

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA GAS AND)
ELECTRIC COMPANY D/B/A CENTERPOINT ENERGY)
INDIANA SOUTH (“CEI SOUTH”) FOR (1) AUTHORITY)
TO MODIFY ITS RATES AND CHARGES FOR ELECTRIC)
UTILITY SERVICE THROUGH A PHASE-IN OF RATES, (2))
APPROVAL OF NEW SCHEDULES OF RATES AND)
CHARGES, AND NEW AND REVISED RIDERS,)
INCLUDING BUT NOT LIMITED TO A NEW TAX)
ADJUSTMENT RIDER AND A NEW GREEN POWER)
RIDER (3) APPROVAL OF A CRITICAL PEAK PRICING)
 (“CPP”) PILOT PROGRAM, (4) APPROVAL OF REVISED)
DEPRECIATION RATES APPLICABLE TO ELECTRIC)
AND COMMON PLANT IN SERVICE, (5) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING RELIEF,)
INCLUDING AUTHORITY TO CAPITALIZE AS RATE)
BASE ALL CLOUD COMPUTING COSTS AND DEFER TO)
A REGULATORY ASSET AMOUNTS NOT ALREADY)
INCLUDED IN BASE RATES THAT ARE INCURRED FOR)
THIRD-PARTY CLOUD COMPUTING ARRANGEMENTS,)
AND (6) APPROVAL OF AN ALTERNATIVE)
REGULATORY PLAN GRANTING CEI SOUTH A WAIVER)
FROM 170 IAC 4-1-16(f) TO ALLOW FOR REMOTE)
DISCONNECTION FOR NON-PAYMENT)

CAUSE NO. 45990

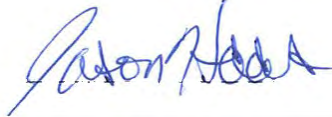
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC’S EXHIBIT NO. 1-S

SETTLEMENT TESTIMONY OF OUCC WITNESS MICHAEL D. ECKERT

July 19, 2024

Respectfully submitted,



T. Jason Haas
Deputy Consumer Counselor
Attorney No. 34983-29

**SETTLEMENT TESTIMONY OF OUCC WITNESS MICHAEL D. ECKERT
CAUSE NO. 45990
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A
CENTERPOINT ENERGY INDIANA SOUTH**

I. INTRODUCTION

1 **Q: Please state your name, business address, and employment capacity.**

2 A: My name is Michael D. Eckert, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204. I am the Director of the Electric
4 Division for the Indiana Office of Utility Consumer Counselor (“OUCC”). My
5 qualifications are set forth in Appendix A of this document.

6 **Q: Are you the same Michael D. Eckert who filed direct testimony earlier in this**
7 **proceeding?**

8 A: Yes.

9 **Q: Have you reviewed the Stipulation and Settlement Agreement (“Settlement**
10 **Agreement”) that Southern Indiana Gas and Electric Company d/b/a**
11 **CenterPoint Energy Indiana South (“CEI South,” “Petitioner,” or**
12 **“Company”), the CenterPoint Energy Indiana South Industrial Group**
13 **(“Industrial Group”),¹ and SABIC Innovative Plastics Mt. Vernon, LLC**
14 **(“SABIC”) (collectively, the “Settling Parties”) filed in this proceeding?**

15 A: Yes. I reviewed the Settlement Agreement as well as the settlement testimony. I
16 also reviewed CEI South’s rebuttal testimony, since under the Settlement
17 Agreement, disputed matters the Settlement Agreement does not expressly resolve
18 are resolved as CEI South proposed in its case-in-chief, as modified by Petitioner’s
19 rebuttal position.

¹ The Industrial Group is a collection of industrial energy consumers that includes Consolidated Grain and Barge, CountryMark Refining and Logistics, LLC, Marathon Petroleum Company, and Toyota Motor Manufacturing of Indiana, Inc.

1 **Q: Has anything in the Settlement Agreement, settlement testimony, and/or**
2 **rebuttal testimony changed your overall position or the recommendations you**
3 **made in your direct testimony?**

4 A: No. My recommendations remain the same. After reviewing the Settlement
5 Agreement, I am, however, particularly concerned that the overall rate increase and
6 return on equity (“ROE”) CEI South and five of its industrial energy consumers
7 agreed upon do not incent CEI South to improve its overall customer satisfaction,
8 improve the affordability of its rates, or recognize the many tracker mechanisms
9 CEI South has in place that reduce its risk. The Commission should reject the
10 Settlement Agreement because it is not in the public interest, as my testimony and
11 that of additional OUCC witnesses will explain.

II. PURPOSE OF TESTIMONY

12 **Q: What is the purpose of your testimony?**

13 A: The purpose of my testimony is to address issues and concerns with the Settlement
14 Agreement or raised by CEI South’s rebuttal testimony. Additionally, I introduce
15 the OUCC’s witnesses and provide an overview of their testimony on the
16 Settlement Agreement.

17 The Indiana Utility Regulatory Commission (“IURC” or “Commission”)
18 should reject the Settlement Agreement because it is not in the public interest for
19 the reasons described by me and by the OUCC’s additional witnesses. CEI South
20 and the other Settling Parties have not supported numerous aspects of the
21 Settlement Agreement. Specifically, the OUCC recommends the Commission:

22 1) Reject the Settlement Agreement among CEI South, the Industrial Group, and
23 SABIC insofar as they have agreed upon an annual rate increase of \$80.0
24 million. As explained in my testimony and other OUCC witnesses’ testimony,

1 this level of rate increase insufficiently considers affordability and is not in the
2 public interest. The OUCC's recommended revenue requirement increase in its
3 case-in-chief remains the same;

4 2) Reject the 9.80% ROE agreed upon in the Settlement Agreement and approve
5 the 9.00% ROE calculated and supported by OUCC witness Shawn Dellinger;

6 3) Reduce Mr. Dellinger's 9.00% ROE or the ROE the Commission finds is
7 reasonable by 20 basis points due to longstanding, continued issues with CEI
8 South's reliability, customer satisfaction, and the challenges the OUCC
9 encountered in conducting its analysis of Petitioner's case-in-chief, as I
10 explained in my direct testimony; and

11 4) Approve the recommendations and proposals the OUCC's additional witnesses
12 present in their settlement testimony.

13 **Q: Describe the review and analysis you conducted to prepare your settlement**
14 **testimony.**

15 A: I reviewed the Settlement Agreement, the Settling Parties' testimony supporting the
16 Agreement, CEI South's rebuttal testimony, and intervening parties' testimony. I
17 also reviewed relevant Commission Orders and pertinent sections of Title 8 of the
18 Indiana Code and Title 170 of the Indiana Administrative Code.

19 **Q: If you do not address a specific topic, issue, or item in your settlement**
20 **testimony, should it be construed to mean you agree with the Settling Parties'**
21 **proposal?**

22 A: No. My silence on any issue should not be construed as an endorsement. Also, my
23 silence in response to any actions or adjustments stated or implied by the Settling
24 Parties, individually or collectively, should not be construed as an endorsement.

III. OUCC WITNESSES

25 **Q: Please introduce the OUCC witnesses providing settlement testimony in this**
26 **Cause.**

27 A: The following OUCC witnesses provide settlement testimony focusing on the
28 following issues:

29 **Jason Compton** confirms the Settlement Agreement does not address all the
30 concerns identified in his initial testimony, and he recommends the Commission

1 make the findings necessary to implement the recommendations he proposed in his
2 March 12, 2024, testimony. These include transparency issues and adjustments to
3 rate case expense, Information Technology (“IT”) expense, and IT investments.
4 **(Public’s Exhibit No. 5-S)**

5 **Margaret Stull** testifies the Settlement Agreement does not sufficiently address
6 the concerns raised in her initial testimony, and she recommends the Commission
7 make the findings necessary to implement the recommendations made in her March
8 12, 2024, testimony. These include EADIT recommendations, phased rate
9 increases, and rate case transparency and presentation issues. **(Public’s Exhibit No.**
10 **6-S)**

11 **Brian Wright** explains that the Settlement Agreement does not address the
12 concerns raised in his initial testimony and that CEI South has provided no
13 additional information to support its Green Energy Rider (“Rider GE”) and
14 Aggregation Demand Response Rider (“Rider ADR”) proposals or address his
15 related concerns; therefore, Mr. Wright recommends the Commission make the
16 findings necessary to implement the recommendations in his March 12, 2024,
17 testimony. **(Public’s Exhibit No. 8-S)**

18 **Greg Krieger** testifies the Settlement Agreement does not resolve CEI South’s
19 capitalization of maintenance issues as identified in his direct testimony or address
20 the importance of maintenance costs not being capitalized. Ultimately, Mr. Krieger
21 continues to recommend a \$150.9 million reduction of capital investment in Steam
22 Production Plant be included in rate base. **(Public’s Exhibit No. 9-S)**

23
24 **Shawn Dellinger** continues to recommend a 9.00% ROE and addresses specific
25 issues in rebuttal testimony that the Settling Parties use to support the recommended
26 ROE in the Settlement Agreement. **(Public’s Exhibit No. 10-S)**

27 **Dr. David Dismukes** identifies the Settlement Agreement’s flawed approach to
28 allocating cost of service, revenue distribution, and rate design and the adverse
29 ramifications. **(Public’s Exhibit No. 12-S)**

30 **April Paronish** testifies the Settlement Agreement does not fully address the issues
31 she identified in her direct testimony regarding CEI South’s remote disconnection
32 proposal, bill issues, and aspects of Petitioner’s critical peak pricing proposal.
33 **(Public’s Exhibit No. 13-S)**

34 **Customer Comments.** The OUCC is submitting additional written customer
35 comments that were received after it filed its direct testimony in this proceeding.
36 **(Public’s Exhibit No. 14-S)**

IV. SETTLEMENT AGREEMENT

1 **Q: Does the Settlement Agreement resolve the OUCC's concerns raised in its**
2 **Direct Testimony filed on March 12, 2024?**

3 A: No. Although the Settlement Agreement reduces CEI South's overall revenue
4 increase as compared to its original request, the Settling Parties have not adopted
5 or incorporated certain adjustments and recommendations the OUCC proposed that
6 would further lower the overall increase and address problems related to customer
7 satisfaction. These include Mr. Dellinger's ROE proposal of 9.00%, Mr.
8 Krieger's proposed rate base reduction of over \$150 million, Mr. Compton's
9 information technology recommendations, Ms. Paronish's billing
10 concerns, and my recommendations as identified below, including the
11 ROE adjustment I recommended.

12 **Q: What are your major concerns regarding the Settlement Agreement?**

13 A: If approved, the Settlement Agreement would benefit the large-usage customers
14 who have entered into the agreement but would not provide significant financial
15 benefits to other customer classes. In fact, the terms of the Settlement Agreement
16 unreasonably shift costs away from CEI South's industrial customers to the other
17 classes of customers. This is highlighted in the Settlement Testimony of OUCC
18 witness Dr. Dismukes, which shows a substantial difference between the Settlement
19 Agreement and the OUCC's proposal in the cost allocation to several rate classes.²
20 The OUCC's recommendation would prevent more than \$10 Million in costs
21 being shifted to residential customers from other rate classes. Unlike the
22 settling

² Public's Testimony No. 12-S, Settlement Testimony of Dr. David Dismukes, p. 3, Table 1 and Table 2.

1 intervenors, the OUCC is statutorily charged with representing the interests of all
2 customers in Commission proceedings, which means representation on behalf of
3 all customer classes. Likewise, the Commission is also charged with reviewing the
4 impact of CEI South's rate proposal from a broader vantage than that of CEI South
5 and the industrial energy users who endorse the settlement.

6 **Q: In the Settlement Agreement, did the Settling Parties agree to certain issues**
7 **the OUCC raised?**

8 A: Yes. Petitioner agreed to such items as removing land acquisition costs from
9 recovery as OUCC witness Armstrong recommended, largely accepting the
10 depreciation accrual rates from OUCC witness Garrett and removing the
11 interruptible billing credits as recommended by OUCC witness Lantrip.

12 **Q: How do the 60-basis point reduction in Petitioner's ROE and cost allocation**
13 **recommendations impact consumers?**

14 A: Likewise, the agreed 60-basis point reduction in Petitioner's requested ROE
15 reduces the rate impact by approximately \$10.2 Million. It is important to note that
16 the reduced ROE in settlement is at the higher end of recent Commission orders
17 setting an ROE and therefore the concession claimed by Petitioner should be
18 tempered. Furthermore, recent orders cited as examples in settling parties'
19 testimony were approval of settlement agreements, which are non-
20 precedential by nature. Finally, the cost allocation under the Settlement Agreement
21 would inure to the benefit of large-volume users while shifting costs to other
22 customer classes.

23 **Q. Do you remain concerned about Petitioner's customer service and its**
24 **compliance with the statutory Five Pillars of Electric Utility Service?**

25 A: Yes, as I explain below.

V. AFFORDABILITY

1 **Q: Is it imperative the Commission carefully scrutinize utility requests to approve**
2 **only what is reasonably necessary, at a prudent cost, and at a level of service**
3 **quality providing reasonable value to customers?**

4 A: Yes. It is critical to factor customer affordability into the rates and charges
5 consumers must pay, the accounting treatment a utility seeks, the timing of rate
6 increases and project requests, and the prioritization of projects and expenses.

7 **Q: How must affordability be considered?**

8 A: In Ind. Code § 8-1-2-0.5, the Indiana General Assembly declared it to be the State's
9 policy to recognize the importance of utility service affordability for present and
10 future generations. Consistent with this statute, affordability should be protected
11 and considered in balancing utilities' investments in infrastructure necessary for
12 system operations, maintenance, and reliability. Ind. Code § 8-1-2-0.6 codifies the
13 Five Pillars of Electric Utility Service, requiring a balanced approach to reliability,
14 affordability, resilience, stability, and environmental sustainability.

VI. RELIABILITY, RESILIENCY, AND STABILITY

15 **Q: Has CEI South made investments in its infrastructure in an attempt to**
16 **improve its reliability, resiliency, and stability?**

17 A: Yes. As shared above, reliability, resiliency, and stability are three of the Five
18 Pillars which also must be considered. Mr. Rawlinson mentioned these three pillars
19 in his direct and rebuttal testimony. As part of his discussion, Mr. Rawlinson
20 reviewed CEI South's two electric TDSIC plans.³

21 **Q: Did Mr. Rawlinson present SAIFI, SAIDI, and CAIDI⁴ information in his**

³ Petitioner's Exhibit No. 4, Rawlinson Direct Testimony at 17-20.

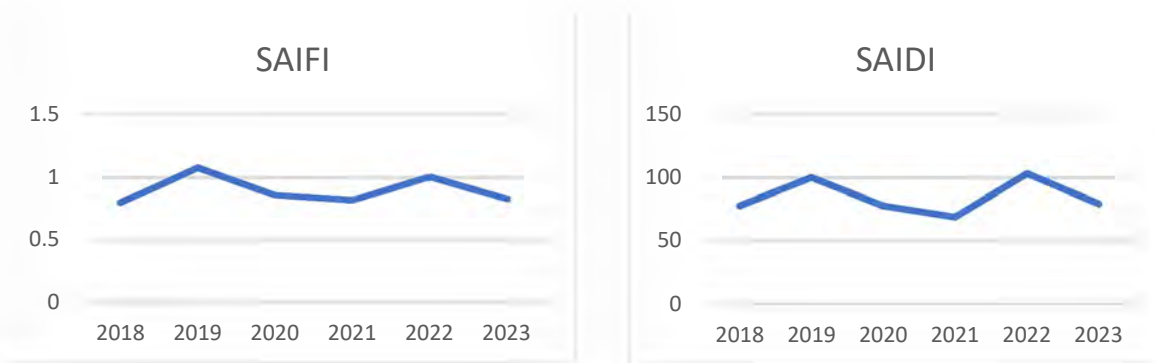
⁴ SAIFI: System Average Interruption Frequency Index
SAIDI: System Average Interruption Duration Index
CAIDI: Customer Average Interruption Duration Index

1 **direct and rebuttal testimony?**

2 A: Yes, but the information he provided shows two different results. Mr. Rawlinson
3 presented Figure SRR-4⁵ in his direct testimony showing Reliability Indices
4 (SAIFI, SAIDI, and CAIDI) without Major Event Days for the period 2018 through
5 2022. Figure SRR-4 is included below and shows the 2022 results are significantly
6 higher than the 2018 results. In his rebuttal testimony, Mr. Rawlinson presents
7 Figure SRR-R2 and Figure SRR-R3⁶ showing Reliability Indices (SAIFI and
8 SAIDI) without Major Event Days for the period 2019 through 2023, with the 2023
9 results significantly higher than the 2019 results. However, both sets of charts only
10 included a five-year period, which shifted the beginning date in the rebuttal
11 testimony from 2018 to 2019. If all six years were included, as shown in the charts
12 below, the values for 2018 are comparable for 2023.

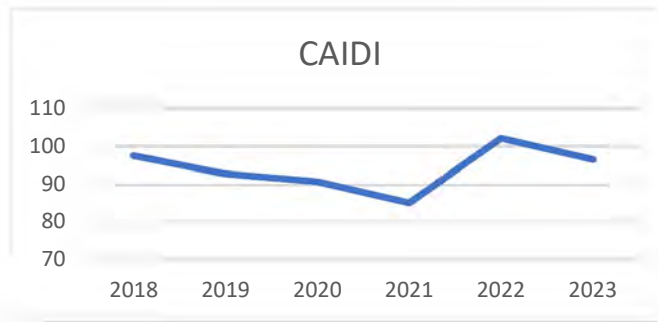
13 **Q: What are the results of the SAIDI, SAIFI, and CAIDI metrics for the six-year**
14 **period, 2018 through 2023?**

15 A: This six-year period shows no significant overall improvement in SAIFI, SAIDI,
16 and CAIDI metrics when comparing 2018 to 2023 (see charts below)



⁵ *Id.* at 29.

⁶ Petitioner's Exhibit No. 4, Rawlinson Rebuttal Testimony at 5.



1 **Q: Has CEI invested a significant amount of money during this six-year period?**

2 A: Yes. CEI South received regulatory approval to invest more than \$400 million in
3 transmission and distribution projects through its TDSIC Plan 1 (Cause No. 44910),
4 yet its reliability metrics (SAIFI, SAIDI, and CAIDI without Major Event Days) do
5 not reflect cumulative improvement in 2023, when compared to 2018.

VII. RATE OF RETURN

6 **Q: Do you continue to recommend the Commission implement a 20-basis point**
7 **reduction to Mr. Dellinger's recommended 9.00% ROE to incent CEI South**
8 **to improve its customer satisfaction and reliability?**

9 A: Yes. I continue to recommend the Commission reduce CEI South's ROE to incent
10 CEI South to improve its customer satisfaction and reliability, recognize the
11 Company's reduced risk in recovering rates, and incent CEI South to be transparent
12 and forthcoming in resolving concerns regarding the presentation of this case.
13 Conversely, a failure to note poor performance with a reduced ROE actually
14 condones the behavior and discourages efforts to improve the practice.

15 **Q: Does the Settlement Agreement address CEI South's customer satisfaction**
16 **issues?**

17 A: No.

18 **Q: Should the Commission address the issue of customer satisfaction?**

19 A: Yes. CEI South's customers were adamant and very vocal in raising their concerns

1 upon a variety of issues, including Petitioner's lengthy history of high rates and the
2 resultant hardships consumers face. J.D. Power and Associates surveys of electric
3 utility customer satisfaction should also be taken into account. CEI South has
4 ranked last or 16th out of the 16 utilities in the "Midwest Region"
5 "Midsized Segment" in four of the last five years (2019-2023).⁷ The one
6 exception was in 2020 when CEI South was ranked 15th out of 16 utilities.

7 **Q: Has the Commission addressed customer satisfaction in prior Orders?**

8 A: Yes. In its Order in Cause Number 43526, dated August 25, 2010, the Commission
9 found it appropriate to consider customer satisfaction, specifically stating:

10 Further, in Cause No. 42359, we determined that PSI's
11 reliability and quality customer service warranted some
12 consideration in our ultimate cost of equity determination.
13 The evidence showed that PSI, and its parent Cinergy Corp.,
14 scored in the top quartile of the most recent J.D. Power and
15 Associates customer satisfaction studies. In contrast, the
16 evidence presented in this Cause demonstrated that NIPSCO
17 was in the bottom quartile of the J.D. Power studies in 2007
18 and 2008, and one of the worst-rated utilities in 2009. While
19 we are hesitant to place undue weight on customer surveys,
20 the three-year trend of poor customer satisfaction cannot be
21 ignored.⁸

22 **Q: Has the Commission used rate of return adjustments to incent utilities to**

⁷ 2019: <https://www.jdpower.com/business/press-releases/2019-electric-utility-residential-customer-satisfaction-study>

2020: <https://www.jdpower.com/business/press-releases/2020-electric-utility-residential-customer-satisfaction-study>

2021: <https://www.jdpower.com/business/press-releases/2021-electric-utility-residential-customer-satisfaction-study>

2022: <https://www.jdpower.com/business/press-releases/2022-electric-utility-residential-customer-satisfaction-study>

2023: <https://www.jdpower.com/business/press-releases/2023-electric-utility-residential-customer-satisfaction-study>

⁸ *In re Northern Indiana Pub. Serv. Co.*, Cause No. 43526, Final Order at 32 (Ind. Util. Regul. Comm'n. August 25, 2010).

1 **improve their operations and management practices?**

2 A: Yes. In Cause No. 43526, in its Order dated August 25, 2010, the Commission
3 stated:

4 The Commission has a unique role in regulating its
5 jurisdictional utilities, which at times requires us to send a
6 clear and direct message to utility management concerning
7 the need for improvement in the provision of its utility
8 service. **Our determination of the authorized cost of**
9 **common equity capital can be a very direct means to**
10 **incent improved service.** We anticipate that NIPSCO will
11 respond accordingly and therefore anticipate that such
12 authorized cost of common equity capital will apply for a
13 limited duration as identified below.⁹ (emphasis added)

14 Additionally, in its Order in Cause No. 44576 (Indianapolis Power & Light
15 Company), the Commission addressed IPL's maintenance of the downtown
16 network by stating the following:

17 **In order to provide an appropriate message to IPL**
18 **management, the Commission finds that the use of an**
19 **incentive linked to IPL's constructive participation in the**
20 **collaborative process is warranted and that an**
21 **adjustment to the COE used for ratemaking provides a**
22 **reasonable mechanism to review IPL's participation.** As
23 noted above, the unadjusted cost of equity of 10.0%
24 represents the midpoint of the appropriate range of cost of
25 equity for IPL. The midpoint between 10.0% and the low
26 end of the range of 9.7% is 9.85%, which we find to be
27 representative of an appropriate adjustment. We recognize
28 that this adjustment will be reconsidered in IPL's next rate
29 case review in the context of its participation in the
30 collaborative, and expect that IPL will respond
31 accordingly.¹⁰ (emphasis added)

32 In Duke Energy Indiana's 2019-2020 rate case, Cause No. 45253, the

⁹ *In re Northern Indiana Pub. Serv. Co.*, Cause No. 43526, Final Order at 32 (Ind. Util. Regul. Comm'n. August 25, 2010).

¹⁰ *In re Indianapolis Power & Light*, Cause No. 44576, Final Order at 43 (Ind. Util. Regul. Comm'n. March 16, 2016).

1 Commission found:

2 We are troubled by the under spending on vegetation
3 management. To illustrate, in the present case, DEI proposed
4 a five-year trim cycle. However, as Witness Christie pointed
5 out, DEI's trim cycle has been closer to 16 years for the past
6 two years. **We will discuss this issue further below, and**
7 **therefore, find that a downward adjustment is necessary**
8 **to address DEI's deficiencies in regard to vegetation**
9 **management.** Thus, we are approving a 9.70% COE.¹¹
10 (emphasis added)

11 **Q: In your direct testimony, you noted the recent Order concerning Indiana**
12 **American Water Company's rates in Cause No. 45870. What did the**
13 **Commission consider in finding a 9.65% ROE was appropriate in that case?**

14 A: The Commission's consideration included the following items when determining
15 Indiana American Water Company's appropriate ROE:

- 16 a) Observable market data reflected in the record;
17 b) General assessment of the investment risk;
18 c) Understanding Indiana's regulatory environment and its risk mitigation
19 ratemaking mechanisms; and
20 d) The ROE awarded to Indiana's vertically integrated electric utilities outside of
21 settled cases has been trending lower.¹²

22 **Q: Based on your concerns cited above, do you have a recommendation regarding**
23 **CEI South's ROE?**

24 A: OUCC witness Dellinger recommends the Commission approve a 9.00%
25 authorized ROE based on his analysis, as detailed further in his direct and
26 settlement testimony. I am recommending the Commission reduce Mr.
27 Dellinger's recommended ROE or the Commission's otherwise authorized ROE
28 based on the items the Commission took into consideration that are referenced
29 above and the

¹¹ *In re Duke Energy Indiana*, Cause No. 45253, Final Order at. 59 (Ind. Util. Regul. Comm'n. June 29, 2020).

¹² *In re Indiana American Water Co.*, Cause No. 45870, Final Order at 43 (Ind. Util. Regul. Comm'n. February 14, 2024).

1 additional concerns I have shared.

2 In particular, a lower ROE is warranted based on CEI South's reduced level
3 of risk, particularly when compared to 2011 when its current base rates were
4 established. The Commission has subsequently approved various trackers at
5 Petitioner's request including the Clean Energy Cost Adjustment ("CECA") (Cause
6 No. 44909) and the Environmental Cost Adjustment ("ECA") (Cause No. 45052).
7 Additionally, Indiana's TDSIC statute has been created and updated since then.
8 TDSIC trackers have reduced CEI South's risk as the Commission has preapproved
9 approximately \$900 million in TDSIC investment in two separate proceedings
10 (Cause No. 44910 approved \$446.5 million in 2017. Cause No. 45894 approved an
11 additional \$454 million in 2023).¹³

12 Cost trackers shift the risk of increased operating expenses and capital
13 expenditures from utilities to their ratepayers by reducing revenue recovery risk
14 and investors' earning uncertainties. Cost trackers and preapprovals reduce the
15 effects of regulatory lag that would otherwise incent utilities to control costs and
16 evaluate expenditures to assure costs are reasonable and prudent. In addition, the
17 Commission has preapproved more than \$1 billion in utility plant in service
18 investments.

19 Also, a lower ROE is warranted because, per the J.D. Power surveys, CEI
20 South ranks last or near the bottom in each of the last five years. Finally, in their
21 direct and settlement testimonies, OUCC Witnesses Stull, Baker, Compton,

¹³ Petitioner's Exhibit No. 4, Rawlinson Direct Testimony at 5 - 6.

1 Lantrip, and Paronish discuss issues with CEI South's presentation of its case and
2 reticence to be forthcoming and transparent, conduct that should be incented to
3 change.

VIII. UNADDRESSED ITEMS

4 **Q: Which of your additional positions does the Settlement Agreement not**
5 **expressly address?**

6 A: The Settlement Agreement does not expressly address my recommendations
7 regarding 1) storm outages and 2) bill implementation.

A. Storm Outages

8 **Q: In your initial testimony, did you make recommendations regarding customer**
9 **notification and Commission reporting for storms and other weather events?**

10 A: Yes.

11 **Q: Does the Settlement Agreement address your storm outage recommendations?**

12 A: No. In her rebuttal testimony, CEI South Witness Amy L. Folz states the Company
13 will review its customer communications process.¹⁴ However, she does not address
14 the following OUCC reporting process recommendations:

15 1. Lowering the 5,000-customer outage threshold level to a 1,000-customer
16 outage threshold level, as AES Indiana suggested at its October 2, 2023,
17 technical conference;

18 2. Reporting until the last affected customer is reconnected;

19 3. Reporting multiple storms within an event individually;

20 4. Continue reporting for each event so the Commission and the OUCC can
21 accurately determine the duration of each outage; and

22 5. Report whether the utility requested and/or received mutual assistance and the
23 reasons why the utility did or did not do so.

B. Bill Implementation

24 **Q: Does the Settlement Agreement address the implementation of Commission**

¹⁴ Petitioner's Exhibit No. 5-R, Folz Rebuttal Testimony at 2 - 3.

1 **approved rates in this Cause on a prospective basis for service rendered after**
2 **the rates become effective?**

3 A: No. The Commission should order CEI South to apply any Commission approved
4 rate changes for service rendered on or after the effective date of the rate change.

IX. SETTLEMENT INCORPORATED ADJUSTMENTS

5 **Q: Did the Settlement Agreement incorporate your fuel cost and fuel inventory**
6 **adjustments?**

7 A: Yes. These are found in Section B Settlement Terms and conditions, paragraph
8 3(a)(i) of the Settlement Agreement.

9 **Q: Did the Settlement Agreement incorporate your amortization expense**
10 **proposal?**

11 A: Yes. This is found in Section B Settlement Terms and conditions, paragraph 4(b)(i)
12 of the Settlement Agreement.

X. REBUTTAL AGREEMENTS

13 **Q: Did CEI South witness Rice accept the OUCC's recommendation regarding**
14 **the FAC?**

15 A: Yes. CEI South agreed the OUCC and Intervenors may continue to file their
16 respective FAC testimony 35 days after CEI South files its FAC petition and
17 testimony.¹⁵ This is found in Section B Settlement Terms and conditions, paragraph
18 3(a)(i) of the Settlement Agreement.

XI. RECOMMENDATIONS

19 **Q: What do you recommend in this proceeding?**

20 A: The Commission should reject the Settlement Agreement because it is not in the
21 public interest for the reasons described above and in the testimonies of the other

¹⁵ Petitioner's Exhibit No. 19-R, Rebuttal Testimony of Matthew A. Rice at 52, ll. 5-9.

1 OUCC witnesses. CEI South and the other Settling Parties have not adequately
2 justified multiple aspects of the Settlement Agreement. Specifically, I recommend
3 the Commission:

4 1) Reject the Settlement Agreement among CEI South, the Industrial Group, and
5 SABIC insofar as the Settling Parties request the Commission to approve an
6 annual rate increase of \$80.0 million. The OUCC's recommended revenue
7 requirement increase in its case-in-chief remains the same;

8 2) Reject the Settling Parties' agreed ROE of 9.80% and approve the 9.00% ROE
9 recommended by OUCC witness Shawn Dellinger, subject to the additional
10 modification recommended below;

11 3) Reduce Mr. Dellinger's 9.00% ROE or the Commission authorized ROE by an
12 additional 20 basis points due to continued issues with CEI South's reliability,
13 customer satisfaction, and the roadblocks CEI South posed when the OUCC
14 analyzed Petitioner's requests, as explained in my direct testimony;

15 4) Adhere to Indiana's policy of promoting utility investment in infrastructure
16 while also protecting the affordability of utility service, and only approve
17 necessary and reasonable requests required for CEI South's provision of electric
18 service at reasonable rates; and

19 5) Approve the other recommendations and proposals raised in my testimony and
20 that of the OUCC's additional witnesses.

21 **Q: Does this conclude your testimony?**

22 A: Yes.

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



Michael D. Eckert
Director, Electric Division
Indiana Office of Utility Consumer Counselor
Cause No. 45990
CenterPoint Energy Indiana South

July 19, 2024

Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served upon the following counsel of record in the captioned proceeding by electronic service on July 19, 2024.

Heather A. Watts
Jeffery A. Earl
Alyssa N. Allison
Kelly M. Beyrer
Matthew A. Rice
SOUTHERN INDIANA GAS AND ELECTRIC CO.
d/b/a **CENTERPOINT ENERGY IN SOUTH**
Heather.Watts@centerpointenergy.com
Jeffery.Earl@centerpointenergy.com
Alyssa.Allison@centerpointenergy.com
Kelly.Beyrer@centerpointenergy.com
Matt.Rice@centerpointenergy.com

Nicholas K. Kile
Hillary J. Close
Lauren M. Box
Lauren Aguilar
BARNES & THORNBURG LLP
nicholas.kile@btlaw.com
hillary.close@btlaw.com
lauren.box@btlaw.com
lauren.aguilar@btlaw.com

Tabitha Balzer (IG)
Todd Richardson (IG)
LEWIS & KAPPES, P.C.
TBalzer@lewis-kappes.com
TRichardson@lewis-kappes.com
ATyler@lewis-kappes.com
ETennant@lewis-kappes.com

Anne E. Becker (Evansville)
Aaron A. Schmoll (Evansville)
LEWIS & KAPPES, P.C.
ABecker@lewis-kappes.com
ASchmoll@lewis-kappes.com

Jennifer Washburn
Reagan Kurtz
CAC
JWashburn@citact.org
RKurtz@citact.org

Nikki Gray Shoultz
Kristina K. Wheeler
BOSE MCKINNEY & EVANS
NShoultz@boselaw.com
KWheeler@boselaw.com



T. Jason Haas
Deputy Consumer Counselor

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

115 West Washington Street, Suite 1500 South
Indianapolis, IN 46204

infomgt@oucc.in.gov
thaas@oucc.in.gov

317.232.3315 – Haas Direct Line
317.232.2494 – Office Main Line
317.232.5923 – Facsimile