

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC)
COMPANY d/b/a CENTERPOINT ENERGY INDIANA)
SOUTH (“CEI SOUTH”) FOR (1) ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY PURSUANT TO IND. CODE CH. 8-1-8.5 FOR)
THE CONSTRUCTION OF TWO NATURAL GAS)
COMBUSTION TURBINES (“CTs”) PROVIDING)
APPROXIMATELY 460 MW OF BASELOAD CAPACITY)
(“CT PROJECT”); (2) APPROVAL OF ASSOCIATED)
RATEMAKING AND ACCOUNTING TREATMENT FOR)
THE CT PROJECT; (3) ISSUANCE OF A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY PURSUANT TO) CAUSE NO. 45564
IND. CODE CH. 8-1-8.4 FOR COMPLIANCE PROJECTS TO)
MEET FEDERALLY MANDATED REQUIREMENTS)
(“COMPLIANCE PROJECTS”); (4) AUTHORITY TO)
TIMELY RECOVER 80% OF THE FEDERALLY)
MANDATED COSTS OF THE COMPLIANCE PROJECTS)
THROUGH CEI SOUTH’S ENVIRONMENTAL COST)
ADJUSTMENT MECHANISM (“ECA”); (5) AUTHORITY TO)
CREATE REGULATORY ASSETS TO RECORD (A) 20% OF)
THE FEDERALLY MANDATED COSTS OF THE)
COMPLIANCE PROJECTS AND (B) POST-IN-SERVICE)
CARRYING CHARGES, BOTH DEBT AND EQUITY, AND)
DEFERRED DEPRECIATION ASSOCIATED WITH THE CT)
PROJECT AND COMPLIANCE PROJECTS UNTIL SUCH)
COSTS ARE REFLECTED IN RETAIL ELECTRIC RATES;)
(6) IN THE EVENT THE CPCN IS NOT GRANTED OR THE)
CTs OTHERWISE ARE NOT PLACED IN SERVICE,)
AUTHORITY TO DEFER, AS A REGULATORY ASSET,)
COSTS INCURRED IN PLANNING PETITIONER’S)
2019/2020 IRP AND PRESENTING THIS CASE FOR)
CONSIDERATION FOR FUTURE RECOVERY THROUGH)
RETAIL ELECTRIC RATES; (7) ONGOING REVIEW OF)
THE CT PROJECT; AND (8) AUTHORITY TO ESTABLISH)
DEPRECIATION RATES FOR THE CT PROJECT AND)
COMPLIANCE PROJECTS ALL UNDER IND. CODE §§ 8-1-)
2-6.7, 8-1-2-23, 8-1-8.4-1 *ET SEQ.*, AND 8-1-8.5-1 *ET SEQ.*)

PETITIONER’S NOTICE OF LIMITED NOTICE TO PROCEED

Petitioner Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South (“CEI South”), by counsel, respectfully submits notice it has executed a Limited Notice to Proceed (“Limited NTP”) for the Combustion Turbines (“CTs”) in compliance with the Indiana Utility Regulatory Commission’s (“Commission”) June 28, 2022 Order (“2022 Order”) in this Cause. The 2022 Order directed CEI South to submit a compliance filing in this docket within 15 days of issuance of a Limited NTP.

The Federal Energy Regulatory Commission (“FERC”) granted Texas Gas a certificate to construct the pipeline that will serve the CTs this morning (October 20, 2022). CEI South will provide formal notice of that certificate once a copy of the certificate is available. Under the terms of the 2022 Order, this will enable CEI South to move forward with a notice to proceed (“NTP”) with its engineering, procurement and construction contractor (“EPC contractor”). CEI South will notify the Commission once it issues an NTP.

CEI South has negotiated an LNTP with its EPC contractor and hereby serves notice that it executed an LNTP with its EPC contractor as a first step to commencing construction on October 20, 2022. This LNTP is necessary to manage supply chain challenges and delays that can only be minimized if the EPC contractor begins to engineer the project and secure certain equipment to achieve a summer 2025 completion of the CTs. The current state of the supply chain is causing longer delivery periods for which the best remedy is an early start. Issuance of this LNTP now enables a prompt start on securing project timeline critical equipment and engineering.

The LNTP enables procurement of the following equipment:

- Generator Step-Up (GSU) Transformers
- Unit Auxiliary (UAT) Transformers

- Electrical Enclosures, which includes switchgear, motor control centers, relays, panels, transformers, non-segregated bus duct (NSBD)
- Generator Circuit Breakers (GCB)
- Isophase Bus Duct (IPBD)
- DC Battery and Uninterruptible Power Supply (UPS) System
- Oily Water Separator (OWS)
- Fuel Gas Treatment Equipment
- Compressed Air System Equipment

CEI South's EPC contractor has identified this equipment as being particularly subject to supply chain delays based on the EPC contractor's experience and discussions with vendors. The estimated costs to procure this long-lead time equipment is approximately \$4 million.

The EPC contractor has been coordinating with GE Gas Power ("GE") on the construction of the turbines for the projects. GE needs to begin engineering and procurement of equipment, including castings, forgings and rolling of materials and equipment, to enable timely construction. The estimated cost of this equipment is approximately \$20.7 million. Finally, CEI South will authorize its EPC contractor to commence the following work, all of which is necessary to complete construction by the summer of 2025:

- Civil engineering and design
- Civil procurement specifications
- Structural engineering design
- Structural procurement specifications
- Mechanical/piping engineering and design
- Mechanical/piping procurement specifications
- Electrical and instrumentation engineering and design
- Electric and instrumentation procurement specifications

This engineering work must be completed now so that actual construction can account for long lead times for certain equipment that cannot be specified until this engineering and other work is completed. The estimated cost of this work is approximately \$4.8 million.

CEI South will formally serve notice of receipt of the FERC certificate and the NTP to its EPC contractor in the near future.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served via electronic mail transmission this 20th day of October, 2022 to:

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