calculations presented in Duke Energy Indiana's case-in-chief are consistent with that presented in previous Duke Energy Indiana proceedings. To provide the appropriate evidentiary basis for the testimony and exhibits filed in this proceeding, and in accordance with 170 IAC 1-1.1-21(f), Petitioner seeks administrative notice of the following:

The prefiled testimony, exhibits, and workpapers of Diana L. Douglas, in Cause Nos. 43955, 43079 DSM6, and 43955 DSM1;

The prefiled testimony and exhibits of Michael Goldenberg in Cause No. 43955 DSM1;

The Commission Order in Cause No. 43955, dated March 21, 2012;

The Commission Order in Cause No. 43079 DSM6, dated December 19, 2102;

The Commission Order In Cause No 43079 DSM6 S1, dated March 21, 2013;

The Commission Orders in Cause No. 43955 DSM1, dated January 15, 2014 and March 30, 2014;

The Evaluation, Measurement and Verification Reports filed in Cause No. 42693 S1 on May 2, 2014.

Copies of all items requested to be administratively noticed are available on the Commission's website and have been provided to the intervenors in Duke Energy Indiana's various proceedings listed above.

8. Petitioner's Counsel. Melanie D. Price, and Kelley A. Karn, 1000 East Main Street, Plainfield, Indiana 46168 are counsel for Duke Energy Indiana in this matter and are duly authorized to accept service of papers in this cause on behalf of Duke Energy Indiana.

9. Request for Prehearing Conference. Duke Energy Indiana requests that the Commission schedule a prehearing conference in this proceeding to establish a procedural schedule that will result in an evidentiary hearing before October 1, 2014 and an order in this proceeding by December 31, 2014 to allow Petitioner to continue to offer its EE programs to its customers uninterrupted through December 31, 2015. As such, Duke Energy Indiana has had discussions with the OUCC and proposes the following procedural schedule:

August 14 – OUCC/ Intervenors file their cases-in-chief

September 11 – Petitioner files rebuttal

Mid/ end-September – evidentiary hearing

WHEREFORE, Duke Energy Indiana respectfully requests that the Commission promptly publish notice, conduct such other investigation and hold such hearings as are necessary and advisable in this Cause to allow it to issue a Final Order so that Duke Energy Indiana may implement the programs and ratemaking mechanisms requested in a timely manner.

Petitioner further requests that the Commission grant all other relief in the premises as may be appropriate and proper.

Respectfully submitted,

DUKE ENERGY INDIANA, INC.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Petition of Duke Energy Indiana, Inc. was electronically delivered this 29th day of May 2014, to:

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