

**SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
(CEI SOUTH)**

**DIRECT TESTIMONY
OF
RICHARD C. LEGER
SENIOR VICE PRESIDENT, INDIANA ELECTRIC**

ON

OVERVIEW OF TDSIC PLAN

**SPONSORING PETITIONER'S EXHIBIT NO. 1
ATTACHMENT RCL-1**

DIRECT TESTIMONY OF RICHARD C. LEGER

1 I. **INTRODUCTION**

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

3 A. My name is Richard C. Leger. My business address is 211 NW Riverside Drive, Evansville,
4 Indiana, 47708.

5 **Q. BY WHOM ARE YOU EMPLOYED?**

6 A. I am employed by Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy
7 Indiana South (“Petitioner”, “CEI South” or “Company”), which is an indirect subsidiary of
8 CenterPoint Energy, Inc.

9 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS DIRECT TESTIMONY?**

10 A. I am submitting testimony on behalf of CEI South.

11 **Q. WHAT IS YOUR ROLE WITH RESPECT TO PETITIONER?**

12 A. I am the Senior Vice President, Indiana Electric.

13 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

14 A. I graduated in December 2000 from McNeese State University with a Bachelor of Science
15 degree in Marketing and a Bachelor of Science degree in Accounting.

16 **Q. PLEASE DESCRIBE YOUR AND PROFESSIONAL EXPERIENCE.**

17 A. I began my career with CenterPoint Energy, Inc. in January 2001 as a Marketing Consultant
18 in New Iberia, LA. Over the years, I have worked in six of CenterPoint Energy, Inc.’s natural
19 gas service territories in a variety of progressing roles, including Manager of Marketing &
20 Sales and Conservation Improvement Program Manager for Louisiana, Mississippi,
21 Arkansas, and Oklahoma; Director of Regulatory Affairs for Louisiana and Mississippi; and
22 District Director for Central Arkansas operations. In February 2019, I was promoted to Vice
23 President of Operations for Indiana and Ohio. In January 2022, I was promoted to my current
24 position as Senior Vice President, Indiana Electric.

25 **Q. WHAT ARE YOUR PRESENT DUTIES AND RESPONSIBILITIES AS SENIOR VICE
26 PRESIDENT, INDIANA ELECTRIC?**

27 A. I am responsible for all aspects of CEI South’s electric utility operations in Indiana in addition
28 to all aspects of the Company’s Generation Transition Plan as set forth in its 2019/2020

1 Integrated Resource Plan (“IRP”) submitted on June 29, 2020. My direct responsibilities
2 include execution and oversight of operations and maintenance (“O&M”) and capital
3 budgets, transmission and distribution operations, engineering, and generation; as well as
4 the development, execution, and oversight of new renewable projects; and project
5 development and construction of natural gas generation to complement renewable
6 resources in the portfolio. I also oversee Power Supply Services, which includes Market
7 Settlements and Wholesale Power Marketing.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE INDIANA UTILITY REGULATORY**
9 **COMMISSION (THE “COMMISSION”)?**

10 A. Yes. I have testified on behalf of CEI South and Indiana Gas Company, Inc. d/b/a
11 CenterPoint Energy Indiana North (“CEI North”) in various cases, including Cause Nos.
12 45401 (alternative regulatory plan related to gas meter replacement), 45447 and 45468 (gas
13 base rates cases), and 45611 and 45612 (gas CSIA). In addition, I provided testimony
14 before the Commission in Cause No. 45722 in support of CEI South’s request for
15 authorization to issue Securitization Bonds in accordance with Ind. Code ch. 8-1-40.5; and
16 in Cause No. 45836 in support of CEI South’s request for a certificate of public convenience
17 and necessity (“CPCN”) to purchase and acquire, indirectly through a Build Transfer
18 Agreement (“BTA”), a wind facility (the “Wind Project”) pursuant to Ind. Code ch. 8-1-8.5.

19 Recently, I offered testimony in Cause No. 45839 in which CEI South requested approval
20 of: (i) an amendment to the Commission’s October 27, 2021 Order in Cause No. 45501 (the
21 “45501 Order”) to authorize CEI South to enter into a First Amendment to the Long-Term
22 Renewable Power Purchase Agreement (“PPA”) with Clenera’s LLC affiliate, Rustic Hills II
23 LLC (“Clenera”) relating to a 100 MW solar project in Warrick County, Indiana (the “Warrick
24 County Solar Project”); and (ii) an amendment to the Commission’s May 4, 2022 Order in
25 Cause No. 45600 (the “45600 Order”) to authorize CEI South to enter into First, Second,
26 Third, and Fourth Amendments to the Long-Term Renewable PPA with Oriden LLC affiliate,
27 Vermillion Rise Solar LLC (“Oriden”) relating to a 185 MW solar project in Vermillion County,
28 Indiana (the “Vermillion County Solar Project”). I have also testified on behalf of CEI South
29 in Cause No. 45847 in which CEI South requested approval of an Amended and Restated
30 BTA to authorize CEI South to purchase and acquire, indirectly through a Build Transfer
31 Agreement (“BTA”), a 191MW solar Project in Posey County, Indiana (the “Posey County
32 Solar Project”).

1 Q. ARE YOU SPONSORING ANY ATTACHMENTS TO YOUR DIRECT TESTIMONY IN THIS
2 PROCEEDING?

3 A. Yes. I sponsor the following attachment:

- 4 • Petitioner’s Exhibit No. 1, Attachment RCL-1: the Verified Petition filed by CEI
5 South initiating this proceeding.

6 Q. WAS THIS ATTACHMENT PREPARED BY YOU OR UNDER YOUR SUPERVISION?

7 A. Yes, and I verified the factual content of the Verified Petition on behalf of CEI South.

8 II. PURPOSE & SCOPE OF TESTIMONY

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

10 A. My testimony provides support for CEI South’s request for an Order in this Cause approving
11 a five-year transmission, distribution, and storage system improvement plan (the “TDSIC
12 Plan”) to invest in transmission and distribution assets to continue the provision of safe,
13 resilient, and reliable electric service and to modernize CEI South’s system. My testimony
14 explains, at a high level, why the TDSIC Plan is necessary to ensure CEI South can continue
15 providing safe, resilient, and reliable service to its customers and summarizes the
16 modernization made possible by the TDSIC Plan. I also summarize the benefits of the
17 TDSIC Plan and the total estimated investment required by the TDSIC Plan. In addition, my
18 testimony provides references to the other witnesses who provide more in-depth
19 discussions of the topics.

20 III. INTRODUCTION OF WITNESSES

21 Q. PLEASE BRIEFLY INTRODUCE THE OTHER WITNESSES TESTIFYING ON BEHALF
22 OF CEI SOUTH IN THIS PROCEEDING.

23 A. In addition to my testimony, CEI South offers the testimony of the following Witnesses:

- 24 ► Mr. Stephen R. Rawlinson, Director of Electric Engineering, presents the TDSIC
25 Plan, explains how the Plan was developed, describes the components of the TDSIC
26 Plan as well as the benefits and why public convenience and necessity require the
27 Plan. He gives the best estimate of the cost of the plan and explains why the
28 estimated costs of the TDSIC Plan are justified by incremental benefits attributable
29 to the Plan. Mr. Rawlinson also describes the need for flexibility in the TDSIC Plan
30 and explains CEI South’s proposed process for managing and updating the Plan.

- 1 ▶ Mr. Jason De Stigter, Director, Utility Investment Planning, 1898 & Co., provides an
2 overview of the approach employed by CEI South and 1898 & Co. to develop the
3 TDSIC Plan and summarizes the results and methodology used to identify, prioritize
4 and justify the TDSIC Plan’s investments, including how quantifiable benefits were
5 estimated.
- 6 ▶ Mr. Matthew R. Thibodeau, Senior Vice President and Senior Project Director,
7 Sargent & Lundy (“S&L”), presents an Economic Impact Report for the TDSIC Plan.
- 8 ▶ Mr. Christopher Freeman, Manager, Corporate Security, describes TDSIC Plan
9 additions related to physical security for CEI South’s electric facilities, including
10 addition of various security monitoring control technologies and fencing for
11 substations.
- 12 ▶ Ms. Chrissy M. Behme, Manager, Regulatory Reporting, explains CEI South’s
13 projected revenue requirement for its TDSIC Plan and the accounting treatment
14 sought under Ind. Code ch. 8-1-39 (the “TDSIC Statute”).
- 15 ▶ Mr. Matthew A. Rice, Director of Indiana Electric Regulatory and Rates, testifies to
16 CEI South’s proposal to use the TDSIC rate adjustment mechanism for recovery of
17 costs incurred pursuant to the TDSIC Statute related to CEI South’s TDSIC Plan and
18 describes the proposed allocation of costs and proposed tariff.

19 **Q. PLEASE GENERALLY DESCRIBE CEI SOUTH AND ITS SERVICE TERRITORY.**

- 20 A. CEI South provides safe, reliable retail electric service to approximately 150,000 customers
21 in seven counties in southwestern Indiana: Pike, Gibson, Dubois, Posey, Vanderburgh,
22 Warrick, and Spencer.

23 **IV. RELIEF SOUGHT IN THIS PROCEEDING**

24 **Q. PLEASE PROVIDE AN OVERVIEW OF THE RELIEF SOUGHT IN THIS PROCEEDING.**

- 25 A. In accordance with Ind. Code § 8-1-39-10(a), Petitioner requests Commission approval of
26 its 2024 – 2028 TDSIC Plan, which is provided as Petitioner’s Exhibit No. 2, Attachment
27 **SRR-1 (CONFIDENTIAL)**. Specifically, Petitioner requests (a) a finding that the investments
28 contained in the 2024 – 2028 TDSIC Plan are “eligible transmission, distribution, and storage
29 system improvements” within the meaning of Ind. Code § 8-1-39-2; (b) a finding of the best
30 estimate of the cost of the eligible improvements included in the Plan; (c) a determination
31 that the public convenience and necessity require or will require the eligible improvements
32 included in the Plan; and (d) a determination that the estimated costs of the eligible

1 improvements included in the Plan are justified by incremental benefits attributable to the
2 Plan. If the Commission determines that the 2024 – 2028 TDSIC Plan is reasonable,
3 Petitioner requests the Commission approve the Plan and designate the eligible
4 transmission, distribution, and storage system improvements included in the Plan as eligible
5 for TDSIC treatment in accordance with the TDSIC Statute and authorize Petitioner to
6 include the improvements in Petitioner’s rate base in any proceeding involving Petitioner’s
7 rates. Petitioner requests the Commission approve its ratemaking and accounting
8 proposals contained in the testimony of Ms. Chrissy M. Behme and Mr. Matthew A. Rice,
9 including recovery of 80% of approved capital expenditures and TDSIC Costs for the TDSIC
10 Plan, including financing costs incurred during construction and post-in-service carrying
11 charges (“PISCC”) using CEI South’s weighted average cost of capital through Petitioner’s
12 TDSIC mechanism, with deferral of the remaining 20% of approved capital expenditures
13 and TDSIC costs for the TDSIC Plan until such costs are reflected in Petitioner’s retail rates.
14 Finally, Petitioner requests that the Commission approve Petitioner’s proposed process for
15 updating the 2024 – 2028 TDSIC Plan in future TDSIC adjustment proceedings as discussed
16 by Witness Rawlinson.

17 **Q. PLEASE EXPLAIN WHY CEI SOUTH IS PROPOSING A SUBSEQUENT PLAN TO THE**
18 **TDSIC PLAN APPROVED IN CAUSE NO. 44910 (THE “44910 TDSIC PLAN”) TO INVEST**
19 **IN ITS TRANSMISSION AND DISTRIBUTION SYSTEM.**

20 A. The 44910 TDSIC Plan, the Company’s first TDISC plan, was a seven-year plan that expires
21 on December 31, 2023. CEI South is on track to complete the committed scope within the
22 \$446.5 million program cap established in Cause No. 44910 in the second half of 2023. CEI
23 South is required to provide, and has been effectively, safely, and reliably providing, electric
24 service to its customers. As Mr. Rawlinson testifies, there is an ongoing need for CEI South
25 to undertake new and replacement capital investment for purposes of safety, reliability, and
26 system modernization.

27 Ind. Code § 8-1-39-7.8 defines a TDSIC plan for purposes of the statute as a plan for eligible
28 transmission, distribution, and storage system improvements over the course of a period of
29 (1) at least five (5) years; and (2) not more than seven (7) years. By developing a
30 comprehensive plan for investment in CEI South’s system, CEI South will be able to
31 coordinate with our communities and customers to complete the necessary work at
32 reasonable cost and while effectively managing the impact to our customers.

1 **Q. PLEASE PROVIDE AN OVERVIEW OF CEI SOUTH’S 2024 – 2028 TDSIC PLAN.**

2 A. As described in further detail by witnesses Rawlinson and Freeman, the TDSIC Plan
3 consists of approximately \$454 million in proposed investments across seven different
4 Programs: (1) Distribution 12kV Circuit Rebuild, (2) Distribution Underground Rebuild, (3)
5 Distribution Automation, (4) Wood Pole Replacement, (5) Transmission Line Rebuild, (6)
6 Substation Rebuild, and (7) Substation Physical Security.

7 The improvements, upgrades and, in some cases, new technologies and/or approaches
8 included in the TDSIC Plan have been carefully selected by CEI South to preserve and
9 further enhance system safety, reliability and resiliency with an aim of reducing the likelihood
10 of equipment failures and unplanned outages.

11 Overall safety and reliability are improved by replacement of aging infrastructure to address
12 the causes of outages, equipment failures, and interruptions in service. The enhanced
13 controls around distribution and transmission lines and substation equipment described in
14 the TDSIC Plan will enhance safety. Witness Rawlinson describes these components of the
15 Plan as well as features incorporated into the projects to improve grid resilience. Grid
16 flexibility and optionality have been incorporated as part of the Company’s modernization
17 efforts to better meet customers’ needs now and in the future. Accordingly, the TDSIC Plan
18 is also aimed at preparing CEI South’s transmission and distribution assets to accommodate
19 renewable generation, electric vehicles (“EV”) and distributed energy resources (“DER”).

20 **Q. HAS CEI SOUTH’S ELECTRIC SYSTEM BEEN RELIABLE?**

21 A. Yes, but work remains to be done. CEI South’s system assets continue to age, and we must
22 continue to make prudent investments to maintain reliability and modernize to meet the
23 challenges presented by changes to the transmission grid.

24 **Q. PLEASE DESCRIBE THE PROCESS UNDERTAKEN BY CEI SOUTH TO DEVELOP THE**
25 **2024 – 2028 TDSIC PLAN.**

26 A. The TDSIC Plan development process identified improvements to our transmission and
27 distribution system that would enhance safety, resiliency and reliability. As described in
28 greater detail by Witness De Stigter, CEI South worked with 1898 & Co. to employ an
29 objective-driven decision-making approach to develop the TDSIC Plan. This approach
30 allowed CEI South to identify and align investments to CEI South’s TDSIC Plan objectives:
31 (1) Deliver Service Safely, (2) Maintain Reliability & Resiliency, (3) Manage Asset Lifecycles,

1 and (4) Modernize the Grid. A quantitative and qualitative evaluation was performed for each
2 investment. For the quantitative evaluation, a risk and resiliency-based planning approach
3 was used to provide a business case for each investment, as presented in Mr. De Stigter’s
4 Attachments and workpapers. This business case assessment was performed across the
5 entire CEI South transmission and distribution system and CEI South and 1898 & Co. then
6 prioritized the investments for inclusion in the TDSIC Plan to provide the most value to
7 customers after accounting for certain constraints as described by Mr. De Stigter. Additional
8 benefits were also taken into account as qualitative factors supporting the business case for
9 these investments. Over eighty percent (80%) of the Plan investment level was developed
10 in this manner. For the remaining Plan investments, CEI South planning, engineering, field
11 operations and maintenance teams identified investments based upon other system needs
12 and the investments’ alignment to the TDSIC Plan objectives and the purposes of the TDSIC
13 statute (safety, reliability, economic development and modernization).

14 **Q. PLEASE EXPLAIN HOW THE TDSIC PLAN WILL PROMOTE SAFETY, RESILIENCY**
15 **AND RELIABILITY IN CEI SOUTH’S TRANSMISSION AND DISTRIBUTION SYSTEM.**

16 A. The 2024 – 2028 TDSIC Plan is designed to maintain and enhance CEI South’s grid
17 reliability and resiliency, manage life-cycle investments from aging equipment, and
18 modernize CEI South’s grid for long-term customer benefit while continuing to deliver
19 service safely.

20 Each program makes its own unique contribution to safety, resilience and reliability, but
21 some specific examples help explain how the TDSIC Plan promotes these benefits. For
22 example, the Distribution 12kV Circuit Rebuild Program described in the Plan will improve
23 reliability by replacing aging or obsolete equipment with improvements that meet current
24 and in some cases more robust standards, and modernization components of the program
25 will provide alternate feeds for reenergizing customers during extended outages to promote
26 grid resilience.

27 Another example is the Substation Physical Security Program described by witnesses
28 Rawlinson and Freeman, which will address evolving security threats at Petitioner’s
29 substation facilities by investing in additional security measures.

1 **V. BENEFITS AND COST OF THE TDSIC PLAN**

2 **Q. PLEASE PROVIDE AN OVERVIEW OF THE BENEFITS GENERATED BY THE TDSIC**
3 **PLAN.**

4 A. The primary benefits customers will receive from the TDSIC Plan are enhanced reliability,
5 resiliency and safety. All customers benefit from avoiding interruptions or reducing the
6 duration of a service interruption. These benefits to our customers are both tangible
7 (avoiding lost business opportunities that result from interruptions) and intangible (loss of
8 heat, air conditioning, lights, and possibly sense of security for residential customers). The
9 TDSIC Plan will strengthen CEI South’s electric system and prepare it to meet customers’
10 future expectations and needs. Even during outage events, the Programs in the TDSIC Plan
11 will improve the system’s ability to serve customers and the overall customer experience by
12 improving identification and isolation of outages and improved restoration times and
13 accuracy regarding estimation of restoration times.

14 **Q. IS APPROVAL OF THE TDSIC PLAN NECESSARY TO ACHIEVE THESE BENEFITS?**

15 A. Yes. The enhanced safety, reliability and resiliency are only possible because of the
16 investment enabled by the TDSIC Plan. The TDSIC mechanism supports and facilitates the
17 investment in projects aimed at maintaining and improving the electric system’s reliability
18 and modernization. While the Company has worked hard to maintain the system and reliably
19 meet the needs of customers, we also understand more must be done to improve the
20 region’s energy infrastructure to meet the requirements of a transforming electric grid.

21 **Q. PLEASE EXPLAIN WHETHER THE TDSIC PLAN PRODUCES ECONOMIC**
22 **DEVELOPMENT BENEFITS.**

23 A. As Mr. Rawlinson explains, the TDSIC Plan will increase and continue to advance the
24 electric grid design to support renewable investments by the state and by customers. Under
25 FERC Order 2222, utilities are facing a need for monitoring and control systems to support
26 the grid as DER/EV penetration evolves over time. Mr. Rawlinson and Mr. De Stigter
27 describe the methods employed by CEI South to identify, prioritize and execute capital
28 investments to maintain and upgrade its electric infrastructure. Witness Thibodeau presents
29 the economic impact analysis performed by Sargent & Lundy to calculate the projected
30 economic benefits of the estimated capital expenditures associated with the projects
31 included in the TDSIC Plan, including net employment, labor income, value added to the
32 market, wages injected into the economy (output), and federal, state, and local taxes.

1 **Q. PLEASE SUMMARIZE THE ESTIMATED COSTS OF THE TDSIC PLAN.**

2 A. As noted above, the estimated cost of the TDSIC Plan is approximately \$454 million.
3 Witness Rawlinson provides a detailed breakdown of the estimated cost by Program and
4 Year as well as a detailed view of the estimated cost for each individual project or program.

5 **Q. HOW DID CEI SOUTH DEVELOP THE COST ESTIMATES?**

6 A. CEI South engaged with both internal and external subject matter experts to arrive at the
7 cost estimates as described more fully by Witness Rawlinson. With the exception of the
8 Wood Pole Replacement Program and the five Substation Physical Security Surveillance
9 System Projects, each Project within the complete TDSIC Plan was estimated to follow the
10 recommended practices of AACE International, with Projects planned to be completed in
11 the first two years of the TDSIC Plan designed to AACE Class 2 criteria and the remaining
12 projects designed to AACE Class 4 estimate criteria. As Mr. Rawlinson explains, the Wood
13 Pole Replacement Program and Substation Physical Security Surveillance System Projects
14 have an estimated cost at the Program level by planned year, but do not have unique
15 projects identified with an associated estimated cost for this filing.

16 **Q. ARE THE ESTIMATED COSTS OF THE ELIGIBLE IMPROVEMENTS INCLUDED IN THE**
17 **TDSIC PLAN JUSTIFIED BY THE INCREMENTAL BENEFITS?**

18 A. Yes. CEI South engaged in a robust analysis of the incremental benefits of the TDSIC Plan
19 as compared to the estimated costs. Witness De Stigter describes this analysis in his Direct
20 Testimony. The TDSIC Plan’s incremental benefits exceed its cost, while reducing risk
21 associated with the electric grid and increasing overall reliability and safety of the system.

22 **VI. PUBLIC CONVENIENCE AND NECESSITY**

23 **Q. DO PUBLIC CONVENIENCE AND NECESSITY REQUIRE APPROVAL OF THE TDSIC**
24 **PLAN?**

25 A. Yes. Reliability of the electric system is critical for the public convenience and necessity.
26 While CEI South’s customers have benefitted from a reliable system, additional investment
27 is necessary to maintain the reliability they have come to expect. The TDSIC Plan provides
28 the investment necessary to ensure that the public convenience and necessity is served
29 through continued reliable service. Additionally, the TDSIC Plan will modernize aspects of
30 the electric system which will serve to enhance safety and resilience by hardening the
31 system and allowing the grid to react faster and more effectively to severe events.

1 VII. **CONCLUSION**

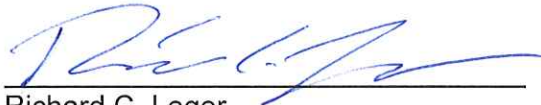
2 Q. **DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

3 A. Yes, at the present time.

VERIFICATION

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

SOUTHERN INDIANA GAS AND ELECTRIC
COMPANY D/B/A CENTERPOINT ENERGY
INDIANA SOUTH



Richard C. Leger
Senior Vice President of Indiana Electric

5/23/2023

Date

FILED
May 24, 2023
INDIANA UTILITY
REGULATORY COMMISSION

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) APPROVAL OF CEI SOUTH’S 5-YEAR PLAN FOR TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS PURSUANT TO IND. CODE CH. 8-1-39 (“TDSIC PLAN”); (2) AUTHORIZATION OF TDSIC TREATMENT AS PROVIDED IN IND. CODE CH. 8-1-39 FOR THE ELECTRIC TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS (AND THE COSTS THEREOF) SET FORTH IN CEI SOUTH’S TDSIC PLAN; (3) APPROVAL OF CEI SOUTH’S USE OF ITS TDSIC RATE ADJUSTMENT MECHANISM AND RELATED ACCOUNTING DEFERRALS, PURSUANT TO IND. CODE 8-1-39, FOR THE TIMELY RECOVERY AND DEFERRAL OF COSTS RELATED TO SUCH TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS (INCLUDING FINANCING COSTS INCURRED DURING CONSTRUCTION); AND (4) APPROVAL OF OTHER RELATED RATEMAKING RELIEF AND TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-39.

CAUSE NO. 45894

VERIFIED PETITION

Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South (“CEI South”) respectfully requests that the Indiana Utility Regulatory Commission (“Commission”): (1) approve CEI South’s 5-year plan for transmission, distribution and storage system improvements pursuant to Ind. Code ch. 8-1-39 (the “TDSIC Plan”); (2) authorize TDSIC treatment as provided in Ind. Code ch. 8-1-39 for the electric transmission, distribution, and storage system improvements (and the costs thereof) set forth in CEI South’s TDSIC Plan; (3) approve the

use of CEI South's TDSIC rate adjustment mechanism for timely recovery of eighty percent (80%) of approved capital expenditures and TDSIC costs of the TDSIC Plan, including financing costs incurred during construction; (4) authorize the deferral of twenty percent (20%) of approved capital expenditures and TDSIC costs of the TDSIC Plan, and interim deferrals of such costs, until such costs are reflected in CEI South's retail rates; (5) grant confidential treatment for certain confidential and proprietary information that may be submitted in this Cause; and (6) grant CEI South such other relief as may be appropriate. In support of this *Verified Petition*, CEI South states the following.

Jurisdiction, Background, and Relief Requested

- 1. CEI South's Corporate, Operational, and Regulated Status.** CEI South is an operating public utility incorporated under the laws of the State of Indiana with its principal office at 211 NW Riverside Drive, Evansville, Indiana. CEI South has 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 previously acquired. CEI South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities that are used and useful for the production, storage, transmission, distribution, and furnishing of electric service to approximately 150,000 electric consumers in Pike, Gibson, Dubois, Posey, Vanderburgh, Warrick and Spencer counties.
- 2. CEI South's regulated status.** CEI South is a *public utility* and an *energy utility* as those terms are defined in Ind. Code §§ 8-1-2-1 and 8-1-39-4. CEI South is subject to the Commission's jurisdiction 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. CEI South is also subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”).

- 3. CEI South’s TDSIC Plan.** CEI South’s TDSIC Plan comprises seven programs of individual projects that are eligible transmission, distribution, and storage system improvements within the meaning of Ind. Code § 8-1-39-2. The seven programs composing CEI South’s 5-Year TDSIC Plan are: (1) Distribution 12kV Circuit Rebuilds, (2) Distribution Underground Rebuilds, (3) Distribution Automation, (4) Wood Pole Replacements, (5) Transmission Line Rebuilds, (6) Substation Rebuilds, and (7) Substation Physical Security Upgrades. The purposes of these programs are to replace aging infrastructure, to implement new or upgraded technology to reduce unplanned outages, to prevent degradation of service for CEI South’s customers, and to preserve and further enhance system safety, reliability, and resiliency to customers. The proposed TDSIC Plan and the estimated costs of the eligible improvements within the TDSIC Plan are described in greater detail in CEI South’s case-in-chief evidence and shown on Petitioner’s Exhibit No. 2, Attachment SRR-1 (CONFIDENTIAL).
- 4. CEI South’s TDSIC rate adjustment mechanism.** CEI South requests approval under Ind. Code ch. 8-1-39 of timely recovery through Petitioner’s TDSIC rate adjustment mechanism of eighty percent (80%) of the approved capital expenditures and TDSIC costs of the TDSIC Plan, including financing costs incurred during construction (allowance for funds used during construction or “AFUDC”), post-in-service carrying costs (“PISCC”), projected and annualized property tax and depreciation expense and amortization of deferred depreciation expense, plan development cost, and PISCC. The Commission approved Petitioner’s TDSIC rate adjustment mechanism on September 20, 2017 in Cause

No. 44910 for the timely and periodic recovery of 80% of Petitioner's approved capital expenditures and TDSIC costs. CEI South's TDSIC rate adjustment mechanism is structured to provide periodic recovery of costs associated with the TDSIC Plan, including capital, depreciation, tax, and financing costs as allowed by Ind. Code Ch. 8-1-39. Petitioner proposes that the TDSIC rate adjustment mechanism continue to be updated every six (6) months.

5. Relief Requested in this Proceeding. CEI South respectfully requests that the Commission:

- A.** make a finding that the investments contained in the 2024 – 2028 TDSIC Plan are “eligible transmission, distribution, and storage system improvements” within the meaning of Ind. Code § 8-1-39-2;
- B.** make a finding of the best estimate of the cost of the eligible improvements included in CEI South's TDSIC Plan;
- C.** find that public convenience and necessity require or will require the eligible improvements included in CEI South's TDSIC Plan;
- D.** find that the estimated costs of the eligible improvements included in CEI South's TDSIC Plan are justified by incremental benefits attributable to the plan;
- E.** find that CEI South's TDSIC Plan is reasonable;
- F.** approve CEI South's TDSIC Plan;
- G.** authorize CEI South to utilize TDSIC treatment for the eligible transmission, distribution, and storage improvements included in the plan, through CEI South's existing TDSIC rate adjustment mechanism, which was approved in the Commission's September 20, 2017, Order in Cause No. 44910, summarized above;

- H. authorize CEI South to timely recover of 80% of the approved capital expenditures and TDSIC costs of CEI South's TDSIC Plan, including allowance for funds used during construction ("AFUDC"), post-in-service carrying costs ("PISCC"), projected and annualized property tax and depreciation expense, and amortization of deferred depreciation expense, plan development costs, and PISCC through its TDSIC rate adjustment mechanism;
 - I. authorize CEI South to defer of 20% of approved capital expenditures and TDSIC costs of CEI South's TDSIC Plan, including depreciation, AFUDC, and PISCC for recovery as part of its next two general rate cases;
 - J. authorize CEI South to utilize interim deferrals related to the recovery of 80% of approved capital expenditures and TDSIC costs of CEI South's TDSIC Plan, which will be recovered via the TDSIC rate adjustment mechanism, until such costs are reflected in rates via the TDSIC rate adjustment mechanism or in base rates.
6. **Approval of Other Related Ratemaking Relief.** CEI South is proposing no immediate changes to the rate design approved in Cause No. 44910 in this proceeding. As discussed in Witness Rice's Direct Testimony, Petitioner's Exhibit No. 7, CEI South proposes that the TDSIC Plan costs be allocated based on the percentages set forth in the Cause No. 44910 Settlement until such time as new allocation factors are approved in CEI South's next general rate case. Upon issuance of an Order in that general rate case, CEI South intends to use the customer class revenue allocation factors based on firm load approved therein to allocate TDSIC Plan costs as required under Ind. Code § 8-1-39-9. CEI South also requests authority under Ind. Code § 8-1-39-13 to adjust its authorized return for

purposes of Ind. Code §§ 8-1-2-42(d)(3) or 8-1-2-42(g)(3) to reflect incremental earnings from its approved TDSIC.

7. **Confidential Treatment.** CEI South anticipates that certain evidence that may be submitted in connection with this proceeding may contain confidential and proprietary information and may therefore constitute a trade secret, exempt from public disclosure under Indiana law. As necessary, CEI South will detail the information for which it seeks confidential treatment in a motion for protective order.
8. **Governing Statutes.** CEI South considers the provisions of the Public Service Commission Act, as amended from time to time, to be applicable to this proceeding, specifically Ind. Code Chapter 8-1-39, as well as Indiana Code §§ 8-1-2-29 and 5-14-3-4.
9. **Procedural Matters.** To facilitate CEI South's ability to proceed with the TDSIC Plan in a timely manner, CEI South requests the Commission approve a procedural schedule agreed to by CEI South and the Indiana Office of Utility Consumer Counselor ("OUCC") and dispense with conducting a prehearing conference. The agreed upon schedule is as follows:

Date	Event
May 24, 2023	CEI South's Case-in-Chief
August 16, 2023	OUCC/Intervenors File Cases-in-Chief
August 29, 2023	CEI South's Rebuttal Testimony
September 18-19, 2023	Hearing
October 2, 2023	Proposed Order
October 12, 2023	OUCC/Intervenors Exceptions
October 19, 2023	CEI South's Reply

Discovery will be conducted on an informal basis with responses due within ten (10) calendar days until OUCC/Intervenors file their cases-in-chief. Thereafter, responses will be due within five (5) business days. Discovery requests served after noon (Eastern) on

Friday or the day preceding a legal holiday will be deemed served the following business day.

- 10. CEI South's Counsel.** CEI South's duly authorized representatives to whom all correspondence and communications in this Cause should be sent are:

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WHEREFORE, CEI South respectfully requests that the Commission make such investigation and hold such hearings as are necessary or advisable and thereafter issue an order in this Cause:

- (1) approving CEI South's 5-year TDSIC Plan;
- (2) authorizing TDSIC treatment under Ind. Code Ch. 8-1-39 for the transmission, distribution and storage system improvements included in the TDSIC Plan;
- (3) approving CEI South's timely recovery through its TDSIC rate adjustment mechanism of eighty percent (80%) of approved capital expenditures and TDSIC costs for the TDSIC Plan, including financing costs incurred during construction;
- (4) authorizing the deferral of twenty percent (20%) of the approved capital expenditures and TDSIC costs for the TDSIC Plan, and interim deferrals of such costs, until such costs are reflected in CEI South's retail rates;

(5) approving other related ratemaking relief and tariff proposals;

(6) granting confidential treatment for certain confidential and proprietary information that may be submitted in this Cause; and

(7) granting CEI South such other relief as may be appropriate.

(signature page follows)

Respectfully submitted,
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
D/B/A CENTERPOINT ENERGY INDIANA SOUTH

Hillary J. Close

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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

A handwritten signature in blue ink, appearing to read 'R. C. Leger', is written over a horizontal line.

Richard C. Leger
Senior Vice President – Indiana Electric

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Verified Petition of Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South, has been served by electronic mail transmission this 24th day of May, 2023, addressed to:

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Matthew Kappus, Deputy Consumer Counselor
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Hillary J. Close

**Southern Indiana Gas and Electric Company
d/b/a CenterPoint Energy Indiana South
2024-2028 TDSIC Plan**

Index of Issues, Requests, and Supporting Witnesses¹

Subject	Description	Supporting Witness
2024-2028 TDSIC Plan (the "TDSIC Plan")	<ul style="list-style-type: none"> • Overview of 2024-2028 TDSIC Plan and Case-in-Chief • Presentation of 5-Year Plan • Explanation of how TDSIC Plan was developed • Description of Components of TDSIC Plan • Description of Benefits of TDSIC Plan 	<ul style="list-style-type: none"> • Leger (No. 1) (overview, introduction of witnesses, benefits of TDSIC Plan). • Rawlinson (No. 2) (sponsors TDSIC Plan, describes development of plan, components and benefits). • De Stigter (No. 3) (plan development, incremental benefits) • Thibodeau (No. 4) (economic impact) • Freeman (No. 5) (physical security TDSIC Plan additions).
"Eligible Improvements"	<ul style="list-style-type: none"> • Description of Programs and Projects in the TDSIC Plan undertaken for the purpose of safety, reliability, or system modernization • Not included in CEI South's rate base in its most recent general rate case. 	<ul style="list-style-type: none"> • Leger (No. 1) (overview). • Rawlinson (No. 2) (program and project descriptions). • Freeman (No. 5) (physical security program and projects)

¹ 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	Description	Supporting Witness
Cost Estimates	<ul style="list-style-type: none"> • Best estimate of the cost of the eligible improvements in the TDSIC Plan • Analysis of whether estimated costs of the eligible improvements are justified by incremental benefits attributable to the TDSIC Plan 	<ul style="list-style-type: none"> • Rawlinson (No. 2) (best estimate of cost of eligible improvements and cost is justified by incremental benefits arising from TDSIC Plan) • De Stigter (No. 3) (analysis of estimated costs of eligible improvements compared to incremental benefits of TDSIC Plan)
Public Convenience and Necessity; Reasonableness of TDSIC Plan	<ul style="list-style-type: none"> • Public convenience and necessity require or will require the TDSIC Plan • TDSIC Plan includes eligible improvements required to maintain or enhance system reliability, resilience, safety, quality of service 	<ul style="list-style-type: none"> • Leger (No. 1) (overview) • Rawlinson (No. 2) (reliability, resilience, safety, modernization) • De Stigter (No. 3) (benefits) • Thibodeau (No. 4) (economic impact) • Freeman (No. 5) (physical security)
Plan Updates	<ul style="list-style-type: none"> • Description of need for flexibility in the TDSIC Plan • Description of updates within semi-annual filings for actual costs, Plan updates, including updates to best estimate of costs and movement of projects between plan years or in or out of the TDSIC Plan 	<ul style="list-style-type: none"> • Rawlinson (No. 2) (annual updates and semi-annual tracker filings)
TDSIC Recovery of Approved Costs	<ul style="list-style-type: none"> • Presentation of TDSIC revenue requirement • 2% Cap • Presentation of illustrative TDSIC schedules • Proposed allocation • Proposed Tariff • EADIT credits • Estimated Customer Bill Impacts 	<ul style="list-style-type: none"> • Behme (No. 6) (revenue requirement, 2% cap analysis, illustrative schedules) • Rice (No. 7) (TDSIC tracker filing, allocation, tariff, EADIT credits, estimated customer bill impacts).
Accounting Treatment	<ul style="list-style-type: none"> • Recovery of 80% of approved capital expenditure and TDSIC costs via TDSIC rate adjustment mechanism, including costs associated with (a) capital investment in eligible projects, both completed and under construction, (b) financing costs on projects under construction, (c) post-in-service carrying costs (“PISCC”), (d) projected and annualized property tax and depreciation expense, (e) amortization of deferred depreciation expense, planning development expense, and PISCC • Deferral of 20% of approved capital expenditures and 	<ul style="list-style-type: none"> • Behme (No. 6) (accounting treatment)

Subject	Description	Supporting Witness
	<p>TDSIC costs, for subsequent recovery in a base rate case, including costs associated with (a) capital investment in eligible projects, both completed and under construction, (b) financing costs on projects under construction, (c) post-in-service carrying costs ("PISCC"), (d) projected and annualized property tax and depreciation expense, (e) amortization of deferred depreciation expense, planning development expense, and PISCC</p> <ul style="list-style-type: none">• Interim depreciation and PISCC deferrals and subsequent recovery of deferred amounts via rate adjustment mechanism	

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