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STATE OF INDIANA

DEC 29 2014

INDIANA UTILITY REGULATORY COMMISSION

INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED PETITION OF DUKE ENERGY)
INDIANA, INC. FOR (i) APPROVAL OF)
FOUR (4) SOLAR PURCHASED POWER)
AGREEMENTS; (ii) TIMELY RECOVERY)
OF THE RETAIL JURISDICTIONAL)
PORTION OF PURCHASED POWER COSTS)
THROUGH RETAIL RATES PURSUANT)
TO INDIANA CODE 8-1-8.8; (iii) APPROVAL)
OF AN ALTERNATIVE REGULATORY)
PLAN PURSUANT TO INDIANA CODE)
§ 8-1-2.5-1 *ET SEQ.* FOR A MODIFICATION)
TO ITS *GOGREEN* STANDARD CONTRACT)
RIDER NO. 56; AND (iv) CONFIDENTIAL)
TREATMENT OF PRICING AND OTHER)
PROPRIETARY TERMS OF THE)
PURCHASED POWER AGREEMENTS)

44578

CAUSE NO. _____

VERIFIED PETITION

Duke Energy Indiana, Inc. (hereinafter referred to as “Company” or “Duke Energy Indiana”) respectfully files this Verified Petition requesting that the Indiana Utility Regulatory Commission (“Commission”) enter an Order approving four (4) solar energy Purchased Power Agreements (“PPAs”) for 5 MWs each with Sullivan Solar LLC, McDonald Solar LLC, Pastime Farm LLC, and Geres Energy LLC for a total of 20 MWs of solar energy to be in commercial operation no later than March 31, 2016. Petitioner requests that the Commission approve its modification to its *GoGreen* program (i.e., *Duke Energy Indiana’s Standard Contract Rider No. 56* (“*GoGreen*” or “*GoGreen Rider*”) under the Alternative Regulatory Statute (*Indiana Code § 8-1-2.5-1 et seq.*) to provide customers with an option to purchase locally sourced green power renewable energy credits (“RECs”). Finally, Petitioner also respectfully requests that the

Commission approve timely recovery of the costs of the PPAs through rates and the confidential treatment of the PPA pricing and other confidential terms. In support of this Verified Petition, Duke Energy Indiana states as follows:

1. **Petitioner's Corporate and Regulated Status.** Duke Energy Indiana 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 to engage 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.*

2. **Petitioner's Electric Utility Service.** Duke Energy Indiana 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. It directly supplies electric energy throughout its 22,000 square mile service area to approximately 800,000 customers located in 69 counties in the State of Indiana. Petitioner also sells electric energy for resale to municipal utilities, Wabash Valley Power Association, Inc., Indiana Municipal Power Agency, Hoosier Energy, and to other public utilities that in turn supply electric utility service to numerous customers in areas not served by Petitioner.

3. **Petitioner's Status as an Energy Utility.** As defined in Ind. Code § 8-1-2.5-2, Duke Energy Indiana is an "Energy Utility" and its electric service constitutes "Retail Energy Service" as defined in Ind. Code Ind. Code § 8-1-2.5-3. By this Verified Petition, Duke Energy Indiana elects to become subject to the provisions of Ind. Code § § 8-1-2.5-5 and 8-1-2.5-6 for

purposes of flexibly pricing and providing its Go Green Power Rider. This Verified Petition, and the testimony and exhibits to be filed by Duke Energy Indiana in this proceeding, constitute its Alternative Regulatory Plan ("ARP") for purposes of this proceeding.

4. **The PPAs.** Duke Energy Indiana has entered into four (4) separate PPAs, each for five (5) MWs of solar power. There will be four (4) solar energy sites within Duke Energy Indiana's service territory: Sullivan County, Vigo County, Clay County and Howard County. Duke Energy Indiana expects that the execution of the PPAs and operation of the projects will assist in the development of emission-free solar energy generation, expand and diversify Duke Energy Indiana's portfolio of supply resources, enhance customer awareness of renewable energy, and foster economic development and job creation in the State of Indiana.

5. **Request for Recovery of Costs.** Duke Energy Indiana proposes that the retail jurisdictional portion of the costs of purchased power under the PPAs, including fuel related MISO charges or credits related to the purchased power, be recovered pursuant to Ind. Code § 8-1-8.8-11. The ratemaking mechanism for recovery is proposed to be quarterly filings through a tracking mechanism under Ind. Code § 8-1-2-42(a) and be administered through the fuel adjustment clause proceedings. Additionally, Duke Energy Indiana is entitled to the value of the RECs under the PPAs. Duke Energy Indiana plans to include a credit for the net retail jurisdictional portion of the proceeds from the sales of any such RECs in the development of its retail fuel adjustment factor. Other non-fuel related MISO charges or credits that may result from the purchase will be included in the calculations for recovery under MISO Management Cost and Revenue Adjustment Standard Contract Rider No. 68. Finally, the MISO Zonal Resource Credit ("ZRC") revenues resulting from the PPAs will be credited to customers in the Company's annual Standard Contract Rider No. 70 proceedings as either an offset to Resource

Adequacy load charges, or, to the extent Resource Adequacy revenues exceed Resource Adequacy load charges, as part of non-native load revenue sharing. This treatment is consistent with the way Duke Energy Indiana treats ZRC revenues from its own generation, as well as the Benton County Wind Farm and Purdue Wind Farm Purchased Power Agreements previously approved by the Commission.

6. **Request to Modify GoGreen Program.** Starting in 2001, Petitioner began offering Green Power Standard Contract Rider No. 56, whereby customers could voluntarily choose to contribute at least \$1 per month, which was added to their normal bill for electric service. The proceeds from Rider 56 were used for two (2) demonstration projects in Petitioner's Service Territory. In Cause No. 42966, Petitioner received approval to rename Standard Contract Rider 56 to *GoGreen* Power. In this program, Petitioner purchased and used RECs to support customer participation. Subsequently, the program was renamed *GoGreen*. See Cause Nos. 43617 and 44283. Petitioner continues to offer this program and purchases RECs on behalf of the customers who voluntarily enroll.

In this proceeding, Duke Energy Indiana seeks approval to offer a new component to its *GoGreen* program to allow customers to purchase, for a premium, solar RECs resulting from projects located within Duke Energy Indiana's service territory as opposed to out-of-state RECs. As will be discussed in its Direct Testimony, Petitioner has received customer feedback requesting locally-sited renewable projects, and the addition of the solar energy obtained by Petitioner through the solar energy PPAs will enable this additional voluntary customer offering.

7. **Petitioner's Request for Approval of an Alternative Regulatory Plan.** In determining whether public interest will be served through the approval of an ARP, the Commission is to give consideration to four areas stated in Ind. Code §8-1-2.5-5(b). The

proposed modification to the *GoGreen* Power Rider satisfies each of these requirements in the following manner:

- a. Renewable energy technology continues to develop and progress. Renewable energy technology and the marketplace have developed to the point that local RECs can be certified and competitively marketed.
- b. The Commission's approval of an ARP will benefit both Duke Energy Indiana and Duke Energy Indiana's customers. Overall, the proposed *GoGreen* Power Rider will expand interest in, and the market for, local RECs; increase interest in, and the level of, environmentally friendly generation; increase purchase, use, and financial support for green power; increase customer satisfaction by expanding their options to participate in the green power marketplace and support local solar energy projects; increase the level of green power generation in Indiana; and improve our environment.
- c. The Commission's approval of an ARP will promote energy utility efficiency by allowing pricing flexibility and periodic adjustment of the kWh sale block size. The price and structure of participation in the *GoGreen* Power Rider may be adjusted in a manner that maximizes customer satisfaction, customer participation, and the proliferation of renewable energy in Indiana. These benefits will be achieved without the cost to all stakeholders of having to periodically seek regulatory approval for minor adjustments to the *GoGreen* Power pricing and sales block size.
- d. The Commission's approval of the ARP will allow Duke Energy Indiana to compete effectively with other providers of renewable energy certificates. RECs are openly traded commodities whose prices fluctuate.

8. **Request for Confidential Treatment.** Petitioner respectfully requests that the Commission make a determination that the pricing and other proprietary terms of the PPAs constitute confidential trade secrets and be excepted from public disclosure. Concurrently with the filing of this Verified Petition, Petitioner is filing a Motion for Protection for Confidential Material and supporting Affidavit.

9. **Statutory Authority.** Duke Energy Indiana considers Ind. Code §§ 8-1-8.8 et seq., 8-1-2-42(a), among others, as applicable to this proceeding. As to the *GoGreen* program offering, Petitioner considers § 8-1-2.5-1, *et seq.* to be applicable.

10. **Petitioner's Counsel.** Petitioner's counsel is Melanie D. Price and Kelley A. Karn, both at 1000 E. Main Street, Plainfield, Indiana 46168. Ms. Price and Ms. Karn are authorized, on Petitioner's behalf, to receive papers filed in this matter.

11. **Request for Prehearing Conference and Preliminary Hearing.** In accordance with 170 I.A.C. § 1-1.1-15(b) of the Commission's Rules of Practice and Procedure, Petitioner requests that the Commission schedule a prehearing conference and preliminary hearing for the purpose of fixing a procedural schedule in this proceeding and considering other procedural matters.

12. **Relief Requested.** Petitioner respectfully requests that the Commission set this matter for hearing and enter a Final Order (i) approving the PPAs; (ii) providing for the timely, full and certain recovery of the retail jurisdictional portion of the purchased power costs under the PPAs through rates; (iii) approving the confidential treatment of the pricing and other proprietary terms of the PPAs; (iii) approving an additional program offering under Petitioner's *GoGreen* Rider; and (iv) granting all other relief as appropriate in the premises.

Respectfully submitted,

DUKE ENERGY INDIANA, INC.

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VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed: 

Douglas F Esamann, President
Duke Energy Indiana, Inc.

Dated: December 29, 2014

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 December 2014, to:

Office of Utility Consumer Counselor
115 W. Washington Street
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By: 
Counsel for Duke Energy Indiana, Inc.

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