

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA GAS AND)
ELECTRIC COMPANY D/B/A CENTERPOINT ENERGY)
INDIANA SOUTH ("CEI SOUTH") FOR (1) AUTHORITY)
TO MODIFY ITS RATES AND CHARGES FOR ELECTRIC)
UTILITY SERVICE THROUGH A PHASE-IN OF RATES,)
(2) APPROVAL OF NEW SCHEDULES OF RATES AND)
CHARGES, AND NEW AND REVISED RIDERS,)
INCLUDING BUT NOT LIMITED TO A NEW TAX)
ADJUSTMENT RIDER AND A NEW GREEN POWER)
RIDER (3) APPROVAL OF A CRITICAL PEAK PRICING)
("CPP") PILOT PROGRAM, (4) APPROVAL OF REVISED)
DEPRECIATION RATES APPLICABLE TO ELECTRIC)
AND COMMON PLANT IN SERVICE, (5) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING)
RELIEF, INCLUDING AUTHORITY TO CAPITALIZE AS)
RATE BASE ALL CLOUD COMPUTING COSTS AND)
DEFER TO A REGULATORY ASSET AMOUNTS NOT)
ALREADY INCLUDED IN BASE RATES THAT ARE)
INCURRED FOR THIRD-PARTY CLOUD COMPUTING)
ARRANGEMENTS, AND (6) APPROVAL OF AN)
ALTERNATIVE REGULATORY PLAN GRANTING CEI)
SOUTH A WAIVER FROM 170 IAC 4-1-16(f) TO ALLOW)
FOR REMOTE DISCONNECTION FOR NON-PAYMENT)

OFFICIAL
EXHIBITS

CAUSE NO. 45990

IURC
PUBLIC'S
EXHIBIT NO. 9-5
9-10-24 DATE REPORTER LR

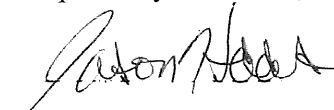
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 9-S

PUBLIC REDACTED SETTLEMENT TESTIMONY OF OUCC WITNESS GREGORY
L. KRIEGER

July 19, 2024

Respectfully submitted,



T. Jason Haas
Deputy Consumer Counselor
Attorney No. 34983-29

Confidential Information indicated by [REDACTED]

1 **SETTLEMENT TESTIMONY OF OUCC WITNESS GREGORY L. KRIEGER**

2 **CAUSE NO. 45990**

3 **SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A**

4 **CENTERPOINT ENERGY INDIANA SOUTH**

5
6 **I. INTRODUCTION**

7 **Q: Please state your name and business address.**

8 A: My name is Gregory L. Krieger, and my business address is 115 West Washington
9 Street, Suite 1500 South, Indianapolis, Indiana 46204. I am a Utility Analyst in the
10 Electric Division for the Indiana Office of Utility Consumer Counselor ("OUCC").

11 **Q: Are you the same Gregory Krieger who earlier filed direct testimony in this**
12 **proceeding?**

13 A: Yes.

14 **Q: What is the purpose of your testimony?**

15 A: The purpose of my settlement testimony is to address issues and concerns with the
16 Stipulation and Settlement Agreement ("Settlement Agreement") among Southern
17 Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South
18 ("Petitioner," "CEI South," or "Company"), SABIC Innovative Plastics Mt.
19 Vernon, LLC, and the CEI South Industrial Group.¹ Further, because the Settlement
20 Agreement does not address Petitioner's capitalization of maintenance, I also
21 discuss issues and concerns with Petitioner's rebuttal testimony. My testimony
22 explains why CEI South's request for certain capital investment to be included in
23 rate base remains unreasonable, notwithstanding adjustments made in rebuttal and
24 the proposed settlement. I discuss why maintenance costs should not be capitalized

¹ For purposes of this proceeding, the CEI Industrial Group includes Consolidated Grain and Barge, CountryMark Refining and Logistics, LLC, Marathon Petroleum Company, and Toyota Motor Manufacturing of Indiana, Inc.

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1 and why CEI South's proposed position continues to be unacceptable. Ultimately,
2 I continue to recommend a \$150.9 million reduction of capital investment in Steam
3 Production Plant that CEI South proposes to include in rate base. I also recommend
4 a complete audit review to ensure Petitioner's capitalization of maintenance was
5 not more prevalent than Petitioner presented, as well as ongoing audits and a refund
6 of excess earnings garnered by CEI South through this practice. The impact of this
7 recommendation also reduces annual depreciation and the annual revenue
8 requirement.

9 **Q: Has anything in the Settlement Agreement, the settlement testimony or CEI**
10 **South's rebuttal testimony changed the positions or the recommendations you**
11 **testified to in your direct testimony?**

12 **A;** No. My recommendation remains to exclude \$150.9 million of capital from CEI
13 South's proposed rate base.² After rebuttal testimony was submitted, additional
14 information was provided through responses by CEI South to the Indiana Utility
15 Regulatory Commission's ("Commission") docket entry dated April 29, 2024
16 ("Docket Entry") and to OUCC data requests. However, this additional information
17 on the improper capitalization of expenses was not addressed in the Settlement
18 Agreement. Based on this additional information, the OUCC is also requesting
19 further remedies.

20 **Q: If you do not address a specific topic, issue, or item in your testimony, should**
21 **it be construed to mean you agree with CEI South's proposals?**

22 **A:** No. My silence on any issue should not be construed as an endorsement. Also, my

² Krieger corrected testimony: \$104.7 million of replacement, refurbishment, and valve projects, plus
<CONFIDENTIAL [REDACTED] (\$104.7+ [REDACTED] \$150.9) CONFIDENTIAL > filed March 12, 2024
(corrected April 25, 2024).

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1 silence in response to any actions or adjustments stated or implied by Petitioner
2 should not be construed as an endorsement.

3 **Q: Is it important for the Commission to know your silence on any matter does**
4 **not equate to agreement or endorsement?**

5 A: Yes. This is important in all proceedings but takes heightened importance in this
6 docket as the OUCC is not a settling party. The Settlement Agreement in this Cause
7 states that all disputed items not expressly delineated in the agreement shall remain
8 as proposed in CEI South's case-in-chief, as modified by Petitioner's rebuttal
9 position where applicable.³ Therefore, I address rebuttal testimony as well.

10 **II. CAPITALIZED MAINTENANCE**

11 **Q: Has CEI South capitalized costs that are maintenance expenses and included**
12 **these in rate base?**

13 A: Yes. In responding to OUCC data requests⁴ and the Commission's Docket Entry,
14 CEI South confirmed that Petitioner has capitalized component items of multiple
15 retirement units over a period of 11 years. This improper capitalization merits
16 Commission scrutiny in this Cause. It also merits future audits following this
17 Cause's conclusion, with the costs of those audits not to be borne by customers.

18 **Q: Please explain the issue with capitalizing maintenance.**

19 A: Maintenance is necessary to keep used and useful plant assets in good working
20 order. When a service, repair, or replacement is not a betterment or improvement,
21 the maintenance cost should not be capitalized. If the maintenance is simply
22 sustaining a plant asset in good working condition, returning a plant asset to a safe
23 and reasonable level of operation, or is a component of a retirement unit, the

³ Cause No. 45990, Joint Stipulation and Settlement Agreement, p. 22.

⁴ Attachment GLK-2-S: CEI South's Responses to OUCC DR Questions 49.1 and 49.2.

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1 maintenance cost is to be expensed. The utility is entitled to recover those costs, at
2 cost. These types of expenses should not be marked up and added to rate base, so
3 that a utility is earning a return on its maintenance costs. Capitalizing maintenance
4 costs harms consumers by inflating rate base and unduly increasing utility profits.

5 **Q: How much maintenance has CEI South capitalized and added to rate base in**
6 **this case?**

7 A: The total amount added to Petitioner's rate base remains unclear, but CEI South has
8 confirmed at least \$2.3 million was spent in 21 projects, many of which are valve
9 or replacement projects that were capitalized and included in the Company's
10 requested rate base.⁵

11 **Q: Why is the amount of capitalized maintenance added to rate base unclear?**

12 A: CEI South's data request and docket entry responses regarding replacement
13 projects do not identify retirement units replaced or substantial betterment projects.
14 This makes it unclear if the projects should be capitalized.

15 When a property unit minor item is replaced independently of a retirement
16 unit of which it is a part, the cost of replacement is to be charged to a maintenance
17 account unless the replacement effects a substantial betterment. Valves are
18 identified in CEI South's Property Unit Catalog as "Property Unit Minor Items,"
19 however, the evidence shows there was a longstanding practice of capitalization of
20 valves.⁶ This raises the concern that other replacement projects may not be properly
21 expensed as maintenance.

22 **Q: Do CEI South's policies and procedures prescribe this accounting treatment?**

⁵ Attachment GLK-1-S: CEI South's Response to Docket Entry of April 29, 2024.

⁶ Attachment GLK-1-S: CEI South's Response to Docket Entry of April 29, 2024.

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1 A: No. While CEI South's written policies and procedures are consistent with FERC's
2 Uniform System of Accounts ("USoA") guidance, maintenance was improperly
3 capitalized over at least 11 years.⁷ Petitioner admittedly did not properly implement
4 these policies and procedures.

5 **Q: Has CEI South identified the reason for these policy inconsistencies ?**

6 A: Not sufficiently. In response to OUCC Data Requests 49.1 and 49.2, CEI South
7 stated Petitioner has completed its review and was unable to determine the rationale
8 for capitalizing the maintenance projects because "specific communications
9 relating to the projects identified were not available."⁸ As a result, CEI South made
10 no findings.

11 **Q: Were the improperly capitalized items limited to a specific station or location,**
12 **or were they limited to valve replacements alone?**

13 A: No, they were not. Improper capitalization occurred both at the F.B. Culley and
14 A.B. Brown Generating Plants and included different items such as expansion joint
15 replacements, a conveyor belt, relays, and other replacements.

16 **Q: Is it significant that this improper capitalization occurred over multiple years**
17 **at two known locations, and included more than valves?**

18 A: Yes. First, CEI South is not entitled to recover from ratepayers the weighted
19 average cost of capital ("WACC") on operations and maintenance expense.
20 Secondly, valves are explicitly categorized in CEI South's own Property Unit
21 Catalog as Property Unit Minor Items.⁹ Capitalizing valve replacements is an
22 egregious violation of the utility's policy when it occurs for 11 years. Given the

⁷ *Id.*

⁸ Attachment GLK-2-S: CEI South Responses to DR Questions 49.1 and 49.2.

⁹ CEI South Petitioner's Exhibit No. 22-R, Attachment JAC-R1; Vectren Corporation Property Unit Catalog. Valves are listed 62 times as Property Unit Minor Items, first listed on page 11 of 311.

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1 nature of this information, there is a presumption that this is a long-standing issue.

2 **Q: Does this raise additional concerns about rate base?**

3 A: Yes. CEI South has shown a longstanding disregard for proper treatment of rate
4 base by capitalizing expense items. Another example of Petitioner's deficient
5 capitalization procedures is its failure to issue a Property Unit Catalog for solar
6 generation assets, although CEI South has owned and operated solar generating
7 facilities since 2018. Without a solar property unit catalog, personnel cannot be
8 expected to properly categorize necessary repairs; therefore, it is unknown whether
9 maintenance costs associated with these facilities are also being improperly
10 capitalized and added to rate base.

11 CEI South has acknowledged additional occurrences of valve capitalization
12 not currently included in rate base because the assets were retired in 2023.¹⁰
13 Consumers may have improperly paid WACC on those maintenance items in
14 current rates.

15 Because CEI South's retention policies failed to preserve the rationale for
16 capitalizing valves, the information CEI South provided in this docket casts doubt
17 on whether Petitioner can support—indeed, whether it has supported—\$104.7
18 million in replacement projects as 100% capitalizable.¹¹

19 A pattern of incorrect categorization of capitalized maintenance over a
20 period of many years has been demonstrated in this Cause. The evidence in this
21 case demonstrates the lack of justification for these decisions. This pattern of

¹⁰ Attachment GLK-2-S: CEI South Responses to DR Questions 49.1 and 49.2.

¹¹ Krieger Corrected testimony, p. 10, ll. 9 – 18; \$95.9 million of replacement projects +\$7.6 million on refurbishment projects + \$1.2 million in valves = \$104.7 million.

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1 incorrect applications justifies a presumption that this was always done this way. It
2 is Petitioner's burden to justify each and every choice to capitalize an expenditure.
3 The OUCC has raised questions regarding these expenses, and CEI South no longer
4 has the presumption that these expenses were prudent.¹² Without such
5 substantiation, the presumption should favor the ratepayer due to the affordability
6 pillar discussed in OUCC witness Eckert's testimony in this Cause.

7 **III. RECOMMENDATIONS**

8 **Q: Has the OUCC's position changed from its original recommendation to**
9 **exclude specific capital investment items from CEI South's rate base?**

10 **A:** No. The OUCC continues to recommend the Commission:

- 11 1. Deny CEI South the ability to earn a return on \$104.7 million of
12 replacement, refurbishment, and valve projects;¹³
13 2. Exclude < CONFIDENTIAL [REDACTED] CONFIDENTIAL > million in rate
14 base for F.B. Culley 3 major projects and natural gas conversion until the
15 projects are approved by the Commission;¹⁴
16 3. Deny CEI South's request to include < CONFIDENTIAL [REDACTED]
17 CONFIDENTIAL > million in rate base for the replacement of a coal silo
18 failure, as described in my original testimony.¹⁵

19 **Q: Do you request additional specific remedies given the potential negative effect**
20 **capitalizing maintenance would have on ratepayers?**

¹² *Petition of N. Ind. Pub. Serv. Co.*, Cause No. 38706 FAC 142, Order at 26 (Ind. Util. Regul. Comm'n Apr. 30, 2024).

¹³ Krieger Corrected testimony; 45990 OUCC CONFIDENTIAL Workpaper GLK-01 Notable Capital Projects.xlsx, tabs: ReplacementPivotLT5M, RefurbLT5M, and Valves; replacements (\$95.9M) + refurbishments (\$7.6M) + valves (\$1.2M) = \$104.7 million.

¹⁴ Krieger Corrected testimony, p. 14 ll. 3 – 10.

¹⁵ Krieger Corrected testimony, p. 13, ll. 18-21.

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1 A: Yes. I request the Commission order two types of audits. The first is a complete
2 historical audit. Ratepayers and the Commission should be assured capitalization
3 of maintenance expense has been discontinued. Ultimately, ratepayers should
4 receive a refund of any excess earnings from improper historical capitalization after
5 a complete audit of CEI South's capitalization practices. I recommend the
6 Commission order the audit review and refund calculations be performed by an
7 external, independent audit accounting firm well versed in regulatory accounting
8 that is unaffiliated with either CEI South or its parent company. Because CEI South
9 has acknowledged capitalizing maintenance in its 2011 rate case's rate base,¹⁶ the
10 costs of the requested audit and refund calculations should be borne solely by CEI
11 South and its shareholders. Shareholders have benefited from this practice for at
12 least 13 years.

13 Further, until its next rate case, I recommend the Commission also order
14 CEI South to be subject to routine audits performed by a reputable accounting firm
15 to ensure this practice is discontinued. The Commission should decide the
16 frequency of the audits, which should be filed with the Commission and provided
17 to all parties; I recommend the audits be done no less than annually. The cost of
18 these audits should also be borne by CEI South and its shareholders.

19 **Q: Does this conclude your testimony?**

20 A: Yes.

¹⁶ Attachment GLK-1-S: CEI South's Response to Docket Entry of April 29, 2024; CEI South's Docket Entry Response in the Q1 Property unit review includes 2009, 2010, and 2011 valves and other maintenance items. These items have earned a return since 2011.

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APPENDIX A

Q: Summarize your professional background and experience.

A: I have a Bachelor of Science in Industrial Engineering from Purdue University. After graduating Purdue, I was a Manufacturing Project Engineer, Manufacturing Quality Manager and Capital Investment Manager while I earned my Masters in Business Administration from IU's Kelley School of Business. I then worked over 20 years with Technicolor (f.k.a. Thomson S.A.) in the areas of Operations, Finance, Marketing and Sales. After completing my MBA, I was a start-up Plant Controller then a Project and Program Manager in Finance, Operations and Supply Chain. Ultimately at Technicolor, I was General Manager of Sales, Operations and Finance where I led three successive re-organization Programs: Latin America Sales and Distribution, Audio-Video-Accessories Division Operations and Corporate Finance. Post Technicolor, I worked eight years at Cummins in the areas of Business Development, Sales Functional Excellence, Strategy and Pricing. I have been with the OUCC since October of 2022.

Q: Describe some of your duties and training at the OUCC.

A: I review and analyze utilities' requests and file recommendations on behalf of the OUCC in utility proceedings. My current focus is Engineering Project Management and Engineering Cost Analysis. I have completed Michigan State University's Institute of Public Utilities (IPU) Advanced Cost Allocation and Rate Design Course, EUCI's Seminar in Electric Cost of Service, NARUC's Regulatory Training for Fundamentals of Utility Law, and University of Wisconsin's Regional Transmission Organization Fundamentals. Most recently, I completed NARUC

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1 Staff Subcommittee on Accounting and Finance Depreciation Training:

2 Fundamental Concepts and Current Issues.

3 Q: **Have you previously provided testimony to the Commission?**

4 A: Yes.

**STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION**

VERIFIED PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A CENTERPOINT ENERGY INDIANA SOUTH (“CEI SOUTH”) FOR (1) AUTHORITY TO MODIFY ITS RATES AND CHARGES FOR ELECTRIC UTILITY SERVICE THROUGH A PHASE-IN OF RATES, (2) APPROVAL OF NEW SCHEDULES OF RATES AND CHARGES, AND NEW AND REVISED RIDERS, INCLUDING BUT NOT LIMITED TO A NEW TAX ADJUSTMENT RIDER AND A NEW GREEN POWER RIDER (3) APPROVAL OF A CRITICAL PEAK PRICING (“CPP”) PILOT PROGRAM, (4) APPROVAL OF REVISED DEPRECIATION RATES APPLICABLE TO ELECTRIC AND COMMON PLANT IN SERVICE, (5) APPROVAL OF NECESSARY AND APPROPRIATE ACCOUNTING RELIEF, INCLUDING AUTHORITY TO CAPITALIZE AS RATE BASE ALL CLOUD COMPUTING COSTS AND DEFER TO A REGULATORY ASSET AMOUNTS NOT ALREADY INCLUDED IN BASE RATES THAT ARE INCURRED FOR THIRD-PARTY CLOUD COMPUTING ARRANGEMENTS, AND (6) APPROVAL OF AN ALTERNATIVE REGULATORY PLAN GRANTING CEI SOUTH A WAIVER FROM 170 IAC 4-1-16(f) TO ALLOW FOR REMOTE DISCONNECTION FOR NON-PAYMENT.

CAUSE NO. 45990

**CENTERPOINT ENERGY INDIANA SOUTH’S
RESPONSE TO INDIANA UTILITY REGULATORY COMMISSION’S DOCKET ENTRY
DATED APRIL 29, 2024**

In response to the Indiana Utility Regulatory Commission’s (“Commission”) April 29, 2024

Docket Entry, Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South

(“CEI South”) submits the following additional information:

1. Mr. Cunningham discusses the difference between a retirement unit and a component part of a retirement unit at pages 5-6 of his rebuttal testimony. Please identify any units, and their associated cost, relevant to the rate base at issue in this Cause that are a component part of a retirement unit pursuant to the catalogue provided as Attachment JAC-R1.

Response: In response to this Question, Mr. Cunningham reviewed Worksheet PS Projects from 2009 set forth in Workpaper FSB-1 (Confidential). Of the 1139 projects within the 12,161 lines of expenditures set forth therein from 2009 to present, he has identified 21 individual

listings that would be in test year end rate base in this case that may be component parts of retirement units. These listings are identified in Attachment “45990 4.29 Docket Entry Q1 – Property Unit Review.xlsx”. Petitioner is continuing to investigate the rationale for capitalizing the projects listed therein.

2. What information is missing in Petitioner’s active CCAs that prevents capitalization per GAAP where it would otherwise be included?

Response: In certain active CCAs, CEI South has found that the breakdown of vital components like license, hosting, software, maintenance, etc. are not always separated for the purposes of the arrangement. When charges like those are combined within the arrangement, it makes it difficult to apply the FASB ASC guidance when determining which amounts to capitalize and which amounts to expense. This can ultimately lead to expensing more than what should truly be expensed. The breakdown of these components is more discernable when vendors are selling on-premise solutions, but is not as distinct with CCAs.

3. What specific CCAs does Petitioner intend to enter into after the test year?

Response: As previously described in the direct testimony of CEI South’s witness Ron Bahr, cloud computing arrangements (“CCAs”) include Infrastructure as a Service (“IaaS”) and Software as a Service (“SaaS”) cloud services. IaaS delivers on-demand infrastructure resources to organizations via the cloud, while SaaS provide ready-to-use software applications via the cloud. After the test year, CEI South will primarily renew existing CCAs as well as evaluate SAP for the SAP S/4HANA Transformation Program described in Mr. Bahr’s testimony. The most significant CCAs for SaaS and IaaS are the following: SAP (core business system), Microsoft (enterprise collaboration/productivity systems like enterprise Office 365, Azure), Blackline (Finance/Accounting), Service Now (enterprise service delivery), One Source (Finance/Tax). This list could change as CCAs will be evaluated based on the cloud-based technology benefits of security, reliability, flexibility and business value for CEI South and its customers.

4. Regarding the recommendation by OUCC witness Armstrong that the Commission disallow certain land acquisitions to be included in rate base, please provide all journal entries Petitioner has booked related to the properties in question, including any entries made to write down their value for the removal of any structures. Please also specify the dollar amount Petitioner has included in rate base for each of these properties.

Response: Please see Attachment “45990 4.29 Docket Entry Q4 - Land Activity Journal Entries.xlsx”, which summarizes the land acquisition by project and associated journal entries. Also noted in the attachment, the land acquisitions in question are not included in rate base totals.

5. In response to the OUCC’s DR27 (Q27.05), Petitioner gives STI forecasted amounts for CEI South (Gas & Electric) and Long-Term Incentive amounts for CEI South Electric. Please confirm and submit these amounts for only CEI South Electric for both 2024 and 2025.

Response: The CEI South Electric only portion of Short-Term Incentive (STI) and Long-Term Incentive (LTI) in the 2024 budget and 2025 forecast for expense is:

	<u>2024</u>	<u>2025</u>
STI Direct	\$1,166,761	\$1,200,037
STI Allocated	\$1,136,876	\$1,279,749
LTI Direct	\$484,381	\$0

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Attachment GLK-1-S
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45990 4.29 Docket Entry Q1
Property Unit Review
1 of 1

Property Unit	Property Unit Minor Item	Final Order	first_cpr_month	Location	work_order_description	Depr Group	Total	Cost of Removal	Asset Total	Depreciation Rate	Months	Depreciation	NBV at 12/31/2025
Auxiliary Steam Piping	Pipe, Fittings, Valves, Tr	13100703	9/1/2018	PS - F.B Culley Generating Plant	FBC Misc Valves 2018	01-312.11 Culley Boiler Plant Equip	\$ 28,995.20	\$ 2,404.85	\$ 26,590.35	5.00%	87	\$ 9,639.00	\$ 16,951.35
Auxiliary Steam Piping	Pipe, Fittings, Valves, Tr	13100707	9/1/2019	PS - F.B Culley Generating Plant	FBC Misc Valves 2019	01-312.11 Culley Boiler Plant Equip	\$ 36,293.24	\$ 1,117.59	\$ 35,175.65	5.00%	75	\$ 10,992.39	\$ 24,183.26
Auxiliary Steam Piping	Pipe, Fittings, Valves, Tr	16423001004011	11/1/2016	PS - F.B Culley Generating Plant	FBC Misc Valve Replace 2016	01-312.1 Culley-Boiler Plant Equipm	\$ 74,809.86	\$ 2,951.63	\$ 71,858.23	3.70%	109	\$ 24,150.35	\$ 47,707.88
Auxiliary Steam Piping	Pipe, Fittings, Valves, Tr	17423001004015	11/1/2017	PS - F.B Culley Generating Plant	FBC Misc Valves 2017	01-312.1 Culley-Boiler Plant Equipm	\$ 175,193.07	\$ 8,335.82	\$ 170,857.25	3.70%	97	\$ 51,100.56	\$ 119,756.69
Blowdown, Drain, Drip, & Vent Piping	Piping, Fittings, Valves,	09424001011	8/1/2010	PS - F.B Culley Generating Plant	FBC Misc Valve Installation 09	01-312.1 Culley-Boiler Plant Equipm	\$ 38,260.19	\$ -	\$ 38,260.19	3.70%	184	\$ 21,706.28	\$ 16,553.91
Blowdown, Drain, Drip, & Vent Piping	Piping, Fittings, Valves,	10423001004011	5/1/2011	PS - F.B Culley Generating Plant	FBC Misc. Valve Repl. 2010	01-312.1 Culley-Boiler Plant Equipm	\$ 121,398.68	\$ 15,881.87	\$ 105,516.81	3.70%	175	\$ 56,935.11	\$ 48,581.70
Blowdown, Drain, Drip, & Vent Piping	Piping, Fittings, Valves,	11423001004012	1/1/2012	PS - F.B Culley Generating Plant	FBC Misc. Valve Repl. 2011	01-312.11 Culley Boiler Plant Equip	\$ 208,283.46	\$ 24,139.38	\$ 184,144.08	5.00%	167	\$ 128,133.59	\$ 56,010.49
Blowdown, Drain, Drip, & Vent Piping	Piping, Fittings, Valves,	12424001004012	12/1/2012	PS - F.B Culley Generating Plant	FBC Misc. Valves 2012 R1	01-312.1 Culley-Boiler Plant Equipm	\$ 125,978.79	\$ 15,064.15	\$ 110,914.64	3.70%	156	\$ 53,349.94	\$ 57,564.70
Blowdown, Drain, Drip, & Vent Piping	Piping, Fittings, Valves,	13423001004013	12/1/2014	PS - F.B Culley Generating Plant	BC Misc Valves 2014	01-312.1 Culley-Boiler Plant Equipm	\$ 265,223.93	\$ 38,127.56	\$ 227,096.37	3.70%	132	\$ 92,428.22	\$ 134,668.15
Blowdown, Drain, Drip, & Vent Piping	Piping, Fittings, Valves,	13424001004011	12/1/2013	PS - F.B Culley Generating Plant	FBC Miscellaneous Valves 2013	01-312.1 Culley-Boiler Plant Equipm	\$ 60,893.59	\$ 8,970.12	\$ 51,923.47	3.70%	144	\$ 23,094.02	\$ 28,869.45
Breeching System	Duct, Baffles, Dampers,	12423001004014	11/1/2012	PS - F.B Culley Generating Plant	FBC3 Exp. Joint Replace 2012	01-312.1 Culley-Boiler Plant Equipm	\$ 339,780.58	\$ 66,973.36	\$ 272,807.22	3.70%	157	\$ 132,061.43	\$ 140,745.79
Breeching System	Duct, Baffles, Dampers,	14423001004011	4/1/2014	PS - F.B Culley Generating Plant	FBC3 Expansion Joint Replaceme	01-312.1 Culley-Boiler Plant Equipm	\$ 368,921.34	\$ 120,871.70	\$ 248,049.64	3.70%	140	\$ 107,074.76	\$ 140,974.88
Delivery Conveyor	Belt, Motor, Roller Asse	12424001014012	11/1/2012	PS - F.B Culley Generating Plant	FBC #7 Coal Conveyor Belt 2012	01-312.1 Culley-Boiler Plant Equipm	\$ 93,863.94	\$ 3,796.94	\$ 90,067.00	3.70%	157	\$ 43,599.93	\$ 46,467.07
Main Steam Piping	Valves, Fittings, Piping	(14423001004013	12/1/2015	PS - F.B Culley Generating Plant	FBC Misc Valves 2015	01-312.1 Culley-Boiler Plant Equipm	\$ 232,286.35	\$ 14,693.98	\$ 217,592.37	3.70%	120	\$ 80,509.18	\$ 137,083.19
Regenerative Air Heater	Tubes (plates), Motors,	(13101483	12/1/2019	PS - F.B Culley Generating Plant	FBC3 Pri Steam Coil Replace	01-312.11 Culley Boiler Plant Equip	\$ 125,400.63	\$ -	\$ 125,400.63	5.00%	72	\$ 37,620.19	\$ 87,780.44
Scrubber Recirculating Pumps	Pump	108668782	(blank)	PS - F.B Culley Generating Plant	B absorber recirc pump seal	01-312.2 Culley-SO2 Removal System	\$ 148,718.46	\$ 2,239.43	\$ 146,479.03	4.24%	24	\$ 12,421.42	\$ 134,057.61
Sootblowers	Compressor, Receivers,	07423001020	6/1/2009	PS - F.B Culley Generating Plant	FBC3 SCR SB Air Comp	01-312.4 Culley-NOX Removal System	\$ 2,216.40	\$ -	\$ 2,216.40	5.55%	198	\$ 2,029.67	\$ 186.73
Supervisory Control	Wiring, Instruments, Cor	07431602010	1/1/2010	PS - A.B. Brown Generating Plant	Brown 3 sync check relay	01-345 Accessory Electric Equip	\$ 10,953.45	\$ -	\$ 10,953.45	3.43%	191	\$ 5,979.94	\$ 4,973.51
Supervisory Control	Wiring, Instruments, Cor	07431702010	1/1/2010	PS - A.B. Brown Generating Plant	Brown unit 4 sync check relay	01-345 Accessory Electric Equip	\$ 10,953.45	\$ -	\$ 10,953.45	3.43%	191	\$ 5,979.94	\$ 4,973.51
Transformer - Power	Transformers, Arresters	10431301020011	10/1/2011	PS - A.B. Brown Generating Plant	Brown 3 xfm radiators	01-345 Brown - Accessory Electric Equip	\$ 105,064.00	\$ 5,500.80	\$ 99,563.20	3.43%	170	\$ 48,379.42	\$ 51,183.78
Turbine Protective Valve System	Valves, Fittings, Piping	14432401023011	4/1/2014	PS - F.B Culley Generating Plant	FBC#3 Turbine Bolting	01-314 Culley-Turbo-Generator Units	\$ 153,146.30	\$ 4,142.38	\$ 149,003.92	4.78%	140	\$ 83,094.52	\$ 65,909.40
Grand Total							\$ 2,730,634.91	\$ 335,211.56	\$ 2,395,423.35			\$ 1,030,239.88	\$ 1,365,183.47

Q. 49.1: Please reference CenterPoint’s Response to Indiana Utility Regulatory Commission’s Docket Entry Date April 29, 2024, filed on May 2, 2024, question 1 and attachment “45990 4.29 Docket Entry Q1 – Property Unit Review.xlsx”.

- a) Have the projects listed in the docket entry attachment been confirmed to be component parts of retirement units?
- b) What is the status of the investigation into the rationale for capitalizing the projects listed therein? If the investigation is not completed, when is it anticipated it will be completed? Are there findings or preliminary findings? Please provide any status or findings, preliminary or otherwise.
- c) Has Petitioner determined the rationale for capitalizing the projects listed therein and if so, what was the determined rationale?

Response:

- a) Yes, the projects listed in the docket entry attachment are confirmed component parts of retirement units.
- b) CEI South has completed its further review into the 21-line items. Specific communications relating to the projects identified are not available, and therefore CEI South was unable to determine the rationale for capitalizing the projects listed in 45990 4.29 Docket Entry Q1 – Property Unit Review.xlsx and has no resultant findings.
- c) Please refer to CEI South’s Response to subpart b.

Q. 49.2: Eleven (11) of the twenty-one (21) projects in the Docket Entry response attachment “45990 4.29 Docket Entry Q1 – Property Unit Review.xlsx” were miscellaneous valve(s) related projects based on the work order description, and all 11 occurred at the F.B. Culley Generating Plant over multiple years, from 2010 through 2019. Please respond to the following with respect to information provided in attachment “45990 4.29 Docket Entry Q1 – Property Unit Review.xlsx” and Worksheet PS Projects from 2009 set forth in Workpaper FSB-1 (Confidential).

- a) Please confirm capitalized valves at AB Brown from 2010 through 2013 in “Worksheet PS Projects from 2009” are not a component part of a retirement unit.
- b) Please confirm capitalized valves at AB Brown from 2010 through 2013 in “Worksheet PS Projects from 2009” are not a component part of a retirement unit relevant to the rate base at issue in this Cause.

Response:

- a) The valves capitalized at AB Brown from 2010 through 2013 were component parts of retirement units. Those assets were retired in 2023.
- b) The scope of “45990 4.29 Docket Entry Q1 – Property Unit Review.xlsx” was limited to assets included in rate base. The capitalized valves at AB Brown are not included in the rate base at issue in this Cause.

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.

A handwritten signature in black ink, appearing to read "Gregory L. Krieger", written over a horizontal line.

Gregory L. Krieger

Utility Analyst

Indiana Office of Utility Consumer Counselor

Cause No. 45990

CenterPoint Energy Indiana South

07-19-2024

Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been served upon the following counsel of record in the captioned proceeding by electronic service on July 19, 2024.

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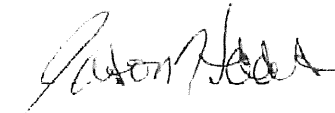
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