

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

Verified Settlement Testimony of

**Jessica A. York**

On behalf of

**The CenterPoint Energy Indiana South Industrial Group**

May 20, 2024



STATE OF INDIANA  
INDIANA UTILITY REGULATORY COMMISSION

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CAUSE NO. 45990

**Verified Settlement Testimony of Jessica A. York**

1     **Q     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2     A     Jessica A. York. My business address is 16690 Swingley Ridge Road, Suite 140,  
3           Chesterfield, MO 63017.

4     **Q     ARE YOU THE SAME JESSICA A. YORK WHO HAS PREVIOUSLY FILED**  
5           **TESTIMONY IN THIS PROCEEDING?**

6     A     Yes. On behalf of the CenterPoint Energy Indiana South Industrial Group ("Industrial  
7           Group"), I previously filed Verified Direct Testimony on March 12, 2024 in this  
8           proceeding, as well as Verified Cross-Answering Testimony on April 9, 2024.

**Q WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

A I will support the comprehensive settlement (the “Settlement”) between and among Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South (“CEI South” or “Company”), the Industrial Group, SABIC Innovative Plastics Mt. Vernon, LLC (“SABIC”) (collectively, the “Settling Parties”) as filed with the Indiana Utility Regulatory Commission (“Commission”) on May 20, 2024. In particular, I will address the cost of service and rate design terms of the Settlement, while my colleague, Michael Gorman, will provide testimony focusing on the revenue terms.

**Q HOW DOES THE SETTLEMENT RESOLVE THE COST OF SERVICE AND RATE DESIGN ISSUES RAISED IN THIS PROCEEDING?**

A In material respects, the Settlement adopts the cost of service study presented by CEI South in this proceeding, with certain agreed modifications. As proposed by the Company and supported by my testimony on behalf of the Industrial Group, costs associated with production assets will be allocated using a 4-Coincident Peak (“4CP”) methodology. Under the Settlement, transmission costs will also be allocated using a 4CP demand allocator. The Settling Parties further stipulated to mitigation measures by which no class will receive a rate decrease, no class will receive an increase higher than proposed by the Company on rebuttal, the increase to the water heating class will be limited to 1.5x the system average increase, and no other class will receive an increase that is more than 1.35x the system average. In addition, CEI South has agreed to limit the monthly customer charges for all classes at the level that was in place prior to repeal of the Utility Receipts Tax. Finally, the Company agreed to analyze the Backup Service Transmission Rate and discuss with SABIC prior to its next general rate case.

1    **Q     IN YOUR OPINION, ARE THOSE TERMS REASONABLE?**

2    A     Yes. Significantly, the agreed cost of service study is consistent with the study  
3           approved by the Commission in the Company's most recent rate case, Cause  
4           No. 43839, which also utilized 4CP demand allocators for both production and  
5           transmission costs.<sup>1</sup> As the Commission noted in that case, the 4CP method has been  
6           used by the Company since the 1970s.<sup>2</sup> The approach adopted in the Settlement,  
7           therefore, maintains the Company's longstanding historical treatment of these costs,  
8           as approved by the Commission in a series of orders since the 1970s. As explained in  
9           my Direct and Cross-Answering Testimony, furthermore, that approach properly  
10          reflects cost-causation principles and sound ratemaking.

11                 The other terms relating to cost of service and rate design are also fair and  
12                 reasonable. The agreed mitigation measures appropriately balance cost of service  
13                 results with moderation considerations. The agreed monthly customer charges reflect  
14                 a substantial concession by CEI South from its litigation position, in recognition of the  
15                 issues and concerns raised by the consumer parties. With regard to the Backup,  
16                 Auxiliary, and Maintenance Power Service ("BAMP") Rate, the Settlement addresses  
17                 the positions presented by SABIC in the litigated portion of this case on terms  
18                 acceptable to both the Company and SABIC.

19                 In all respects, the cost of service and rate design terms of the Settlement are  
20                 fully supported by the record as a whole, fall within the range of litigation positions  
21                 presented by the parties, and reasonably resolve the disputed issues in a manner that  
22                 is consistent with Commission precedent and appropriate ratemaking principles.

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<sup>1</sup> See April 27, 2011 Final Order in Cause No. 43839 at pages 64-65.

<sup>2</sup> *Id.* at 64.

1    **Q       DO YOU BELIEVE THE SETTLEMENT IN ITS ENTIRETY IS REASONABLE AND IN**  
2       **THE PUBLIC INTEREST?**

3    A       Yes. As a total package, the Settlement resolves all of the issues in this complex  
4       proceeding on terms that are supported by the record, fall within the range of litigation  
5       positions put forward by the parties, and reflect reasonable compromises on the  
6       disputed issues. I believe the cost of service and rate design terms operate in  
7       conjunction with the revenue terms to produce rates that are just and reasonable for all  
8       classes. Importantly, the Settlement is a comprehensive agreement on all of the issues  
9       raised in this proceeding, and each term is integral to the overall reasonableness of the  
10      Settlement. Therefore, I recommend that the Commission approve the Settlement in  
11      its entirety, without any material modifications.

12   **Q       DOES THIS CONCLUDE YOUR VERIFIED SETTLEMENT TESTIMONY?**

13   A       Yes, it does.

# INDIANA UTILITY REGULATORY COMMISSION

**CAUSE NO. 45990**

Jessica A. York  
May 20, 2024