


HOOSIER ENERGY

RURAL ELECTRIC COOPERATIVE, INC.

A Touchstone Energy® Cooperative 

March 23, 2012

Ms. Beth Krogel Roads
Legal Counsel, RTO/FERC Issues
Indiana Utility Regulatory Commission
101 W. Washington St., Suite 1500 East
Indianapolis, IN 46204

Dear Ms. Roads:

With respect to the Indiana Utility Regulatory Commission's proposed revision of its rule requiring electric utilities to prepare and submit Integrated Resource Plans, Hoosier Energy provides the following general comments:

- A utility's Integrated Resource Plan is an informational submission to the IURC that provides a benefit to the IURC and the utility's stakeholders and should not trigger an adversarial review of a utility's resource planning efforts.
 - This document demonstrates that the utility is conducting resource planning efforts for the future benefit of its consumers and provides insight into those planning efforts.
 - An IRP filing should provide an opportunity for the IURC, OUCC and other interested parties to provide feedback to the utility with regard to its resource planning efforts.
- A utility's Integrated Resource Plan is based upon its forecasted expectations, assumptions and projections at a single point in time.
 - These forecasts, assumptions and projections are subject to change over time, sometimes quickly, due to variations in major inputs such as load and cost assumptions.
 - Because the assumptions change over time, the IRP's value could diminish over time and limit its value as evidence in a Certificate of Public Convenience and Necessity (CPCN) proceeding.
 - Because the value of the data incorporated into an IRP diminishes over time, a minimum 10-year planning horizon is appropriate for IRP filings.
- The IRP should be filed on a three-year cycle.
 - Preparation of an IRP is a resource-intensive effort for utilities the size of Hoosier Energy.
 - Hoosier Energy must meet the same reporting standards as larger investor-owned utilities, which have much larger staffs.
 - A three-year cycle will strike a balance between the value of the information contained within the IRP and the resource commitment required to produce the IRP.

With respect to the Indiana Utility Regulatory Commission's proposed revision of its rule requiring electric utilities to prepare and submit Integrated Resource Plans, Hoosier Energy provides the following specific comments:

170 IAC 4-7-2 – Procedures and effects if filing integrated resource plans

Section 2(a) The following utilities, or their successors in interest, must submit to the commission an IRP that covers at least a 20 year planning horizon consistent with this rule according to the following schedule:

- (1) Duke Energy Indiana, Hoosier Energy Rural Electric Cooperative, Indiana Michigan Power Company, and Indiana Municipal Power Agency on November 1, 2013, and biennially thereafter.**

Hoosier Energy is scheduled to submit its next IRP on November 1, 2013, and biennially thereafter. In its general comments above, Hoosier Energy has recommended a three-year IRP filing cycle. If the IURC does not adopt the three-year filing cycle recommended above, Hoosier Energy would like to change its next submittal date to November 1, 2014, with subsequent filings to occur biennially thereafter.

Hoosier Energy conducts its biannual load forecast during odd years. This forecast is typically not approved by Hoosier Energy's Board of Directors until mid-November, which requires Hoosier to request an extension of time in which to file its IRP. In addition, the late completion of the load forecast does not allow Hoosier to complete its screening analyses until relatively late in the process. By filing the IRP in even years, Hoosier Energy can file its IRP in a timely manner.

170 IAC 4-7-2 Sec. 2. (e) The commission staff shall notify the utility and interested parties of its determination of whether to:

- (1) acknowledge the IRP; or**
- (2) identify compliance deficiencies.**

There is no established timeline for IURC Staff acknowledgement/comment on submitted IRPs. Hoosier Energy requests the addition of an established timeline for IURC Staff acknowledgement or comment and for responses from the individual utilities to the IURC. Hoosier Energy proposes allowing the IURC staff 120 days following the filing of the IRP to acknowledge or comment on submitted IRPs. The utility would then be required to respond in an amount of time commensurate with the volume and complexity of the IURC's comments.

170 IAC 4-7-2.2 – Contemporary issues meeting

Hoosier Energy proposes that the Contemporary Issues meeting be held no later than 6 months prior to a utility's scheduled IRP filing. Without such a deadline, the language in this section is overly broad.

170 IAC 4-7-3 – Waiver or variance requests

The IURC has completely revised this section, which currently allows a utility to redact confidential or proprietary information contained within its IRP. The “strawman” deletes the confidentiality language and now requires the utility to request a waiver or a variance in order to restrict access to proprietary information. Hoosier Energy proposes that confidentiality continue to be handled through non-disclosure agreements. Alternatively, the IURC could designate specific categories of information that would be automatically considered as confidential.

170 IAC 4-7-4 – Methodology and documentation requirements

Section (13) – The IRP shall utilize appropriate contemporary methods, including a description of the following:

- (A) Model structure and an evaluation of model performance in comparison to other available models.**

Hoosier Energy proposes to delete “in comparison to other available models” from the above section.

- (B) The utility’s effort to develop and improve the methodology and inputs for its:**
- (i) forecast;**
 - (ii) cost estimates;**
 - (iii) treatment of risk and uncertainty; and**
 - (iv) evaluating a resource (supply-side or demand-side) alternative’s contribution to system wide reliability. The measure of system wide reliability must cover the reliability of the entire system, including:**
 - (AA) transmission;**
 - (BB) distribution; and**
 - (CC) generation.**

Hoosier Energy proposes deleting the entire section (iv) from the proposed rule.

(b)(11) – (12) A brief description and discussion within the body of the IRP focusing on the utility’s Indiana jurisdictional facilities with regard to the following components of FERC Form 715:

Hoosier Energy believes that these requirements should be met through the provision of FERC Form 715, as is currently done. The provision of this data would provide an undue burden to Hoosier Energy given its small staff size.

170 IAC 4-7-5 Energy and demand forecasts

(8) Justification for the selected forecasting methodology and why it is consistent with contemporary methods that best meet the requirements of this rule.

Hoosier Energy proposes to delete the language “is consistent with contemporary methods that best” from the above section. Hoosier Energy also proposes adding the letter (s) to the word “meet”.

170 IAC 4-7-6 – Resource assessment

(d) (6) A description of how:

(A) IRP data and information are used in the planning and implementation processes of the RTO of which the utility is a member; and

(B) RTO planning and implementation processes are used in and affect the IRP.

The information requested in this section is no longer the responsibility of the utility. It is now the responsibility of the Midwest ISO in its role as the entity responsible for transmission planning.

170 IAC 4-7-7 – Selection of future resources

(2)(B) Run scenarios with different potential requirements of any potential environmental regulation.

Hoosier Energy proposes to delete the word “any” from the above section. Hoosier Energy also proposes to add the letter (s) to the word “regulation”.

170 IAC 4-7-8 – Resource integration

(b)(3) Demonstrate that all supply-side and demand-side resource alternatives have been evaluated on a consistent and comparable basis.

Hoosier Energy proposes removing the word “all” from the above section.

170 IAC 4-7-8 (b) Discuss the financial impact on the utility of acquiring future resources identified in the utility's preferred resource portfolio. The discussion of the preferred resource portfolio shall include, where appropriate, the following:

(D) The impact of the preferred resource portfolio on the utility's rate.

Hoosier Energy does not believe that the purpose of the IRP is for rate setting. Instead, as stated in 170 IAC 4-7-8 (b)(6) of this proposed rule, the IRP should balance cost minimization with cost-effective risk and uncertainty minimization.

170 IAC 4-7-8 (b)(6)(c) An analysis of how candidate resource portfolios performed across a wide range of potential futures.

Hoosier Energy proposes to delete the word “wide” from the above section.

170 IAC 4-7-10 – Updates

Hoosier Energy recommends that this section be deleted. Given the biennial time requirement between IRP filings and the establishment of the Contemporary Issues forum, Hoosier Energy believes that any updates can be provided in a timely manner without this section.

Sincerely,



Michael J. Mooney
Manager, Corporate Planning