

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF DUKE ENERGY)	
INDIANA, LLC FOR SPECIAL CONTRACT)	
AUTHORITY TO INCREASE ITS RATES AND)	
CHARGES FOR STEAM SERVICE TO)	
INTERNATIONAL PAPER COMPANY UNDER)	CAUSE NO. 45740
THE AGREEMENT FOR HIGH PRESSURE)	
STEAM SERVICE, DATED JUNE 1, 1974, AS)	
SUPPLEMENTED AND AMENDED, AND TO)	
MAKE OTHER REVISIONS TO SUCH)	
SUPPLEMENTED AND AMENDED AGREEMENT)	
PURSUANT TO IND. CODE §§ 8-1-2-24 AND -25)	

**DUKE ENERGY INDIANA, LLC’S REPLY TO CAC’S RESPONSE
IN OPPOSITION TO DUKE ENERGY INDIANA’S MOTION TO STRIKE**

Petitioner Duke Energy Indiana, LLC (“Duke Energy Indiana”), by counsel and pursuant to 170 IAC 1-1.1-12, respectfully replies to the Citizens Action Coalition of Indiana, Inc.’s (“CAC”) Response in Opposition to Duke Energy Indiana’s Motion to Strike (“Response”) filed on October 17, 2022. As explained further below, certain portions of CAC’s evidence fall outside the scope of this proceeding. As such, Duke Energy Indiana respectfully requests that the Commission disregard the CAC’s Response and grant Duke Energy Indiana’s Motion to Strike.

The portions of Mr. Ben Inskeep’s testimony that Petitioner has moved to strike fall outside the scope of this proceeding, as limited by the Presiding Officers, and CAC does not afford that limitation on scope sufficient weight. As CAC highlights in its Response, in the August 1, 2022 Docket Entry granting CAC’s intervention over Petitioner’s objection in this Cause, the Presiding Officers noted, “[T]he scope of the issues to be considered in this proceeding are limited to those reasonably related to the special contract authority requested in this Cause.” Docket Entry at 2. CAC discounts the significance of this language (“[T]he Presiding Officers simply stated...”) and points out that nowhere in the Docket Entry is CAC forbidden to discuss unit commitment, unit

dispatch, or other issues raised in IURC Cause No. 38707 FAC 123-S1 (“FAC 123-S1”). Response at 1-2. CAC is correct in that the Presiding Officers did not explicitly address unit commitment, unit dispatch, or other issues raised in FAC 123-S1, but, as CAC notes in its Response, CAC clearly stated in its Petition to Intervene that it would analyze the terms and implications of the Fifth Amendment and make recommendations stemming from CAC’s arguments raised in FAC 123-S1. When granting CAC’s Petition to Intervene, the Presiding Officers, knowing the arguments CAC planned to raise, responsively, deliberately, and intentionally delineated the scope of the issues to be considered and chose to limit that scope to those issues reasonably related to the authority sought.

Duke Energy Indiana is seeking approval of the Fifth Amendment to the Third Supplemental Agreement for High Pressure Steam Service between Duke Energy Indiana and International Paper Company (“International Paper”) (the “Fifth Amendment”). The Fifth Amendment enables International Paper to continue operating its facility with updated rates for demand and energy, including base fuel, up to a new effective term to match the planned retirement date of Cayuga. The Fifth Amendment does not address or contemplate dispatch and commitment practices or other fuel adjustment clause related topics; it is a forward-looking proposal that contemplates updating rates to a long-standing Commission-approved service agreement for the remaining years until Cayuga’s retirement and includes no changes to the operational terms of the underlying steam supply agreement. It follows that the issues raised by CAC pertaining to unit commitment, unit dispatch, or other issues raised in FAC 123-S1¹ are not reasonably related to the

¹ Petitioner would respectfully note that the Commission determined the following in its FAC 123-S1 Order: that 1) Duke Energy Indiana has been committing Cayuga in a manner compliant with the existing agreement with International Paper; 2) it is reasonable that Cayuga will not always realize a financial gain and the Company may need to commit the units in a manner to ensure steam to International Paper; and 3) the Company’s commitment approach at Cayuga is reasonable given the steam agreement’s requirements. FAC 123-S1 Final Order at 23.

special contract authority requested in this Cause and, thus, exceed the scope of the proceeding as established by the Presiding Officers and are not relevant to this Cause.

Additionally, this is not the appropriate forum for CAC to debate the merits of the underlying steam contract. In its Response, CAC points to language from the Commission's Final Order in FAC 123-S1 to support its position that this is the correct docket to submit testimony regarding the unit commitment and dispatch issues, "We further note that the Company has indicated it will be working with the steam customer to renegotiate the agreement. Any docket that flows from a new agreement with the steam customer would be the appropriate forum to weigh the merits of the steam contract." *Id.*

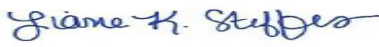
CAC maintains that this is a renegotiated agreement as contemplated in the FAC 123-S1 Final Order and suggests that Duke Energy Indiana is mincing words by maintaining that this is not the "new agreement" to which the Commission's language refers. However, the Fifth Amendment is not the renegotiated, new agreement as contemplated in that language from the FAC 123-S1 Final Order; rather, it is a gap filler to the new agreement. The renegotiated, new agreement is anticipated but does not yet exist. As testified to by Ms. Maria T. Diaz, "[T]he parties have discussed the need to have a new steam supply contract based on an alternative generation source," which would follow the expiration of the Fifth Amendment. Diaz Direct Testimony at 9. It is that new agreement which will provide the appropriate forum to weigh the merits of the steam contract. As set forth in Duke Energy Indiana's case-in-chief, the proposed Fifth Amendment is simply an amendment to the Commission-approved agreement that is designed to adjust rates to reflect the Compliance Filing Step 2 in Cause No. 45253 and is not a new standalone agreement.

Duke Energy Indiana encourages the Commission to decline CAC's invitation to use this proceeding as an opportunity to prematurely weigh the merits of the steam supply agreement. For

all the reasons contained in this Reply, Duke Energy Indiana respectfully requests that the Commission grant its Motion to Strike in its entirety.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was electronically delivered this 20th day of October, 2022, to the following:

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