STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF DUKE ENERGY INDIANA, LLC ("DUKE ENERGY INDIANA") PURSUANT TO IND. CODE CHS. 8-1-8.5, 8-1-8.8, AND IND. CODE §§ 8-1-2-0.6 AND 8-1-2-23 FOR (1) ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY ("CPCN") PURSUANT TO IND. CODE CH. 8-1-8.5 TO CONSTRUCT TWO COMBINED CYCLE ("CC") NATURAL GAS UNITS, AT APPROXIMATELY 738 MEGAWATTS (WINTER RATING) EACH, AT THE EXISTING CAYUGA GENERATING STATION ("CAYUGA CC PROJECT"); (2) APPROVAL OF THE CAYUGA CC PROJECT AS A CLEAN ENERGY PROJECT AND AUTHORIZATION FOR FINANCIAL INCENTIVES INCLUDING TIMELY COST RECOVERY THROUGH CONSTRUCTION WORK IN PROGRESS ("CWIP") RATEMAKING THROUGH A GENERATION COST ADJUSTMENT ("GCA") TRACKER MECHANISM UNDER IND. CODE CH. 8-1-8.8; (3) AUTHORITY TO RECOVER COSTS INCURRED IN CONNECTION WITH THE CAYUGA CC PROJECT; (4) APPROVAL OF THE BEST ESTIMATE OF COSTS OF CONSTRUCTION ASSOCIATED WITH THE CAYUGA CC PROJECT; (5) APPROVAL OF CHANGES TO DUKE ENERGY INDIANA'S ELECTRIC SERVICE TARIFF RELATING TO THE PROPOSED GCA TRACKER MECHANISM; (6) APPROVAL OF SPECIFIC RATEMAKING AND ACCOUNTING TREATMENT; AND (7) ONGOING REVIEW OF THE CAYUGA CC PROJECT.	**CAUSE NO. 46193**

VERIFIED PETITION

Duke Energy Indiana, LLC ("Duke Energy Indiana," "Petitioner" or "Company") respectfully petitions the Indiana Utility Regulatory Commission ("Commission") pursuant to Indiana Code chapters 8-1-8.5, 8-1-8.8, and Ind. Code §§ 8-1-2-0.6 and 8-1-2-23 for (1) issuance of a certificate of public convenience and necessity ("CPCN") pursuant to Ind. Code ch. 8-1-8.5 to construct two combined cycle ("CC") natural gas-fired units, at approximately 738 megawatts (winter rating) each, at the existing Cayuga Generating Station ("Cayuga CC Project"); (2) approval of the Cayuga CC Project as a clean energy project and authorization for financial

incentives including timely cost recovery through construction work in progress ("CWIP") ratemaking through a Generation Cost Adjustment ("GCA") tracker mechanism under Ind. Code ch. 8-1-8.8; (3) authority to recover costs incurred in connection with the Cayuga CC Project; (4) approval of the best estimate of costs of construction associated with the Cayuga CC Project; (5) approval of changes to Duke Energy Indiana's electric service tariff relating to the proposed GCA mechanism; (6) approval of specific ratemaking and accounting treatment; and (7) ongoing review of the Cayuga CC Project.

In support of this Petition, Duke Energy Indiana represents the following:

1. Petitioner's Corporate Status.

Duke Energy Indiana is an Indiana limited liability corporation with its principal office in the Town of Plainfield, Hendricks County, Indiana. Its address is 1000 East Main Street, Plainfield, Indiana 46168. It has the corporate power and authority to engage, and it is engaged, in the business of supplying electric utility service to the public in the State of Indiana. Accordingly, Petitioner is a "public utility" within the meaning of that term as used in the Indiana Public Service Commission Act, as amended, Ind. Code § 8-1-2-1, and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana, including Ind. Code § 8-1-2-1 *et seq*. Petitioner is a wholly-owned subsidiary of Duke Energy Indiana Holdco, LLC.

2. Petitioner's Operations and Service Territory.

Petitioner is engaged in the business of rendering retail electric service solely within the State of Indiana under duly acquired indeterminate permits, franchises, and necessity certificates. Duke Energy Indiana owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities (collectively, the "Utility Properties") that are used and useful for the production, storage, transmission, distribution, and furnishing of electric service to its

customers.

Petitioner directly supplies electric energy throughout its approximately 22,000-square mile service area to approximately 900,000 customers located in 69 counties in the central, north central, and southern parts of the State of Indiana, and supplies steam service to one customer from its Cayuga Generating Station and to Purdue University via a combined heat and power facility. Petitioner also sells electric energy for resale to other public utilities that in turn supply electric utility service to numerous customers in areas not served directly by Petitioner.

Duke Energy Indiana's electric generating Utility Properties currently consist of: (1) two syngas/natural gas-fired combustion turbines ("CT") and one steam turbine; (2) five solar-powered facilities, two of which have on-site energy storage systems; (3) steam capacity located at two stations comprised of seven coal-fired generating units; (4) combined cycle capacity located at one station comprised of three natural gas-fired CTs and two steam turbine-generators; (5) one CT in a combined heat and power ("CHP") configuration located at Purdue University; (6) a run-of-river hydroelectric generation facility comprised of three units; (7) peaking capacity consisting of four oil-fired diesels and twenty-four natural gas-fired CTs, one of which is configured with dual natural gas and fuel oil capability; and (8) one distribution-tied energy storage system located at the Nabb substation. Petitioner's generating fleet also includes numerous environmental compliance facilities, including Flue Gas Desulfurization technology (*i.e.*, "scrubbers"), Selective Catalytic Reduction technology, low-Nitrogen Oxide burners, baghouses, monitors, *etc.*, added to meet various federal and state environmental requirements.

The transmission Utility Properties currently consist of over 5,000 circuit miles of 345 kV, 230 kV, 138 kV, and 69 kV transmission lines, along with approximately 500 transmission and distribution substations and associated equipment. Petitioner jointly owns its transmission

system with Wabash Valley Power Association, Inc. ("WVPA") and the Indiana Municipal Power Agency ("IMPA").

Pursuant to the Commission's Order in Cause No. 42027 (December 27, 2001), Duke Energy Indiana's transmission system is under the functional control of Midcontinent Independent System Operator, Inc. ("MISO"), a Federal Energy Regulatory Commission ("FERC")-approved regional transmission organization ("RTO"), and is used for the provision of open access non-discriminatory transmission service pursuant to MISO's Open Access Transmission Tariff on file with the FERC. As a member of MISO, charges and credits are billed to Duke Energy and allocated to Duke Energy Indiana for functional operation of the transmission system, management of the MISO markets including the assurance of a reliable system, and general administration of the RTO.

Duke Energy Indiana's electric distribution Utility Properties currently consist of over 31,800 circuit miles of distribution lines, as well as control rooms, transformers, circuit breakers, poles, substations, and other associated distribution equipment.

Duke Energy Indiana's electric system Utility Properties, together with its offices, call centers, and associated equipment, are used and useful in providing safe and reliable electric utility service to its customers.

Duke Energy Indiana's property is classified in accordance with the Uniform System of Accounts as prescribed by the FERC and adopted by this Commission.

3. Petitioner's "Public Utility" Status.

Duke Energy Indiana is a "public utility" under Ind. Code § 8-1-2-1 and is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana.

4. Background.

On November 1, 2024, Duke Energy Indiana submitted an Integrated Resource Plan ("IRP") to the Commission ("2024 IRP"). Duke Energy Indiana's 2024 IRP, guided by the Five Pillars of Ind. Code § 8-1-2-0.6 (Reliability; Affordability; Resiliency; Stability; and Environmental Sustainability), identified a Preferred Portfolio that features a measured approach to the energy transition, adding needed incremental capacity to support Indiana's growing economy while reducing reliance on aging coal units and executing a balanced transition to a more efficient, reliable, and environmentally sustainable resource mix.[1] The Preferred Portfolio, based on the "Blend 2" strategy, lays out a balanced strategy to mitigate ongoing cost and reliability risks by retiring and replacing aging coal units while upgrading others to co-fire coal and natural gas in compliance with the Environmental Protection Agency's Clean Air Act Section 111 Rule, providing long-term benefits for customers and limiting near-term cost impacts. By adding over 1,500 megawatts of incremental firm summer capacity above and beyond the retiring coal capacity by 2032, it provides robust support for Indiana's growing economy and ensures a reliable energy transition. It provides the flexibility needed to navigate dynamic market conditions and evolving environmental regulations, which is critical amid times of change and uncertainty.[2]

The 2024 IRP also identified a Short Term Action Plan (Chapter 6) to begin to implement the Preferred Portfolio. The Short Term Action Plan includes, among other things, filing a CPCN for two Cayuga 1x1 CCs to be in-service beginning of year 2030 and 2031. The Short-Term Action Plan further incorporates flexibility to adjust to changing conditions, an essential aspect of planning, particularly in light of the considerable uncertainty that comes with the changing

[1] 2024 Duke Energy Indiana Integrated Resource Plan at 5, 14, 164
[2] 2024 Duke Energy Indiana Integrated Resource Plan at 150.

energy landscape.[3]

In accordance with Appendix A to General Administrative Order ("GAO") 2023-03, Petitioner (1) provided notice, as shown in Attachment A, of its intent to file a CPCN application to the Secretary of the Commission at least 30 days prior to the expected date of the filing (December 19, 2024); and (2) met to discuss its filing with the Commission on December 17, 2024. The Company also met or had discussions with representatives of the Indiana Office of Utility Consumer Counselor ("OUCC"), Citizens Action Coalition of Indiana, Inc. ("CAC"), Duke Energy Indiana Industrial Group ("Industrial Group") and Nucor Steel, a division of Nucor Corporation ("Nucor").

5. Proposed Cayuga CC Project.

In coordination with the retirement of the existing units, Duke Energy Indiana proposes to install two 1x1 Advanced Class CC gas units at the Cayuga Generating Station. Each CC will have a capacity of approximately 738 MW (winter capacity), combining for a total of 1,476 MW (winter rating). One unit ("CC 1") will be available starting in September 2029 and the second ("CC 2") in May 2030. The Cayuga CC Project will provide an incremental 471 MW of generation to Duke Energy Indiana's system. The proposed Cayuga CC Project will be built on the existing Cayuga Generating Station site to allow Duke Energy Indiana to realize cost and timing savings generated by the benefits of re-using existing facilities, equipment, and interconnection rights.

6. Approval of Cayuga CC Project.

Petitioner's best estimate of costs of construction associated with the Cayuga CC Project is reasonable and is estimated to be $2.97 billion, excluding allowance for funds used during

[3] 2024 Duke Energy Indiana Integrated Resource Plan at 164

construction ("AFUDC"), property taxes and certain project reserves. Duke Energy Indiana has put forth considerable effort to develop a firm cost estimate. As explained in the Company's case-in-chief, procuring major equipment up front and entering into a lump sum, turnkey Engineering, Procurement, and Construction ("EPC") contract for construction, the Company is trying to ensure a smooth construction process with minimal surprises along the way. Duke Energy Indiana will accrue AFUDC associated with the Cayuga CC Project costs based upon the amounts at the time such costs or charges are incurred. As described in Petitioner's case-in-chief, Petitioner, through engagement with Charles River and Associates ("Charles River"), undertook robust all sources RFP processes to help develop its Preferred Portfolio, which includes this reasonable and appropriate generation resource. Charles River also analyzed and evaluated the bids to assist Petitioner with identifying the best resource options for customers at the most competitive price.

In accordance with Ind. Code § 8-1-8.5-4, Petitioner's evidence presents how it has considered (1) current and potential arrangements with other electric utilities for the interchange of power, pooling of facilities, purchase of power, and joint ownership of facilities; and (2) other methods for providing reliable, efficient, and economical electric service, including the refurbishment of existing facilities, conservation, load management, cogeneration and renewable energy sources. Further, as explained in its case-in-chief, Petitioner solicited bids to obtain purchased power capacity and energy from alternative suppliers through an all-source RFP.

The Cayuga CC Project will result in the provision of electric utility service with the attributes set forth in Ind. Code § 8-1-2-0.6. The aligned retirement of the existing units and the construction of the Cayuga CC Project supports and balances all Five Pillars and therefore public convenience and necessity require approval of the Cayuga CC Project. Duke Energy Indiana has

determined that continuing to operate the existing 60 plus year-old assets at Cayuga would face significant challenges and capital investment, heightened risks from other more stringent environmental regulations, and higher maintenance and capital costs. The Cayuga CC Project will add incremental capacity within the same footprint. It will enhance the reliability and economic competitiveness of Duke Energy Indiana's generation portfolio while mitigating risks related to maintenance expenses and potential future environmental compliance costs associated with the aging coal units. The selected technology is flexible, with fast start and spinning reserve capability, and balances upfront capital costs with long term lower operational and maintenance costs.

The Cayuga CC Project is consistent with Duke Energy Indiana's 2024 IRP, and so the request is consistent with a utility specific proposal under Ind. Code § 8-1-8.5-3(e) and submitted for approval under Ind. Code § 8-1-8.5-5(d). The Cayuga CC Project is a reasonable addition to a portfolio of capacity resources that in the aggregate serves to mitigate risk through diversification. The Cayuga CC Project will support Petitioner's efforts to diversify its generation assets, while ensuring reliable service to its customers in a cost-effective manner.

The proposed Cayuga CC Project is also consistent with the Commission's analysis for expansion of electric generating capacity under Ind. Code § 8-1-8.5-3.

Petitioner has the managerial and technical expertise to oversee the EPC Contractor's construction of the proposed Cayuga CC Project.

The estimated costs of the Cayuga CC Project are, to the extent commercially practicable, the result of competitively bid engineering, procurement or construction contracts, and Petitioner has allowed third parties to submit firm and binding bids for the construction of the Cayuga CC Project that meet all of the technical, commercial and other specifications required for the

Cayuga CC Project so that ownership of the Cayuga CC Project will vest with Petitioner no later than the date on which it becomes commercially available.

Therefore, the Cayuga CC Project is reasonable and necessary, and the public convenience and necessity will be served by the Cayuga CC Project. Accordingly, Petitioner should be granted a CPCN and all other Commission approval to proceed with the construction and use of the Cayuga CC Project. As described by Company witness Karn, the Cayuga CC Project also meets the definition of a clean energy project found in Ind. Code § 8-1-8.8-2. Therefore, Petitioner should also be authorized for financial incentives, including timely cost recovery through CWIP ratemaking, under Ind. Code § 8-1-8.8-11 as requested herein.

7. Current Legislation

Indiana House Bill ("HB") 1007 (2025) may impact this filing as it addresses the retirement of generation. The bill in its current form adds a definition for "retire" or "retirement" in Ind. Code § 8-1-8.5-12.1. It also delineates certain requirements for a report to the Commission regarding planned requirements of generation, and in the alternative, certain findings in a CPCN proceeding. In the event this bill, or any other applicable bill becomes law, Duke Energy Indiana requests the Commission to make the necessary findings in its final order in this proceeding and has provided information in its case-in-chief to support the requirements in the current bill. To the extent this bill changes or another applicable bill becomes law, Duke Energy Indiana will supplement its testimony, or otherwise work with stakeholders, to ensure the Commission has the information it needs.

8. Ongoing Review.

Pursuant to Ind. Code § 8-1-8.5-6, Petitioner requests ongoing review of the Cayuga CC Project, including review of progress reports and any revisions to the best estimate, as the construction proceeds, and associated ratemaking treatment consistent with such review.

9. <u>Ratemaking and Accounting</u>.

The Cayuga CC Project is just and reasonable. Pursuant to Ind. Code § 8-1-8.8-11 and as further detailed by Company witness Sufan, Petitioner proposes to administer timely cost recovery of the Cayuga CC Project's capital, depreciation, tax, and financing costs incurred during construction of the Cayuga CC Project through CWIP ratemaking through the proposed GCA tracker mechanism until the Cayuga CC Project is reflected as being in-service. At in-service, the Company would transition to recovering Project costs in the GCA until reflected in new base rates, including return on the net plant in-service balance, return on any capital maintenance additions (net of any in-service retirements), carrying cost of new plant materials and supplies ("M&S") inventory, depreciation expense, and O&M expense (including property tax and insurance costs). Petitioner proposes the financing costs under CWIP ratemaking to be recovered on a forward-looking basis. Duke Energy Indiana's proposal is just and reasonable and will result in gross financing cost savings over the life of the Cayuga CC Project. In addition, Duke Energy Indiana is also requesting approval to defer and recover future new generation-related plan development, preliminary engineering, testing and pre-construction costs via the GCA. Petitioner further seeks to increase its authorized return for purposes of the Ind. Code §8-1-2-42(d)(3) earnings test to include the operating income associated with the GCA mechanism.

Duke Energy Indiana seeks relief in the alternative under Ind. Code § 8-1-8.8-11(a) to accrue post-in-service carrying costs and to defer O&M and depreciation from the date the Cayuga CC Project is placed in service until the cost of the Cayuga CC Project is reflected in Duke Energy Indiana's rates either through the GCA Mechanism or in a general rate case. The request for alternative relief would trigger in the event the proposed GCA is not approved as proposed, which could be either the denial of the GCA or rejection of the forward-looking nature

of the GCA. Either of these changes to Duke Energy Indiana's proposal would result in post-in-service carrying costs and the commencement of depreciation before rate recovery has commenced.

The Company has incurred incremental costs related to its integrated resource plan and request for proposal processes. Just as the Company was approved to recover a portion of those costs in the Speedway Solar PPA proceeding in Cause No. 45907, it is seeking recovery of similar costs in this proceeding. The Company also expects to incur costs associated with external support related to potential property tax incentives for the Project. The Company is proposing to recover these costs as a regulatory asset over a two-year amortization period, beginning with the implementation of the first GCA rates in April 2026. In addition, the Company is requesting approval to defer and recover future new generation-related plan development, preliminary engineering, testing and pre-construction costs via the GCA.

10. Statutory and Regulatory Authority for Requested Relief.

Petitioner considers the provisions of the Public Service Commission Act, as amended, including Ind. Code §§ 8-1-2-0.6, 8-1-2-10, 8-1-2-14, 8-1-2-23, 8-1-2-42(a), and Ind. Code ch. 8-1-8.5 and 8-1-8.8 to be applicable to the subject matter of this Petition.

11. Submission of Case-in-Chief and Other Supporting Documentation.

Duke Energy Indiana will file its case-in-chief, including the information required by the applicable statutes, regulations, and General Administrative Orders ("GAOs"), in written form concurrent with this Petition. Petitioner has included as Attachment B the applicable statutory requirements of Ind. Code §§ 8-1-8.5-4, 8-1 8.5-5, and 8-1-8.8-11 and the case-in-chief witness who addresses the requirement. Duke Energy Indiana has addressed the GAOs as follows:

- **GAO 2022-01** provides guidelines for additional evidence to be provided in connection with certain petitions regarding electric generation under Ind. Code ch. 8-

1-8.5 and 8-1-8.8. Attachment C sets forth the required information as it pertains to Duke Energy Indiana's request in this Cause.

- **GAO 2023-03** provides additional guidelines which apply to all applications for CPCNs and related docketed proceedings of the Commission. It requires that an index of issues shall be provided with the utility's case-in-chief if the utility has at least six witnesses providing testimony and at least two of those witnesses provide testimony on the same issue or issues. The index of issues is attached to the Petition in this Cause as Attachment D.
- **GAO 2023-04** encourages each electric utility to include information, discussions, and/or evidence regarding the Five Pillars, codified at Ind. Code § 8-1-2-0.6, in its case-in-chief for any case filed with the Commission (including certificates of public convenience and necessity) concerning the utility's electric generation resource mix, energy infrastructure, and/or electric service ratemaking constructs. Attachment E identifies the Duke Energy Indiana witnesses providing support for the Five Pillars.

12. Confidential Information.

Duke Energy Indiana is also filing a motion for protective order to protect certain confidential, proprietary, competitively sensitive, and/or trade secret information related to Duke Energy Indiana's filing from public disclosure. Duke Energy Indiana is in the process of negotiating acceptable confidentiality agreements with potential intervenors to facilitate the production of confidential information as appropriate.

13. Procedural Matters.

Pursuant to 170 IAC 1-1.1-9(a)(8) and CPCN Standard Procedural Schedule (240 days) set out in GAO 2023-03, Duke Energy Indiana presented the below procedural schedule, which follows the dates from GAO 2023-03, to the OUCC, the Duke Energy Indiana Industrial Group

("Industrial Group"), Nucor Corp. ("Nucor"), and the Citizen's Action Coalition of Indiana, Inc. ("CAC") and engaged in discussions with the parties. The Industrial Group and Nucor do not object to the following procedural schedule. The OUCC and CAC indicated that they anticipate timely providing the Commission with a proposed procedural schedule. However, given the statutorily constrained timeline and the Commission's administrative code, which requires that Duke Energy Indiana provide a proposed procedural schedule in its petition, Duke Energy Indiana is providing the following schedule and requests the Commission approve it:

Duke Energy Indiana's Proposed Procedural Schedule and Other Terms:

Date	**Event**
May 8, 2025	OUCC/Intervenors File Cases-in-Chief
May 29, 2025	Petitioner Files Rebuttal Testimony
May 29, 2025	OUCC/Intervenors Cross Answering Testimony
June 5, 2025	Settlement Agreement and Supporting Evidence
June 24, 2025	Hearing
July 3, 2025	Petitioner Files Proposed Order
July 17, 2025	OUCC/Intervenors File Proposed Orders
July 24, 2025	Petitioner Files Reply
October 11, 2025	Day 240

Discovery should be conducted on an informal basis, with responses or objections due within ten (10) calendar days. After Petitioner's rebuttal filing date, any responses or objections to a discovery request shall be made within five business days. Discovery requests received after 5:00 p.m. EST on Monday through Thursday or after 12:00 p.m. EST on Fridays or the day before a Holiday shall be deemed received the next business day. The last discovery response

due date shall be two (2) business days before the evidentiary hearing. The Parties may conduct discovery through electronic means. The parties will provide same day service filings via email, hand delivery or large file transfer. All discovery requests and responses shall be served on all parties of record, subject to the protection of confidential information.

14. Potential Rate Impact.

While the ultimate impact of the Cayuga CC Project on the average residential customer's bill will be dependent on a number of different factors, Duke Energy Indiana currently estimates costs in the first GCA tracker filing after approval would result in an incremental charge of approximately $1.87 for a typical residential customer using 1,000 kWh per month. This results in an estimated average retail rate impact of approximately 5.4%. over a 5-year period.

15. Attorneys for Petitioner.

The names and addresses of Duke Energy Indiana's duly authorized representatives, to whom all correspondence and communications concerning this Petition should be sent, are as follows:

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WHEREFORE, Duke Energy Indiana respectfully requests that the Commission make such investigation and hold such hearings as are necessary or advisable in this proceeding, and thereafter make and enter an appropriate order in accordance with the time frame provided in GAO 2023-03:

(1) Making findings as to the best estimate for the costs of construction associated with the proposed Cayuga CC Project;

(2) Making findings that the construction of the Cayuga CC Project is consistent with the Commission's plan for expansion of electric generating capacity and Petitioner's 2024 Integrated Resource Plan;

(3) Making findings that the public convenience and necessity require or will require the construction of the Cayuga CC Project as proposed herein;

(4) Making the required findings under Ind. Code § 8-1-8.5-5(e);

(5) Issuing Duke Energy Indiana a certificate of public convenience and necessity for the construction of the Cayuga CC Project pursuant to Ind. Code ch. 8-1-8.5;

(6) Making a finding that the Cayuga CC Project is a clean energy project under Ind. Code § 8-1-8.8-2 and therefore eligible for financial incentives under Ind. Code § 8-1-8.8-11;

(7) Authorizing Duke Energy Indiana timely cost recovery using CWIP ratemaking through the GCA tracker mechanism or a successor rate adjustment mechanism on a forward-looking basis;

(8) Making findings that the retirement conforms with HB 1007 (2025) or any other applicable law;

(9) Providing for ongoing review of the Cayuga CC Project;

(10) Approving the other requests set forth in this Petition and in Duke Energy Indiana's case-in-chief; and

(11) Granting such other and further relief to Duke Energy Indiana as may be appropriate and proper.

Dated this 13th day of February, 2025.

Respectfully submitted,

DUKE ENERGY INDIANA, LLC

By: 
Counsel for Duke Energy Indiana, LLC

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was electronically delivered this 13th day of February, 2025 to the following:

Indiana Office of Utility Consumer Counselor
PNC Center
115 W. Washington Street
Suite 1500 South
Indianapolis, Indiana 46204
infomgt@oucc.in.gov

Copies have been distributed electronically, for informational purposes, to the following:

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December 19, 2024

Via electronic delivery
Dana Kosco
Secretary of the Commission
Indiana Utility Regulatory Commission
101 West Washington Street, Suite 1500 East
Indianapolis, IN 46204

Re: Notice of Intent to File a CPCN Application

Dear Ms. Kosco:

Pursuant to Indiana Utility Regulatory Commission General Administrative Order 2023-03, Duke Energy Indiana, LLC, ("Duke Energy Indiana") provides notice of its intent to file a CPCN application on or after January 20, 2025.

Duke Energy Indiana has met with the Indiana Office of Utility Consumer Counselor and has been working to contact anticipated intervenors to offer a prefiling meeting. Further, Duke Energy Indiana will discuss a procedural schedule that complies with General Administrative Order 2023-03 for the case with the parties.

Sincerely,

Elizabeth A. Heneghan
Deputy General Counsel
Duke Energy Indiana, LLC

cc: William Fine, Indiana Office of Consumer Counselor
Jennifer Washburn, Citizens Action Coalition of Indiana, Inc.

DUKE ENERGY INDIANA
2025 CAYUGA CC CPCN

Statutory And Other Requirements

Statutory Requirements – Ind. Code §§ 8-1-8.5-4, 8-1-8.5-5, and ch. 8-1-8.8.[1]		
Code Section	**Requirement**	**Witness**
8-1-8.5-4(b)(1)(A)	Current and potential arrangement with other electric utilities for . . . interchange of power	Nathan D. Gagnon
8-1-8.5-4(b)(1)(B)	Current and potential arrangement with other electric utilities for . . . pooling of facilities	Nathan D. Gagnon
8-1-8.5-4(b)(1)(C)	Current and potential arrangement with other electric utilities for . . . purchase of power	Nathan D. Gagnon
8-1-8.5-4(b)(1)(D)	Current and potential arrangement with other electric utilities for . . . joint ownership of facilities	Nathan D. Gagnon
8-1-8.5-4(b)(2)	Other methods of providing reliable, efficient, and economical service, including . . . refurbishment of existing facilities	Nathan D. Gagnon and Kelley A. Karn
8-1-8.5-4(b)(2)	Other methods of providing reliable, efficient, and economical service, including . . . conservation, load management	Nathan D. Gagnon and Kelley A. Karn
8-1-8.5-4(b)(2)	Other methods of providing reliable, efficient, and economical service, including . . . cogeneration	Nathan D. Gagnon
8-1-8.5-4(b)(2)	Other methods of providing reliable, efficient, and economical service, including . . . renewable energy sources	Nathan D. Gagnon
8-1-8.5-4(b)(4)	Five Pillars	Stan C. Pinegar, Kelley A.

[1] This index is not intended to be an exhaustive list of the applicable statutes in this proceeding. A complete account of the requested relief and applicable statutes can be found in Petitioner's case-in-chief.

		Karn, James J. McClay, III, and Nathan D. Gagnon
8-1-8.5-5(b)(1)	Best estimates of costs of construction	John Robert Smith, Jr.
8-1-8.5-5(b)(2)(A)	Consistent with the Commission's analysis for expansion of generating capacity, or	Nathan D. Gagnon
8-1-8.5-5(b)(2)(B)	Consistent with a utility specific proposal under section 3(e)(1) and approved under subsection (d) and consistent with the Commission's analysis	Nathan D. Gagnon
8-1-8.5-5(b)(3)	Public convenience and necessity	Stan C. Pinegar and Nathan D. Gagnon
8-1-8.5-5(e)(1)(A)	The estimated costs are, to the extent practicable, the result of competitively bid engineering, procurement or construction contracts	John Robert Smith, Jr. and Robert J. Lee
8-1-8.5-5(e)(1)(B)	Applicant allowed or will allow third parties to submit firm and binding bids that meet all of the specifications required so as to enable ownership to vest with Duke Energy Indiana not later than the date on which the CC becomes commercially available	John Robert Smith, Jr.
8-1-8.5-5(e)(2)(A)	Reliability	Stan C. Pinegar, Kelley A. Karn, James J. McClay, III, and Nathan D. Gagnon
8-1-8.5-5(e)(2)(B)	Solicitation of competitive bids to obtain purchased power capacity and energy from alternative providers	John Robert Smith, Jr. and Robert J. Lee
8-1-8.5-6	Ongoing review	John Robert Smith, Jr.
8-1-8.8-1	State Policy Goals of the Clean Energy Statute	Kelley A. Karn
8-1-8.8-2	Clean energy project	Kelley A. Karn
8-1-8.8-11	Financial incentives	Justin G. Sufan
8-1-2-10, 14, 19 & 42(a)	Other Accounting and Ratemaking Authority	Justin G. Sufan

Indiana House Bill 1007[2]	Certain requirements for a report to the Commission regarding planned requirements of generation, and in the alternative, certain findings in a CPCN proceeding	Stan C. Pinegar, Kelley A. Karn and Nathan D. Gagnon

[2] HB 1007 is pending legislation and Duke Energy Indiana addressed the most current draft of the legislation in its case-in-chief. To the extent the law does not become law or becomes law in a different form, Duke Energy Indiana may provide additional information.

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Index of Issues[3]

Exhibit Number and Witness	Issues
Pet. Ex. 1, Stan C. Pinegar	• Duke Energy Indiana's request in this proceeding, • Statutory requirements, • Ind. Code § 8-1-2-0.6 five pillars of energy policy, • Economic development benefits
Pet. Ex. 2, Kelley A. Karn	• Environmental regulations and environmental permits, • Clean energy project under Indiana law, • MISO interconnection, • System reliability and other benefits of the proposed Cayuga CC Project, • GAO 2022-01, • Demand side management energy efficiency and demand response programs, • Indiana House Bill 1007 (2025)
Pet. Ex. 3, John Robert Smith	• Best estimate of construction cost estimate and construction schedule

[3] This index is intended to highlight issues and is not an exhaustive list of the requests in this proceeding. A complete account of the requested relief can be found in Petitioner's case-in-chief.

Exhibit Number and Witness	**Issues**
Pet. Ex. 4, James J. McClay III	• Plan to fuel the project, • Sufficiency of natural gas firm transportation • How fuel plan considers Ind. Code § 8-1-2-0.6 five pillars of energy policy.
Pet. Ex. 5, Robert J. Lee	• Competitive RFPs process
Pet. Ex. 6, Nathan D. Gagnon	• Duke Energy Indiana's 2024 IRP, • Statutory and rule requirements for a CPCN proceeding, • Indiana House Bill 1007 (2025)
Pet. Ex. 7, Justin G. Sufan	• Construction work in progress ("CWIP") ratemaking, under Ind. Code § 8-1-8.8-11. • Generation Cost Adjustment ("GCA") tracker mechanism

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General Administrative Order 2023-04
The Five Pillars of Indiana Code § 8-1-2-0.6 (Reliability; Affordability; Resiliency; Stability; and Environmental Sustainability)[4]

Pillar of Ind. Code § 8-1-2-0.6	Witness
8-1-2-0.6(1) Reliability, including: (A) the adequacy of electric utility service, including the ability of the electric system to supply the aggregate electrical demand and energy requirements of end use customers at all times, taking into account: (i) scheduled, and (ii) reasonably expected unscheduled; outages of system elements; and (B) the operating reliability of the electric system, including the ability of the electric system to withstand sudden disturbances such as electric short circuits or unanticipated loss of system components.	Stan C. Pinegar (pp. 15-19) and James J. McClay, III (p. 9).
8-1-2-0.6(2) Affordability, including ratemaking constructs that result in retail electric utility service that is affordable and competitive across residential, commercial, and industrial customer classes.	Stan C. Pinegar (pp. 15-18; 19-21) and James J. McClay, III (p. 10).

[4] The guidelines and requirements set forth in General Administrative Orders ("GAO") 2023-03 and 2023-04 are discussed in Petitioner's case-in-chief testimony.

Pillar of Ind. Code § 8-1-2-0.6	**Witness**
8-1-2-0.6(3) Resiliency, including the ability of the electric system or its components to: (A) adapt to changing conditions; and (B) withstand and rapidly recover from disruptions or off-nominal events.	Stan C. Pinegar (pp. 15-18; 21-22) and James J. McClay, III (pp. 9-10).
8-1-2-0.6(4) Stability, including the ability of the electric system to: (A) maintain a state of equilibrium during: (i) normal and abnormal conditions; or (ii) disturbances; and (B) deliver a stable source of electricity, in which frequency and voltage are maintained within defined parameters, consistent with industry standards	Stan C. Pinegar (pp. 15-18; 23) and James J. McClay, III (p. 10).
8-1-2-0.6(5) Environmental sustainability, including: (A) the impact of environmental regulations on the cost of providing electric utility service; and (B) demand from consumers for environmentally sustainable sources of electric generation.	Stan C. Pinegar (pp. 15-18; 23-24) and Kelley A. Karn (pp. 4-11).

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General Administrative Order 2022-01
Evidence Provided Regarding Electric Generation

GAO 2022-01 Guidelines[5]	Witness	CC Project
The name of the RTO to which the generation will be connected and information regarding the RTO's planning reserve margin, peaks, capacity auctions, possible ancillary services the new generation may provide, and other markets in which the new generation may participate.	Kelley A. Karn	The Cayuga CC Project will be interconnected with the MISO system using both the Replacement Generator Process and MISO's DPP queue process. Duke Energy Indiana, as a load serving entity in MISO, participates in MISO's annual capacity auction process. MISO's planning reserve margin has recently changed to a seasonal requirement. For Duke Energy Indiana, for the 2024/2025 planning year, the planning reserve margin was 9.0% for summer, 14.2% for fall, 27.4% for winter, and 26.7% for spring. These reserve margins will be updated annually by MISO, and MISO is expected to move to direct loss of load ("DLOL") methodology for capacity accreditation by the time these units are in-service. Once in-service and at full load under the DLOL methodology, the CC Project is expected to provide approximately 1,064 MW (Winter), 1,041 MW (Spring), 1,249 MW (Summer), and 1,235 MW (Fall) as a firm contribution to Duke Energy Indiana's load and reserve margin requirements. Duke Energy Indiana's system-wide peak load obligation for planning coincident with MISO's peak for the 2024/ 2025 planning year was 6,190 MW in summer, 5,920 MW in fall, 6,378 MW in winter and 5,978

[5] The guidelines and requirements set forth in General Administrative Orders ("GAO") 2023-03 and 2023-04 are discussed in Petitioner's case-in-chief testimony.

GAO 2022-01 Guidelines[5]	Witness	CC Project
		MW in spring. Duke Energy Indiana's load obligation will also be updated annually. The Cayuga CC Project will be offered into the MISO energy markets as well and will be economically dispatched in accordance with MISO's security constrained economic dispatch model. The Cayuga CC Project is expected to provide the following ancillary services to support the MISO grid: Contingency, Regulating, Ramp Capability and Short-Term Reserves. The Company will also manage transmission congestion for the Cayuga CC Project as it does today for the existing site with the procurement of financial transmission rights.
A qualitative assessment by the RTO regarding the new generation shall be requested and the RTO's response (including, as applicable, the RTO's affidavit or testimony) shall be part of the utility's case in chief.	Kelley A. Karn	*See* MISO affidavit at Attachment 2-A (KAK)
A description of the new generation's anticipated impact on the submitting utility's resource adequacy and reliability.	Kelley A. Karn	As demonstrated in Witness Karn's testimony, reliability and resource adequacy concerns have been voiced by many important organizations, including NERC, MISO's IMM, OMS, and others. The Cayuga CC Project will provide needed dispatchable generation and resource adequacy.
An explanation regarding whether the generation is required to be in the RTO's interconnection queue and, if so, its status in the queue.	Kelley A. Karn	The planned Cayuga CC Project is 471 MW winter rating more than the existing units and therefore on April 18, 2024, Duke Energy Indiana submitted a new queue request in MISO's 2023 DPP queue cycle for up to 500 MW of incremental network interconnection capability ("NRIS"). This would apply to up to 500 MW on the second CC only,

GAO 2022-01 Guidelines[5]	Witness	CC Project
		as the first CC is entirely covered under the existing rights, as is most of the second CC. Duke Energy Indiana is in MISO's 2023 DPP queue for the incremental MWs and MISO expects to kick off the study in May 2025.
A description of the generation's expected capacity factors, dispatchability, and accreditation characteristics.	Kelley A. Karn	In the IRP modeling supporting the project, the average capacity factor for the Cayuga CC Project was estimated to be 87% for the first five years of operations when unconstrained by CAA 111 requirements. As discussed in Witness Karn's testimony, if the GHG standards are implemented, the average annual capacity factor would be limited to 40% starting in 2032 to comply with the emission limitations. There is also the potential for future technology advancements like carbon capture and sequestration, or hydrogen as a fuel source, which if economic and implemented, may allow for a higher capacity factor for the plant in the future even if future greenhouse gas emissions limits are enacted. The Cayuga CC Project will be offered into the MISO energy markets and will be economically dispatched in accordance with MISO's security constrained economic dispatch model.
A description of how the new generation is expected to perform at the relevant RTO's peak pursuant to its capacity construct (for example, summer and/or winter and/or other, as may be applicable).	Kelley A. Karn	Once in-service and at full load under the DLOL methodology, the CC Project is expected to provide approximately 1,064 MW (Winter), 1,041 MW (Spring), 1,249 MW (Summer), and 1,235 MW (Fall) as a firm contribution to Duke Energy Indiana's load and reserve margin requirements. Duke Energy Indiana's system-wide peak load obligation for planning coincident with MISO's peak for the 2024/ 2025 planning year was 6,190 MW in summer, 5,920 MW in fall, 6,378 MW in winter and 5,978

GAO 2022-01 Guidelines[5]	Witness	CC Project
		MW in spring. Duke Energy Indiana's load obligation will also be updated annually.