

**TESTIMONY OF SUZANNE E. SIEFERMAN
DIRECTOR, RATES AND REGULATORY PLANNING
DUKE ENERGY INDIANA, LLC
CAUSE NO. 38707-FAC132
BEFORE THE INDIANA UTILITY REGULATORY COMMISSION**

1 **I. INTRODUCTION**

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

3 A. My name is Suzanne E. Sieferman, and my business address is 1000 East Main
4 Street, Plainfield, Indiana 46168.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Duke Energy Indiana, LLC (“Duke Energy Indiana,”
7 “Applicant” or “Company”) as Director, Rates and Regulatory Planning. Duke
8 Energy Indiana is a wholly owned subsidiary of Duke Energy Indiana Holdco,
9 LLC.

10 **Q. PLEASE DESCRIBE YOUR DUTIES AS DIRECTOR, RATES AND**
11 **REGULATORY PLANNING.**

12 A. I am responsible for the preparation of financial and accounting data used in
13 Company rate filings and petitions for changes in fuel cost adjustment factors and
14 other tracking mechanisms.

15 **Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL**
16 **BACKGROUND.**

17 A. I am a graduate of Indiana University, holding a Bachelor of Science Degree in
18 Business, with a major in Accounting. I am a Certified Public Accountant

1 (“CPA”) and a member of the Indiana CPA Society. Since my employment with
2 the Company in 1990, I have held various financial and accounting positions
3 supporting the Company and its affiliates. Prior to my move to the Rates and
4 Regulatory Planning department in 2008, I held positions in Benefits Accounting,
5 Corporate Accounting, Business Unit Financial Reporting and External Reporting
6 groups.

7 **II. DETERMINATION OF FUEL COST FACTOR**

8 **Q. REFERRING TO ATTACHMENTS 6-A (SES) THROUGH 6-F (SES)**
9 **ATTACHED HERETO AND MADE A PART OF YOUR DIRECT**
10 **TESTIMONY, PLEASE EXPLAIN THE PURPOSE OF ATTACHMENTS**
11 **6-A (SES) AND 6-B (SES).**

12 A. In accordance with Indiana Code § 8-1-2-42(d), electric generating utilities are
13 generally required to show that actual increases in fuel costs since the last order of
14 the Commission approving base rates have not been offset by actual decreases in
15 other operating expenses (expense test), and that the change in the fuel cost
16 adjustment factor applied for will not result in the petitioning utility earning a
17 return on its fair value plant in-service in excess of the return authorized by the
18 Commission in the last proceeding in which the base rates and charges of that
19 utility were approved (return test). Additionally, should the fuel cost adjustment
20 factor result in the petitioning utility earning a return in excess of that authorized
21 by the Commission, Applicant must, in accordance with the provisions of Indiana
22 Code § 8-1-2-42.3, determine if the sum of differentials is greater than zero for

1 the applicable relevant period. Applicant is filing information for the consecutive
2 twelve (12) month period ended February 28, 2022.

3 **Q. PLEASE EXPLAIN THE EFFECT OF THE JUNE 29, 2020 ORDER IN**
4 **CAUSE NO. 45253 ON THIS AND FUTURE FUEL ADJUSTMENT**
5 **CLAUSE PROCEEDINGS.**

6 A. The Commission's Order in Cause No. 45253 resulted in several changes that
7 affect the Company's data filed in this and future fuel adjustment clause
8 proceedings. In this order, the Commission approved inclusion of fuel-related
9 charges and credits from the PJM Interconnection LLC ("PJM") in the
10 Company's calculation of native load fuel costs (similar to the fuel-related MISO
11 charges and credits). These PJM amounts relate to operation of the Company's
12 Ohio-based Madison Generation Station. Refer to the testimony of Mr. J. Bradley
13 Daniel in this proceeding for a more detailed discussion of the Madison
14 Generating Station and associated PJM charges and credits. The fuel cost
15 calculations beginning with the month of July 2020 include these PJM amounts.
16 See Attachment A, Schedule 11 of the Verified Petition for the amount of PJM
17 charges (or credits) included in this filing.

18 For purposes of computing the authorized net operating income for
19 Indiana Code § 8-1-2-42(d)(3), the changes in authorized jurisdictional operating
20 revenues and expenses, as well as the jurisdictional allocation percentages, will be
21 phased-in over the same period of time as the Company's net operating income
22 for the applicable twelve-month ended period is affected by this Order. The

1 twelve-month ended February 28, 2022 period reflects five months of results
2 under Step 1 of the most recent retail base rate order (Cause No. 45253) and seven
3 months under Step 2 of the most recent retail base rate order. The Order in Cause
4 No. 45253 established that a fair return on the fair value of the Company's plant
5 used to serve jurisdictional customers should be \$584,678,000, prior to the Step 1
6 and Step 2 adjustments and any increase in return due to the addition to the
7 valuation of its utility property of qualified pollution control property subject to
8 construction work in progress ("CWIP") ratemaking or clean energy projects,
9 approved by the Commission pursuant to Indiana Code §§ 8-1-2-6.6 and 8-1-2-
10 6.8 or Indiana Code 8-1-8.8. The value of the Company's plant pursuant to Cause
11 No. 45253 is also subject to increase as a result of (1) the federally mandated
12 compliance projects ("FMCA") Order approved by the Commission pursuant to
13 Indiana Code 8-1-8.4, (2) the transmission, distribution and storage system
14 projects ("TDSIC") Order approved by the Commission pursuant to Indiana Code
15 § 8-1-39-9 and (3) the Company-owned renewable energy projects ("REP") Order
16 approved by the Commission pursuant to Indiana Code 8-1-8.5 and 8.8, all of
17 which are explained further below. Lastly, the Commission also found in the
18 Order in Cause No. 45253 that Applicant's base cost of fuel should be set at
19 26.955 mills per kWh and this aspect of the Order has been fully implemented.

20 **Q. WOULD YOU PLEASE EXPLAIN THE EFFECT OF (1) THE JULY 3,**
21 **2002 CONSOLIDATED ORDER IN CAUSE NOS. 42061 AND 41744-S1**
22 **("CWIP ORDER") AND SUBSEQUENT CWIP UPDATES; (2) THE JUNE**

1 **25, 2014 ORDER IN CAUSE NO 44367 (“FMCA ORDER”) AND**
2 **SUBSEQUENT UPDATES; (3) THE MARCH 22, 2017 ORDER IN CAUSE**
3 **NO. 44720 TDSIC 1 (“TDSIC ORDER”) AND SUBSEQUENT UPDATES;**
4 **AND (4) THE SEPTEMBER 13, 2017 ORDER IN CAUSE NO. 44932 (“REP**
5 **ORDER”) AND SUBSEQUENT UPDATES ON THIS AND FUTURE FUEL**
6 **ADJUSTMENT CLAUSE PROCEEDINGS?**

7 A. The Commission’s July 3, 2002 CWIP Order and subsequent update orders
8 authorized the Company to add the value of certain qualified pollution control
9 property and clean energy projects to the value of the Company’s property for
10 ratemaking purposes. The Commission’s CWIP update Order in Cause No.
11 42061 ECR-3, dated March 11, 2004, stated that the applicable incremental
12 increases to the Company’s authorized return should be phased-in over the
13 appropriate period of time that Applicant’s net operating income was affected by
14 the CWIP approval. The Commission’s June 25, 2014 FMCA Order and
15 subsequent update orders authorized Duke Energy Indiana to adjust the
16 Company’s authorized net operating income to reflect any approved earnings
17 associated with federally mandated compliance projects. The Commission’s
18 March 22, 2017 TDSIC Order and subsequent update orders authorized Duke
19 Energy Indiana to adjust the Company’s authorized net operating income to
20 reflect any approved earnings associated with transmission, distribution and
21 storage system improvement projects. The Commission’s September 13, 2017
22 REP Order and subsequent update orders authorized adjustment to the Company’s

1 authorized net operating income to reflect approved earnings associated with
2 Company-owned renewable energy projects. The Company has applied the same
3 phase-in concepts ordered by the Commission in its Order in Cause No. 42061
4 ECR-3 for CWIP updates to the FMCA, TDSIC and REP updates in making the
5 calculations for this filing. The effects of the applicable ECR, FMCA, TDSIC,
6 and REP updates are summarized on Attachment 6-B (SES), pages 2 of 4 and 3 of
7 4, and are reflected throughout Applicant's filing.

8 **Q. PLEASE EXPLAIN THE DATA DETAILED ON ATTACHMENT 6-A**
9 **(SES), PAGE 1 OF 5.**

10 A. This attachment is a summary schedule that shows the comparison of actual
11 operating expenses for the twelve months ended February 28, 2022, to the phased-
12 in levels approved by the Commission in Step 1 and Step 2 of Cause No. 45253,
13 including subsequent applicable CWIP and REP orders. Lines 21 and 22 reflect
14 that any actual increases in jurisdictional fuel costs for the full twelve-month
15 period have not been offset by decreases in other jurisdictional operating
16 expenses. Therefore, the expense test as described in Indiana Code § 8-1-2-42
17 (d)(2) for the twelve months ended February 28, 2022, has been satisfied.

18 **Q. PLEASE EXPLAIN ATTACHMENT 6-A (SES), PAGE 2 OF 5.**

19 A. This attachment provides information necessary to determine compliance with
20 Indiana Code § 8-1-2-42 (d)(3) (return test) as it relates to the months of March 1,
21 2021 through July 31, 2021, which is 5/12 of the twelve month ended
22 February 28, 2022 reporting period of this filing. Columns A through C of this

1 schedule set out jurisdictional revenue and expense levels approved by the
2 Commission's Order in Cause No. 45253. Column D specifically identifies the
3 impact of the Company's Step 1 amounts, which adjust the approved retail base
4 rate amounts (calculated based on forecasted December 31, 2020 data) to reflect
5 actual plant in service and cost of capital amounts as of December 31, 2019.
6 Column E specifically identifies the impact of the applicable CWIP update on the
7 Company's authorized jurisdictional net operating income level (prior to phase-
8 in) and Column F shows the comparable information for the most recently
9 approved REP update during this period. Column G shows the approved retail
10 revenue and expense levels as adjusted for Step 1 (i.e., December 31, 2019
11 update) and the applicable CWIP and REP updates. Column H shows the
12 applicable phased-in portion of amounts in Column G, the support for which can
13 be found on Attachment 6-B (SES), Page 2 of 4. Column I reflects actual
14 expenses for the months of March 2021 through July 2021, excluding income
15 taxes, as derived from the Company's books and records. Column J shows the
16 retail jurisdictional portion of actual revenues and expenses for this period,
17 reflecting the application of the jurisdictional allocation factors shown in Column
18 B. The jurisdictional electric operating income level shown in Column J, line 22,
19 has been carried forward to Attachment 6-B (SES), Page 1 of 4, line 10, for
20 purposes of determining compliance with the fuel adjustment clause return test.

21 **Q. PLEASE EXPLAIN ATTACHMENT 6-A (SES), PAGE 3 OF 5.**

1 A. Similar to Attachment 6-A (SES), page 2 of 5 (discussed in the above Q&A), this
2 attachment provides information necessary to determine compliance with Indiana
3 Code § 8-1-2-42 (d)(3) (return test) as it relates to the months of August 2021
4 through February 2022, which is 7/12 of the current twelve month ended February
5 28, 2022 reporting period. Columns A through C of this schedule set out
6 jurisdictional revenue and expense levels approved by the Commission's Order in
7 Cause No. 45253. Column D specifically identifies the impact of the Company's
8 Step 2 amounts, which adjust the approved retail base rate amounts (calculated
9 based on forecasted December 31, 2020 data) to reflect the lower of the forecasted
10 amount or actual plant in service at December 31, 2020 and actual cost of capital
11 amounts as of December 31, 2020. Column E specifically identifies the impact of
12 the most recently approved CWIP update on the Company's authorized
13 jurisdictional net operating income level (prior to phase-in) and Column F shows
14 the comparable information for the most recently approved REP update. Column G
15 shows the approved retail revenue and expense levels as adjusted for Step 2 (*i.e.*,
16 December 31, 2020 update) and the applicable CWIP and REP updates. Column H
17 shows the applicable phased-in portion of amounts in Column G, the support for
18 which can be found on Attachment 6-B (SES), Page 3 of 4. Column I reflects
19 actual expenses for the months of August 2021 through February 2022, excluding
20 income taxes, as derived from the Company's books and records. Column J shows
21 the retail jurisdictional portion of actual revenues and expenses, reflecting the
22 application of the jurisdictional allocation factors shown in Column B. The

1 jurisdictional electric operating income level shown in Column J, line 22, has been
2 carried forward to Attachment 6-B (SES), Page 1 of 4, line 20, for purposes of
3 determining compliance with the fuel adjustment clause return test.

4 **Q. MS. SIEFERMAN, PLEASE DESCRIBE THE REMAINING PAGES OF**
5 **ATTACHMENT 6-A (SES).**

6 A. The remaining pages of Attachment 6-A (SES) contain information that supports
7 the calculation of jurisdictional income tax expense for both the return test and the
8 expense test, in addition to information supporting the cost of fuel to serve native
9 load customers for the twelve months ended February 28, 2022.

10 **Q. PLEASE EXPLAIN ATTACHMENT 6-B (SES), PAGE 1 OF 4.**

11 A. Attachment 6-B (SES), page 1 of 4, is a summary schedule in which the actual
12 jurisdictional return on original cost depreciated rate base for the twelve months
13 ended February 28, 2022, is compared to the authorized jurisdictional return on
14 fair value and original cost depreciated rate base. The information on this
15 attachment has been split between the two phase-in periods in effect during this
16 proceeding. Rate base and return amounts have been adjusted for effects of the
17 applicable Step 1, Step 2, CWIP, FMCA, TDSIC and REP updates. Applicant's
18 actual jurisdictional return for the twelve months ended February 28, 2022
19 (\$528,984,000, Column G, Lines 10 and 20) exceeded the phased-in jurisdictional
20 authorized return (\$576,494,000, Column G, Lines 9 and 19). The calculated
21 excess jurisdictional return amount was carried forward to Attachment B, page 4
22 of 4 in order to determine whether the recovery of fuel costs should be reduced.

1 **Q. PLEASE EXPLAIN ATTACHMENT 6-B (SES), PAGE 2 OF 4.**

2 A. Attachment 6-B (SES), page 2 of 4, shows the development of the phased-in
3 authorized jurisdictional net operating income that was utilized in determining
4 compliance with the return test for March 1, 2021 through July 31, 2021, which is
5 5/12 of the twelve months ended February 28, 2022 reporting period. This
6 Attachment reflects the pertinent effects of the Step 1 adjustment (to reflect actual
7 plant in service and capital structure at December 31, 2019) and applicable CWIP
8 and REP updates.

9 **Q. PLEASE EXPLAIN ATTACHMENT 6-B (SES), PAGE 3 OF 4.**

10 A. Attachment 6-B (SES), page 3 of 4, shows the development of the phased-in
11 authorized jurisdictional net operating income that was utilized in determining
12 compliance with the return test for the months of August 2021 through February
13 2022, which is the remaining 7/12 of the current twelve month ended February
14 28, 2022 reporting period. This Attachment reflects the pertinent effects of the
15 Step 2 adjustment (to reflect actual plant in service and capital structure at
16 December 31, 2020) and applicable CWIP and REP updates.

17 **Q. PLEASE EXPLAIN ATTACHMENT 6-B (SES), PAGE 4 OF 4.**

18 A. Indiana Code § 8-1-2-42.3 provides that utility fuel adjustment factors be reduced
19 for excess earnings subject to a determination that the sum of the difference
20 between the utility's jurisdictional earned returns and authorized returns during
21 the relevant period, as defined by statute, is greater than zero. As shown on
22 Attachment 6-B (SES), page 4 of 4, the sum of the differentials for the applicable

1 relevant period is not greater than zero; therefore, Applicant is not required to
2 reduce the fuel adjustment charge proposed in this proceeding.

3 **Q. PLEASE EXPLAIN ATTACHMENTS 6-C (SES) AND 6-E (SES).**

4 A. Attachment 6-C (SES) is the update of Standard Contract Rider No. 60 of the
5 Company's IURC Electric Tariff No. 15 reflecting the Company's proposed fuel
6 cost adjustment factor of \$0.034243 per kWh, applicable to the July through
7 September 2022 billing cycles, as set forth in the Verified Application in this
8 proceeding. Applicant's estimated fuel cost for July through September 2022 is
9 \$0.048727 and the current reconciliation factor is \$0.007088, which is based on a
10 \$105,254,919 under-collection for the months of December 2021 through
11 February 2022 that the Company is proposing to spread over the six-month period
12 of July 2022 through December 2022. In addition to the current reconciliation
13 factor, the Company is also including the remaining one-half of the total
14 reconciliation amount (\$79,933,515 under-collection) from the FAC131
15 proceeding that was authorized to be spread over two FAC periods. Applicant's
16 proposed net fuel charge for July through September 2022 is \$0.061198. This
17 fuel charge, less the base cost of fuel of \$0.026955, results in a fuel cost
18 adjustment factor of \$0.034243 per kWh, as shown on Attachment 6-C (SES).
19 Attachment 6-E (SES) is the updated tariff sheet that reflects the proposed change
20 in fuel cost adjustment associated with steam service provided to International
21 Paper.¹

¹ International Paper acquired Temple-Inland's corrugated packaging business on February 13, 2012.

1 **Q. PLEASE EXPLAIN ATTACHMENT 6-D (SES).**

2 A. Attachment 6-D (SES) compares the bill of a typical residential customer using
3 1,000 kilowatt-hours per month based on the proposed fuel cost adjustment factor
4 to the bill of a typical residential customer based on the most recently approved
5 factor and also from the factor in effect one year ago. The factor being proposed
6 in this proceeding represents an increase of \$22.59 or 16.0% over what such
7 customer is paying today and an increase of \$32.39 or 24.6% over what such
8 customer paid for the same period last year.²

9 **Q. PLEASE EXPLAIN ATTACHMENT 6-F (SES).**

10 A. Attachment 6-F (SES) shows the determination of the excess return revenue credit
11 adjustment generated during the twelve months ended February 28, 2022,
12 applicable to International Paper. Duke Energy Indiana is not required to reduce
13 its retail fuel adjustment factor for excess earnings for the twelve months ended
14 February 28, 2022; therefore, there is no excess return revenue credit adjustment
15 applicable to International Paper in this filing.

16 **Q. DOES THIS PROCEEDING INCLUDE ANY CHARGES OR CREDITS**
17 **ASSOCIATED WITH HEDGING?**

18 A. Yes, it does. Realized gains/losses from participation in the Midcontinent
19 Independent System Operator, Inc. ("MISO") virtual energy market are included

² The percentage increases of 16.0% and 24.6%, respectively, represent the changes in the Rider 60 factor from this proceeding to what the customer is paying today and compared to one year ago as a percentage of the total monthly bill of a 1000 kWh customer as of April 30, 2022, excluding utility receipts tax and sales tax.

1 in fuel cost adjustments along with other MISO costs and revenues that were
 2 approved by the Commission for inclusion as a fuel cost in its September 1, 2005,
 3 Order in Cause No. 42685. These amounts, if any, are detailed on Attachment A,
 4 Schedule 11, to the Verified Application, among other RTO charges and credits.
 5 Duke Energy Indiana has also included \$27,928,671 including prior period
 6 adjustments, of net realized losses from other power hedging of its native load
 7 generation price risk related to its participation in MISO energy markets and
 8 \$7,804,396 including prior period adjustments, of net realized losses from gas
 9 hedging. The total net hedging losses of \$35,733,067 attributable to hedging
 10 activities other than MISO virtual energy market participation are detailed on
 11 Schedule 7, Pages 1 through 3 of Attachment A to the Verified Application. For
 12 more information on Duke Energy Indiana's hedging activity please see the pre-
 13 filed testimony of Mr. Wenbin (Michael) Chen in this proceeding.

14 **Q. WERE THERE ANY EXCLUSIONS FROM THE FAC EARNINGS TEST**
 15 **IN THIS PROCEEDING FOR REVENUES AND EXPENSES RELATED**
 16 **TO COMPANY-OWNED RECB TRANSMISSION PROJECTS?**

17 A. Yes. As discussed in my testimony in past FAC proceedings, the Commission's
 18 June 25, 2008 Order in Cause No. 42736-RTO 14 ("June 25, 2008 Order")
 19 authorized the Company to retain revenues related to future Company-owned
 20 transmission projects that are a part of MISO's Regional Expansion Criteria and
 21 Benefits ("RECB") process. Per the June 25, 2008 Order, the Company is
 22 required to provide evidence that it has excluded applicable revenues and

1 expenses from the FAC earnings test related to these Company-owned RECB
2 transmission projects. In June 2010, the Company began receiving revenues on
3 the first of these Company-owned projects. Therefore, the amounts shown on
4 Attachment 6-A (SES), Pages 2 and 3 of 5, column I, have been updated
5 beginning in FAC 86 to reflect exclusion of the applicable revenues and expenses.

6 **Q. WERE THERE ANY EXCLUSIONS TO REVENUES AND EXPENSES**
7 **ASSOCIATED WITH MISO “MULTI-VALUE PROJECTS” FROM THE**
8 **FAC EARNINGS TEST?**

9 A. Yes. The Commission’s December 27, 2019 order authorized the Company to
10 exclude revenues and expenses associated with Company-owned “Multi-Value
11 Projects” (“MVPs”) pending the outcome of the Company’s next RTO filing.
12 Starting in June 2019 the Company began receiving Schedule 26-A revenues from
13 MISO related to the Company’s own MVPs that have been included in MISO’s
14 Transmission Expansion Plan (“MTEP”).

15 The Company provided more detailed testimony on the proposal as it relates
16 to the RTO rider in its November 2020 filing in Cause No. 42736 RTO-56. The
17 Commission approved the Company’s requested rate treatment on February 24,
18 2021.

19 **Q. PLEASE QUANTIFY THE RECB AND MVP EXCLUSIONS FROM THE**
20 **EARNINGS TEST.**

21 A. For the twelve-month period ended February 28, 2022, the RECB and MVP
22 adjustments together total \$2,848,000 of net revenues. The combined adjustments

1 by line item are shown in footnotes at the bottom of Attachment 6-A (SES), Pages
2 2 of 5 and 3 of 5. The calculation of federal and state income taxes on
3 Attachment 6-A (SES), Page 4 of 5 has also been adjusted to reflect exclusion of
4 the applicable revenues and expenses.

5 **Q. WERE THERE ANY PRIOR PERIOD ADJUSTMENTS INCLUDED IN**
6 **THE FUEL COST BEING REQUESTED FOR RECOVERY IN THIS**
7 **PROCEEDING THAT PREDATED A ROLLING ONE-YEAR**
8 **LOOKBACK PERIOD?**

9 A. No.

10 **Q. WERE THERE ANY NOTABLE ADJUSTMENTS TO FUEL**
11 **INVENTORY DURING THE RECONCILIATION MONTHS THAT**
12 **HAVE AFFECTED THE FUEL COST BEING REQUESTED FOR**
13 **RECOVERY IN THIS PROCEEDING?**

14 A. No.

15 **Q. HAVE THERE BEEN ANY CHANGES TO THE STANDARD**
16 **ATTACHMENTS FILED WITH THE VERIFIED APPLICATION IN THIS**
17 **PROCEEDING?**

18 A. Yes. Attachment A, Schedule 1, line 26, has been modified to reflect the recovery
19 of the under-collected amounts experienced in December 2021 through February
20 2022 of \$105,254,919 over a period of six months instead of the typical three-
21 month recovery period. In addition, the Commission, in its order in Cause No.
22 38707-FAC131 approved the Company's proposal to spread the total under-

1 collected amount of \$79,933,515 over a period of six months instead of the
2 normal three-month recovery period. The first half of the under-collection was
3 reflected in the FAC factor for FAC 131. The remaining amount of \$39,996,757
4 is included in this FAC and is reflected on Attachment A, Schedule 1, line 27.

5 **Q. WHY IS THE COMPANY PROPOSING TO RECOVER THE FAC 132**
6 **UNDER-COLLECTION AMOUNT OVER A LONGER PERIOD?**

7 A. As a result of the continued volatility in the fuel markets the Company has been
8 subjected to a significant and prolonged rise in coal, natural gas, and LMP prices
9 between the times our projections are made and when the rates go into effect.
10 This run-up in the market price of fuel and purchased power has resulted in Duke
11 Energy Indiana experiencing a sizeable under-collection for the current December
12 2021 through February 2022 reconciliation period. The direct testimonies of Mr.
13 Brett Phipps and Mr. Brad Daniel in this proceeding discuss the significant
14 continued rise in natural gas and MISO power prices as well as coal supply and
15 transportation constraints in greater detail and also provide information as to how
16 the high gas prices and coal inventory concerns impacted the dispatch and
17 commitment of the Company's units during the period. To reduce the FAC
18 impact to customers, the Company is proposing to spread the current under-
19 collection over six-months rather than the standard three months.

20 **Q. WHAT IS THE IMPACT TO THIS PROCEEDING'S FAC FACTOR OF**
21 **LENGTHENING THE COLLECTION PERIOD FOR THE CURRENT**
22 **UNDER-COLLECTED AMOUNTS?**

1 A. The FAC factors computed using a normal three-month collection period for the
 2 reconciliation amount and under the proposed six-month collection period are
 3 compared below:

		<u>Mills per kWh</u>	
		<u>3 month</u>	<u>6 month</u>
6	Total Estimated Fuel Cost	48.727	48.727
7	Reconciliation Factor (FAC132)	14.176	7.088
8	Reconciliation Factor (FAC131)	<u>5.383</u>	<u>5.383</u>
9	Subtotal	68.286	61.198
10	Less: Base Cost of Fuel	<u>26.955</u>	<u>26.955</u>
11	Fuel Cost Adjustment Factor	41.331	34.243

12 **Q. WHAT IS THE IMPACT TO THE NEXT PROCEEDING’S FAC FACTOR**
 13 **OF LENGTHENING THE COLLECTION PERIOD FOR THE CURRENT**
 14 **UNDER COLLECTED AMOUNTS?**

15 A. Half of the under-collection from this proceeding (\$52,627,460) along with any
 16 monthly fuel cost reconciliation variance for the March 2022 through May 2022
 17 period will be included in the calculation of the FAC factor for the next FAC
 18 proceeding (FAC133) to be billed to customers in October through December
 19 2022. The impact on the factor in FAC133 will depend on the level of forecasted
 20 sales for the October through December 2022 period.

21 **Q. ARE THERE ANY OTHER ITEMS YOU WANT TO BRING TO THE**
 22 **COMMISSION’S ATTENTION IN THIS FILING?**

23 A. Yes, as discussed in more detail in the testimonies of Company Witnesses
 24 Amburgey and Daniel, MISO introduced a new Short-Term Reserve product

1 effective December 7, 2021. To facilitate settlement of this product, MISO
2 established four new charge types. The Company has captured these costs in a
3 miscellaneous bucket prior to when system upgrades were completed in February
4 2022 to begin tracking by the new charge types. As a result, only a portion of the
5 amounts for February 2022 are shown separately on Attachment A, Schedule 11
6 of the application with the remaining amounts bucketed elsewhere. The new
7 Short-Term Reserve product is part of MISO's Ancillary Services Market
8 ("ASM"). Similar to other MISO ASM charge types which are considered fuel-
9 related, the Company is seeking the Commission's approval to include charges
10 and credits for these four new charge types for the Short-Term Reserve product in
11 the Company's fuel cost calculations in this and future FAC proceedings.

12 **III. CONCLUSION**

13 **Q. WERE ATTACHMENTS 6-A (SES) THROUGH 6-F (SES) PREPARED BY**
14 **YOU OR UNDER YOUR SUPERVISION?**

15 A. Yes.

16 **Q. DOES THIS CONCLUDE YOUR PREPARED TESTIMONY?**

17 A. Yes, it does.

DUKE ENERGY INDIANA, LLC

Summary Statement of "Phased-In" Retail Electric Operating Expenses
for the Twelve Months Ended February 28, 2022 Based on the Commission Orders
in Cause No. 45253 and Applicable Subsequent ECR and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Cause No. 45253 Step 1 for March 1, 2021 through July 31, 2021		Cause No. 45253 Step 2 for August 1, 2021 through February 28, 2022		Applicable to Retail for the Twelve Months Ended February 28, 2022		Line No.
		Authorized Operating Expenses ^{1/}	Actual Operating Expenses ^{2/}	Authorized Operating Expenses ^{3/}	Actual Operating Expenses ^{4/}	Authorized Operating Expenses	Actual Operating Expenses	
		(A)	(B)	(C)	(D)	(E)	(F)	
Operating Expenses								
1	Taxes - Federal and State Income	\$ 55,914	\$ 25,834	\$ 81,490	\$ 54,445	\$ 137,404	\$ 80,279	1
Taxes - Other Than Income Taxes								
2	Property Related Taxes	23,303	18,985	32,287	21,853	55,590	40,838	2
3	Utility Receipts Tax	-	1,126	-	(4,788)	-	(3,662)	3
4	Utility Receipts Tax - IGCC State Credit	-	(5,720)	-	(8,008)	-	(13,728)	4
5	Payroll Related Taxes	5,422	3,725	7,513	6,579	12,935	10,304	5
Fuel & Purchased Power								
6	Native Load	327,095	310,038	453,189	675,973	780,284	986,011	6
7	Retail Deferred Fuel	-	(13,415)	-	(139,996)	-	(153,411)	7
8	Non-Native	(9,267)	-	(12,839)	-	(22,106)	-	8
9	Other (incl Handling)	4,074	8,596	5,644	53,257	9,718	61,853	9
10	Remove: Reserve Capacity	-	-	-	-	-	-	10
11	Adjusted Fuel & Purchased Power	321,902	305,219	445,994	589,234	767,896	894,453	11
Other Operation and Maintenance								
12	Other Power Production	123,699	111,233	171,384	152,273	295,083	263,506	12
13	Transmission	39,359	43,574	54,531	65,183	93,890	108,757	13
14	Administrative and General	46,243	59,742	64,145	87,108	110,388	146,850	14
15	Other Operation and Maintenance	61,195	74,535	84,785	102,865	145,980	177,400	15
16	Total Other Operation and Maintenance	270,496	289,084	374,845	407,429	645,341	696,513	16
17	Operating Revenue Deductions	(35,059)	(22,239)	(48,574)	(46,781)	(83,633)	(69,020)	17
18	Depreciation	211,767	213,753	301,670	310,000	513,437	523,753	18
19	Regulatory Asset Amortization	26,455	30,422	36,653	44,229	63,108	74,651	19
20	Total Operating Expenses	\$ 880,200	\$ 860,189	\$ 1,231,878	\$ 1,374,192	\$ 2,112,078	\$ 2,234,381	20

Summary of Changes in Operating Expenses Applicable to Retail Customers
for the Twelve Months Ended February 28, 2022 Based on the Commission Orders
in Cause No. 45253 and Applicable Subsequent ECR and REP Adjustments

	Authorized Expenses	Actual Expenses	Variance		
21	Total Operating Expenses Excluding Fuel Cost	\$ 1,331,794	\$ 1,401,781	\$ 69,987	21
22	Fuel Cost (Lines 6 and 7 Above)	780,284	832,600	52,316	22
23	Total Operating Expenses	\$ 2,112,078	\$ 2,234,381	\$ 122,303	23

^{1/} See column H of Attachment 6-A, Page 2 of 4.

^{2/} See column J of Attachment 6-A, Page 2 of 4.

^{3/} See column H of Attachment 6-A, Page 3 of 4.

^{4/} See column J of Attachment 6-A, Page 3 of 4.

DUKE ENERGY INDIANA, LLC

Statement of Retail Results of Operations for March 1, 2021 Through July 31, 2021
Reflecting the Provisions of the Commission Order in Cause No. 45253
and Applicable Step 1, ECR, and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Reflects Amounts Approved by the Commission in Cause No. 45253 and Applicable Step 1, ECR and REP Adjustments							Applicable to Retail Reflecting Prorata "Phase-in" (See Attachment 6-B Page 3 of 4, Col. K)	For the March 1, 2021 through July 31, 2021 Period		Line No.
		Total Company	Retail Allocation Percentage	Applicable to Retail, As Adjusted, Excluding Riders (See Attachment 6-B Page 3 of 4, Col. A)	Step 1 Amounts Not Included in Column C ^{2/}	ECR Amounts Not Included in Column C	REP Amounts Not Included in Column C	Applicable to Retail, As Adjusted, Including Step 1 and Riders (G) (C+D+E+F)		Total Company Per Books "Actual" (I)	Applicable to Retail (J)	
		(A)	(B)	(C)	(D)	(E)	(F)	(H)	(I)	(J)		
1	Electric Operating Revenues ^{1/}			\$ 2,705,623	\$ (37,540)	\$ 205	\$ 1,913	\$ 2,670,201	\$ 1,119,250	\$ 1,076,980	1	
	Operating Expenses											
2	Taxes - Federal and State Income			\$ 138,363	\$ (5,333)	\$ 39	\$ 361	\$ 133,430	\$ 55,914	\$ 25,834	2	
	Taxes - Other Than Income Taxes											
3	Property Related Taxes	\$ 58,162	95.580 %	55,591	-	-	-	55,591	23,303	19,863 ^{4/}	18,985	
4	Utility Receipts Tax	-	100.000 %	-	-	-	-	-	-	1,126	1,126	
5	Utility Receipts Tax - IGCC State Credit	-	91.520 %	-	-	-	-	-	-	(6,250)	(5,720)	
6	Payroll Related Taxes	13,722	94.265 %	12,935	-	-	-	12,935	5,422	3,952 ^{4/}	3,725	
	Fuel & Purchased Power											
7	Native Load	849,796	91.820 %	780,284	-	-	-	780,284	327,095	337,658	310,038	
8	Retail Deferred Fuel	-	100.000 %	-	-	-	-	-	-	(13,415)	(13,415)	
9	Non-Native	(23,976)	92.201 %	(22,106)	-	-	-	(22,106)	(9,267)	-	-	
10	Other (Including Handling)	10,589	91.774 %	9,718	-	-	-	9,718	4,074	9,367	8,596	
11	Remove: Reserve Capacity	-	0.000 %	-	-	-	-	-	-	-	-	
12	Total Fuel & Purchased Power	836,409		767,896	-	-	-	767,896	321,902	333,610	305,219	
	Other Operation and Maintenance											
13	Other Power Production	322,284	91.560 %	295,083	-	-	-	295,083	123,699	121,486	111,233	
14	Transmission	93,947	99.939 %	93,890	-	-	-	93,890	39,359	43,601	43,574	
15	Administrative and General	116,422	94.871 %	110,458	(152)	-	9	110,315	46,243	62,972	59,742	
16	Other Operation and Maintenance	145,980	100.000 %	145,980	-	-	-	145,980	61,195	74,535	74,535	
17	Total Other Operation and Maintenance	678,633	^{3/}	645,411	(152)	0	9	645,268	270,496	302,594 ^{4/}	289,084	
18	Operating Revenue Credits	(84,188)	98.916 %	(83,633)	-	-	-	(83,633)	(35,059)	(22,483) ^{4/}	(22,239)	
19	Depreciation	558,282	93.174 % ^{3/}	521,274	(16,105)	-	-	505,169	211,767	229,413 ^{4/}	213,753	
20	Regulatory Asset Amortization	63,204	99.848 %	63,108	-	-	-	63,108	26,455	30,468	30,422	
21	Total Operating Expenses			2,120,945	(21,590)	39	370	2,099,764	880,200	860,189	21	
22	Electric Operating Income			\$ 584,678	\$ (15,950)	\$ 166	\$ 1,543	\$ 570,437	\$ 239,050	\$ 216,791	22	
23	Differential for the March 1, 2021 through July 31, 2021 Period									\$ (22,259)	23	

Notes:

- ^{1/} Reflects electric operating revenues on a 12 month basis.
^{2/} Reflects the Company's Step 1 Adjustments approved in the Compliance Filing in Cause No. 45253, that adjust approved retail base rates to reflect actual plant in service and cost of capital at December 31, 2019.
^{3/} Reflects the jurisdictional effect of amounts remaining in riders subsequent to the Commission's Order in Cause No. 45253.
^{4/} Excludes amounts for March 2021 through July 2021 related to Duke Energy Indiana's own RECB projects as approved in Cause No. 42736 - RTO14 and Multi-Value Projects (MVPs) as follows (in thousands):

Property Related Taxes	41
Payroll Related Taxes	5
Other Operation and Maintenance	220
Operating Revenue Credits	(1,754)
Depreciation	354
Total	<u>(\$1,134)</u>

DUKE ENERGY INDIANA, LLC

Statement of Retail Results of Operations for August 1, 2021 Through February 28, 2022
Reflecting the Provisions of the Commission Order in Cause No. 45253
and Applicable Step 2, ECR, and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Reflects Amounts Approved by the Commission in Cause No. 45253 and Applicable Step 2, ECR and REP Adjustments							For the August 1, 2021 through February 28, 2022 Period		Line No.	
		Total Company	Retail Allocation Percentage	Applicable to Retail, As Adjusted, Excluding Riders (See Attachment 6-B Page 3 of 4, Col. A)	Step 2 Amounts Not Included in Column C ^{2/}	ECR Amounts Not Included in Column C	REP Amounts Not Included in Column C	Applicable to Retail, As Adjusted, Including Step 2 and Riders (G) (C+D+E+F)	Applicable to Retail Reflecting Prorata "Phase-in" (See Attachment 6-B Page 3 of 4, Col. I)	Total Company Per Books "Actual" (I)		Applicable to Retail (J)
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	
1	Electric Operating Revenues ^{1/}			\$ 2,705,623	\$ (5,718)	\$ 104	\$ 1,913	\$ 2,701,922	\$ 1,569,322		\$ 1,686,385	1
	Operating Expenses											
2	Taxes - Federal and State Income			\$ 138,363	\$ 1,545	\$ 20	\$ 361	\$ 140,289	\$ 81,490		\$ 54,445	2
	Taxes - Other Than Income Taxes											
3	Property Related Taxes	\$ 58,162	95.578 %	55,591	(1)	-	-	55,590	32,287	22,864 ^{4/}	21,853	3
4	Utility Receipts Tax	-	100.000 %	-	-	-	-	-	-	(4,788)	(4,788)	4
5	Utility Receipts Tax - IGCC State Credit	-	91.520 %	-	-	-	-	-	-	(8,750)	(8,008)	5
6	Payroll Related Taxes	13,722	94.265 %	12,935	-	-	-	12,935	7,513	6,979 ^{4/}	6,579	6
	Fuel & Purchased Power											
7	Native Load	849,796	91.820 %	780,284	-	-	-	780,284	453,189	736,194	675,973	7
8	Retail Deferred Fuel	-	100.000 %	-	-	-	-	-	-	(139,996)	(139,996)	8
9	Non-Native	(23,976)	92.201 %	(22,106)	-	-	-	(22,106)	(12,839)	-	-	9
10	Other (Including Handling)	10,589	91.774 %	9,718	-	-	-	9,718	5,644	58,031	53,257	10
11	Remove: Reserve Capacity	-	0.000 %	-	-	-	-	-	-	-	-	11
12	Total Fuel & Purchased Power	836,409		767,896	-	-	-	767,896	445,994	654,229	589,234	12
	Other Operation and Maintenance											
13	Other Power Production	322,284	91.560 %	295,083	-	-	-	295,083	171,384	166,310	152,273	13
14	Transmission	93,947	99.939 %	93,890	-	-	-	93,890	54,531	65,223	65,183	14
15	Administrative and General	116,422	94.877 %	110,458	(24)	1	9	110,444	64,145	91,811	87,108	15
16	Other Operation and Maintenance	145,980	100.000 %	145,980	-	-	-	145,980	84,785	102,865	102,865	16
17	Total Other Operation and Maintenance	678,633		645,411	(24)	1	9	645,397	374,845	426,209 ^{4/}	407,429	17
18	Operating Revenue Credits	(84,188)	98.916 %	(83,633)	-	-	-	(83,633)	(48,574)	(47,294) ^{4/}	(46,781)	18
19	Depreciation	558,282	93.349 % ^{3/}	521,274	(1,870)	-	-	519,404	301,670	332,087 ^{4/}	310,000	19
20	Regulatory Asset Amortization	63,204	99.848 %	63,108	-	-	-	63,108	36,653	44,296	44,229	20
21	Total Operating Expenses			2,120,945	(350)	21	370	2,120,986	1,231,878		1,374,192	21
22	Electric Operating Income			\$ 584,678	\$ (5,368)	\$ 83	\$ 1,543	\$ 580,936	\$ 337,444		\$ 312,193	22
23	Differential for the August 1, 2021 through February 28, 2022 Period										\$ (25,251)	23

Notes:

- ^{1/} Reflects electric operating revenues on a 12 month basis.
^{2/} Reflects the Company's Step 2 Adjustments approved in the Compliance Filing in Cause No. 45253, that adjust approved retail base rates to reflect actual plant in service and cost of capital at December 31, 2020.
^{3/} Reflects the jurisdictional effect of amounts remaining in riders subsequent to the Commission's Order in Cause No. 45253 .
^{4/} Excludes amounts for August 2021 through February 2022 related to Duke Energy Indiana's own RECB projects as approved in Cause No. 42736 - RTO14 and Multi-Value Projects (MVPs) as follows (in thousands):
- | | |
|---------------------------------|------------------|
| Property Related Taxes | 75 |
| Payroll Related Taxes | 10 |
| Other Operation and Maintenance | 288 |
| Operating Revenue Credits | (2,608) |
| Depreciation | 521 |
| Total | <u>(\$1,714)</u> |

DUKE ENERGY INDIANA, LLC

Computation of Federal and State Income Taxes Applicable to
Retail Customers for the Twelve Months Ended February 28, 2022
Reflecting the Provisions of the Commission Orders in Cause No. 45253
and Applicable Step 1, Step 2, ECR, and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Twelve Months Ended			Line No.
		State	Federal	Total	
		(A)	(B)	(C)	
1	Electric Operating Revenues	\$ 2,802,704			1
	Less:				
2	Property Related Taxes	40,838			2
3	Payroll Related Taxes	10,304			3
4	Adjusted Fuel and Purchased Power	894,453			4
5	Other Operation and Maintenance	696,513			5
6	Operating Revenue Deductions	(69,020)			6
7	Depreciation	523,753			7
8	Regulatory Asset Amortization	74,651			8
9	Adjustment to Reflect Permanent and Flow Through Timing Differences ^{1/}	(10,338)			9
10	Annualization of Interest Charges ^{2/}	161,851			10
11	Total Deductions	2,323,005			11
12	State Taxable Income	\$ 479,699	\$ 479,699		12
13	State Income Tax Expense (4.90%) ^{3/}	\$ 23,949			13
14	Amortization of State EDIT ^{4/}	(5,035)			14
15	Adjusted State Income Tax Expense	\$ 18,914		\$ 18,914	15
	Less:				
16	Utility Receipts Tax which is Deductible for Federal Taxes		20,677		16
	Less:				
17	State Income Tax Expense before Amortization of State EDIT		23,949		17
18	Federal Taxable Income		\$ 435,073		18
19	Federal Income Tax Expense (21%)		\$ 91,365		19
20	Amortization of Federal EDIT ^{5/}		(31,500)		20
21	Federal Benefit of State EDIT Amortization ^{4/}		1,762		21
	Less:				
22	Amortization of ITC ^{6/}		262		22
23	Federal Income Tax		\$ 61,365	\$ 61,365	23
24	Total Federal and State Income Tax (Line 15 plus Line 23)			\$ 80,279	24

^{1/} Computed using Total Company amount for twelve months (\$11,089) times the applicable retail allocation percentage.

^{2/} Calculated based on the phase-in of the interest component of applicable returns.

^{3/} Computed using 4.90% state income tax rate beginning July 1, 2021. Computed using 5.25% state income tax rate for prior months.

^{4/} 94.6% applicable to retail.

^{5/} 94.13% applicable to retail.

^{6/} Computed using Total Company amount for twelve months \$286 times the applicable retail allocation percentage.

DUKE ENERGY INDIANA, LLC

Actual Cost of Fuel to Serve Customers Based on the Cost to Generate Electricity and the Actual Cost of Fuel Included in the Cost of Purchased Power for March 2021 through February 2022

Line No.	Description	Per Commission's Order in IURC Cause No. 45253		March 1, 2021 through February 28, 2022		Line No.
		Applicable to Retail Customers		Native Load	Applicable to Retail Customers	
		Amount (A)	Percentage (B)	(C)	(D)	
<u>Fuel Cost to Serve Native Load:</u>						
1	Native Load Fuel Cost	\$ 780,284,000	91.820%	\$ 1,059,341,217	\$ 972,687,105	1
2	Miscellaneous Fuel Adjustments and Hedging Activity	-		13,262,680	12,177,793	2
3	Prior Period Cost Adjustments	-		<u>1,248,252</u>	<u>1,146,145</u>	3
4	Total Fuel Cost	\$ 780,284,000		\$ 1,073,852,149	\$ 986,011,043	4

DUKE ENERGY INDIANA, LLC

Statement of Authorized Return on Original Cost Depreciated
and Fair Value Rate Base Reflecting Rates Approved in the Commission's Orders
in Cause Nos. 45253 and Applicable Subsequent Step 1, Step 2, CWIP and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Jurisdictional Return on Original Cost Depreciated Rate Base Per the Commission's Order in IURC Cause No. 45253 and Applicable Subsequent Step 1, CWIP and REP Adjustments		Jurisdictional Return on Fair Value Rate Base Per the Commission's Order in IURC Cause No. 45253 and Applicable Subsequent Step 1, CWIP and REP Adjustments			Jurisdictional Return on the Calculated Phased-In Original Cost Depreciated Rate Base		Line No.
		Rate Base (A)	Return (B)	Rate Base (C)	Return (D)	Rate of Return (E)	Rate Base (F)	Return (G)	
Jurisdictional Rate Base									
1	Electric Plant in Service	\$ 8,892,722							1
2	Fuel and Emissions Inventory	114,796							2
3	Prepaid Pension Asset	142,803							3
4	Regulatory Assets	436,497							4
5	Materials and Supplies	<u>286,928</u>							5
6	Total	9,873,746	568,728	9,873,746	568,728	5.76%	4,139,074	238,411	6
Construction Work In Progress (CWIP)									
7	Qualified Pollution Control Property (QPCP)	2,904	166	2,904	166		2,113	117	7
8	Renewable Energy Projects (REP)	<u>27,212</u>	<u>1,543</u>	<u>27,212</u>	<u>1,543</u>		<u>9,035</u>	<u>522</u>	8
9	Total Including CWIP and REP	\$ 9,903,862	\$ 570,437 ^{1/}	<u>9,903,862</u>	<u>\$ 570,437</u> ^{1/}	5.76%	<u>4,150,222</u>	<u>239,050</u>	9
10	Actual Jurisdictional Return For the March 1, 2021 Through July 31, 2021 Period		\$ 216,791		\$ 216,791			\$ 216,791	10

Line No.	Description	Jurisdictional Return on Original Cost Depreciated Rate Base Per the Commission's Order in IURC Cause No. 45253 and Applicable Subsequent Step 2, CWIP and REP Adjustments		Jurisdictional Return on Fair Value Rate Base Per the Commission's Order in IURC Cause No. 45253 and Applicable Subsequent Step 2, CWIP and REP Adjustments			Jurisdictional Return on the Calculated Phased-In Original Cost Depreciated Rate Base		Line No.
		Rate Base (A)	Return (B)	Rate Base (C)	Return (D)	Rate of Return (E)	Rate Base (F)	Return (G)	
Jurisdictional Rate Base									
11	Electric Plant in Service	\$ 9,182,319							11
12	Fuel and Emissions Inventory	114,796							12
13	Prepaid Pension Asset	142,803							13
14	Regulatory Assets	436,497							14
15	Materials and Supplies	<u>286,920</u>							15
16	Total	10,163,335	579,310	10,163,335	579,310	5.70%	5,902,865	336,463	16
Construction Work In Progress (CWIP)									
17	Qualified Pollution Control Property (QPCP)	1,443	83	1,443	83		1,502	85	17
18	Renewable Energy Projects (REP)	<u>27,212</u>	<u>1,543</u>	<u>27,212</u>	<u>1,543</u>		<u>15,805</u>	<u>896</u>	18
19	Total Including CWIP and REP	\$ 10,191,990	\$ 580,936 ^{1/}	<u>10,191,990</u>	<u>\$ 580,936</u> ^{1/}	5.70%	<u>5,920,172</u>	<u>337,444</u>	19
20	Actual Jurisdictional Return For the August 1, 2021 Through February 28, 2022 Period		\$ 312,193		\$ 312,193			\$ 312,193	20

^{1/} The footnoted data provided on lines 9 and 19 is for informational purposes only and was not used for calculation of the over or under earnings for the current period.

DUKE ENERGY INDIANA, LLC

Phased-In Jurisdictional Electric Operating Income as Approved by the Commission
in Step 1 Adjustment Cause No. 45253 and Applicable Subsequent ECR and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Total Retail per Cause No. 45253 (A)	Step 1 Rate Adjustment per Cause No. 45253 (B)	Adjusted Total Retail per Cause No. 45253 (C) (A+B)	After Phase-In Factor of 41.92% (D)	Amounts Applicable to Retail from Cause No. 42061 ECR 34		Amounts Applicable to Retail from Cause No. 42061 ECR 35		Amounts Applicable to Retail from Cause No. 44932 REP 2		Amounts Applicable to Retail from Cause No. 44932 REP 3		Amounts Applicable from Cause No. 45253 Step 1 Phased-In Jurisdictional Operating Income Level for the March 2021 to July 2021 Period (M) (D+F+H+J+L)	Line No.
						As Approved Before Application of Phase-In Factor 1/ (E)	After Phase-In Factor of 41.10% 2/ (F)	As Approved Before Application of Phase-In Factor 3/ (G)	After Phase-In Factor of 0.82% 4/ (H)	As Approved Before Application of Phase-In Factor 5/ (I)	After Phase-In Factor of 33.43% 6/ (J)	As Approved Before Application of Phase-In Factor 7/ (K)	After Phase-In Factor of 8.49% 8/ (L)		
1	OCD Rate Base	\$ 10,239,538	\$ (365,792)	\$ 9,873,746	\$ 4,139,074	\$ 5,082	\$ 2,089	\$ 2,904	\$ 24	\$ 20,116	\$ 6,725	\$ 27,212	\$ 2,310	\$ 4,150,222	1
2	Electric Operating Revenues	\$ 2,705,623	\$ (37,540)	\$ 2,668,083	\$ 1,118,460	\$ 349	\$ 143	\$ 205	\$ 2	\$ 1,446	\$ 483	\$ 1,913	\$ 162	\$ 1,119,250	2
Operating Expenses															
3	Taxes - Federal and State Income	138,363	(5,333)	133,030	55,766	65	27	39	1	270	90	361	30	55,914	3
4	Taxes - Other Than Income Taxes														
4	Property Related Taxes	55,591	-	55,591	23,303	-	-	-	-	-	-	-	-	23,303	4
5	Utility Receipts Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	5
6	Payroll Related Taxes	12,935	-	12,935	5,422	-	-	-	-	-	-	-	-	5,422	6
Fuel & Purchased Power															
7	Native Load	780,284	-	780,284	327,095	-	-	-	-	-	-	-	-	327,095	7
8	Retail Deferred Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	8
9	Non-Native	(22,106)	-	(22,106)	(9,267)	-	-	-	-	-	-	-	-	(9,267)	9
10	Other (incl Handling)	9,718	-	9,718	4,074	-	-	-	-	-	-	-	-	4,074	10
11	Remove: Reserve Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-	11
12	Adjusted Fuel & Purchased Power	767,896	-	767,896	321,902	-	-	-	-	-	-	-	-	321,902	12
Other Operation and Maintenance															
13	Other Power Production	295,083	-	295,083	123,699	-	-	-	-	-	-	-	-	123,699	13
14	Transmission	93,890	-	93,890	39,359	-	-	-	-	-	-	-	-	39,359	14
15	Administrative and General	110,458	(152)	110,306	46,240	1	-	-	-	5	2	9	1	46,243	15
16	Other Operation and Maintenance	145,980	-	145,980	61,195	-	-	-	-	-	-	-	-	61,195	16
17	Total Other Operation and Maintenance	645,411	(152)	645,259	270,493	1	-	-	-	5	2	9	1	270,496	17
18	Operating Revenue Credits	(83,633)	-	(83,633)	(35,059)	-	-	-	-	-	-	-	-	(35,059)	18
19	Depreciation	521,274	(16,105)	505,169	211,767	-	-	-	-	-	-	-	-	211,767	19
20	Regulatory Asset Amortization	63,108	-	63,108	26,455	-	-	-	-	-	-	-	-	26,455	20
21	Total Operating Expenses	2,120,945	(21,590)	2,099,355	880,049	66	27	39	1	275	92	370	31	880,200	21
22	Electric Operating Income	\$ 584,678	\$ (15,950)	\$ 568,728	\$ 238,411	\$ 283	\$ 116	\$ 166	\$ 1	\$ 1,171	\$ 391	\$ 1,543	\$ 131	\$ 239,050	22

1/ Reflects the effective date of the Order in Cause No. 45253
(March 1, 2021 - July 31, 2021) = 153/365 = 0.4192

2/ Reflects the effective date of the Order in Cause No. 42061-ECR34
(March 1, 2021 - July 28, 2021) = 150/365 = 0.4110

3/ Reflects the effective date of the Order in Cause No. 42061-ECR35
(July 29, 2021 - July 31, 2021) = 3/365 = 0.0082

4/ Reflects the effective date of the Order in Cause No. 44932-REP 2
(March 1, 2021 - June 30, 2021) = 122/365 = 0.3343

5/ Reflects the effective date of the Order in Cause No. 44932-REP 3
(July 1, 2021 - July 31, 2021) = 31/365 = 0.0849

DUKE ENERGY INDIANA, LLC

Phased-In Jurisdictional Electric Operating Income as Approved by the Commission
in Step 2 Adjustment Cause No. 45253 and Applicable Subsequent ECR and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Total Retail per Cause No. 45253 (A)	Step 2 Rate Adjustment per Cause No. 45253 (B)	Adjusted Total Retail per Cause No. 45253 (C) (A+B)	After Phase-In Factor of 58.08% (D)	Amounts Applicable to Retail from Cause No. 42061 ECR 35		Amounts Applicable to Retail from Cause No. 42061 ECR 36		Amounts Applicable to Retail from Cause No. 44932 REP 3		Amounts Applicable from Cause No. 45253 Step 2 Phased-In Jurisdictional Operating Income Level for the August 2021 to February 2022 Period (K) (D+F+H+J)	Amounts Applicable from Cause No. 45253 Step 1 Phased-In Jurisdictional Operating Income Level for the March 2021 to July 2021 Period (L)	Total Phased-In Jurisdictional Operating Income Level for the 12 Months Ended February 28, 2022 (M) (K+L)	Line No.	
						As Approved Before Application of Phase-In Factor (E)	After Phase-In Factor of 45.48% (F)	As Approved Before Application of Phase-In Factor (G)	After Phase-In Factor of 12.60% (H)	As Approved Before Application of Phase-In Factor (I)	After Phase-In Factor of 58.08% (J)					
1	OCD Rate Base	\$ 10,239,538	\$ (76,203)	\$ 10,163,335	\$ 5,902,865	\$ 2,904	\$ 1,320	0.74	\$ 1,443	\$ 182	\$ 27,212	\$ 15,805	\$ 5,920,172	\$ 4,150,222	\$ 10,070,394	1
2	Electric Operating Revenues	\$ 2,705,623	\$ (5,718)	\$ 2,699,905	\$ 1,568,105	\$ 205	\$ 93	3.23	\$ 104	\$ 13	\$ 1,913	\$ 1,111	\$ 1,569,322	\$ 1,119,250	\$ 2,688,572	2
Operating Expenses																
3	Taxes - Federal and State Income	138,363	1,545	139,908	81,259	39	18	7.74	20	3	361	210	81,490	55,914	137,404	3
4	Taxes - Other Than Income Taxes															
5	Property Related Taxes	55,591	(1)	55,590	32,287	-	-	-	-	-	-	-	32,287	23,303	55,590	4
5	Utility Receipts Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
6	Payroll Related Taxes	12,935	-	12,935	7,513	-	-	-	-	-	-	-	7,513	5,422	12,935	6
Fuel & Purchased Power																
7	Native Load	780,284	-	780,284	453,189	-	-	-	-	-	-	-	453,189	327,095	780,284	7
8	Retail Deferred Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8
9	Non-Native	(22,106)	-	(22,106)	(12,839)	-	-	-	-	-	-	-	(12,839)	(9,267)	(22,106)	9
10	Other (incl Handling)	9,718	-	9,718	5,644	-	-	-	-	-	-	-	5,644	4,074	9,718	10
11	Remove: Reserve Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11
12	Adjusted Fuel & Purchased Power	767,896	-	767,896	445,994	-	-	-	-	-	-	-	445,994	321,902	767,896	12
Other Operation and Maintenance																
13	Other Power Production	295,083	-	295,083	171,384	-	-	-	-	-	-	-	171,384	123,699	295,083	13
14	Transmission	93,890	-	93,890	54,531	-	-	-	-	-	-	-	54,531	39,359	93,890	14
15	Administrative and General	110,458	(24)	110,434	64,140	-	-	-	1	-	9	5	64,145	46,243	110,388	15
16	Other Operation and Maintenance	145,980	-	145,980	84,785	-	-	-	-	-	-	-	84,785	61,195	145,980	16
17	Total Other Operation and Maintenance	645,411	(24)	645,387	374,840	-	-	-	1	-	9	5	374,845	270,496	645,341	17
18	Operating Revenue Credits	(83,633)	-	(83,633)	(48,574)	-	-	-	-	-	-	-	(48,574)	(35,059)	(83,633)	18
19	Depreciation	521,274	(1,870)	519,404	301,670	-	-	-	-	-	-	-	301,670	211,767	513,437	19
20	Regulatory Asset Amortization	63,108	-	63,108	36,653	-	-	-	-	-	-	-	36,653	26,455	63,108	20
21	Total Operating Expenses	2,120,945	(350)	2,120,595	1,231,642	39	18		21	3	370	215	1,231,878	880,200	2,112,078	21
22	Electric Operating Income	\$ 584,678	\$ (5,368)	\$ 579,310	\$ 336,463	\$ 166	\$ 75		\$ 83	\$ 10	\$ 1,543	\$ 896	\$ 337,444	\$ 239,050	\$ 576,494	22

1/ Reflects the effective date of the Order in Cause No. 45253 (August 1, 2021 - February 28, 2022) = 212/365 = 0.5808

2/ Reflects the effective date of the Order in Cause No. 42061-ECR35 (August 1, 2021 - January 13 2022) = 166/365 = 0.4548

3/ Reflects the effective date of the Order in Cause No. 42061-ECR36 (January 14, 2022 - February 28 2022) = 46/365 = 0.1260

4/ Reflects the effective date of the Order in Cause No. 44932-REP 3 (August 1, 2021 - February 28 2022) = 212/365 = 0.5808

5/ Amounts carried forward from Attachment 6-B, Page 2 of 4, column M.

DUKE ENERGY INDIANA, LLC

Sum of Differentials For The
Relevant Period Ending February 28, 2022

(Dollars In Thousands)

Line No.	FAC No.	Twelve Months Ended	Actual Earned Return	Authorized Return	Differential	Line No.
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	FAC113	May '17	421,553 ^{1/}	483,054	(61,501)	1
2	FAC114	Aug '17	411,819 ^{1/}	477,160	(65,341)	2
3	FAC115	Nov '17	422,356 ^{1/}	476,801	(54,445)	3
4	FAC116	Feb '18	453,581 ^{1/}	475,196	(21,615)	4
5	FAC117	May '18	480,537 ^{1/}	474,430	6,107	5
6	FAC118	Aug '18	473,403 ^{1/}	472,753	650	6
7	FAC119	Nov '18	476,469 ^{1/}	472,099	4,370	7
8	FAC120	Feb '19	469,581	474,386	(4,805)	8
9	FAC121	May '19	460,368	476,140	(15,772)	9
10	FAC122	Aug '19	464,846	479,024	(14,178)	10
11	FAC123	Nov '19	483,159	481,166	1,993	11
12	FAC124	Feb '20	481,960	483,656	(1,696)	12
13	FAC125	May '20	464,533	486,441	(21,908)	13
14	FAC126	Aug '20	453,376	495,648	(42,272)	14
15	FAC127	Nov '20	432,109	517,327	(85,218)	15
16	FAC128	Feb '21	480,047	537,057	(57,010)	16
17	FAC129	May '21	502,828	557,086	(54,258)	17
18	FAC130	Aug '21	566,099	571,282	(5,183)	18
19	FAC131	Nov '21	577,426	573,900	3,526	19
20	FAC132	Feb '22	528,984	576,494	(47,510)	20
Sum of Differentials For The						
21	Relevant Period (FAC 113 - FAC 132)				(536,066)	21
22	Lesser of line 20, column (F) or line 21, column (F) to the extent positive; otherwise, enter zero.				\$ -	22
Amount of reduction:						
23	Amount on line 22, column (F) divided by the total number of FAC applications filed during the current twelve (12) month period. (i.e. four (4) FAC applications)				\$ -	23

^{1/} Restated in FAC 120.

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC No. 15
Eighth Revised Sheet No. 60
Canceling Seventh Sheet No. 6
Page 1 of 1

**STANDARD CONTRACT RIDER NO. 60 -
FUEL COST ADJUSTMENT**

Calculation of Adjustment

A. The applicable charges for electric service to the Company's retail customers shall be increased or decreased, to the nearest 0.001 mill (\$0.000001) per KWH to recover and/or credit the cost for fuel in accordance with the following formula:

$$\text{Fuel Cost Adjustment Factor} = F/S - BF$$

where:

1. "F" is the estimated expense of fuel based on a three-month average cost beginning with the first month of the billing cycle and consisting of the following costs:
 - (a) the average cost of fossil fuel consumed due to the operation of Company's own generating units incurred to serve native load customers, including only those items listed in Account 151, of the Federal Energy Regulatory Commission's Uniform System of Accounts for Class A and B Public Utilities and Licensees;
 - (b) the actual identifiable fossil fuel costs, or, if fuel costs are not specifically identified, costs computed in accordance with applicable Commission Orders, associated with energy purchased or transferred to serve native load customers for reasons other than identified in (c) below;
 - (c) the net energy cost, exclusive of capacity or demand charges, of energy purchased or transferred to serve native load customers on an economic dispatch basis, and energy purchased or transferred to serve native load customers resulting from the scheduled outage of a Company owned generating unit, when the costs thereof are less than the Company's fuel costs of replacement net generating from its own system, as computed in accordance with applicable Commission Orders;
 - (d) fuel-related Regional Transmission Operator ("RTO") costs and credits approved by the Commission for recovery in the FCA;
 - (e) other revenues or costs approved by the Commission for recovery in this rider.
 2. "S" is the estimated kilowatt-hour sales for the same estimated period set forth in "F."
 3. "BF" is the base cost of fuel pursuant to the Commission's Order in Cause No. 45253 equal to \$0.026955 per kWh.
- B. The factor shall be further modified commencing with the fifth succeeding billing cycle month to reflect the difference between the estimated incremental fuel cost billed and the incremental fuel cost actually incurred during the first and succeeding billing cycle month(s) in which such estimated incremental fuel cost was billed.
- C. Effective for all bills rendered beginning with and subsequent to the later of the effective date of the Commission's Order or the first billing cycle of July 2022 the fuel cost adjustment shall be:

\$0.034243 per kilowatt-hour.

ISSUED:

EFFECTIVE:

PENDING

PENDING

DUKE ENERGY INDIANA, LLC

**Comparison of the Effect of a Change in Fuel Cost Adjustment
Factors on the Bill of a Typical Residential Customer Using 1,000 KWHs**

Line No.	Description	Fuel Cost Adjustment Factor (A)	Base Bill For Typical Residential Customer ^{1/} (B)	All Other Riders Excluding Fuel Cost Adjustment As of April 1, 2022 (C)	Total Bill for Typical Residential Customer Excluding Fuel Cost Adjustment (D)	Fuel Cost Adjustment for 1,000 KWHs (E)	Total Bill Including Fuel Cost Adjustment (F)	Increase/ (Decrease) in Total Bill (G)	% Increase/ (Decrease) in Total Bill (H)	Line No.
1	<u>Proposed Factor:</u> Jul - Sep '22	\$0.034243	\$130.99	(\$1.44)	\$129.55	\$34.24	\$163.79	N/A	N/A	1
2	<u>Previous Quarter's Factor:</u> Apr - Jun '22	\$0.011645	130.99	(1.44)	129.55	11.65	141.20	\$22.59	16.0%	2
3	<u>Last Year's Factor:</u> Jul - Sep '21	\$0.001845	130.99	(1.44)	129.55	1.85	131.40	\$32.39	24.6%	3

^{1/} Reflects base rates approved in Cause No. 45253 approved by the Commission on June 29, 2020, with rates effective July 30, 2020.

**FUEL COST ADJUSTMENT
INTERNATIONAL PAPER
FORMERLY TEMPLE-INLAND, INC.**

A. The energy charge per 1,000 pounds of steam shall be increased or decreased, in accordance with the following factor to reflect changes in net fuel costs:

$$\text{Fuel Cost Adjustment Factor} = (F/K * 108.4) - 1.5890079$$

where:

1. "F" is the estimated fuel expense based on a three-month average of the following costs:
 - (a) the average cost of fossil fuel consumed due to the operation of Company's own generating units incurred to serve native load customers, including only those items listed in Account 151, of the Federal Energy Regulatory Commission's Uniform System of Accounts for Class A and B Public Utilities and licensees;
 - (b) the actual identifiable fossil fuel costs, or, if fuel costs are not specifically identified, costs computed in accordance with applicable Commission Orders, associated with energy purchased or transferred to serve native load customers for reasons other than in (c) below;
 - (c) the net energy cost, exclusive of capacity or demand charges, of energy purchased or transferred to serve native load customers on an economic dispatch basis, and energy purchased or transferred to serve native load customers resulting from the scheduled outage of a Company owned generating unit, when the costs thereof are less than the Company's fuel costs of replacement net generation from its own system, as computed in accordance with applicable Commission Orders,
 - (d) less: the cost of fossil fuel recovered through inter-system sales.
 - (e) any other fuel or purchased power related costs applicable to native load which are approved by the Commission for inclusion in the electric fuel cost adjustment.
2. "K" is the estimated kilowatt-hours available for the same estimated period as "F", consisting of the net sum in kilowatt-hours of:
 - (a) net generation
 - (b) purchases
 - (c) equivalent steam sales kWh, less
 - (d) inter-system sales
3. 108.4 is the equivalent kWh per 1,000 pounds of steam.
4. 1.5890079 is the system average base cost of fuel to be included in the steam rates. Use of the system average cost of fuel will remain in effect unless modified by written agreement of the Parties or pursuant to an order of the Commission.

B. The Fuel Cost Adjustment Factor as computed above shall be modified to allow the recovery of utility receipts taxes and/or other similar revenue based costs incurred due to the recovery of fuel costs.

C. The Fuel Cost Adjustment Factor as computed above shall be further modified to include the separate recovery, pursuant to IC 8-1-2-42(a), of costs applicable to certain power purchases in excess of the monthly purchased power benchmark.

D. The difference between the estimated incremental fuel cost billed and the incremental fuel costs actually experienced during the billing cycle month(s) in which such estimated incremental fuel cost was billed will be calculated on a quarterly basis and charged or credited directly on Customer's bills for high pressure steam service on a monthly basis.

E. Effective for all bills rendered beginning with and subsequent to the later of the effective date of this Order or the July 2022 bill, the fuel cost adjustment factor shall be \$3.4255032 per 1,000 pounds of steam.

ISSUED:

EFFECTIVE:

PENDING

DUKE ENERGY INDIANA, LLC

**Determination of Excess Return Revenue Credit Adjustment
to be Applied to International Paper's (formerly Temple-Island) Bill For Steam Service**

Line No.	Description	Amount	Line No.
1	Revenue Credit Based on Earnings Above Fair Value Rate of Return (See Note 1)	\$ -	1
2	International Paper Excess Return Earnings Factor (See Note 2)	<u>0.001065</u>	2
3	Excess Return Revenue Credits to be Applied to International Paper's Bill for Steam Service	<u>\$ -</u>	3

Note 1: The excess return revenue credit adjustments applicable to retail customers has not been reduced to reflect amounts due to International Paper


Note 2: Percentage Share of Allocated Rate Base for International Paper - Steam is Calculated as Follows:

Total Retail Rate Base, as Authorized By the Commission's Orders in Cause No. 45253.	<u>Amount</u>
	\$ 10,163,335
Total Rate Base Allocated to International Paper - Steam - per the Separation Study in Cause No. 42359	<u>19,168</u>
Combined Retail and Steam Allocated Rate Base	<u>\$ 10,174,163</u>

Factor to be Applied to Retail Jurisdictional Excess Return Earnings to Determine Earnings to be Shared With International Paper - Steam: $(\$ 10,174,163 / \$ 10,163,335) - 1 = 0.001065$

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed: 

Suzanne E. Sieferman

Dated: April 28, 2022