



INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

August 24, 2018

Beth E. Heline, General Counsel
Re: Backup Maintenance Supplemental Power Rate Review
Indiana Utility Regulatory Commission
101 West Washington Street, Suite 1500 E
Indianapolis, IN 46204
urccomments@urc.in.gov

Re: GAO 2017-3 - Back-up, Maintenance and Supplemental Power Service Offerings

Dear Counsel Heline:

As stated in the Indiana Office of Utility Consumer Counselor's ("OUCC") original comments submitted on May 25, 2018, the OUCC recognizes the potential for the State of Indiana, large commercial and industrial customers, interconnecting incumbent electric utilities, and other customers to benefit from an increased implementation of cost-effective cogeneration ("cogen") and combined heat & power ("CHP") projects that can serve to improve the efficiency of energy usage, improve industrial competitiveness and reduce future capacity needs in Indiana.

Comments submitted by larger commercial and industrial customers have emphasized their interest in having reasonably priced back-up, maintenance and supplemental power offerings from incumbent providers so they can reduce their own production costs by meeting some or all of their own on-site energy needs through self-generation. The OUCC recognizes that the fair and cost-effective implementation of cogeneration and CHP arrangements must be based on the use of proper utility rate designs that reflect the true cost of providing back-up, maintenance and supplemental power to such facilities.

The OUCC further understands that having as many specifics as possible in a utility's tariff for back-up, maintenance and supplemental power can reduce the uncertainty for industrial customers considering cogen or CHP. While many of the specifics for a particular utility may need to be determined in the context of a base rate case, there may be opportunities to improve the transparency and terms of an Indiana utility's back-up, maintenance and supplemental power tariffs.

The OUCC accepts the Indiana Utility Regulatory Commission's Staff Report and conclusion that further investigation is not required in this GAO 2017-3 proceeding and therefore does not seek additional efforts developing these ideas as part of this proceeding. However, sufficient concerns have been raised by interested parties to suggest that the backup, maintenance and supplemental power components of Indiana's investor-owned utility tariffs may be usefully improved and better understood over time. Because those reviews would be best informed by information available in a base rate case, the OUCC recommends that

the Commission require utilities, in their next base rate cases, to present testimony justifying their proposed backup, maintenance and supplemental power tariff provisions, whether or not the utility is proposing any changes to those provisions. That requirement would cause the utilities to carefully review their provisions and afford other parties the opportunity to review utility justifications and make reasoned suggestions for improvement.

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

/s/ Karol H. Krohn

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