

RIDER 683
ADJUSTMENT OF CHARGES FOR
DEMAND SIDE MANAGEMENT ADJUSTMENT MECHANISM (DSMA)

No. 1 of 6 Sheets

TO WHOM AVAILABLE

This Rider shall be applicable to the Rate Schedules as defined in Appendix A.

ADJUSTMENT OF CHARGES FOR DEMAND SIDE MANAGEMENT ADJUSTMENT MECHANISM (DSMA)

Energy Charges in the Rate Schedules defined in Appendix A are subject to charges pursuant to the Indiana Utility Regulatory Commission’s (“Commission”) Order dated May 25, 2011 in Cause No. 43618 to reflect the recovery of costs applicable to Demand Side Management (“DSM”) programs. These charges shall be increased or decreased to the nearest 0.001 mill (\$.000001) per kWh in accordance with the following

$$\begin{aligned}
 \text{Adjustment Factor}_{\text{Rate}} = \text{Sum of } & \left[\frac{\text{DSM}_p \times \text{Energy}_{\text{Rate}}}{\text{Energy}_p \times \text{BE}_{\text{Rate}}} \quad \text{OR} \quad \frac{\text{DSM}_p \times \text{Cust}_{\text{Rate}}}{\text{Cust}_p \times \text{BE}_{\text{Rate}}} \right. \\
 & \text{PLUS} \\
 & \left. \frac{\text{Projected Lost Revenue}_p \times \text{Energy}_{\text{Rate}}}{\text{Energy}_p \times \text{BE}_{\text{Rate}}} \quad \text{OR} \quad \frac{\text{Projected Lost Revenue}_p \times \text{Cust}_{\text{Rate}}}{\text{Cust}_{\text{Rate}} \times \text{BE}_{\text{Rate}}} \right. \\
 & \text{PLUS} \\
 & \left. \text{Reconciled Lost Revenue}_p \right] \quad \text{For all programs (P)}
 \end{aligned}$$

where:

“BE_{Rate}” is the estimated jurisdictional billing kWh for each rate for the current six (6) month period.

“Cust_{Rate}” is the estimated number of customers in the rate eligible for DSM program (P) for programs where the Commission has approved an allocation based on customer count.

“Cust_p” is the sum of the Cust_{Rate} for all rates eligible for DSM program (P).

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“DSM_p” is the estimated DSM Program Costs, including reconciliation of costs for prior periods and any incentives as approved by the Commission, for the current six (6) month period for each DSM program (P).

“Energy_{Rate}” is the estimated billing kWh in the rate eligible for DSM program (P) for programs where the Commission has approved an allocation based on estimated billing kWh.

“Energy_p” is the sum of the Energy_{Rate} for all rates eligible for DSM program (P).

“Estimated Jurisdictional Billing” is determined by the 6 month kWh sales forecast.

“Projected Lost Revenue_p” is the projected lost revenue for the current six (6) month period for each DSM program (P).

“Reconciled Lost Revenue_p” is the reconciliation of lost revenue for the six (6) month period, including reconciliation for actual collections as well as adjustments for actual net energy and demand savings. For programs where the Commission has approved an allocation based on actual participation by Rate Schedule, the reconciliation will include reallocation due to actual participation by Rate Schedule. For programs where the Rate Class of participating customers is not known, the reconciliation will not include a reallocation due to actual participation by Rate Schedule. Lost Revenues are only reconciled once per year and recovered over two six (6) month factor periods.

DEMAND SIDE MANAGEMENT ADJUSTMENT MECHANISM (DSMA)

The DSMA as computed above shall be further modified to allow the recovery of gross receipts taxes and other similar revenue based tax charges occasioned by the DSMA revenues and later reconciled with annual sales and revenues.

The DSMA Factors shown in Appendix G are applicable hereto and are issued and effective on the dates shown on Appendix G.

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OPT-OUT OPTION FOR QUALIFYING COMMERCIAL AND INDUSTRIAL CUSTOMERS

A. Definitions

The following definitions are applicable to the opt-out provisions of this Rider 683 only:

Single Site: A Single Site shall be defined as contiguous property unless aggregation of multiple delivery points is specifically permitted under the applicable approved Rate Schedule as of April 1, 2014.

Qualifying Customer: A Customer that receives electric service under an approved Rate Schedule at a Single Site constituting more than 1,000 kilowatts / one megawatt of electric capacity.

Qualifying Load: A Single Site with at least one meter constituting more than 1,000 kilowatts/one megawatt of electric capacity for any one billing period within the previous 12 months prior to the Qualifying Customer's opt out notification to the Company. Such demand shall be measured with a demand meter that is used to measure demand for billing purposes. Electric capacity will be determined the same way demand is determined as indicated in the Company's Electric Service Tariff.

Energy Efficiency Program: A program that is (1) sponsored by the Company or a third party administrator; and (2) designed to implement energy efficiency improvements (as defined in 170 IAC 4-8-1(j)) for customers. The term does not include a program designed primarily to reduce demand.

Energy Efficiency Program Costs: Costs recovered under this Rider, including program costs, net lost revenues and incentives, and reconciliation of applicable costs as approved by the Commission.

B. Opt Out Option for Qualifying Customers

A Qualifying Customer may elect to opt out of participation in the Company's Energy Efficiency Program and Rider 683 for Qualifying Load. If a Qualifying Customer has Qualifying Load, it may opt out all non-residential accounts at that Single Site. Such accounts will be opted out provided the Qualifying Customer identifies the accounts in the Customer's notice to the Company of its election to

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opt out. Once a Customer is determined to be a Qualifying Customer, the Company will not revoke the Qualifying Customer's qualification at a later date and the Customer need not renew its opt-out notice on a yearly basis. New Customers signing a demand contract with Qualifying Load may complete the form to opt out of the program immediately. New Customers that do not sign a demand contract will need to have and demonstrate Qualifying Load in order to qualify consistent with the Notification and Effective Date provisions below. The Opt Out Option shall be implemented in accordance with the following provisions:

C. Notification and Effective Date

A Qualifying Customer seeking to opt out of the Company's Energy Efficiency Program and Rider 683 shall provide written notice of its desire to opt out. If notice is not provided on the Company's approved form, the Qualifying Customer will be asked and shall fill out the form provided by the Company to complete the opt out request. A Qualifying Customer that notifies the Company on or before June 1, 2014 of its decision to opt out of participation in the Company's Energy Efficiency Program and Rider 683 will be exempted from Rider 683 with an effective date of July 1, 2014. A Qualifying Customer that notifies the Company of its intention to opt out of participation in the Company's Energy Efficiency Program and Rider 683 after June 1, 2014 but on or before November 15, 2014 will be exempted from Rider 683 with an effective date of January 1, 2015. Thereafter, a Qualifying Customer that has provided notice to the Company of its intention to opt out of participation in the Company's Energy Efficiency Program and Rider 683 by November 15 will be exempted from Rider 683 with an effective date of January 1 of the following calendar year. If a Qualifying Customer provides notice of its intent to opt-out in a manner other than the form, the notice date of the Customer's opt out will be the date of the original notice. However, the Qualifying Customer shall complete the opt out form in a timely manner. All Qualifying Customers providing notice under this section shall be subject to the recovery of Energy Efficiency Program Costs as described below.

D. Energy Efficiency Program Costs

Qualifying Customers remain liable for Energy Efficiency Program Costs that accrued or were incurred, or relate to energy efficiency investments made before the date on which the opt out is effective, regardless of the date on which such costs are included in Rider 683 for recovery. Such costs may include costs related to evaluation, measurement and verification ("EM&V") required to be conducted after a Qualifying Customer opts out on projects completed under an Energy Efficiency Program while the Qualifying Customer was a participant. In addition, such costs may include costs required by contracts executed prior to April 1, 2014 but incurred after the date of the Qualifying Customer's opt out. However, these costs shall be limited to fixed, administrative costs, including costs related to EM&V. A Qualifying Customer shall not be responsible for any program costs such as the payment of energy efficiency rebates or incentives, incurred following the effective date of its opt out, with exception of incentives or rebates that are paid on applications for projects that are complete but that have not closed out at the effective date of its opt out.

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E. Opt Out DSMA Factor

A separate Opt Out DSMA Factor will be calculated and made applicable to Qualifying Customers electing to opt out of participation in the Company's Energy Efficiency Program and Rider 683. The Opt Out DSMA Factor will be calculated to recover the applicable program costs as described in Section D above. Any over- or under- recovery of costs for the time period during which the Qualifying Customer was participating in Energy Efficiency Programs shall be captured by the reconciliation and recovered or refunded to the Qualifying Customer through the reconciliation factor of the Opt Out DSMA Factor. Specifically,

- (1) For the period of July 1 through December 31, 2014, a Qualifying Customer that has provided notice to opt out of participation on or before June 1, 2014 will not pay a DSMA Factor beginning with the Qualifying Customer's bill for electric service issued in July 2014 and continuing through the bill for electric service issued in December 2014.
- (2) For the period of January 1 through June 30, 2015, a Qualifying Customer that opts out of participation effective July 1, 2014 will pay:
 - (a) Program Reconciliation costs for January through June 2014;
 - (b) Lost Revenue Projections for January through June 2015 (which include all lost revenues to be collected during the period) for measures installed while the Qualifying Customer was participating in the Energy Efficiency Program;
 - (c) Applicable Lost Revenue Reconciliation;
 - (d) Performance Incentives (if applicable) for January through June 2015;
 - (e) Lost Revenue Projections and Reconciliation for July through December 2014; and
 - (f) Program costs as described in Section D above.
- (3) A Qualifying Customer that opts out of participation effective January 1, 2015 will pay:
 - (a) Program Reconciliation costs for January through June 2014;
 - (b) Lost Revenue Projections for January through June 2015 (which include all lost revenues to be collected during the period) for measures installed while the Qualifying Customer was participating in the Energy Efficiency Program ;
 - (c) Applicable Lost Revenue Reconciliation;
 - (d) Performance Incentives (if applicable) for January through June 2015; and
 - (e) Program costs as described in Section D above.

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- (4) A Qualifying Customer that opts out of participation effective January 1 of any subsequent year will pay:
- (a) Program Reconciliation costs for January through June of the previous year;
 - (b) Lost Revenue Projections for January through June of the applicable year (which include all lost revenues to be collected during the period) for measures installed while the Qualifying Customer was participating in the Energy Efficiency Program;
 - (c) Applicable Lost Revenue Reconciliation;
 - (d) Performance Incentives (if applicable) for the applicable year; and
 - (e) Program costs as described in Section D above.

As approved by the Commission in its August 8, 2012 Order in Cause No. 44154, Lost Revenues will be reconciled once annually and will be collected over two six month Opt Out DSMA Factor periods. If the Company makes subsequent changes to the allocation of Energy Efficiency Program Costs, Qualifying Customers that opted out of participation will continue to pay those costs based on the allocation in effect at the time of the notice of opt out. Any reconciliation of Energy Efficiency Program Costs will likewise be allocated in the same manner in effect at the time of the Qualifying Customer's notice of opt out.

F. Opt-In

A Qualifying Customer may opt back in to participation in the Company's Energy Efficiency Program and Rider 683 by providing notice on or before November 15 of the year prior to its requested opt in date. The opt in shall be effective January 1 of the year following the notice. If a Qualifying Customer provides notice of its intent to opt-in in a manner other than the form, the notice date of the Customer's opt-in will be the date of the original notice. However, the Qualifying Customer shall complete the Opt In form in a timely manner. If a Qualifying Customer opts back in to participation in the Company's Energy Efficiency Program and Rider 683, such Qualifying Customer must requalify to opt out again. If a Qualifying Customer opts back in to participation in the Company's Energy Efficiency Program and Rider 683, that Qualifying Customer must participate in the associated Energy Efficiency Program for at least three years, and may only opt out effective January 1 of the year following the third year of participation. A Qualifying Customer may elect to opt out again before the end of the three year period, but, in such event, remains liable for, and must continue to pay Rider 683 as if it were still participating in the Company's Energy Efficiency Program for the remainder of the three year period. If a Qualifying Customer elects to opt back out after the three year period, the Qualifying Customer shall be responsible for Energy Efficiency Program Costs in the same manner as other customers who have opted out consistent with the provisions contained herein.

The Opt Out DSMA Factors shown in Appendix G are applicable hereto and are issued and effective on the dates shown on Appendix G.