

August 19, 2021

Via Email Transmission – BHeline@urc.in.gov & URC Comments@urc.in.gov

Ms. Beth Heline
General Counsel
INDIANA UTILITY REGULATORY COMMISSION
1010 W. Washington, Suite 1500 East
Indianapolis, Indiana 46204

Re: Comments of Indiana Industrial Energy Consumers, Inc. (INDIEC) to IURC RM#21-02 (Cost Securitization) and Proposed Procedural Schedule

Dear Ms. Heline:

I am pleased to provide the following comments on behalf of Indiana Industrial Energy Inc. (INDIEC), to the IURC's July 8, 2021, Strawman Draft in Rulemaking #21-02 (Cost Securitization) and proposed procedural schedule. A redline of the Strawman accompanies this letter.

The purpose of this letter is to set out a detailed explanation of INDIEC's proposed changes to the Strawman and procedural schedule.

With respect to the Strawman, INDIEC appreciates that the draft rule largely adheres to the language of IC 8-1-40.5 and, further, that the draft rule reflects the compressed timeframe of the proceeding by requiring that the evidence to be submitted with the electric utility's case in chief is consistent with the findings required of the Commission. Such a process, together with the proposed sixty (60) day pre-filing notification should assist all parties and the Commission in completing a timely and thorough review of any securitization request.

INDIEC, however, believes that a few changes to the Strawman are appropriate to better reflect the statutory criterion or to expressly address issues which may be potentially contentious. Below are explanations for each change proposed by INDIEC:

1. Restoration costs – (170 IAC 4-10-4(f)): INDIEC understands the inclusion of definitions of removal and restoration costs in the proposed rule to establish guidance as to the calculation of those costs as they are included in the statutory definition of "Qualified Costs" See IC 8-1-40.5-6. INDIEC

would prefer that statutory terms be used as they are in the statute. Nevertheless, to the extent that the Commission believes it is necessary to include a definition, INDIEC believes that the current phrasing suggests that the Commission's role would be to determine what level of restoration is "just and reasonable." INDIEC suggests revisions to make clear that it is the costs subject to recovery which must be "just and reasonable" and the level of restoration be determined by applicable law.

2. Contents of the Case-in-Chief:
 - a. 170 IAC 5(c)(1): INDIEC suggests that because the qualified costs must exceed at least five percent (5.0%) of the electric utility's total jurisdictional rate base, *see* IC 8-1-40.5-10(a), the case-in-chief should clearly state the amount of qualified costs so it can be compared to the utility's rate base.
 - b. 170 IAC 5(c)(2): Because the Commission must make a finding that the net present value of the total of the securitization charges is less than what would be recovered based on the utility's "not original cost rate base" recovered over a period of no more than twenty (20) years, the language of the rule should require that specific showing.
 - c. 170 IAC 5(c)(3): Because "qualified costs" are based on the net original cost less depreciation incurred until the date of retirement, *see* IC 8-1-40.5-6, the language of the rule should mirror that of the statute.
 - d. 170 IAC 5(c)(9): Because the Commission must make a finding as to the level of investment over a specific period, seven (7) years, *see* IC 8-1-40.5-10(d)(4), the rule should reflect that period.
 - e. 170 IAC 5(c)(10): INDIEC suggests that specificity as to the assumptions used in making the net present value calculation is critical, as that will be a key issue in any securitization case given its importance to the calculation of savings versus traditional ratemaking.

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- f. INDIEC would suggest insertion of a new section to 170 IAC 5(c) to include identification of the allocation methodology the electric utility proposes to utilize, as well as the provision of supporting information showing that no material changes have occurred as the Commission has the authority to adjust the allocation to avoid unjust and unreasonable rates. *See* IC 8-1-40.5-10(c). Providing that information upfront will reduce the need for time-consuming discovery.

With respect to the procedural schedule, INDIEC has no specific changes to propose. INDIEC respectfully suggest that as the Commission proposes to require a financing order with the utility's case in chief, that providing three (3) weeks for the petitioner to submit a proposed order is unnecessarily long. That period could be shortened, providing the OUCC and intervening parties additional time to prepare responses, and for additional time to prepare rebuttal/cross-answering briefing.

Again, INDIEC thanks you and the Commission for the opportunity to provide feedback on the proposed rule for cost securitization and the proposed procedural schedule. INDIEC looks forward to continuing to participate in the rule-making process on this important issue.

Should you have any questions regarding these suggestions, or wish to speak with INDIEC, please do not hesitate to contact me directly.

Regards,

Joseph P. Rompala

Legislative Director, INDIEC