FILED
September 17, 2020
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

APPLICATION OF DUKE ENERGY INDIANA, LLC FOR APPROVAL OF A CHANGE IN ITS FUEL COST ADJUSTMENT FOR ELECTRIC SERVICE, FOR APPROVAL OF A CHANGE IN ITS FUEL COST ADJUSTMENT FOR HIGH PRESSURE STEAM SERVICE, AND TO UPDATE MONTHLY BENCHMARKS FOR CALCULATION OF PURCHASED POWER COSTS IN ACCORDANCE WITH INDIANA CODE §8-1-2-42, INDIANA CODE §8-1-2-42.3 AND VARIOUS ORDERS OF THE INDIANA UTILITY REGULATORY COMMISSION	**)**	**CAUSE NO. 38707 – FAC125**

STIPULATION OF EVIDENCE BETWEEN CAC AND DEI

Citizens Action Coalition ("CAC") respectfully submits the public portion of the Stipulation of Evidence between CAC and Duke Energy Indiana ("DEI") in the above referenced Cause to the Indiana Utility Regulatory Commission ("Commission"). CAC is separately submitting the confidential portion of the Stipulation of Evidence between CAC and DEI, under seal, pursuant to the Commission's August 12, 2020 docket entry granting DEI's *First Motion for Protection of Confidential and Proprietary Information* and the Commission's September 15, 2020 docket entry granting DEI's *Second Motion for Protection of Confidential and Proprietary Information*.

Respectfully submitted,

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<u>CERTIFICATE OF SERVICE</u>

The undersigned counsel hereby certifies that a copy of the foregoing document was served upon the following via electronic mail this 17th day of September, 2020:

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IURC Cause No. 38707 FAC 125
Stipulation of Evidence in Lieu of Cross Examination of Duke Witnesses

In lieu of cross-examination of Duke Energy Indiana LLC ("Duke" or the "Company") Witnesses, Citizens Action Coalition of Indiana, Inc. ("CAC"), Duke and CAC agree to the following Stipulation of Evidence:

1. Public evidence:
    a. Duke Response to CAC Data Request 2.3
    b. Duke Response to CAC Data Request 2.5
    c. Duke Response to CAC Data Request 2.8
    d. Duke Response to CAC Data Request 6.1
    e. Duke Response to CAC Data Request 6.2
    f. Duke Response to CAC Data Request 6.4
    g. Duke Response to CAC Data Request 6.5
    h. Duke Response to CAC Data Request 7.2
    i. Duke Response to CAC Data Request 7.3
    j. Duke Response to CAC Data Request 7.9
    k. Duke Response to CAC Data Request 7.10
    l. Duke Response to CAC Data Request 7.11
    m. Duke Response to CAC Data Request 8.1
    n. Duke Response to CAC Data Request 9.1
    o. Duke Revised Response to Sierra Club Data Request 2.3(f)
2. Confidential evidence:
    a. Duke Confidential Response to Sierra Club Data Request 3.2 and Confidential Attachment 3.2-A
    b. Duke Confidential Response to Sierra Club Data Request 3.3 and Confidential Attachments 3.3-A and 3.3-B
    c. Duke Confidential Response to CAC Data Request 2.1
    d. Duke Confidential Response to CAC Data Request 2.4
    e. Duke Confidential Response to CAC Data Request 4.3
    f. Duke Confidential Revised Response to CAC Data Request 6.3
    g. Confidential Attachment 6.3-A (Excel document)
    h. Duke Confidential Response to CAC Data Request 7.1
    i. Duke Confidential Response to CAC Data Request 7.5
    j. Duke Confidential Response to CAC Data Request 7.8
    k. Confidential Attachment CAC 8.1-A (Excel document)
    l. White Stallion DEI 31566 Amendment 11 (Confidential Attachment SC 1.5-B)
    m. White Stallion DEI 31594 Amendment 13 (Confidential Attachment SC 1.5-B)
    n. Solar Sources 2923434 DEI Coal Amendment 15 (Confidential Attachment SC 1.5-B)

PUBLIC EVIDENCE

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 2
Received: August 14, 2020

CAC 2.3

Request:

Please refer to Company Exhibit 6-A-Confidential.

a. Please explain the meaning and significance of “Traunch [sic] 1,” “Traunch 2,” “Traunch 3,” and “Traunch 4.”
b. Please explain the meaning of the “Threshold” shown for each of Traunch 1, Traunch 2, and Traunch 3, and how such thresholds were determined.
c. Please explain why the Traunch 3 threshold from 3-4-2020 differs from the Traunch 3 threshold for 3-17-2020.
d. Please explain how the decrement value for each of Traunch 1, Traunch 2, and Traunch 3 were calculated, and produce any workpapers or modeling input and output files used in determining such decrement values.
e. Please explain what the “DEI Excess Tons (Dec 2020)” identified for each of the “Ranked DEI Coal Options” dates represents.

Response:

a. The word “Traunch” is just another way of saying grouping. Because there are 16 different coal storage and resale options identified, it’s impractical to model and evaluate the impact of each and every option on the Company’s projected coal burns. By grouping the different options, it reduces the number of analyses needed to derive the decrement price and results in a more efficient and timely process.

b. The thresholds used in the analyses are based on the groupings of the coal storage and resale options as mentioned in the above response. The threshold amounts represent the cumulative tons associated with the next lower decrement price used in the analysis, not to exceed the total number of excess tons. For example, the threshold for Traunch 2 is equal to the cumulative number of tons of all the options associated in Traunch 1.

c. As mentioned above, Traunch 3 reflects the cumulative tons associated with the next lower decrement price, i.e., Traunch 2. Consequently, as the lower traunches are adjusted between analyses due to changes in the total excess tons reflecting updated actual inventories and projected burns, the threshold number of tons of Traunch 3 will adjust accordingly.

d. Essentially, the decrement prices associated with each traunch is a weighted average of the different option costs within the traunch based on the number of tons associated with each option.

e. The date of December 2020 identified in each of the "Ranked DEI Coal Options" reflects the fact that based on the Company's projected coal inventory levels, the decrement is only necessary for the year 2020. Consequently, the Company's analyses only evaluate the inventory levels for each month through December 2020.

Witness: John Swez

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 2
Received: August 14, 2020

CAC 2.5

Request:

Please refer to the Direct Testimony of Brett Phipps at page 5 lines 13 to 16. With regards to statement that "the Company has been utilizing increased amounts of spot coal purchases":

a. Please explain over what time period Duke's utilization of spot coal purchases has "increased" and the amount by which such purchases has increased.
b. Please identify the percent of coal burned during the FAC 125 review period that was acquired through spot coal purchases.
c. Please identify the percent of coal burned during each of the years 2015 through 2019 that was acquired through spot coal purchases.

Objection:

Duke Energy Indiana objects to this request as neither relevant nor admissible to the extent it seeks information outside of this FAC period.

Response:

Subject to and without waiving or limiting its objections, Duke Energy Indiana responds as follows:

a. The Company looks for spot coal purchase opportunities as need for coal arises to support reliable coal supplies at our generating stations. The amount of spot coal fluctuates given power prices and weather driven demand.
b. Three percent of coal during FAC 125 review period was acquired through spot coal purchases.
c. See objection.

Witness: Brett Phipps

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 2
Received: August 14, 2020

CAC 2.8

Request:

Please refer to the Direct Testimony of John Swez at page 17 lines 6 through 11. With regards to the contention that "the price decrement does not make a difference under certain circumstances":

a. For each of the Edwardsport syngas, Cayuga, and Gibson coal units, please identify each specific hours and days during the FAC 125 review period that "the price decrement did not impact the commitment and dispatch of the Company's generating units . . . because the unit in question was already economic before application of the price decrement."

b. For each of the Edwardsport syngas, Cayuga, and Gibson coal units, please identify each specific hours and days during the FAC 125 review period that "the price decrement did not impact the commitment and dispatch of the Company's generating units because after the application of the price decrement the cost of the unit wasn't reduced enough to make a difference in the units commitment or dispatch."

Objection:

Duke Energy Indiana objects to this request to the extent it seeks a calculation or compilation that has not already been performed and that Duke Energy Indiana objects to performing.

Response:

Subject to and without waiving or limiting its objections, Duke Energy Indiana responds as follows:

a. No specific study was completed that identifies the change in commitment absent the application of a price decrement.

   No specific study was completed that identifies the change in dispatch absent the application of a price decrement. However, in general, one situation where the dispatch amount (MW) of the decremented units would not be impacted are periods when without application of the price decrement, the unit's incremental cost was still below the LMP in that 5-minute period. Thus, for example, a unit that has a $20/MWh incremental cost after application of a price decrement and a $25/MWh incremental cost without application of a price decrement would have no impact to its dispatch amount if LMP were $30/MWh in that period. The unit would be dispatched to a higher amount in both the case with, and without application of a price decrement.

b. No specific study was completed that identifies the change in commitment absent the application of a price decrement.

No specific study was completed that identifies the change in dispatch absent the application of a price decrement. However, in general, one situation where the dispatch amount (MW) of the decremented units would not be impacted are periods when without application of the price decrement, the unit's incremental cost was still above the LMP in that 5-minute period. Thus, for example, a unit that has a $20/MWh incremental cost after application of a price decrement and a $25/MWh incremental cost without application of a price decrement would have no impact to its dispatch amount if LMP were $15/MWh in that period. The unit would be dispatched to a lower amount in both the case with, and without application of a price decrement.

Witness: John Swez

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 6
Received: August 28, 2020

CAC 6.1

Request:

Please refer to Revised **Confidential** Attachment CAC 1.2-C (Conf. Ex. 6-A).

a. Please explain the origin and calculation of the "Tons" figures in Column E of each tab of the Conf. Ex. 6-A spreadsheet.
b. Please explain the origin and calculation of the "Cost" figures in Column F of each tab of the Conf. Ex. 6-A spreadsheet.
c. For each of the inventory management options in column C, please provide any contract that the Company has in effect for that option.
d. Of the 16 "Options" presented, which were actually utilized for coal inventory management during the FAC 125 period? For each "Option", please indicate when it was actually utilized, and for each date, the tons of coal involved and the price actually paid for that inventory management option by the Company.
e. Under "Manual Instructions for Updating" at the bottom of the sheet on tab "3-4", it says in the first line: "After calculating the excess inventory tons in the Midwest Coal Position file, copy the tons into cell F30 above". Please confirm that is supposed to say "cell F32", or else please otherwise correct the error.
f. Under "Manual Instructions for Updating" at the bottom of the sheet on tab "3-4",
g. Please reconcile the presence of multiple "Resale" options on Conf. Att. CAC 1.2-C with the Company's response to CAC 2.7(b) and (c) ("Duke has not resold coal."; "Duke has not sought to resell coal.")
h. Please explain in detail how the determination is made of which coal pricing decrement (Traunch 1, Traunch 2, Traunch 3, or none) to apply to a particular generating unit's energy market bids at any given hour. Which parameters are used, and how, to inform the determination?

Response:

a. The tons for the physical storage options were provided to Duke by its coal suppliers and represents the maximum coal storage volume available to the Company while the resale tons represent Duke's existing coal contract obligations.

b. For the physical coal storage options, the Company solicited its coal suppliers and received indicative bids, both by email and verbally, on a price per ton basis which were multiplied by the tons in Column E to derive the Cost figures in Column F. For the resale options, the Costs are derived by taking the difference between the contracted delivered coal prices and the independent third-party coal market prices adjusted for differences in coal quality and multiplying the resultant price per ton by the number of contract tons in Column E.

c. Duke Energy Indiana did not enter into contracts for any of the inventory storage or resale options listed in column C.

d. Duke Energy Indiana did not utilize any of the inventory storage or resale options listed in column C.

e. In the Sheet named “3-4”, the Manual Instructions for Updating should reference cell F32, not F30. Note that all other sheets reference F32 in the instructions.

f. There is no question to respond to.

g. The Company has not resold or sought to resell coal. The “resale” options shown in Confidential Attachment CAC 1.2-C represent Duke’s existing coal contract obligations which potentially could be resold.

h. The same decrement price is applied universally to all the Cayuga, Edwardsport and Gibson units’ fuel prices by subtracting the decrement price from each of the separate contracted coal prices for each station.

Witness: Brett Phipps / John Swez

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 6
Received: August 28, 2020

CAC 6.2

Request:

Please refer to Duke's Response to CAC Data Request 1.6.

a. Regarding the statement "It's important to note that the least expensive options are physically utilized first before the more expensive options are utilized. However, when a unit is dispatched that otherwise wouldn't have been dispatched, the most expensive option is avoided" in CAC Data Request 1.6(a): Does "most expensive option" mean "most expensive option that would otherwise be utilized for inventory management if not for the marginal coal dispatch"? If not, please explain the meaning of "most expensive option."
b. Please reconcile the Company's response to CAC Data Request 1.6 (explaining the "options" for managing inventory described in DEI Ex. 6 at page 16, lines 18-22) with the Company's **confidential** response to CAC Data Request 1.12(a) and (g) (stating that there is no carrying cost for coal at White Stallion Energy's Solar Sources interim storage location and Friendsville interim storage location during the FAC 125 period). Why cannot the two interim storage locations be utilized for managing coal inventory before the positive-cost options detailed in Confidential Exhibit 6-A?

Response:

a. Correct. The "most expensive option" means most expensive option that would otherwise be utilized for inventory management if not for the application of a coal price decrement.

b. Both the White Stallion and Solar interim storage locations were already being utilized by the Company for managing coal inventory. To include them again in the potential inventory management options listed in CAC 1.6 would be double counting. As previously disclosed, the interim inventory storage at these locations is contracted for at zero cost ($0). Please see response to CAC 6.5(b) for the explanation of carrying costs in relation to the interim storage locations.

Witness: Brett Phipps / John Swez

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 6
Received: August 28, 2020

CAC 6.4

Request:

Please refer to Petititioner's Exhibit 6 (Direct Testimony of John D. Swez) at page 16, lines 15-18 ("Starting in early March 2020, the Company started applying a coal price decrement to the dispatch costs of Gibson 1-5, Cayuga 1-2 and Edwardsport (syngas only) generating units to correctly reflect the economics of additional costs associated with avoiding or reducing surplus coal inventories.")

a. What circumstance changed in March 2020 that caused the Company to apply a coal price decrement to the mentioned coal generating plants after it did not do so in recent FAC time periods?
b. For **each** of the Gibson units, each of the Cayuga units, and Edwardsport, please state the date and hour in March 2020 when coal decrement pricing was first applied that month.
c. For **each** of the Gibson units, each of the Cayuga units, and Edwardsport, was there any date during the FAC 125 period when coal decrement pricing was ceased for the remaining duration of the FAC 125 period? If so, please state the date and hour for the unit, and please explain why coal decrement pricing ceased.

Response:

a. In early March 2020, the amount of coal in storage was forecasted to be above the 70 full load burn days used to identify the need to implement additional coal inventory management measures.

b. The decrement process started beginning Hour Ending 1 on March 12, 2020. However, since the Company had units on reserve shutdown at the time, in order to avoid having units committed by MISO at the same time and potentially not being able to physically meet the Day-Ahead award, the application of the decrement was staggered slightly between March 12 and March 18 depending on the unit.

   - For Gibson 1,2, Cayuga 2, and Edwardsport, the Company first applied decrement pricing beginning Hour Ending 1 on March 12, 2020.

   - For Gibson 5, the Company first applied decrement pricing beginning Hour Ending 1 on March 14, 2020.

   - For Gibson 3, the Company first applied decrement pricing beginning Hour Ending 1 on March 16, 2020.

- For Gibson 4, the Company first applied decrement pricing beginning Hour Ending 1 on March 17, 2020.

- For Cayuga 1, the Company first applied decrement pricing beginning Hour Ending 1 on March 18, 2020.

c. No.

Witness: John Swez

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 6
Received: August 28, 2020

CAC 6.5

Request:

Please refer to Duke's Confidential Response to CAC Data Request 1.12.

a. Please provide a copy of each of the three interim storage contracts referred to in the response to 1.12(b).
b. Please explain how the Company has "no carrying cost" for storing coal at the interim storage locations during FAC 125, as stated in the response to 1.12(g).

Response:

a. See Confidential Attachment SC 1.5-B. Specifically, White Stallion 31566 Amendment 11, White Stallion 31594 Amendment 13, and Solar Sources 2923434 Amendment 15.
b. The Company's recovery of carrying costs on fuel inventory is built into base rates, which are established based on target inventory levels during a docketed base rate case proceeding. The Company does not calculate carrying costs on coal in excess of the target levels (such as coal being stored in interim storage locations) nor does it seek recovery from customers of any additional carrying costs.

Witness: Brett Phipps (a) / Suzanne Sieferman (b)

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 7
Received: September 1, 2020

CAC 7.2

Request:

Please refer to Duke's Response to Sierra Club Data Request 2.2 and **Confidential** Attachment SC 2.2-A.

a. At slide 8, it states that the Company explored "reshap[ing] station stockpiles" or "creat[ing] interim stockpile on site at Gibson". Please provide all:
    i. Communications
    ii. cost estimates
    iii. construction plans
    iv. construction timelines
    v. financial analyses
    vi. statements of potential storage capacity from these options
    vii. any other documents in the Company's possession relating to either of these two options.
b. If the Company pursued reshaping station stockpiles, how would it expect to (i) account for the cost and (ii) recover the cost from ratepayers? Please explain in detail.
c. If the Company pursued creating an interim stockpile on site at Gibson, how would it expect to (i) account for the cost and (ii) recover the cost from ratepayers? Please explain in detail.
d. Please explain in detail what is meant by "all shipments halted" at slide 8 of this attachment.
e. Please provide all written communications and notes of oral (in-person, telephonic, electronic) discussions in relation to the Company's efforts from January through May of 2020 to "[c]ontinue working with suppliers to defer tons or renegotiate contract price [of coal]" as stated on slide 8 of this attachment.

Objection:

Duke Energy Indiana objects to subparts a. and e. as the term "all" is vague, ambiguous, overly broad, unduly burdensome and not reasonably limited in scope. Duke Energy Indiana further objects to the extent it seeks a calculation or compilation that has not already been performed and that Duke Energy Indiana objects to performing.

Response:

Subject to and without waiving or limiting its objections, Duke Energy Indiana responds as follows:

a. See objections.
    i. None. As to “reshaping station stockpiles” this is part of normal station fuel handling operations.
    ii. Same as response to part i.
    iii. Same as response to part i.
    iv. Same as response to part i. As to “creat[ing] interim stockpile on site at Gibson”, the earliest a potential site could be available at the station would be 4 to 6 months out. The start date was unknown at the time.
    v. Same as response to part i.
    vi. See objections.
b. The actual costs incurred and recovery from ratepayers would be dependent on the specific facts and circumstances associated with use of this option. Work to reshape station stockpiles would likely be done by Company personnel and charged to station O&M expense. A representative level of station O&M costs are built into the Company’s base rates and charges. Any station O&M costs incurred for this work would not be included in the Company’s fuel clause adjustment filings.
c. The actual cost incurred and recovery from ratepayers would be dependent on the specific facts and circumstances associated with use of this interim storage option and movement of the coal to the main pile to burn. A likely scenario would involve paying a vendor to load the coal from this interim pile into trucks and moving the coal to the main pile for consumption. The costs incurred for this transportation would be considered for inclusion in the inventory cost of the coal (FERC Account 151). The weighted average cost of inventory of coal on the main stockpile is what is used to calculate fuel expense as the coal is consumed. Fuel consumption costs are included in the Company’s quarterly fuel adjustment proceedings.
d. Gibson Station had reached its safe maximum inventory level which resulted in all planned coal deliveries being stopped until inventory levels declined to allow shipments to restart.
e. See objections.

Witness: Brett Phipps (a,d,e) / Suzanne Sieferman (b,c)

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 7
Received: September 1, 2020

CAC 7.3

Request:

Refer to slide 8 of Confidential Attachment SC 2.2-A.

a. Explain why declaring force majeure is “not a viable option”
b. Explain the status of the “in process” work with suppliers “to defer tons” of coal deliveries, including whether any agreement to defer tons has been reached.
c. If an agreement to defer tons of coal deliveries has been reached, identify the amount of tons to be deferred, the time period to which such deliveries are being deferred, under which contract such tons are being deferred, and whether Duke agreed to acquire any additional amounts of coal as part of negotiating or reaching agreement to defer tons of coal deliveries.

Objection:

Duke Energy Indiana objects to this request to the extent it seeks a legal conclusion or information protected by the attorney work product doctrine.

Response:

Subject to and without waiving or limiting its objections, Duke Energy Indiana responds as follows:

a. See objection. Duke’s commercial attorney reviewed the force majeure provision in the Company’s master agreements and provided the legal opinion that declaring force majeure was “not a viable option”.
b. As shown, commercial discussions with suppliers were occurring during the February 2020 timeframe. These commercial discussions did not result in any agreements to defer tons.
c. N/A

Witness: Brett Phipps

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 7
Received: September 1, 2020

CAC 7.9

Request:

Refer to your response to CAC 2.5.

a. Given that your response to CAC 2.5(a) says that the amount of spot coal "fluctuates," what is the basis for Mr. Phipps' testimony that the "Company has been utilizing increased amounts of spot coal purchases"? To what was Mr. Phipps comparing when he refers to "increased" amounts of spot coal purchases being utilized?
b. Identify the most recent FAC in which less than 3% of the coal burned had been acquired through spot coal purchases.
c. Identify the most recent FAC in which less than 1.55% of the coal burned had been acquired through spot coal purchases.
d. For each of the Gibson, Cayuga, and Edwardsport plants, identify the amount and percent of coal burned during the FAC 125 period that was acquired through spot coal purchases.

Objection:

Duke Energy Indiana objects to this request as neither relevant nor admissible to the extent it seeks information outside this FAC 125 period. Further, Duke Energy Indiana objects to the extent it seeks a calculation or compilation that has not already been performed and that Duke Energy Indiana objects to performing.

Response:

Subject to and without waiving or limiting is objections, Duke Energy Indiana responds as follows:

a. When referring to "increased amounts of spot coal purchases is being utilized" Mr. Phipps is referring to the amount of projected open position left uncontracted under term contracts to allow for spot coal purchase opportunities. The projected open position is directly impacted by the overall demand driven by power prices and weather demands.
b. See objections.
c. See objections.
d. See objections. Duke Energy Indiana does not have this break out.

Witness: Brett Phipps

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 7
Received: September 1, 2020

CAC 7.10

Request:

Refer to your response to CAC 2.6. How many active suppliers in the market could Duke reach out to in the event that the company identifies a need for spot coal purchases?

Objection:

Duke Energy Indiana objects to this request as neither relevant as it is not limited in time nor admissible to the extent it seeks information outside of this FAC period.

Response:

Subject to and without waiving or limiting its objections, Duke Energy Indiana responds as follows: For the FAC 125 timeframe, Duke Energy Indiana did not have an identified need for spot coal purchases. If a need for spot coal were to be identified in the future, Duke Energy Indiana would reach out to the active Indiana suppliers in the market at that time. The number of active Indiana suppliers are subject to change based on several factors, such as market conditions, operational conditions, demand and financial health, to name a few.

Witness: Brett Phipps

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 7
Received: September 1, 2020

CAC 7.11

Request:

Refer to your response to CAC 2.7.

a. Explain why Duke did not resell any coal during the FAC 125 period. Produce any analysis supporting the decision not to resell any coal.
b. Explain why Duke has not resold coal and has not sought to resell coal. Produce any analysis supporting the decision not to resell any coal or to seek to resell any coal.

Response:

a. The Company actively monitors the coal markets through conversations with market brokers and suppliers. No analysis was performed during FAC 125 due to the potential significant loss on the sale when compared to market conditions.
b. See response to a.

Witness: Brett Phipps

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 8
Received: September 2, 2020

CAC 8.1

Request:

Please refer to the Company's Revised Response to Sierra Club Data Request 2.3(f) ("For the coal resale options, costs were derived by taking the difference between Duke's contracted delivered coal prices and independent third-party coal market prices adjusted for differences in coal quality. As discussed in detail in Mr. Phipps' testimony, Duke's coal contract prices reflected in the resale options are the result of a competitive bidding process which ensures that the selected coal contract prices offer the best value for its customers, taking into account coal quality, volume flexibility, transportation alternatives, etc.").

a. Please provide an illustrative example of the analysis that adjusts the contract vs. market price difference for differences in coal quality. Please provide all supporting data and the sources thereof.
b. Out of all the contracted delivered coal prices represented in DEI coal inventory during the FAC 125 reconciliation period, what percent of such prices were lower than market prices during the FAC 125 reconciliation period, after adjusting for coal quality (as referenced in the response to Sierra Club 2.3(f)?

Objection:

Duke Energy Indiana objects to this request as vague and ambiguous as to the term "competitive bidding process". Duke Energy Indiana also objects to this request to the extent it seeks a calculation or compilation that has not already been performed and that Duke Energy Indiana objects to performing.

Response:

Subject to and without waiving or limiting its objections, Duke Energy Indiana responds as follows:

a. See objection. Assuming that the term "competitive bidding process" includes an RFP, see Confidential Attachment CAC 8.1-A, Coal Forward Price curves and contract price projections as of March 4, 2020.

b. See objection.

Witness: Brett Phipps

CAC
IURC Cause No. 38707-FAC125
Data Request Set No. 9
Received: September 9, 2020

CAC 9.1

Request:

Please refer to Duke's **Confidential** Response to CAC Data Request 6.3(n) ("The analysis that was used in the response to CAC 5.1 used a Close-of-Business date of 6/23/20 and was conducted on 6/24/20. Additionally, the Midwest Coal Position spreadsheet provided in that response is also the one that was used in deriving the decrement pricing incorporated into the FAC 125 filing.")

a. To be clear, is Duke saying that the single version of the Midwest Coal Position spreadsheet updated on 6/24/2020 was used to inform coal decrement pricing for every week of the FAC 125 reconciliation period (March through May of 2020)? If so, how and why is a spreadsheet (Midwest Coal Position) generated in late June of 2020 used as the basis for coal decrement pricing that was used in creating bids for MISO energy markets starting in March of 2020? Please explain in detail.

Response:

No. Every two weeks the Midwest Coal Position spreadsheet is updated with actual coal inventory tons at each station, the latest Duke Energy Indiana coal forward plan and an updated coal burn forecast based on coal prices without any decrement applied. Once updated, the spreadsheet projects each month's excess coal tons above the 70-day level and the "Excess Tons" is the maximum value in any future month through the end of 2020.

Witness: John Swez

sSierra Club
IURC Cause No. 38707-FAC125
Data Request Set No. 2
Received: August 18, 2020

REVISED RESPONSE 9/2/2020
Revised information is in Bold
Sierra Club 2.3

Request:

Refer to Confidential Exhibit 6-A (JDS).

a. Please provide all analysis and calculations used to create the referenced exhibit in machine readable format with calculations intact.
b. Explain why Duke selected the number of tranches selected.
c. Explain how the Threshold is determined.
d. Explain the significance of DEI Excess Tons for the month specified.
e. Explain the source of the Options information and provide all analysis, contracts, and communication that demonstrate how the costs and tons values for each option were developed.
f. Explain what actions Duke has taken to ensure that the Options listed are the lowest cost options available to the Company.

Objection:

Duke Energy Indiana objects to this request as the term "all" is vague, ambiguous, overly broad and unduly burdensome.

Response:

Subject to and without waiving or limiting its objections, Duke Energy Indiana responds as follows:

a. Please see response to CAC 5.1 and CAC 1.2 as well as Confidential Exhibit 6-A.

b. Due to the fact that there are numerous coal storage and resale options identified, it's impractical to model and evaluate the impact of each and every option on the company's projected coal burns. By grouping the different options, it reduces the number of analyses needed to derive the decrement price and results in a more efficient and timely process.

c. The thresholds used in the analyses are based on the groupings of the coal storage and resale options as mentioned in the above response. The threshold amounts represent the cumulative tons of the options associated with the next lower decrement price used in the analysis, not to exceed the total number of excess tons.

d. The DEI Excess Tons represent the projected amount of coal in inventory that exceeds a 70 Full Load Burn (FLB) days level.

e. See response to 2.3a.

f. For the coal resale options**, costs were derived by taking the difference between Duke's contracted delivered coal prices and independent third-party coal market prices adjusted for differences in coal quality. As discussed in detail in Mr. Phipps' testimony, Duke's coal contract prices reflected in the resale options are the result of a competitive bidding process which ensures that the selected coal contract prices offer the best value for its customers, taking into account coal quality, volume flexibility, transportation alternatives, etc.** For the coal storage options, Duke solicited the lowest-priced indicative bids from its existing suppliers to determine the amount and cost that could be potentially stored at their locations.

Witness: John Swez (a-e) / Brett Phipps (f)

CONFIDENTIAL EVIDENCE SEPARATELY FILED, UNDER SEAL, AS CAC EXHIBIT 2-C