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MAY 20 2014

INDIANA UTILITY REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN)
INDIANA GAS & ELECTRIC)
COMPANY D/B/A VECTREN ENERGY)
DELIVERY OF INDIANA, INC.)
REQUESTING APPROVAL TO OFFER)
CERTAIN ENERGY EFFICIENCY AND)
DEMAND SIDE MANAGEMENT)
PROGRAMS IN 2015 AND TIMELY)
RECOVERY OF COSTS THROUGH)
THE DEMAND SIDE MANAGEMENT)
ADJUSTMENT, INCLUDING)
PROGRAM COSTS, LOST REVENUES,)
AND PERFORMANCE INCENTIVES)
AND AUTHORITY TO INCUR AND)
DEFER FOR FUTURE RECOVERY)
PLANNING COSTS FOR DSM)
PROGRAMS TO BE OFFERED 2016)
AND BEYOND)

CAUSE NO. 44495

VERIFIED PETITION

Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren South" or "Petitioner"), by counsel, hereby respectfully requests that the Indiana Utility Regulatory Commission ("Commission") approve the Vectren South 2015 Electric DSM Plan ("2015 Plan") and recovery of costs associated with the 2015 Plan via the previously approved components of the Demand Side Management Adjustment ("DSMA"). In support of this request, Petitioner represents and shows the Commission that:

1. Petitioner's Corporate and Regulated Status. Petitioner is an operating public utility, incorporated under the laws of the State of Indiana, with its principal office and place of business in Evansville, Indiana. Petitioner is subject to regulation by the Commission in the manner and to the extent provided by the laws of the State of Indiana.

2. **Petitioner's Operations.** Petitioner provides electric utility service to approximately 140,000 customers in six (6) counties in southwestern Indiana. Petitioner renders such electric utility service by means of utility plant, property, equipment and related facilities owned, leased, operated, managed and controlled by it which are used and useful for the convenience of the public in the production, treatment, transmission, distribution and sale of electricity.

3. **Relief Requested.** Vectren South is requesting authority to offer the portfolio of DSM programs defined in the 2015 Plan beginning January 1, 2015 through December 31, 2015 with the goal of reducing residential, commercial and industrial ("C&I") customer energy usage by 44 million kilowatt hours ("kWh"). This level of energy savings is roughly equal to a one percent (1%) reduction in energy consumption from current usage levels of customers, including approximately fifty percent (50%) of large C&I customer load Vectren South expects to participate instead of opting out. In addition, Vectren South is requesting authority to recover all costs associated with offering the 2015 Plan, which includes recovery of demand side management ("DSM") program costs, recovery of net lost revenues related to the DSM program, and implementation of a shared savings incentive mechanism. Also, Petitioner is requesting approval to make the changes to the Vectren South Electric Oversight Board ("VSEOB") as described in the testimony pre-filed in this proceeding. In addition, Vectren South is seeking authority to incur and defer for subsequent recovery costs of no more than \$200,000 required to develop a portfolio of DSM programs to be offered in 2016-18.

4. **The 2015 Plan.** Vectren South currently offers a portfolio of DSM programs and has authority to offer those programs through December 31, 2014. In keeping with its desire to continue offering DSM and other energy efficiency programs, Vectren South developed the 2015 Plan and now seeks Commission approval to implement it beginning January 1, 2015. The 2015

Plan consists of DSM program offerings for all customer classes, including low income customers, and provides an opportunity for certain large C&I customers to opt-out of participation, as provided for in Senate Enrolled Act 340 (“SEA 340”). Vectren South’s 2015 Plan includes the following DSM programs:

- Residential Lighting;
- Home Energy Audit;
- Income Qualified Weatherization;
- Energy Efficient Schools;
- Residential Appliance Recycling;
- Residential Behavioral Savings;
- Residential New Construction;
- Residential HVAC;
- Multi-Family Direct Install;
- C&I Prescriptive, C&I Custom;
- C&I New Construction;
- Small Business Direct Install.

5. Given that some of the programs in the 2015 Plan are joint gas and electric programs, Vectren South is requesting authority to combine the gas and electric oversight boards. Granting such a request would allow the members of the oversight boards to streamline the oversight process and make the most efficient use of their time.

6. **Ratemaking Mechanism**. Vectren South is requesting authority to recover all costs associated with the 2015 Plan via the previously approved components of its existing DSMA. The costs to be recovered include program and portfolio costs, including net lost revenues,

shared savings, administrative costs associated with implementing and managing the 2015 Plan, and evaluation, measurement and verification (“EM&V”) costs. Vectren South is requesting continued authority to recover costs through the DSMA, as previously approved in Cause Nos. 43427, 43839, 43938 and 43405 DSMA 9 S1 except that Vectren South is requesting a change to the incentive mechanism. Historically, the performance incentive was calculated based upon a percentage of program costs determined by performance of the program. Pursuant to this filing, Vectren South is requesting authority to recover an incentive based upon a shared savings mechanism determined by the net benefits of the DSM programs. Vectren South will continue to implement the cost recovery as part of its ongoing DSMA reconciliation proceedings, docketed as Cause No. 43405 DSMA-X.

7. **Applicable Law.** Vectren South considers the provisions of the Public Service Commission Act, as amended, including Ind. Code §§ 8-1-2-4, 8-1-2-12, 8-1-2-42, 8-1-2-46 and 8-1-2-61 to be applicable to the subject matter of this Petition, in addition to 170 IAC § 4-8-1 et. seq., and believes that such traditional statutes and rules provide the Commission authority to approve the relief requested.

8. **Petitioner’s Counsel.** Robert E. Heidorn (Atty. No. 14264-49), P. Jason Stephenson (Atty. No. 21839-49) and Michelle D. Quinn (Atty. No. 24357-49), Vectren Corporation, One Vectren Square, 211 N.W. Riverside Drive, Evansville, Indiana 47708 are counsel for Petitioner and are duly authorized to accept service of papers in this Cause on Petitioner’s behalf.

9. **Procedural and Other Matters.** Vectren South is filing its case-in-chief as soon as it can make electronic filings, including direct testimony and exhibits. Pursuant to 170 IAC § 1-1.1-15(b) of the Commission’s Rules of Practice and Procedure, Petitioner requests that a date be promptly fixed for a prehearing conference and preliminary hearing for the purpose of fixing a

procedural schedule in this proceeding and considering other procedural matters. Vectren South will seek to enter into a stipulation with the Indiana Office of Utility Consumer Counselor regarding a procedural schedule in lieu of a prehearing conference.


WHEREFORE, Vectren South respectfully requests that the Commission promptly publish notice, make such other investigation and hold such hearings as are necessary or advisable in this Cause and issue a Final Order on or before October 1, 2014 in this proceeding that:

- (i) approves the 2015 Plan;
- (ii) authorizes and approves the recovery of all costs through the previously approved components of Petitioner's DSMA, including program costs, portfolio level costs, net lost revenues, performance incentives, administrative costs and EM&V costs;
- (iii) approves Vectren South's request to change the performance incentive mechanism from one based upon a percentage of program cost to a shared savings approach;
- (iv) authorizes Vectren South to incur and defer for subsequent recovery through retail rates no more than \$200,000 in planning costs
- (v) grants such other and further relief in the premises as may be appropriate and proper.

Dated this 29th day of May, 2015.

Respectfully submitted,


**Southern Indiana Gas & Electric
Company d/b/a Vectren Energy
Delivery of Indiana, Inc.**

By: 

Robert C. Sears, Vice President

VERIFICATION

I Robert C. Sears, Vice President, Marketing and Conservation, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

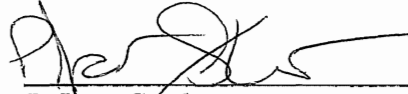


Robert C. Sears
Vice President, Marketing and
Conservation

Dated: May 29, 2014

CERTIFICATE OF SERVICE

The undersigned certified that two copies of the foregoing Verified Petition was served this 29th day of May 2014, via hand delivery, on the Office of Utility Consumer Counselor, PNC Center, 115 W. Washington Street, Suite 1500 South, Indianapolis, Indiana 46204.


P. Jason Stephenson

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