

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 ) CAUSE NO. 46193  
(“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 )

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

**PUBLIC'S EXHIBIT NO. 9-CA – CROSS-ANSWERING TESTIMONY**  
**OF OUCC WITNESS MICHAEL D. ECKERT**

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER  
COUNSELOR



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T. Jason Haas, Attorney No. 34983-29  
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**CROSS ANSWERING TESTIMONY OF INDIANA OFFICE OF UTILITY CONSUMER  
COUNSELOR WITNESS MICHAEL D. ECKERT  
CAUSE NO. 46193  
DUKE ENERGY INDIANA, LLC**

**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 Street, Suite  
3       1500 South, Indianapolis, Indiana 46204. I am a Chief Technical Advisor within the Electric  
4       Division of the Indiana Office of Utility Consumer Counselor ("OUCC"). My education and  
5       professional experience are set forth in Appendix A attached to this testimony.

6   **Q:   Have you previously testified before the Indiana Utility Regulatory Commission**  
7       **("Commission")?**

8   A:   Yes. I have testified on behalf of the OUCC before the Commission in numerous  
9       proceedings, including trackers and rate cases. I have testified in multiple Fuel Adjustment  
10      Clause ("FAC") proceedings filed by various utilities, including Duke Energy Indiana,  
11      LLC ("DEI," "Duke," or "Petitioner") (Cause No. 38707 FAC XXX), Northern Indiana  
12      Public Service Company LLC ("NIPSCO") (Cause No. 38706 FAC XXX), AES Indiana  
13      ("AESI") (Cause No. 38703 FAC XXX), Southern Indiana Gas and Electric Company  
14      d/b/a CenterPoint Energy Indiana South ("CEI South") (Cause No. 38708 FAC XXX),  
15      Citizens Thermal Energy ("CTE") (Cause No. 41969 FAC XXX), and Indiana Michigan  
16      Power Company ("I&M") (Cause No. 38702 FAC XXX). In addition, I have testified in  
17      multiple rate cases before the Commission including rate requests from Duke (Cause Nos.  
18      45253, 45576, and 46038), NIPSCO (Cause Nos. 45159, 45772, and 46120), AESI (Cause

Nos. 44576, 45029, and 45911), CEI South (Cause No. 45990), CTE (Cause Nos. 44349 and 44781), and I&M (Cause Nos. 45235 and 45933).

**Q: To the extent you do not address a specific item in your testimony that was raised by Duke in this Cause, should this be construed to mean you agree with Petitioner's proposals?**

A: No. My silence on any of Petitioner's proposals does not indicate my approval. Rather, the scope of my testimony is limited to the specific topics discussed herein.

**Q: Please describe the review you conducted to prepare your testimony.**

A: I reviewed the prefiled direct testimony from DEI, the Duke Industrial Group ("IG"), Citizens Action Coalition ("CAC"), and DEI's verified petition filed in this proceeding.

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

A: My testimony focuses upon IG Witness Colin T. Fitzhenry's proposal regarding the "Allocation of Gas Service Costs." Witness Fitzhenry claims the following are firm costs and should be allocated to customers on a production demand basis: 1) gas delivery costs; 2) Rockies Express Pipeline ("REX") firm transportation ("FT") contract costs; and 3) CenterPoint Energy Indiana North ("CEI North") lateral contract costs.<sup>1</sup> This proceeding is not the appropriate proceeding to address this issue. While the OUCC recommends these costs be evaluated in determining the affordability of the Cayuga CC Project, Duke is not requesting recovery of these costs in this case, so the recovery and allocation of these costs are not before the Commission in this proceeding. The allocation of these costs is

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<sup>1</sup> Duke Industrial Group's Exhibit No. 1, Direct Testimony of Colin T. Fitzhenry, page 39, line 18 to page 40, line 15.

1 appropriately addressed in a base rate case. Therefore, I recommend this issue not be  
2 addressed until Duke's next base rate case.

3 **Q: What, if any, natural gas costs does Duke state it will incur in relation to the proposed**  
4 **Cayuga CC Project?**

5 A: Duke indicates it has entered into a FT contract with REX, an interstate natural gas pipeline,  
6 to provide natural gas for the proposed Cayuga CC Project and to also serve Duke's  
7 existing natural gas fleet.<sup>2</sup> Duke is contracting with CEI North to construct a pipeline lateral  
8 to transport the natural gas from the REX pipeline to the Cayuga CC Project.<sup>3</sup>

9 **Q: Is Duke requesting recovery of these natural gas related costs in this proceeding?**

10 A: No. Duke has not requested recovery of these costs in this proceeding, advising instead that  
11 Duke will seek recovery for the REX FT costs and the CEI North transportation costs  
12 through an FAC proceeding.<sup>4</sup>

13 **Q: What is the OUCC's position on these costs?**

14 A: As discussed in the direct testimony of OUCC witness Jared Hoff, the OUCC recognizes  
15 that Duke recovers its natural gas transportation costs through the FAC; consequently,  
16 although the OUCC is recommending the Cayuga CC Project not be approved as proposed,  
17 the OUCC also concluded that because Duke stated it will incur these costs to support the  
18 Cayuga CC Project operations, these costs should have been included in Duke's case-in-  
19 chief cost analysis so the Commission knows the amount of these costs when determining  
20 the affordability of the proposed Cayuga CC Project. As part of its overall  
21 recommendation, the OUCC recommended denial of Duke's petition, partially because  
22 Duke's case-in-chief excluded the gas transportation costs necessary for the Cayuga CC

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<sup>2</sup> Petitioner's Exhibit No. 4, Verified Direct Testimony of James J. McClay, III, page 7, lines 12 - 19.

<sup>3</sup> *Id.*, page 11, lines 6 - 12.

<sup>4</sup> Petitioner's Exhibit No. 3, Verified Direct Testimony of John Robert Smith, Jr., page 19, line 20 to page 20 line 9.

1 Project to generate power. These costs are an inherent cost of the Cayuga CC Project and  
2 should have been included in Duke's cost analysis for the Commission to fully evaluate  
3 and render an informed determination upon the Project's affordability.<sup>5</sup>

4 **Q: What is the IG's position on these costs?**

5 A: IG witness Fitzhenry takes issue with the recovery and allocation of the REX and CEI  
6 North gas transportation costs through the FAC, which is done on an energy basis.<sup>6</sup> Mr.  
7 Fitzhenry contends these costs should be allocated on a demand basis because they are  
8 fixed and will be incurred whether the Cayuga CC Project generates energy or not. He  
9 recommends these costs not be recovered through the FAC unless the FAC is expanded to  
10 distinguished costs that are classified and allocated as demand related costs or energy  
11 related costs.<sup>7</sup>

12 **Q: Does the OUCC agree with Mr. Fitzhenry's position?**

13 A: No. While these costs should be included in the Commission's evaluation of the  
14 affordability of the Project, Duke is not seeking recovery of the natural gas transportation  
15 costs in this proceeding and the allocation issue is not, properly, before the Commission. I,

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<sup>5</sup> Public's Exhibit No. 4, Public Redacted Testimony of Jared J. Hoff, page 15, lines 1 - 5

<sup>6</sup> Duke Industrial Group's Exhibit No. 1, Direct Testimony of Colin T. Fitzhenry, page 39, lines 12 - 14.

<sup>7</sup> *Id.*, page 39, line 18 to page 40, line 15.

1           therefore, recommend the recovery and allocation of these costs be addressed in Duke's  
2           next base rate case.

3   **Q:   Does the OUCC have a position on the allocation of Duke's natural gas transportation**  
4   **costs through the FAC?**

5   A:   The OUCC has not yet taken a position on the allocation of these costs in FAC proceedings  
6           although Duke is currently recovering the costs for several natural gas transportation  
7           contracts through the FAC, including the REX FT contract.

## **II.   CONCLUSION AND RECOMMENDATION**

8   **Q:   What is your recommendation concerning any allocation of natural gas**  
9   **transportation costs in this Cause?**

10   A:   I recommend the Commission deny IG's allocation request because the issue of recovery  
11           and allocation of these costs is not before the Commission in this proceeding. Duke is not  
12           requesting recovery of these costs in this case, so the recovery and allocation of these costs  
13           are not before the Commission in this proceeding. The proper venue for raising this issue  
14           is Petitioner's next base rate case.

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

16   A:   Yes.

**APPENDIX A – EDUCATION AND PROFESSIONAL EXPERIENCE OF  
MICHAEL D. ECKERT**

**Q: Please describe your educational background and experience.**

A: I graduated from Purdue University in West Lafayette, Indiana, in December 1986, with a Bachelor of Science degree, majoring in Accounting. I am licensed in the State of Indiana as a Certified Public Accountant. Upon graduation, I worked as a Field Auditor with the Audit Bureau of Circulation in Schaumburg, Illinois, until October 1987. In December 1987, I accepted a position as a Staff Accountant with the OUCC. In May 1995, I was promoted to Principal Accountant, and in December 1997, I was promoted to Assistant Chief Accountant. As part of the OUCC's subsequent reorganization, I became the OUCC's Assistant Director of its Telecommunications Division in July 1999. From January 2000 through May 2000, I served as the Acting Director of the Telecommunications Division. During an OUCC reorganization, I accepted a position as a Senior Utility Analyst, and in September 2017, I was promoted to Assistant Director of the Electric Division. In February 2022, I became the Director of the Electric Division and continued to serve as the OUCC's Electric Division Director until November 2024 when I accepted the position of Chief Technical Advisor. I have attended the National Association of Regulatory Utility Commissioners ("NARUC") two-week seminar in Lansing, Michigan. I also attended NARUC's Spring 1993 and 1996 seminars focused on the system of accounts. In addition, I have attended multiple CPA sponsored courses and the Institute of Public Utilities Annual Conference in December 1994 and December 2000.

**AFFIRMATION**

I affirm, under the penalties for perjury, that the foregoing representations are true and correct to the best of my information and belief.



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Michael D. Eckert  
Chief Technical Advisor  
Cause No. 46193  
DEI, LLC

May 29, 2025

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Date



## **CERTIFICATE OF SERVICE**

This is to certify that a copy of the **Indiana Office of Utility Consumer Counselor's Public's Exhibit No. 9-CA Cross-Answering Testimony of OUCC Witness Michael D. Eckert** has been served upon the following in the above-captioned proceeding by electronic service on May 29, 2025.

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