

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, LLC)
PURSUANT TO IND. CODE §§ 8-1-2-42.7 AND 8-1-2-61,)
FOR (1) AUTHORITY TO MODIFY ITS RATES AND)
CHARGES FOR ELECTRIC UTILITY SERVICE)
THROUGH A STEP-IN OF NEW RATES AND CHARGES)
USING A FORECASTED TEST PERIOD; (2) APPROVAL)
OF NEW SCHEDULES OF RATES AND CHARGES,)
GENERAL RULES AND REGULATIONS, AND RIDERS;)
(3) APPROVAL OF A FEDERAL MANDATE)
CERTIFICATE UNDER IND. CODE § 8-1-8.4-1; (4))
APPROVAL OF REVISED ELECTRIC DEPRECIATION)
RATES APPLICABLE TO ITS ELECTRIC PLANT IN)
SERVICE; (5) APPROVAL OF NECESSARY AND)
APPROPRIATE ACCOUNTING DEFERRAL RELIEF;)
AND (6) APPROVAL OF A REVENUE DECOUPLING)
MECHANISM FOR CERTAIN CUSTOMER CLASSES)

CAUSE NO. 45253

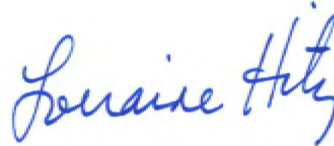
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

SETTLEMENT TESTIMONY OF

WES R. BLAKLEY – PUBLIC’S EXHIBIT NO. 2 REMAND

February 3, 2023

Respectfully submitted,



Lorraine Hitz
Attorney No. 18006-29
Deputy Consumer Counselor

SETTLEMENT TESTIMONY OF OUCC WITNESS WES R. BLAKLEY
CAUSE NO. 45253 REMAND
DUKE ENERGY INDIANA, LLC

I. INTRODUCTION

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

2 A: My name is Wes R. Blakley, and my business address is 115 W. Washington St.,
3 Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am a Senior Utility Analyst for the Indiana Office of Utility Consumer Counselor
6 (“OUCC”).

7 **Q: What is the purpose of your settlement testimony in this Cause?**

8 A: My testimony provides a review of the ratepayer benefits achieved by the
9 Stipulation and Settlement Agreement entered into among Duke Energy Indiana
10 (“DEI” or “Duke”), the OUCC, and the Duke Industrial Group (“Industrial Group”)
11 relating to the proposed recovery of a refund and a credit to Duke Energy Indiana
12 customers.

13 **II. RATEPAYER BENEFITS OF SETTLEMENT AGREEMENT**

14 **Q: What is the basis of the refund being provided to customers?**

15 A: The refund is a result of the appeal of DEI’s rates under the original rate case
16 docketed under this Cause. The OUCC and other parties appealed the inclusion of
17 coal combustion residual (“CCR”) costs that DEI incurred before it brought the rate

1 case in 2019. The OUCC argued that the inclusion of those amounts in DEI's rates
2 constituted retroactive ratemaking.

3 **Q: How did the appeal result in the refund?**

4 A: The Indiana Supreme Court's decision in *Office of Utility Consumer Counselor v.*
5 *Duke Energy Indiana, LLC*, 183 N.E.3d 266 (Ind. 2022), *reh'g den.*, resulted in this
6 remand. The Supreme Court agreed with the OUCC's legal position and ordered
7 the case to be sent back to the Commission to remove the disallowed CCR costs
8 from DEI's rates.

9 **Q: Please describe how the terms of the Settlement provides benefits to DEI's**
10 **customers.**

11 A: The settlement provides benefits to customers by providing a refund from past over-
12 collections and a continuing credit until the next rate case. I explain more
13 specifically below the details of the refund and credit.

14 1) **Refund to Customers.** Duke agrees to provide \$70.25
15 million in refunds to its Indiana customers from shareholder
16 funds. The refund will be subject to final reconciliation to
17 ensure customers receive the full refund amount and will be
18 implemented through DEI's Rider 67, based on actual sales.

19 2) **Removal of Regulatory Asset from Base Rates.** Duke will
20 provide a \$23.2 million annual credit ("Forward Credit") to
21 reflect the removal of the disallowed costs from base rates.
22 This credit will continue until new base rates are approved in
23 DEI's next general rate case proceeding that no longer
24 include the disallowed costs. The credit will be implemented
25 through DEI's Rider 67, based on actual sales.

1 **Q: Do you believe the Settlement is in the public interest?**

2 A: Yes. The terms of the Settlement provide financial relief to Duke's customers who
3 will benefit from the approximately \$70.25 million refund passed back over a
4 twelve-month period and a continuing credit of \$23.2 million that will last until the
5 conclusion of DEI's next rate case. The Settlement reflects compromises made by
6 the parties and creates a reasonable balance of the interests of ratepayers and those
7 of Duke and its shareholders.

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

9 A: Yes, it does.

APPENDIX A

1
2 **Q: Please describe your educational background and experience.**

3 A: I received a Bachelor of Science Degree in Business with a major in Accounting
4 from Eastern Illinois University in 1987 and worked for Illinois Consolidated
5 Telephone Company until joining the OUCC in April 1991 as a staff accountant.
6 Since that time, I have reviewed and testified in hundreds of tracker, rate cases and
7 other proceedings before the Indiana Utility Regulatory Commission. I have
8 attended the Annual Regulatory Studies Program sponsored by NARUC at
9 Michigan State University in East Lansing, Michigan as well as the Wisconsin
10 Public Utility Institute at the University of Wisconsin-Madison Energy Basics
11 Program.

AFFIRMATION

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

A handwritten signature in black ink that reads "Wes R. Blakley". The signature is written in a cursive style and is positioned above a horizontal line.

Wes R. Blakley

Senior Utility Analyst

Indiana Office of Utility Consumer Counselor

Cause No. 45253

Duke Energy

February 3, 2023

CERTIFICATE OF SERVICE

This is to certify that a copy of the *INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR SETTLEMENT TESTIMONY OF WES R. BLAKLEY PUBLIC'S EXHIBIT 2 REMAND* has been served upon the following parties of record in the captioned proceeding by electronic service on February 3, 2023.

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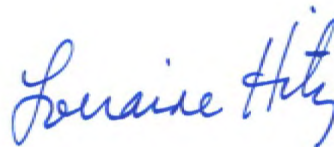
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