

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND )  
ELECTRIC COMPANY d/b/a CENTERPOINT )  
ENERGY INDIANA SOUTH (“CEI SOUTH”) FOR )  
(1) ISSUANCE OF A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY PURSUANT TO )  
IND. CODE CH. 8-1-8.5 FOR THE CONSTRUCTION )  
OF TWO NATURAL GAS COMBUSTION )  
TURBINES (“CTs”) PROVIDING )  
APPROXIMATELY 460 MW OF BASELOAD )  
CAPACITY (“CT PROJECT”); (2) APPROVAL OF )  
ASSOCIATED RATEMAKING AND ACCOUNTING )  
TREATMENT FOR THE CT PROJECT; (3) ) CAUSE NO. 45564  
ISSUANCE OF A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY PURSUANT TO )  
IND. CODE CH. 8-1-8.4 FOR COMPLIANCE )  
PROJECTS TO MEET FEDERALLY MANDATED )  
REQUIREMENTS (“COMPLIANCE PROJECTS”); )  
(4) AUTHORITY TO TIMELY RECOVER 80% OF )  
THE FEDERALLY MANDATED COSTS OF THE )  
COMPLIANCE PROJECTS THROUGH CEI )  
SOUTH’S ENVIRONMENTAL COST )  
ADJUSTMENT MECHANISM (“ECA”); (5) )  
AUTHORITY TO CREATE REGULATORY ASSETS )  
TO RECORD (A) 20% OF THE FEDERALLY )  
MANDATED COSTS OF THE COMPLIANCE )  
PROJECTS AND (B) POST-IN-SERVICE )  
CARRYING CHARGES, BOTH DEBT AND )  
EQUITY, AND DEFERRED DEPRECIATION )  
ASSOCIATED WITH THE CT PROJECT AND )  
COMPLIANCE PROJECTS UNTIL SUCH COSTS )  
ARE REFLECTED IN RETAIL ELECTRIC RATES; )  
(6) IN THE EVENT THE CPCN IS NOT GRANTED )  
OR THE CTs OTHERWISE ARE NOT PLACED IN )  
SERVICE, AUTHORITY TO DEFER, AS A )  
REGULATORY ASSET, COSTS INCURRED IN )  
PLANNING PETITIONER’S 2019/2020 IRP AND )  
PRESENTING THIS CASE FOR CONSIDERATION )  
FOR FUTURE RECOVERY THROUGH RETAIL )  
ELECTRIC RATES; (7) ONGOING REVIEW OF )  
THE CT PROJECT; AND (8) AUTHORITY TO )  
ESTABLISH DEPRECIATION RATES FOR THE CT )  
PROJECT AND COMPLIANCE PROJECTS ALL )  
UNDER IND. CODE §§ 8-1-2-6.7, 8-1-2-23, 8-1-8.4-1 )  
*ET SEQ.*, AND 8-1-8.5-1 *ET SEQ.* )

**CEI SOUTH'S RESPONSE TO INDIANA OFFICE OF UTILITY CONSUMER  
COUNSELOR'S VERIFIED PETITION FOR REHEARING AND RECONSIDERATION**

The Indiana Office of Utility Consumer Counselor's ("OUCC") Verified Petition for Rehearing and Reconsideration ("OUCC Reh'g Petition") seeks to reopen the record to present evidence that the OUCC fails to demonstrate is relevant, and in fact is not relevant, to this proceeding. Reconsideration is also inappropriate because the Indiana Utility Regulatory Commission's ("Commission") resolution of the Texas Gas Transmission ("TGT") pipeline cost recovery in the Order is not flawed by internal inconsistency.

Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("CEI South") therefore urges the Commission to deny the OUCC's request to reopen and rehear this case. Further, given the OUCC has appealed the Order and has advised that it will file with the Court of Appeals a motion for stay pending resolution of the rehearing request, CEI South is simultaneously requesting that the Commission consider and then deny the OUCC's petition as promptly as practicable.<sup>1</sup>

**1. The OUCC's Request to Reopen the Record in this Proceeding Should Be Denied Because the OUCC Reh'g Petition Fails to Explain the Relevancy of the New Evidence to this Proceeding and the New Evidence Plainly is not Relevant.**

Reviewing the current and future state of operations at the A.B. Brown site (the "Brown site") sets the stage for untangling the errors in the OUCC's Reh'g Petition. In this proceeding, the Commission authorized CEI South to construct two new combustion turbines ("CTs") that will, in part, replace capacity from the A.B. Brown Units 1 and 2 (the "Brown Coal Units") which will retire in 2023. These CTs will be located at the Brown site. The Brown site will continue to be

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<sup>1</sup> CEI South will be opposing the request for stay.

used and useful for the new CTs and also for the continued operation of: two existing CTs; ash pond clean-up operations; and other ongoing environmental assessments.

CEI South has also initiated a proceeding, docketed as Cause No. 45722 (the “Securitization Proceeding”), proposing to securitize the right to bill and collect charges (“Securitization Charges”) based on qualified costs associated with the Brown Coal Units that are retiring. In that Proceeding, CEI South was asked about new capital additions at the Brown site (specifically, structure & improvements, boiler plant equipment and an SO<sub>2</sub> removal system) and whether those costs should be included in the \$334 million cost estimate of the proposed CTs in this proceeding. *See* OUCC Reh’g Petition at 3-4. CEI South responded that these investments “pertain to new capital additions required for the continued operation of Brown Units 1 and 2 and are separate from Petitioner’s request to construct two new CTs.” *Id.* at 4.

From this, the OUCC somehow concludes that the identified Brown site improvements should be deemed part of the construction cost of the new CTs. The OUCC Reh’g Petition doesn’t explain how OUCC reached this conclusion. But the evidence the OUCC points to directly contradicts its mistaken conclusion. As detailed below, CEI South is continuing to make further investments in the Brown site. Some of these costs relate to equipment that will continue to be used at the Brown site, and therefore CEI South is not proposing to quantify them as qualified costs for purposes of the Securitization Proceeding. But that in no way supports the OUCC’s conclusion that these costs in any way relate to the CTs, particularly when the description of the costs proves the opposite. As further shown below, the Brown site will continue to be used and useful *both* for the new CTs, *and also* for the existing CTs, ash pond clean-up, landfill usage and

other environmental purposes. The costs the OUCC alleges CEI South “withheld” relate to the *other* continued uses at the Brown site, *not* the new CTs.<sup>2</sup>

a. The OUCC’s Reh’g Petition Falls Far Short of the Showing Required to Reopen the Record.

The Commission’s rule governing petitions for rehearing and reconsideration requires a party making such a motion to make a “statement of how the evidence purportedly would affect the outcome of the proceeding if received into the record.” 170 IAC 1-1.1-22(e)(1)(C). While the OUCC cites this rule requirement in its Reh’g Petition (at 2), the Reh’g Petition includes no explanation of how the evidence it cites could affect the outcome of this proceeding. Despite the OUCC’s inaccurate assertion that CEI South has somehow “withheld” evidence about the cost of the CTs (OUCC Reh’g Petition.at 2), the data request responses it cites prove otherwise. CEI South’s responses clearly state that the capital costs at issue are “*separate from* [its] request to construct two new CTs . . . [and] were incurred (and have been placed in service) to continue the operation of the Brown Units 1 & 2 through 2023 before the CTs are constructed and placed in service and are required to continue to operate Brown Units 1 & 2 through October 2023 *regardless of whether* the CTs are constructed.” See OUCC Reh’g Petition at 4 (emphasis added).

In short, the evidence provided by the OUCC substantiates that there are some costs that CEI South is not seeking to include as qualified costs in the Securitization Proceeding and that those costs are not related to the construction of the CTs. This evidence would have no impact on the outcome of this proceeding. While the OUCC appears to have concluded that CEI South’s assertion that these capital costs are not related to construction of the CTs is untrue, it has failed to

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<sup>2</sup> Constructing the new CTs at the Brown site does enable CEI South to reuse some equipment that currently serves the Brown Coal Units and thereby avoid the cost of replacing that same equipment. The data requests and underlying workpapers establish that the capital costs the OUCC claims should be admitted as evidence in this proceeding were not made to extend the life of the equipment being reused for the new CTs.

include any evidence substantiating such an allegation (and no such evidence exists) or even articulate in its Reh'g Petition how the information leads to that conclusion.

The requirements for filing a petition for rehearing under 170 IAC 1-1.1-22(e)(1) are designed to ensure something more than mere speculation forms the basis for reopening the record. The OUCC's Reh'g Petition, at best, is based on little more than its own unfounded speculation that the data request responses provided by CEI South are false.

Even if the OUCC's assertion about these costs was correct (and it is not), it must do more than point to these costs to satisfy its burden to explain the effect on the outcome of this proceeding. The OUCC's position (at least prior to the proposed order) was that CEI South should convert the Brown Coal Units to burn natural gas. The allegedly withheld capital investments would also need to be attributed to the conversion of the Brown Coal Units which would also re-use the Brown site. Moreover, most of the alternatives recommended by other parties (*e.g.*, constructing one new CT or continued operation of the Brown Coal Units) would also reuse the Brown site, requiring the capital to be reallocated to these projects under the OUCC's theory. In short, the costs of the other alternatives that relied on re-use of the Brown site would all have necessitated allocating the same costs as the OUCC asserts should be imputed to the CTs.

Articulating the impact of the disputed capital investments on the outcome of this proceeding would also require the OUCC to confront the Commission's significant focus on ensuring reliability and resiliency in approving the CTs. The Commission's Order noted that:

We are concerned about the risks of further delay that would be caused by rejecting Petitioner's selection in favor of further study (beyond that already performed as part of the 2019/2020 IRP process) of the options proposed by the other parties. None of the options being proposed by the OUCC, CAC, Sierra Club, or Sunrise Coal would address the concerns raised by the NERC and MISO to encourage the development of flexible, controllable resources, such as the CTs proposed here, to complement the transition to intermittent, renewable resources. In the event of a denial, Petitioner would still need to secure the capacity offered by the CTs.

Order at 21. There are serious reliability impacts facing Indiana and the Midcontinent Independent System Operator region, as the Commission recognized. Cost is an important issue to customers, but steady reliable power is also important. The Order relied heavily on these factors and the costs identified by the OUCC have no impact on these findings.

- b. The Information that is the Subject of Discovery in Cause No. 45722 is Not Evidence of the Best Estimate of Costs of the CT Project in Cause No. 45564.

The OUCC's claim that CEI South supposedly "withheld" evidence of the true cost to run or construct the CTs is false. The OUCC claims costs disclosed in the Securitization Proceeding are connected to the cost of the two CTs approved in this proceeding, asserting that the true cost of the CTs is approximately \$77 million higher. But the cited costs in the Securitization Proceeding are not caused by, or relevant to, the construction of the CTs. They instead relate to other investments at the Brown site, many of which have been pre-approved. While not an inclusive list, the investments generally relate to environmental investments (*i.e.*, ash pond infrastructure, dry fly ash facility, lined process pond) as well as landfill, road/bridge/rail modifications, and a small portion (\$1.25M) for equipment to be used at the Brown site. There is no need to reopen the record to consider these costs.

The OUCC's "smoking gun" is nothing more than a misinterpretation of the information depicted in the Securitization Proceeding workpapers supporting Attachments JLT-3 and JLT-4.<sup>3</sup> These workpapers describe the costs included (and not included) within the Securitization Proceeding.<sup>4</sup> CEI South specifically noted that these costs were not related to the CTs in their

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<sup>3</sup> A copy of the relevant file from the Securitization Proceeding in native Excel format is attached hereto.

<sup>4</sup> Note that the OUCC's Reh'g Petition refers to the Cause No. 45722 proceeding as seeking to "securitize assets at its A.B. Brown generating plant." OUCC Reh'g Petition at 2. Technically, what is being securitized is the right to bill and collect the Securitization Charges.

responses to the discovery responses cited by the OUCC. Rather than seeking clarification through discovery or asking further questions—an important consideration before making inflammatory claims of withholding evidence (*see* OUCC Reh’g Petition at 2) and wrongdoing on the part of CEI South in this proceeding—the OUCC simply assumes that remaining capital costs (recently incurred but not included in CEI South’s description of qualified costs for purposes of the request to pursue securitization) must be attributable to the CT project.

The OUCC’s Reh’g Petition fails to articulate how it reached the conclusion these were undisclosed CT-related costs. The only sentence in the responses that in any way connects the costs to the CT fails to support the OUCC’s contention. CEI South explained that it was not including the costs as qualified costs because “these assets would be eligible for reuse at the site once the CT assets are constructed.” OUCC Reh’g Petition at 4. CEI South did not say that the assets were being reused because of or to support the CTs, just that the assets would be used again after the CTs were operating. Any ambiguity about this statement must be construed in accordance with the prior statements which make clear the capital investments were not associated with the CTs.<sup>5</sup>

Furthermore, a more careful review of the descriptions leaves no doubt that the investments have nothing to do with the CTs. For ease of following the Securitization Proceeding workpapers giving rise to the OUCC’s Reh’g Petition, CEI South is including an Appendix to trace the dollars the OUCC is questioning to the actual description of the costs. The Appendix makes clear that, of the total costs of approximately \$77 million questioned by the OUCC, the largest amounts are for Ash Pond (\$47.7 million), Dry Fly Ash Loading Facility (\$12 million), Lined Process Pond

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<sup>5</sup> The statement might have been more artfully written to say that “these assets would continue to be used upon the retirement of the Brown Coal Units and during operation of the new CTs.” Whatever the semantics of the wording, the fact remains these costs are not necessary to construct the CTs.

(( \$7.6 million), landfill, earthwork and other pond work related to the Brown site (\$4.6 million) and Rail Improvements (\$2.1 million). Said another way, the description accompanying approximately \$74 million of the total costs raised by the OUCC as being “withheld” plainly demonstrates they have nothing to do with the cost of the CTs. And of that \$74 million, approximately \$67 million is for costs that have been preapproved by this Commission either in this or other dockets (the Ash Pond, the Dry Fly Ash Loading Facility, and the Lined Process Pond).

While the OUCC’s Reh’g Petition leaves the Commission guessing about how it reached its conclusion, some Notes regarding Reuse and Retirement in one of the worksheets could cause some confusion if read in isolation. The Notes use the labels “Legacy Site” and “ReUse-SCGT”. The “Legacy Site” issue can best be understood as signifying re-use because the Brown site will continue to be used and useful to provide utility service. “ReUse-SCGT” (only about \$1.3 M of the capital costs) can best be understood as signifying re-use associated with the land as a site for utility operations.<sup>6</sup> This category includes items like a backhoe and skid loader that can continue to be used at the Brown site for all ongoing operations. Neither category of costs are specific to the CTs or the facilities that are being specifically repurposed for the CTs.

The Order’s finding of the best estimate of the costs for the two CTs of \$334 million is sound, based on the evidence and need not be revisited to consider the unrelated costs the OUCC seeks to put forward.<sup>7</sup> The OUCC’s request for rehearing should be denied.

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<sup>6</sup> Perhaps CEI South could have avoided the entire Petition had it renamed the column “Continued Use at Site.” Mere disputes about naming conventions that are easily explained and supported with the actual expenses cannot form the basis for re-opening the record.

<sup>7</sup> Note that CEI South requested, and the Commission granted, ongoing review of the CT Project under Ind. Code § 8-1-8.5-6(a). Revisions to the cost estimate are to be reported by CEI South at least semi-annually to the Commission. 45564 Order, p. 25. As described in this response, however, the costs discussed in the OUCC’s Reh’g Petition are not costs of the CTs.



## **2. The Commission's Order in Cause No. 45564 is Not Internally Inconsistent.**

The OUCC's interpretation of the Commission's Order as it relates to recovery of costs related to the TGT pipeline also suffers from the truncated, misleading context in which the OUCC is reading the Order's findings. When viewed in proper context, the Commission's Order is not "at odds" with itself and is directly supported by the record.

It is accurate that the Commission found that "it is appropriate that Petitioner should receive reasonable cost recovery for the expenses it incurs for the service it receives from the TGT pipeline. However, the specific amount and means of that cost recovery will be subject to further proceedings as discussed below." 45564 Order at 28. But the OUCC leaves out of its Reh'g Petition that this ultimate finding was based on the following findings, which were based on and fully supported by the record:

Based on our review of the evidence of record, we are satisfied with CEI South's decision to secure transportation capacity pursuant to the Precedent Agreement with TGT rather than pursuing some combination of alternatives, including use of the Dogtown lateral, an alternative TGT route, or on-system storage. The evidence of record supports a finding that the Dogtown lateral is incapable of supporting the CT demand or pressure requirements. A different route would have required additional improvements to TGT's system to meet capacity and pressure requirements and would have involved a more congested route for the lateral.

The evidence is unrefuted that Petitioner will require service from a lateral pipeline to serve the two CTs. Further, we find that the evidence supports that the proposed TGT pipeline will provide the required service to the two CTs.

*Id.*

It is at this point in the Order the Commission concluded, "Accordingly, it is appropriate that Petitioner should receive reasonable cost recovery for the expenses it incurs for the service it

receives from the TGT pipeline. However, the specific amount and means of that cost recovery will be subject to further proceedings as discussed below.” *Id.* (footnote omitted).<sup>8</sup>

The Commission’s findings then immediately turn to the Industrial Group’s arguments that the fixed pipeline capacity costs and gas lateral costs should not be recovered through CEI South’s FAC. The Commission proceeds to its conclusion that a subdocket should be opened within 30 days of FERC approval of the pipeline and that “[t]o the extent that reasonable pipeline costs allocated to Petitioner’s customers are not ultimately recovered through Petitioner’s fuel adjustment clause (“FAC”) mechanism, we grant CEI South’s alternative request for deferral of such costs until such costs are recovered through base rates following a general rate case.” *Id.* at 29. The Order also makes mention here that CEI South witness Rice had “noted on rebuttal and during the hearing that a subdocket could be opened to investigate the appropriate allocation for cost recovery purposes of the cost of the gas lateral throughout the term of the Precedent Agreement.” For even greater context, see pages I-49 through I-50 of the transcript, where Mr. Rice was asked by the Bench specifically about the possibility of available capacity being made available for a gas customer and he confirmed that cost allocation in such circumstances could be dealt with in the subdocket.

When viewed in the appropriate context of the evidence and the findings, the Commission’s Order contains no inconsistency. It is clear that the only matters left for resolution within the subdocket are whether CEI South should be permitted to recover its reasonable pipeline costs through its FAC mechanism and whether, if capacity from the pipeline is released to a gas

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<sup>8</sup> Footnote 3 in this ultimate finding states “We have previously allowed a utility to recover fuel costs associated with a CCGT in its FAC mechanism. In Cause No. 44339, IPL proposed to recover fuel costs associated with its Eagle Valley CCGT and Harding Street Refueling projects through its FAC, which has now occurred. Indianapolis Power & Light Co., Cause No. 38703 FAC 127, at 3 (June 3, 2020) (“[T]he cost of gas generation contains the delivered cost of natural gas including firm transportation.”).”

customer, some portion of the cost should be allocated to the gas utility. The reference to needing to determine the “specific amount” of cost recovery is consistent with the discussion at the hearing about the possibility that capacity not used for the electric utility might be released and therefore a question as to the allocation of the portion of the cost of the pipeline to the gas utility could be addressed within the subdocket to be established following a ruling by FERC.

The OUCC contends that the Commission’s ruling suggests that if FERC denies the pipeline, CEI South would still be permitted to recover the cost associated with the pipeline. This is not what the Order provides. What the Commission has found is that the Precedent Agreement with TGT is appropriate for providing gas service to the CTs and CEI South should be permitted to recover the costs associated with the Precedent Agreement. The amount of capacity, the charges associated with that capacity, and the term are all established within the Precedent Agreement with which the Commission says it is “satisfied.” FERC approval of the pipeline is a precondition to TGT’s performance obligation under the contract. If FERC does not approve the pipeline, CEI South’s obligation to TGT under the Precedent Agreement would be limited and fall under the protection of Ind. Code §8-1-8.5-6.5.

*Contra* the OUCC (*see* OUCC Reh’g Petition at 7), the Order also does not deprive the OUCC or other parties of “due process” with respect to the approval, cost, use, allocation and ownership of the pipeline. The appropriateness of the Precedent Agreement, which addresses the cost, use and ownership of the pipeline, are all addressed in the Commission’s findings discussed above. The parties to Cause No. 45564 were afforded, and exercised, due process rights with respect to those issues. The allocation of the costs has been pushed to a subdocket for determination if FERC approval for the pipeline is obtained. It is true that the Commission’s findings on these matters will make it more difficult for future parties to argue against including

the pipeline related costs in rates. That is the nature of the deferral authority granted by the Commission in this Cause, which is both intentional and fully consistent with the evidence and findings throughout the Cause No. 45564 Order.

### **Conclusion**

For the foregoing reasons, the OUCC's Verified Petition for Rehearing and Reconsideration in this Cause should promptly be DENIED.

Respectfully submitted,

*Hillary J. Close*

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**Appendix A**

The costs the OUCC incorrectly characterizes as new CT costs fall into three categories of recent capital addition costs: 311 Structures & Improvements; 312.1 Boiler Plant Equipment; and 312.2 SO<sub>2</sub> Removal System. The workpaper illustrates why the new capital additions were appropriately excluded from the best estimate of the CTs in this proceeding (and from the qualified costs in the Securitization Proceeding). Below, CEI South walks through in more detail how to interpret the workpapers from the Securitization Proceeding.

First, please refer to **Rows 91 – 93** of the “**Brown NBV Projection no COR**” tab in “45564\_CEIS\_Attachment A to Response to OUCC's Petition for Rehearing - Petitioner's Exhibit No 4 Attachment JLT-3 and JLT-4 and WPs\_051022\_072822.xlsx” (a copy of which is being filed with CEI South’s Response), depicted in the screenshot below. The three categories and amounts at issue are shaded in blue: \$18,591,723.04 (for Structure & Improvements); \$51,866,324.87 (for Boiler Plant Equipment); and \$7,384,402.70 (for SO<sub>2</sub> Removal System). These are the amounts the OUCC claims should be included in the cost of the CTs, but the descriptions of the costs that feed these amounts (which are internal to the workpaper) show that these costs do not relate to the CTs.<sup>1</sup>

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<sup>1</sup> “SO<sub>2</sub> Removal System” would plainly bear no connection to the CTs, since removal of sulfur dioxide relates to burning coal and not natural gas. Similarly, the boilers necessary to burn coal are not utilized for CTs, which burn gas directly in their engines to produce electricity rather than relying on the production of steam.

	A	B	E	F	G	H	I	J	K	
3							12/31/2021	2022 Additions	2022 Retirements	1
4	Gross Plant	Source File:								
89										
90	310.1 Land	A.B. Brown	0.00%				-	229,143.65	-	
91	311 Structures & Improvements	A.B. Brown	2.04%		9.74%	23.78%	632,532.05	18,591,724.04	(4,420,182.56)	
92	312.1 Boiler Plant Equipment	A.B. Brown	2.17%		27.63%	23.78%	-	51,866,324.87	(12,331,219.23)	
93	312.2 SO2 Removal System	A.B. Brown	3.66%		52.98%	23.78%	-	7,384,402.70	(1,755,641.81)	
94	312.3 Railroad Coal Car	A.B. Brown	2.20%				-	-	-	
95	312.4 NOX Removal System	A.B. Brown	5.55%				-	-	-	
96	312.5 MP Removal System	A.B. Brown	0.00%				-	-	-	
97	312.6 Warrick 4 MP Removal	A.B. Brown	0.00%				-	-	-	
98	314 Turbo-Generator Units	A.B. Brown	2.58%		3.00%	23.78%	43,575.00	345,968.83	(82,254.09)	
99	314.1 Brown Dense Packs	A.B. Brown	2.58%				-	-	-	
100	315 Accessory Electric Equip	A.B. Brown	1.71%		0.90%	23.78%	88,797.43	176,124.19	(41,873.53)	
101	316 Misc. Power Plant Equip	A.B. Brown	2.51%		5.74%	23.78%	913,362.66	2,241,713.19	(532,967.33)	
102	Total A.B. Brown Common Re-Used Assets				100.00%		1,678,267.14	80,835,401.47	(19,164,138.55)	
103	Total CapEx							10,579,747.73		
104							Allocated CapEx Total	11,362,207.73		
105							Total Adds	83,221,659.86		
106							CWIP Total	71,859,452.13		
107										
	Cover Page	(JLT-3) Proj Plant Balances	(JLT-4) Proj Depr and COR	Workpapers-->	Brown NBV projection no COR					Brown COR projection

The source of these amounts is predominantly the worksheet “CWIP by Unit” and is reproduced in the screenshot below. The largest amounts are for Ash Pond (\$47.7 million), Dry Fly Ash Loading Facility (\$12 million), and Rail Improvements (\$2.1 million).<sup>2</sup> Many of these projects have already been preapproved by the Commission in this or other dockets (the Ash Pond, the Dry Fly Ash Loading Facility, and the Lined Process Pond).

<sup>2</sup> While CEI South may utilize the rail line to deliver parts for the new CTs, the primary reason to keep the rail lines in good operating condition is to deliver coal for the Brown Coal Units.

### CWIP by Unit

\$2,923,559.72)) is used to project future capital allocations. The 27.63% (in cell **G92** from the



**J92** formula in **Brown NBV Projection no COR** tab) represents the historical average percentage of capital costs allocated to that particular account (here, 312.1 Boiler Plant Equipment). The \$10,579,747.73 (in cell **J103** of **Brown NBV Projection no COR** tab) also contains a formula pointing to a cell (**H32**) in a different tab (“**Projected CapEx**”). As illustrated in the second screenshot below, the categories associated with the \$10,579,747.73 amount in cell **J103**, pointing to **Rows 22 – 34** in the **Projected CapEx** tab consist of: Landfill Earth Work, Landfill Cell Development, FGD Pump Replacements, Lined Process Pond, Groundwater Treatment System (Ash Pond), Groundwater Treatment System (Sediment Pond), Bridges/Culvert Replacement, and Rail Replacement.

J92     $\text{fx}$      $\text{=+J\$103*\$G92+'CWIP by Unit'IM45}$

	B	E	F	G	H	I	J
86							
87							
88							
89							
90	A.B. Brown	0.00%				-	229,143.65
91	A.B. Brown	2.04%				632,532.05	18,591,724.04
92	A.B. Brown	2.17%		9.74%	23.78%	-	51,866,324.87
93	A.B. Brown	3.66%		27.63%	23.78%	-	7,384,402.70
94	A.B. Brown	2.20%		52.98%	23.78%	-	-
95	A.B. Brown	5.55%				-	-
96	A.B. Brown	0.00%				-	-
97	A.B. Brown	0.00%				-	-
98	A.B. Brown	2.58%		3.00%	23.78%	43,575.00	345,968.83
99	A.B. Brown	2.58%				-	-
100	A.B. Brown	1.71%		0.90%	23.78%	88,797.43	176,124.19
101	A.B. Brown	2.51%		5.74%	23.78%	913,362.66	2,241,713.19
102				100.00%		1,678,267.14	80,835,401.47
103							10,579,747.73
104						Allocated CapEx Total	11,362,207.73
105						Total Adds	83,221,659.86
106						CWIP Total	71,859,452.13
107							
108						12/31/2021	2022 Depreciation
109	A.B. Brown	0.00%	0.00%			4,730.92	-
110	A.B. Brown	2.04%	2.04%			(8,761,629.81)	(227,584.03)
111	A.B. Brown	2.17%	2.17%			(63,844,400.51)	(2,486,454.20)
112	A.B. Brown	3.66%	3.66%			(45,886,007.70)	(2,771,041.26)

... (JLT-4) Proj Depr and COR    Workpapers-->    Brown NBV projection no COR

H32     $\text{fx}$      $\text{=+C32*E32}$

	A	B	C	D	E	F	G	H
17								
18	This would be total capex including removal. The lined process pond and groundwater projects should all be 100% install, but the rest would be replacement/remov							
19								
20								
21								
22			2022	2023	Install	COR		Insta
23	Brown Common	ABB Landfill Earth Work	\$ 315,000	\$ 315,000	86.94%	13.06%	\$	273,861.00
24	Brown Common	ABB Landfill Cell Development	\$ 1,300,000	\$ 1,300,000	86.94%	13.06%	\$	1,130,220.00
25	Brown Common	ABB FGD Pump Replacements	\$ 200,000		86.94%	13.06%	\$	173,880.00
26	Brown Common	ABB Lined Process Pond	\$ 7,600,000	\$ 3,800,000	100.00%		\$	7,600,000.00
27	Brown Common	ABB Groundwater Treatment System (Ash Pond)	\$ 1,622,000		100.00%		\$	1,622,000.00
28	Brown Common	ABB Groundwater Treatment System (Landfill)	\$ 100,000		100.00%		\$	100,000.00
29	Brown Common	ABB Groundwater Treatment System (Sediment Pond)	\$ 380,000		100.00%		\$	380,000.00
30	Brown Common	ABB Bridges/Culvert Replacement	\$ 250,000	\$ 300,000	86.94%	13.06%	\$	217,350.00
31	Brown Common	ABB Rail Replacement	\$ 400,000	\$ 400,000	86.94%	13.06%	\$	347,760.00
32			\$ 12,169,022	\$ 6,000,000	86.94%	13.06%	\$	10,579,747.73
33								
34	Brown Unit 2	FGD Absorber Lining Replacement	\$ 900,000		86.94%	13.06%	\$	782,460.00
35								
36								\$ 11,362,207.73
37								
38								
39								
40								
41								

... (JLT-4) Proj Depr and COR    Workpapers-->    Brown NBV projection no COR    Brown COR projection    Projected CapEx

As shown above, projected costs are allocated between installation and cost of removal (if applicable) using a historical average allocation (represented by 86.94% in the above screenshot (cell **E34**)). As one can see from the labels, none of these costs are related to constructing the CTs; but rather are associated with the Brown site.

**Attachment A**

[Attachment A, 45564\_CEIS\_Attachment A to Response to OUCC's Petition for Rehearing - Petitioner's Exhibit No 4 Attachment JLT-3 and JLT-4 and WPs\_051022\_072822.xlsx, to be filed separately in Excel format]

## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the foregoing was served via electronic mail transmission this 28th day of July, 2022 to:

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*Hillary J. Close*

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