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December 18, 2015

Beth Krogel Roads
General Counsel
Indiana Utility Regulatory Commission
101 W. Washington St., Suite 1500 East
Indianapolis, IN 46204

Dear Ms. Roads:

Hoosier Energy would like to thank the Indiana Utility Regulatory Commission for providing this additional opportunity to comment on its proposed Integrated Resource Plan and Demand Side Management Rulemaking. Hoosier Energy's opinion continues to be that the Strawman Draft Proposed Rule is fair and reasonable to all stakeholders and recommends that it be adopted as the final Rule. Following its review of all stakeholder comments, Hoosier Energy submits the following responses to the Stakeholder comments regarding the Commission's Strawman Draft Proposed Rule:

<u>Joint Comments of Citizens Action Coalition of Indiana, Indiana Distributed Energy Alliance, the Indiana State Conference of the National Association for the Advancement of Colored People, Sierra Club, and Valley Watch (Joint Commenters)</u>:

1. Joint Commenters proposed removal of the public advisory process requirement exemption in 170 IAC 4-7-0.5 (c) for:
   A. Municipally owned
   B. Cooperatively owned
   C. A joint agency created under IC 8-1-2.2.

   Hoosier Energy disagrees with Joint Commenters' proposal and argues that this would result in a duplication of effort for the following reasons. First, Hoosier Energy conducts monthly Board meetings at which issues related to resource planning concepts and strategies are discussed in an interactive manner, and at which Hoosier Energy's Board members and member system managers have the opportunity to ask Hoosier Energy management resource planning or other questions. Second, as an integral component of its Board education efforts, Hoosier Energy conducts an annual Board Forum at which topical industry-specific issues are presented by industry experts and discussed with Hoosier's Board members. Finally, Hoosier Energy publishes an annual Long Range Resource Plan (LRRP) that is shared with the Board. The LRRP provides a 20-year forward look at its future energy and capacity requirements and the resource options to meet these needs. Thus, through the combination of these efforts, Hoosier

Energy is conducting its own public advisory process and should remain exempt from an IURC-mandated public advisory process.

2. In 170 IAC 4-7-1 (y), Joint Commenters proposed the addition of the following definition for "Least cost planning":

> "a planning approach which will find the set of options most likely to provide utility services at the lowest cost once appropriate service and reliability levels are determined."

Hoosier Energy objects to the inclusion of the term "least-cost" in the proposed definition, as it may remove a degree of flexibility to develop a plan that is preferred under varying future scenarios. Certainly, cost is an important factor in the selection of a preferred Resource Plan, along with reliability, risk and uncertainty. Each utility should strive to create a plan that will minimize costs while taking the other factors into consideration. However, the plan that will work best under a number of scenarios may not always be the least-cost plan. Hoosier Energy proposes that the IURC retain the current definition of "Preferred resource plan" in the Strawman Draft Proposed Rule.

<u>Comments of Indiana Office of Utility Consumer Counselor (OUCC):</u>

In Section C of its comments, the OUCC proposed an IRP submission schedule that will gradually transition all utilities from a two-year to a three-year IRP cycle. Under the OUCC's proposed schedule, utilities would transition so that all are on a three-year IRP filing cycle by 2019. Hoosier Energy believes that this proposed schedule unnecessarily extends the timeframe necessary to transition into a three-year cycle and supports the IURC's proposed IRP filing schedule in the Strawman Draft Proposed Rule. The IURC's proposal would transition to a three-year IRP filing schedule in a shorter timeframe and would also allow for one year out of every three in which there would be no required stakeholder process meetings, thus freeing up valuable stakeholder time in those years for other projects.

<u>Comments of Indiana Industrial Energy Consumers, Inc. (INDIEC):</u>

On Page 1 of its comments, INDIEC suggested a change in the proposed definition of "Preferred resource portfolio" in 170 IAC 4-7-1 (hh) to read:

> "Preferred resource portfolio" means the utility's selected long-term resource mix that is expected to safely and reliably meet system electric system demand on a least-cost basis, taking cost, risk, and uncertainty into consideration."

Hoosier Energy objects to the inclusion of the term "least-cost" in the proposed definition, as it may remove a degree of flexibility to develop a plan that is preferred under varying future scenarios. Certainly, cost is an important factor in the selection of a preferred Resource Plan, along with reliability, risk and uncertainty. Each utility should strive to create a plan that will minimize costs while taking the other factors into consideration. However, the plan that will work best under a number of scenarios may not always be the least-cost plan. Hoosier Energy proposes that the IURC retain the current definition of "Preferred resource plan" in the Strawman Draft Proposed Rule.

Sincerely,

HOOSIER ENERGY RURAL ELECTRIC COOPERATIVE, INC.

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