

**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 AN ORDER: (1) GRANTING CEI )  
 SOUTH A CERTIFICATE OF PUBLIC CONVENIENCE AND )  
 NECESSITY, PURSUANT TO IND. CODE CH. 8-1-8.5, TO )  
 PURCHASE AND ACQUIRE, THROUGH A BUILD TRANSFER )  
 AGREEMENT (“BTA”), A WIND ENERGY GENERATING )  
 FACILITY (THE “WIND PROJECT”); (2) FINDING THE WIND )  
 PROJECT CONSTITUTES A CLEAN ENERGY PROJECT )  
 UNDER IND. CODE CH. 8-1-8.8; (3) APPROVING ASSOCIATED )  
 RATEMAKING AND ACCOUNTING TREATMENT FOR THE )  
 WIND PROJECT PURSUANT TO IND. CODE CH. 8-1-8.5 AND § )  
 8-1-8.8-11; (4) AUTHORIZING CEI SOUTH TO ACCRUE POST- )  
 IN-SERVICE CARRYING COSTS (“PISCC”) AND DEFER )  
 DEPRECIATION, OPERATIONS AND MAINTENANCE (“O&M”) )  
 AND PROPERTY TAX EXPENSES ASSOCIATED WITH THE )  
 WIND PROJECT; (5) IN THE EVENT THE CPCN IS NOT )  
 GRANTED OR THE WIND PROJECT OTHERWISE IS NOT )  
 PLACED IN SERVICE, GRANTING AUTHORITY TO DEFER, AS )  
 A REGULATORY ASSET, COSTS ASSOCIATED WITH THE )  
 WIND PROJECT FOR FUTURE RECOVERY THROUGH RETAIL )  
 ELECTRIC RATES; (6) PROVIDING FOR ONGOING REVIEW OF )  
 THE WIND PROJECT; (7) AUTHORIZING THE )  
 ESTABLISHMENT OF DEPRECIATION RATES FOR THE WIND )  
 PROJECT; (8) APPROVING, TO THE EXTENT NECESSARY, AN )  
 ALTERNATIVE REGULATORY PLAN (“ARP”) WITH RESPECT )  
 TO THE WIND PROJECT UNDER IND. CODE CH. 8-1-2.5; AND )  
 (9) APPROVING CONFIDENTIAL TREATMENT OF THE BTA )  
 PRICING AND OTHER NEGOTIATED COMMERCIAL TERMS )  
 AND RELATED CONFIDENTIAL INFORMATION. )

CAUSE NO. 45836

**VERIFIED PETITION**

Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South (“Petitioner” or “CEI South”) respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) for an Order: (1) granting CEI South a certificate of public convenience and necessity (“CPCN”) to purchase and acquire a wind energy generating facility through a Build Transfer Agreement (“BTA”) (the “Wind Project”) pursuant to Ind. Code ch. 8-1-8.5; (2) finding the Wind Project constitutes a clean energy project under Ind. Code ch. 8-1-8.8; (3) approving associated ratemaking and accounting treatment for the Wind Project pursuant to Ind. Code ch.

8-1-8.5 and § 8-1-8.8-11; (4) authorizing CEI South to accrue post-in-service carry costs (“PISCC”) and defer depreciation, operations and maintenance (“O&M”) and property tax expenses associated with the Wind Project; (5) in the event the CPCN is not granted or the Wind Project otherwise is not placed in service, granting authority to defer, as a regulatory asset, costs associated with the Wind Project for future recovery through retail electric rates; (6) providing for ongoing review of the Wind Project; (7) authorizing the establishment of depreciation rates for the Wind Project; (8) approving, to the extent necessary, an alternative regulatory plan (“ARP”) with respect to the Wind Project under Ind. Code ch. 8-1-2.5; and (9) approving confidential treatment of pricing and other negotiated commercial terms of the BTA and related confidential information.

In support of this Verified Petition, Petitioner submits the following:

**1. CEI South’s Characteristics.** CEI South is an operating public utility incorporated under the laws of the State of Indiana and has its principal office at 211 NW Riverside Drive, Evansville, Indiana. CEI South has charter power and authority to engage in, and is engaged in, the business of, rendering retail electric service solely within the State of Indiana under indeterminate permits, franchises, and necessity certificates heretofore duly acquired. CEI South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities which are used and useful for the production, storage, transmission, distribution, and furnishing of electric service to approximately 150,000 electric consumers in southwestern Indiana. Its service territory is spread throughout seven counties: Pike, Gibson, Dubois, Posey, Vanderburgh, Warrick, and Spencer counties.

CEI South is a “public utility” within the meaning of Ind. Code § 8-1-2-1 and Ind. Code ch. 8-1-8.5 and an “energy utility” within the meaning of Ind. Code § 8-1-2.5-2. CEI South is an “eligible business” as defined in Ind. Code § 8-1-8.8-6. Petitioner 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.

**2. CEI South’s 2019/2020 IRP and RFPs.** On June 30, 2020, CEI South submitted

an Integrated Resource Plan (the “2019/2020 IRP”) to the Commission. The 2019/2020 IRP identifies a need for the addition of 700 to 1,000 MWs of solar resources (some solar paired with storage) and 300 MWs of wind resources as part of the “Preferred Portfolio” to meet capacity and energy requirements. The additional renewable resources will replace approximately 730 MWs of coal generation. The renewable additions are complemented by dispatchable generation that consists of two new gas combustion turbines (“CTs”) and maintaining F.B. Culley 3 (coal unit). In accordance with the 2019/2020 IRP, CEI South plans to close its smallest, most inefficient coal unit, F.B. Culley Unit 2 (90 MWs) by December 31, 2025. In addition, CEI South’s ability to rely on the joint operation of Warrick Unit #4 (150 MW) in the future is uncertain. Based on the retirement or exit of energy provided by F.B. Culley Unit 2 and Warrick Unit #4, the “Preferred Portfolio” set forth in the 2019/2020 IRP calls for CEI South to make changes to its generation portfolio in the next three years. Pursuing renewable projects during that timeframe has the added benefit of allowing CEI South customers to take advantage of renewable tax incentives before they expire.

Consistent with the short-term plan identified in the 2019/2020 IRP, CEI South issued an all-source request for proposals (“2019 All-Source RFP”) on June 12, 2019. Each proposal was evaluated and scored independently by CEI South, forming the basis for selection of the initial projects for CEI South’s Generation Transition Plan (the “Plan”). The projects scoring the highest were short-listed and proceeded to negotiation of definitive agreements. A second RFP (the “2020 Renewable RFP”) was issued on August 12, 2020 seeking a combination of wind, solar, and solar + storage resources to meet the need identified in the Plan. The 2020 Renewable RFP was used to help identify replacement generation capacity beginning in 2023. Most recently, on May 11, 2022, CEI South announced a new all-source RFP (the “2022 All-Source RFP”) seeking a combination of resources including renewables, thermal and demand-side resources, and short-term capacity. The 2022 All-Source RFP will assist Petitioner in identifying additional generation technologies that can provide fully accredited capacity no later than March 1, 2027 and will inform

CEI South's 2022/2023 IRP process. CEI South engaged 1898 and Company, a Burns and McDonnell company ("1898 & Company") to evaluate, score, and rank each complete proposal based on established quantitative and qualitative scoring criteria assessing reliability, cost and certainty.

The Wind Project, which is described in greater detail below, was identified through collaboration with 1898 & Company from among 8 unique wind projects identified in May 2021 (the "2021 Wind Bids") after wind proposals received in response to the 2020 Renewable RFP were determined not to be viable. The 2021 Wind Bids were evaluated, scored, and ranked based on established quantitative and qualitative scoring criteria similar to the scoring process used for the 2020 Renewable RFP. The Wind Project was selected based on its scoring in relation to the other viable proposals. While the Wind Project was not submitted as part of the 2022 All-Source RFP due to negotiations having already commenced, the Wind Project pricing is competitive with the wind proposals submitted in the 2022 All-Source RFP. The Project is consistent with CEI South's 2019/2020 IRP and is an important component to fulfilling CEI South's diversified Generation Transition Plan. The Project is a reasonable addition to a portfolio of capacity resources that in the aggregate serve to mitigate risk through diversification and provides the advantages of ownership and a life expectancy that can be combined with CEI South's other solar and wind resources to optimize off-ramp flexibility for CEI South's customers. Commission approval of the Project and associated relief sought herein is in the public interest, will enhance or maintain the reliability and efficiency of service provided by CEI South, and is otherwise consistent with Ind. Code § 8-1-8.8-11.

**3. The Wind Project and BTA.** The Wind Project is located outside of Indiana in Midcontinent Independent System Operator, Inc.'s ("MISO's") Central Region and is in the 2020 MISO Interconnection Queue Cycle with an expected Generator Interconnection Agreement in late 2023. The construction phase is expected to commence during the second half of 2023 to achieve commercial operation by January 1, 2025. It is anticipated that the Wind Project will

qualify for the federal production tax credit (“PTC”) as described in the Direct Testimony of Jennifer K. Story. The Wind Project is a clean energy resource under Ind. Code § 8-1-37-4 and a renewable energy resource under Ind. Code § 8-1-8.8-10 and a clean energy project as defined in Ind. Code § 8-1-8.8-2(2).

The Wind Project will be fully developed, engineered, procured, and constructed by a Developer and then acquired by CEI South through transfer of a special purpose entity (the “Project Company”) established to facilitate ownership transfer of the Project. The Project Company is a wholly-owned subsidiary of the Developer, which is in turn a wholly-owned subsidiary of an entity specializing in the development of large-scale renewable and other clean energy generation worldwide. The Project Company will own the Project until it achieves substantial completion, at which time CEI South will acquire 100% of the ownership interests in the Project Company, subsequently collapsing of the separate corporate structure such that CEI South will own the generating facility directly.

Following CEI South’s selection of the Wind Project, negotiations with the Developer began in June of 2021, with a comprehensive, non-binding term sheet executed in October 2022. The negotiations of a definitive agreement are ongoing and the parties anticipate signing the BTA by March 31, 2023. If the relief requested in this proceeding is not granted, the BTA will terminate. Specific terms of the BTA and a more detailed description of the Wind Project and the Developer are provided in the confidential portions of the Direct Testimony of F. Shane Bradford (Petitioner’s Exhibit No. 2) and his confidential Attachment FSB-2.

The estimated capital cost of the Wind Project is reasonable and is estimated to be \$ 636 million. This is the best estimate of the total cost of the Wind Project.

**4. Relief Requested.**

a. Certificate of Public Convenience and Necessity (“CPCN”)

Indiana Code § 8-1-8.5-2 requires that a public utility must obtain a CPCN prior to constructing, purchasing or leasing a facility for the generation of electricity. A request for

approval under Ind. Code § 8-1-8.8-1 does not relieve a public utility of the obligation to obtain a CPCN under Ind. Code ch. 8-1-8.5. Accordingly, and in accordance with Ind. Code § 8-1-8.5-2, CEI South requests that the Commission grant to CEI South a CPCN to purchase and acquire, indirectly through a BTA, the Wind Project pursuant to Ind. Code ch. 8-1-8.5. CEI South is also requesting ongoing review under Ind. Code § 8-1-8.5-6 and ratemaking treatment consistent therewith.

Petitioner's case-in-chief presents the best estimate of the total cost of the Wind Project. Petitioner's evidence also presents how it has taken into account (1) current and potential arrangements with other electric utilities including 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. Petitioner solicited bids to obtain purchased power capacity and energy from alternative suppliers through its all-source request for proposals.

The Wind Project is consistent with Petitioner's 2019/202 IRP, and so the request is consistent with a utility specific proposal under Ind. Code § 8-1-8.5-4(e) and submitted for approval under Ind. Code § 8-1-8.5-5(d). The Wind 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 construct the proposed Wind Project.

b. Ratemaking and Accounting Treatment

In accordance with Ind. Code § 8-1-8.5-6.5 and Ind. Code § 8-1-8.8-11, CEI South requests that the Commission approve timely recovery of costs and expenses incurred during the construction and operation of the Wind Project. CEI South proposes approval and recovery of the eligible revenue requirement amounts associated with the Wind Project to be included either in CEI South's Clean Energy Cost Adjustment ("CECA") mechanism, which the Commission approved on August 16, 2017, in Cause No. 44909 for renewable energy projects or through base

rates in CEI South's next general rate case. CEI South's requested ratemaking and accounting treatment is described in greater detail in the Direct Testimony of Matthew A. Rice and Chrissy M. Behme. The costs CEI South proposes to include for timely recovery include costs associated with (1) Capital investment to complete the acquisition; (2) Deferred post-in-service carrying costs ("PISCC"); (3) Deferred depreciation expense; (4) Deferred operations and maintenance ("O&M") expense; (5) O&M expenses, depreciation, property tax, and income taxes; and (6) Credits related to Renewable Energy Certificates ("RECs"). To the extent the Wind Project is not included in rate base in the next rate case and the revenue requirement is recovered through the CECA, annual updates to the Wind Project revenue requirement will be filed as a sub-docket of Cause No. 44909. CEI South proposes to use CECA to reflect the PTC and RECs generated by the Wind Project to the extent PTC and RECs differ from amounts reflected in base rates. To the extent the Wind Project is included in the CECA, CEI South proposes to adjust for purposes of the earnings test under Ind. Code § 8-1-2-42(d)(3) its statutory net operating income ("NOI") by including the operating income associated with the Wind Project as part of its authorized NOI, consistent with the treatment of earnings associated with CEI South's CECA mechanism from Cause No. 44909.

CEI South proposes to accrue PISCC at the Company's pre-tax weighed average cost of capital ("WACC") on capital investment for the Wind Project beginning with the month after the investment is placed in service until the date the investment is included for recovery in CECA rates or base rates, as the case may be. CEI South also proposes to defer depreciation expense associated with the Wind Project until such expense is included for recovery in the CECA or base rates. CEI South also proposes to defer O&M expenses incurred pursuant to an O&M contract with a third party, as well as other O&M expense incurred or property tax expense accrued before such expenses are recovered through base rates or the CECA. CEI South proposes to record the accrued PISCC and deferred depreciation expense as regulatory assets until such time as they can be included for recovery in rates and amortize the balances over the life of the assets that generated the amounts, expected to be approximately 30 years, with the unamortized portion

included in rate base upon which CEI South is authorized to earn a return. CEI South also requests the Commission approve an annual depreciation rate of approximately 3.33% for the Wind Project. CEI South proposes that deferred O&M be recovered through the CECA, similar to the recovery of deferred O&M and any deferred property tax expense in connection with the TDSIC.

In the event the requested CPCN is not granted, or the Wind Project assets are otherwise not placed in-service, CEI South requests authority to defer costs associated with the Wind Project in a regulatory asset for recovery in a future general rate case or to be capitalized as part of an alternative generation project.

Clean energy projects are specifically encouraged by Ind. Code ch. 8-1-8.8. Indiana Code § 8-1-8.8-11 authorizes the Commission to create financial incentives for the development of alternative resources. Therefore, approval of the relief CEI South seeks is consistent with Indiana energy and regulatory policy.

c. Alternative Regulatory Plan

Pursuant to Ind. Code § 8-1-2.5-6, CEI South may propose alternative regulatory practices, procedures and mechanisms. CEI South elects to become subject to Ind. Code § 8-1-2.5-6 and is requesting, to the extent necessary, approval of an alternative regulatory plan (“ARP”) under Ind. Code § 8-1-2.5-6(a)(1). The ARP is proposed, to the extent the Commission finds it necessary, to allow CEI South’s requested ratemaking treatment even though the asset is located outside of the State of Indiana and also to relieve CEI South of the obligations under Ind. Code § 8-1-8.5-5(e) to the extent they are applicable. CEI South’s proposed ARP is discussed in the Direct Testimony of Matthew A. Rice (Petitioner’s Exhibit No. 3). CEI South is publishing the legal notice required under Ind. Code § 8-1-2.5-6(d) and proofs of publication of the legal notice will be late-filed as Petitioner’s Exhibit No. 3, Attachment MAR-5.

d. Confidential Treatment

CEI South further requests confidential treatment of the pricing and other commercial



terms of the BTA, as well as certain other confidential, proprietary and competitively sensitive information, since that information is properly considered “trade secrets” under Ind. Code § 5-14-3-4(a)(4). A separate motion under 170 IAC 1-1.1-4 is being filed in this Cause to make this request.

**5. Applicable Law.** Petitioner considers the provisions of the Public Service Commission Act, as amended, including Ind. Code §§ 8-1-2-10, -12, -14, and -42(a), Ind. Code chs. 8-1-2.5, 8-1-8.5 and 8-1-8.8, among others, to be applicable to the subject matter of this proceeding and believes that such statutes provide the Commission authority to approve the requested relief.

**6. CEI South’s Counsel.** CEI South’s counsel of record, duly authorized to accept service of papers in this Cause are:

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Heather Watts, Atty. No. 35482-82  
Jeffery Earl, Atty. No. 27821-64  
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7. **Procedural Matters.** To facilitate Petitioner’s ability to proceed with the Wind Project under the BTA, Petitioner requests that the Commission approve a procedural schedule agreed to by Petitioner and the OUCC and dispense with conducting a prehearing conference. The agreed upon schedule set forth below is designed to align with the 120-day procedural schedule provided in Ind. Code § 8-1-8.8-11(d), which provides for expedited approval of a clean energy project:

<b>Date</b>	<b>Event</b>
February 27, 2023	OUCC/Intervenors File Cases-in-Chief
March 10, 2023	Petitioner’s Rebuttal Testimony
March 27, 2023	Hearing (Single Day)
April 6, 2023	Petitioner’s Proposed Order
April 10, 2023	OUCC/Intervenors Proposed Order
April 14, 2023	Reply/Exceptions (Simultaneous)

Discovery will be conducted on an informal basis with responses due within ten (10) calendar days until the OUCC/Intervenors file their respective cases-in-chief.. Thereafter, responses will be due within five (5) business days. Discovery served after noon on Friday or the day preceding a legal holiday will be deemed served the following business day.

WHEREFORE, Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South respectfully requests that the Commission promptly publish notice, make such investigation and hold hearings as are necessary or advisable and thereafter, make and enter appropriate orders in this Cause:

- (a) making findings as to the best estimate for the cost of the Wind Project;
- (b) finding that the purchase and acquisition of the Wind Project is consistent with the Commission’s plan for expansion of electric generating capacity and/or CEI South’s 2019/2020 Integrated Resource Plan;
- (c) finding that public convenience and necessity require or will require the purchase and acquisition of the Wind Project pursuant to the BTA as proposed herein;

- (d) granting to CEI South a CPCN to purchase and acquire, indirectly through the BTA, the Wind Project pursuant to Ind. Code ch. 8-1-8.5;
- (e) finding the Wind Project constitutes a clean energy project under Ind. Code ch. 8-1-8.8;
- (f) approving associated ratemaking and accounting treatment for the Wind Project pursuant to Ind. Code § 8-1-8.5-6.5 and § 8-1-8.8-11;
- (g) authorizing CEI South to accrue PISCC at CEI South's weighted average cost of capital on its investments in the Wind Project and defer depreciation, O&M and property tax expenses associated with the Wind Project, with such amounts recorded in Account 182.3, included in CEI South's rate base, and amortized over the remaining life of the Wind Project;
- (h) in the event the CPCN for the Wind Project is not granted or the Wind Project otherwise is not placed in service, authorizing Petitioner to defer, as a regulatory asset, costs associated with the Wind Project, for future recovery through retail electric rates;
- (i) providing for ongoing review of the Wind Project;
- (j) approving depreciation rates for CEI South's investments in the Wind Project;
- (k) approving confidential treatment of pricing and other negotiated commercial terms in the PPA and BTA, as well as other related confidential information;
- (l) approving the procedural schedule agreed to among Petitioner and the OUCC; and
- (m) granting to Petitioner such additional and further relief as may be deemed necessary or appropriate.

Dated this 10<sup>th</sup> day of January 2023.

SOUTHERN INDIANA GAS AND ELECTRIC  
COMPANY d/b/a CENTERPOINT ENERGY INDIANA  
SOUTH



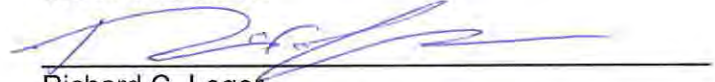
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Richard C. Leger  
Senior Vice President - Indiana Electric

**VERIFICATION**

I, Richard C. Leger, under penalty of perjury, affirm that the foregoing representations are true and correct to the best of my knowledge, information and belief.

SOUTHERN INDIANA GAS AND ELECTRIC  
COMPANY d/b/a CENTERPOINT ENERGY  
INDIANA SOUTH



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Richard C. Leger  
Senior Vice President - Indiana Electric

Dated: January 10, 2023

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Verified Petition was served this 10<sup>th</sup> day of January, 2023 by electronic mail to:

Jason Haas  
Indiana Office of Utility Consumer Counselor  
PNC Center  
115 West Washington Street, Suite 1500 South  
Indianapolis, Indiana 46204  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)  
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Hillary J. Close

**Southern Indiana Gas and Electric Company  
d/b/a CenterPoint Indiana South  
Wind Project CPCN**

**Index of Issues, Requests, and Supporting Witnesses<sup>1</sup>**

Subject	Request	Supporting Witness
CPCN for Wind Project	<ul style="list-style-type: none"> <li>• Certificate of Public Convenience and Necessity (“CPCN”) pursuant to Ind. Code ch. 8-1-8.5 to purchase and acquire, indirectly through a Build Transfer Agreement (“BTA”), a wind generating facility (“Wind Project”)</li> <li>• Ongoing review under Ind. Code § 8-1-8.5-6</li> </ul>	<ul style="list-style-type: none"> <li>• Leger (No. 1) (overview).</li> <li>• Bradford (No. 2) (requests for proposal, cost and project description).</li> <li>• Rice (No. 3) (2019/2020 IRP and rates).</li> <li>• Behme (No. 4) (accounting treatment).</li> <li>• Story (No. 5) (tax).</li> </ul>
“Clean Energy Project”	<ul style="list-style-type: none"> <li>• Approval as a “clean energy project” under Ind. Code ch. 8-1-8.8 and associated financial incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Leger (No. 1) (overview).</li> <li>• Bradford (No. 2) (project description).</li> <li>• Rice (No. 3) (rates)</li> <li>• Behme (No. 4) (accounting and ratemaking treatment)</li> <li>• Story (No. 5) (tax).</li> </ul>
Alternative Regulatory Plan	<ul style="list-style-type: none"> <li>• Approval, to the extent necessary, of an alternative regulatory plan pursuant to Ind. Code ch. 8-1-2.5 for relief with respect to location of Wind Project and competitive procurement provisions of Ind. Code § 8-1-8.5-5(e)</li> </ul>	<ul style="list-style-type: none"> <li>• Rice (No. 3) (alternative regulatory plan)</li> </ul>

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<sup>1</sup> This Index of the Company’s case-in-chief 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 the case-in-chief, including but not limited to petition, testimony, attachments and workpapers.

Subject	Request	Supporting Witness
Accounting Treatment – Wind Project	<ul style="list-style-type: none"> <li>• Timely recovery of costs and expenses incurred during construction and operation of the Wind Project; eligible revenue requirement amounts associated with the Wind <b>Project to be included either in CEI South’s Clean Energy Cost Adjustment (“CECA”) mechanism approved</b> by the Commission in Cause No. 44909 or through base rates in CEI South’s next general rate case. <b>Costs</b> proposed to be included for timely recovery include (1) capital investment to complete the acquisition; (2) Deferred post-in-<b>service carrying costs (“PISCC”)</b>; (3) Deferred depreciation expense; (4) Deferred Operations <b>and maintenance (“O&amp;M”) expense</b>; (5) <b>O&amp;M expenses</b>, depreciation, property tax, and income taxes; and (6) Credits related to Renewable Energy Certificates (“RECs”)</li> <li>• Proposal to use CECA to reflect the production tax credit (“PTC”) and RECs generated by the Wind Project to the extent the PTC and RECs differ from amounts reflected in base rates</li> <li>• To the extent the Wind Project is included in CECA, authority to adjust for purposes of the earnings test under Code § 8-1-2-42(d)(3) its statutory net operating <b>income (“NOI”) by including the operating income</b> associated with the Wind Project as part of its authorized NOI</li> <li>• Authority to accrue PISCC at <b>the Company’s pre-tax weighted average cost of capital (“WACC”) on capital</b> investment for the Wind Project beginning the month after the investment is placed in service until the date the investment is included for recovery in CECA rates or base rates, as the case may be.</li> <li>• Authority to defer depreciation expense associated with the Wind Project until such expense is included for recovery in the CECA or base rates</li> <li>• Authority to defer O&amp;M expenses incurred or property tax expense accrued before such expenses are recovered through base rates or the CECA</li> <li>• Approval of annual depreciation rate of approximately 3.33% for the Wind Project.</li> </ul>	<ul style="list-style-type: none"> <li>• Rice (No. 3) (rates)</li> <li>• Behme (No. 4) (accounting and ratemaking treatment)</li> </ul>
Accounting Treatment – Alternative Deferral Authority	<ul style="list-style-type: none"> <li>• In the event the CPCN is not granted or the Wind Project is not placed in service, authority to defer, as a regulatory asset, all costs associated with the Wind Project, until such costs are reflected in retail electric rates.</li> </ul>	<ul style="list-style-type: none"> <li>• Behme (No. 4) (accounting treatment).</li> </ul>