

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND)
ELECTRIC COMPANY D/B/A CENTERPOINT)
ENERGY INDIANA SOUTH PURSUANT TO)
INDIANA CODE CH. 8-1-40.5 FOR (1))
AUTHORITY TO (A) ISSUE SECURITIZATION)
BONDS; (B) COLLECT SECURITIZATION)
CHARGES; AND (C) ENCUMBER)
SECURITIZATION PROPERTY WITH A LIEN)
AND SECURITY INTEREST; (2) A)
DETERMINATION OF TOTAL QUALIFIED)
COSTS AND AUTHORIZATION OF RELATED)
ACCOUNTING TREATMENT; (3))
AUTHORIZATION OF ACCOUNTING)
TREATMENT RELATED TO ISSUANCE OF)
SECURITIZATION BONDS AND)
IMPLEMENTATION OF SECURITIZATION)
CHARGES; (4) APPROVAL OF PROPOSED)
TERMS AND STRUCTURE FOR THE)
SECURITIZATION FINANCING; (5) APPROVAL)
OF PROPOSED TARIFFS TO (A) IMPLEMENT)
THE SECURITIZATION CHARGES)
AUTHORIZED BY THE FINANCING ORDER IN)
THIS PROCEEDING, (B) REFLECT A CREDIT)
FOR ACCUMULATED DEFERRED INCOME)
TAXES, AND (C) REFLECT A REDUCTION IN)
PETITIONER'S BASE RATES AND CHARGES TO)
REMOVE ANY QUALIFIED COSTS FROM BASE)
RATES; AND (6) ESTABLISHMENT OF A TRUE-)
UP MECHANISM PURSUANT TO INDIANA)
CODE § 8-1-40.5-12(C).)

IURC *Reliable Energy*
INTERVENOR'S *2*
EXHIBIT NO. *9-7-22*
DATE *9-7-22* REPORTER *df*

CAUSE NO. 45722

OFFICIAL
EXHIBITS

CORRECTED VERIFIED PRE-FILED TESTIMONY OF EMILY S. MEDINE ON BEHALF
OF INTERVENOR, RELIABLE ENERGY, INC.

INTERVENOR REI EXHIBIT NO. 2

AUGUST 3, 2022

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. My name is Emily S. Medine. I am a Principal in the consulting firm of Energy Ventures
3 Analysis, Inc. ("EVA"). My business address is 8045 Leesburg Pike, Suite 200, Vienna,
4 VA 22182.

5 **Q. PLEASE DESCRIBE EVA.**

6 A. EVA is an energy consulting firm formed in 1981 that engages in a variety of projects for
7 private and public sector clients related to energy and environmental issues. EVA also has
8 a subscription business and currently produces about 15 publications, the frequency of
9 which range from weekly to annual. In the energy area, much of our work is related to
10 analysis of the electric utility industry and fuel markets, particularly oil, natural gas, and
11 coal. Our clients include the following: coal, oil, and natural gas producers and traders;
12 electric utilities; industrial energy consumers; gas pipelines; railroads; public agencies,
13 including the U.S. Department of Justice, the U.S. Department of the Interior, and state
14 public utility commissions; intervenors in utility rate proceedings, including consumer
15 counsels and municipalities; and trade and industry associations. EVA has provided
16 testimony in numerous state public utility commissions. Principals in the firm have also
17 filed testimony in a number of cases in both state and federal courts, as well as before the
18 Federal Energy Regulatory Commission ("FERC").

19 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE AND EDUCATIONAL**
20 **BACKGROUND.**

21 A. My education and experience are fully set out in Attachment ESM-1. I have been with
22 EVA since 1987. Prior to EVA, I worked for Consolidation Coal Company (now CONSOL

1 Energy). I received a Bachelor of Arts degree from Clark University in 1976 and a Masters
2 of Public Affairs from the Princeton School of Public and International Affairs in 1978.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

4 A. Yes, I provided testimony in the following cases before the IURC: Cause Nos. 45564,
5 45501, 45159, 45194, 45195, 45196, 38708 FAC 102 S1, 38708 FAC 98, 43976, 43839,
6 and 38708 FAC 87., Cause No. 45501

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

8 A. My testimony is offered on behalf of Reliable Energy, Inc. ("REI"). REI is a trade
9 association incorporated and formed in Indiana in 2020 by representatives of Alliance
10 Resource Partners, LP ("Alliance") and Hallador Energy Company ("Hallador"). REI has
11 dozens of associate members that employ thousands of Hoosiers. Several REI associate
12 members are customers of Southern Indiana Gas and Electric Company, d/b/a CenterPoint
13 Energy Indiana South ("CEI South") that will be impacted by CEI South's requested relief
14 in this proceeding. REI works with numerous energy industry partners and association
15 members to advocate for reliable and affordable energy prices, as well as clean coal
16 technologies that can power Indiana's economy.

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

18 A. The purpose of my testimony is to address the aspects of CEI South's proposal in this
19 proceeding that are not just and reasonable because they create unintended consequences
20 that negatively impact the customer's rates and service. Specifically, I will address:

- 21 1. Securitization of generation assets is a permanent and irrevocable result that is
22 imprudent in a rapidly changing energy market;

1 2. The securitization request is inflated because it makes no adjustment for A.B.
2 Brown operating costs CEI South is recovering through base rates, but not
3 incurring upon the plant's retirement;

4 3. Approval of securitization requires a demonstration that ratepayers will experience
5 savings (under the requirements of I.C. 8-1-40.5-10(b)(2)), yet under this plan, it
6 is not clear that CEI's ratepayers will be better off; and

7 4. There are alternatives that the Commission should consider instead of granting CEI
8 South's requested relief at this time.

9 Based on my observations and experience, I conclude that CEI South's proposal is not just
10 and reasonable.

11 **Q. HAVE YOU REVIEWED THE PETITION AND TESTIMONY OFFERED BY CEI**
12 **SOUTH IN THIS PROCEEDING?**

13 A. Yes.

14 **Q. IN DETERMINING WHETHER CEI SOUTH'S PROPOSAL IS JUST AND**
15 **REASONABLE, HAVE THERE BEEN CHANGES IN THE GLOBAL ECONOMY**
16 **AND ENERGY MARKETS THAT THE COMMISSION SHOULD CONSIDER?**

17 A. Yes. In the near-term, the changes of greatest concern to customers are capacity pricing
18 and supply chain issues. In the longer-term, the changes of concern are related to
19 environmental factors. Securitization of assets is permanent and irrevocable. If CEI South's
20 plans for replacement capacity are delayed due to supply chain problems, it will be forced
21 to rely on the capacity and energy markets to meet customer load requirements.

22 **Q. WHAT IS YOUR CONCERN ABOUT SUPPLY CHAIN ISSUES?**

1 A. Throughout the U.S., utilities are experiencing delays in bringing on new resources as a
2 result of global supply chain problems. Several recent examples include:

- 3 • We Energies announced on June 23, 2022 its plans to extend the operating lives of the
4 four older units at its Oak Creek site. "The decision to postpone the retirement dates
5 for these units is based on two critical factors: tight energy supply conditions in the
6 Midwest power market and supply chain issues that will likely delay the commercial
7 operation of renewable energy projects that are currently moving through the regulatory
8 approval process.¹
- 9 • Omaha Public Power District announced on June 16, 2022 that it is proposing to delay
10 conversion of its North Omaha Station coal units from 2023 to 2026 citing delays in
11 new natural gas balancing stations, new solar projects, and other supply chain
12 challenges.²
- 13 • CEO Nick Akins of American Electric Power addressed supply chain disruptions in an
14 article from Reuters about topics discussed at the 2022 CERAWEEK Energy
15 Conference in Houston.³

16 "Pure and simple, it's the supply chain," said Nick Akins, CEO at American
17 Electric Power Company Inc. "If everyone is doing renewables at the same
18 time, it further exacerbates that issue..." "We're not able to get the
19 inventory we usually have in place because the lead times for equipment
20 has been increased by a factor of 10 – if it took four months, it takes 40 for
21 transformers," said Akins.
22

¹ <https://news.we-energies.com/we-energies-announces-new-timeline-for-oak-creek-plant-retirements/>

² <https://www.oppd.com/news-resources/news-releases/2022/june/oppd-recommends-delaying-transition-of-north-omaha-station/>

³ David Gaffen, *CERAWEEK Power Generation Faces Challenge of Both Transition and Climate Change*, Reuters (March 10, 2022), <https://www.reuters.com/business/energy/cerawee-power-generation-faces-challenge-both-transition-climate-change-2022-03-10/>

1 • Duke Energy said it expected delays in renewable projects due to supply chain
2 constraints. The timing of commercial renewable projects will shift with the five-year
3 plan and several hundred megawatts are pushed from 2022 to 2023 or later.⁴

4 • Northern Indiana Public Service Company ("NIPSCO") is delaying the retirement of
5 its coal-fired Schahfer station as a result of delays in its solar projects.⁵

6 While these delays are represented as "short-term" events, the reality is that new projects
7 that are not yet in transmission queues are also likely to be delayed due to a "domino effect"
8 of delays for projects already pending review.

9 **Q. WHAT IS YOUR CONCERN ABOUT CAPACITY PRICING?**

10 A. A consequence of coal plant retirements and supply chain issues is higher capacity prices
11 in Midcontinent Independent System Operator ("MISO"). On April 14, 2022, MISO
12 announced the Planning Resource Auction ("PRA") results for 2022/2023. Capacity prices
13 in Zone 6 (Indiana) increased from \$5/MW-Day to almost \$240/MW-Day, *nearly a 50-fold*
14 *increase*. Reliable Energy and its members have long been raising concerns before state
15 commissions and legislative bodies about this expected capacity shortage, which is due to
16 the mismatch between retirements of dispatchable resources and additions of intermittent
17 resources, leading to MISO using the Cost of New Entry ("CONE") as the basis for the
18 capacity price in seven of the MISO zones. This will have a significant adverse impact on
19 ratepayers.

20 **Q. WHAT IS THE NET EFFECT OF THESE MARKET CHANGES?**

⁴ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/supply-chain-issues-delaying-some-duke-energy-commercial-renewable-projects-68846077>

⁵ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/nisource-expects-solar-project-delays-extends-life-of-ind-coal-plant-70152518>

1 A. The net effect of these market changes will be higher costs related to the new resource plans
2 and delays in implementing CEI South's Generation Transition Plan.

3 **Q. WHY ARE THESE FACTORS RELEVANT TO THIS SECURITIZATION**
4 **REQUEST?**

5 A. If CEI South cannot bring the new Combustion Turbine ("CT") units online on time because
6 of construction or equipment delays and A.B. Brown is no longer in its generation fleet,
7 CEI South will then have to go to the wholesale market for what is likely to be expensive
8 capacity. CEI South has promoted a generation strategy which will cost its ratepayers dearly
9 in a time of high inflation. Securitization costs can skyrocket in an inflationary environment,
10 resulting in erosion or elimination of any "savings" for customers. Unlike other bond
11 proceedings before the Commission, there are no boundaries or safeguards around the terms
12 of the securitization financing. For example, when other utilities issue bonds, the
13 Commission approves a *maximum borrowing authority*. Here, the terms of the securitization
14 borrowing are only an estimate and CEI South will be made whole regardless of the terms
15 at closing. Unless the Commission puts additional requirements in its Final Order to make
16 the proposal just and reasonable, there are no safeguards proposed for ratepayers to ensure
17 that that at closing, the terms of the bonds and the resulting indebtedness will actually result
18 in savings for customers.

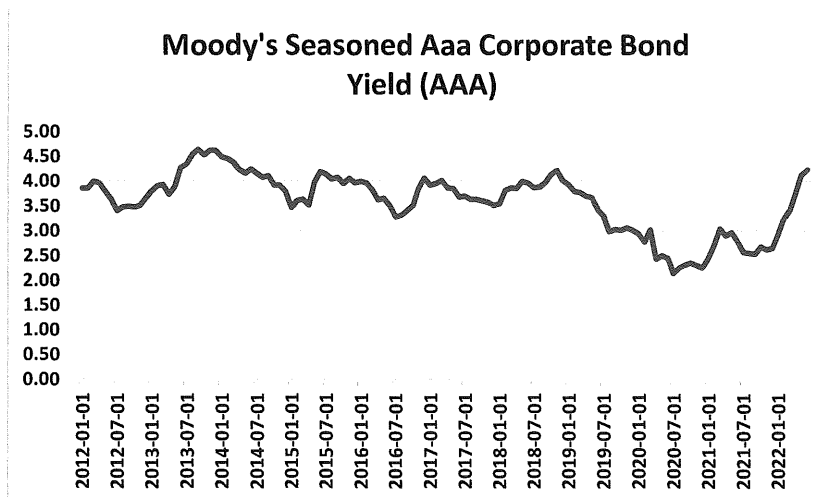
19 **Q. HOW DOES INFLATION AFFECT SECURITIZATION COSTS?**

20 A. High inflation in part fueled by high energy costs have caused the U.S. Federal Reserve to
21 increase rates four times in the last five months as shown below.⁶ Additional rate increases
22 are expected if inflation is continuing unchecked.

⁶ <https://www.bankrate.com/banking/federal-reserve/history-of-federal-funds-rate/#2021>

Meeting Date	Rate Change
March 15-16, 2022	+ 25 basis points
May 3-4, 2022	+ 50 basis points
June 14-15, 2022	+ 75 basis points
June 26-27, 2022	+ 75 basis points

1 The consequence of the higher borrowing rates is going to be a higher “cost” of the
2 securitization. The value of securitization comes from the utility’s ability to replace equity
3 and high-cost debt with low-cost debt due to the effective legislative guarantee for
4 repayment. Using Moody’s AAA Bond Yield as indicative of rates for low-risk debt, as of
5 August 1, 2022 rates are close to a 10-year high.⁷ Obviously, the higher the rates, the higher
6 ratepayer costs.



⁷ <https://fred.stlouisfed.org/series/AAA>

**Q. WHY ARE NATURAL GAS PRICES RELEVANT TO THE COMMISSION'S
REVIEW OF CEI SOUTH'S SECURITIZATION PLAN?**

A. If the securitization proposal is approved and the unit retirements occur on the timeline CEI South has planned, we are left with more reliance on natural gas fired generation, which further increases the demand (and price) for natural gas.

Q. HOW HAVE GAS PRICES CHANGED?

A. Both the price of natural gas price and price volatility have increased dramatically.⁸ Demand recovery outpaced the recovery in supply when the post-COVID demand recovery started. Additionally, coal and gas prices have become more connected to export market pricing and capabilities. The war in Ukraine has affected global energy markets which have in turn affected domestic energy markets. Europe is in the process of weaning itself from Russian imports of both natural gas and coal. Coal plant dispatch no longer serves to help cap the impact of natural gas price increases. As a result, natural gas prices go unchallenged in many regions. CEI South's securitization plan makes the early retirements of its existing generation much more of a certainty, and therefore exposes customers to increased energy pricing and volatility.

**Q. WHAT IS YOUR CONCERN ABOUT CEI SOUTH'S ENVIRONMENTAL
TARGETS?**

A. CEI South revised its sustainability target in September 2021 to net zero by 2035. However, saying it does not make it so. CTs produce greenhouse gas emissions both on site and upstream. While the emissions may be lower than those from the coal plants, they are by no

⁸ <https://www.eia.gov/dnav/ng/hist/n9190us3m.htm>

1 means zero. An industry article covering CEI South's announcement accused the company
2 of greenwashing noting "CenterPoint is proposing to replace the [A.B. Brown] facility's
3 aging coal-fired units in part with natural gas-fueled generation despite a new net-zero goal
4 for greenhouse gas emissions."⁹ Therefore, to meet its target, in just a few short years, the
5 emissions associated with the CTs would have to be offset, retrofits would be needed, or
6 new zero carbon technology would need to be installed. None of these options are without
7 costs.

8 **Q. WHY IS THE INCONSISTENCY BETWEEN CEI SOUTH'S SUSTAINABILITY**
9 **GOALS AND ITS PLAN TO BUILD NEW GAS CTS RELEVANT IN THIS**
10 **PROCEEDING?**

11 A. It shows the management of CEI South's singular focus on adding new gas capacity and its
12 failure to react to a change in corporate policy and significant market events which are
13 expected to produce "higher than advertised" costs associated with its plans. Today's
14 securitization proposal transfers these risks to ratepayers given it is permanent and
15 irrevocable. The Commission should consider this in light of determining the justness and
16 reasonableness of its securitization plan.

17 **Q. GIVEN THE CHANGES DESCRIBED ABOVE, DO YOU BELIEVE IT IS TIMELY**
18 **TO MAKE A SECURITIZATION DECISION?**

19 A. No. The securitization bonds proposed by CEI South are not justified given the current
20 conditions of the United States' financial and energy markets, and place all of the risk of
21 unreasonable rates and unreliable service upon its customers.

22

⁹ <https://www.eenews.net/articles/natural-gas-and-net-zero-can-they-coexist/>

OVERSTATEMENT OF A.B. BROWN STRANDED COSTS

**Q. WHAT CONCERNS DO YOU HAVE WITH THE SCOPE OF CEI SOUTH'S
PROPOSED ASSET SECURITIZATION?**

A. In its data request responses, CEI South has thus far refused to separately state the annual amount of expenses related to the A.B. Brown coal units (are) being recovered from ratepayers in current base rates, excluding recovery of return of rate base and expense items that are adjusted by trackers between the rate cases. In Cause No. 45565, CEI South responded it did not know exactly, but there was \$58 million in base rates amongst Culley 2, Warrick 4, and Brown 1 and 2.¹⁰ Given the relative size of Brown 1 and 2 to the other plants and the fact that the reagent costs for the Brown dual alkali scrubber which are recovered through base rates are orders of magnitude greater than the reagent costs for the other scrubbers, it is likely that 75% to 90% of these costs are tied to Brown. In its data request responses in this proceeding, CEI South confirmed "coal inventory, chemical costs in addition to O&M" are included in base rates, which will not be reduced until the next rate case which CEI South indicates it intends to file in late 2023.¹¹ CEI South has also made the unreasonable claim that it is entitled to receive a return on its equity contribution equal to the Special Purpose Entity equal to its Weighted Average Cost of Capital ("WACC"), when there is no risk to the utility related to the securitization.¹²

**Q. IS IT YOUR UNDERSTANDING THAT FOLLOWING THE RATE CASE CEI
SOUTH WILL REFUND MONEY IT COLLECTED IN BASE RATES RELATED
TO THE OPERATION OF A.B. BROWN AFTER IT HAS BEEN CLOSED?**

¹⁰ See Attachment ESM-2, CEI South's Response to Sunrise Coal's Data Request #02-18, Cause 45564.

¹¹ See Attachment ESM-3, CEI South Response to Industrial Group Data Requests #03-01 and 03-02.

¹² Jerasa Direct, Petitioner's Ex. 2 at p. 16.

1 A. No. Based on the response to the Industrial Group's Data Request 03 above, it appears to
2 be CEI South's preference to retain that money despite the fact that would be unfair to
3 ratepayers.

4 **Q. WHAT IS YOUR RECOMMENDATION?**

5 A. I recommend that all costs related to the operation of A.B. Brown 1&2 that are **recovered**
6 in base rates that are not **incurred** be netted out of the book value to determine the
7 securitization amount. In other words, if there is \$100 million of A.B. Brown operating
8 costs recovered but not incurred, the securitization amount should be reduced by \$100
9 million.

10 **Q. DO YOU HAVE ANY SUGGESTIONS IF CEI SOUTH ARGUES THAT BASE**
11 **RATES SHOULD ONLY BE ADJUSTED FOLLOWING A RATE CASE?**

12 A. I recommend the Commission should simply reduce CEI South's A.B. Brown recovery
13 (whether it be securitized or not) by the recovered but not incurred amounts related to the
14 A.B. Brown plant, as these costs were not used and useful utility property that should be
15 recovered in rates.

16 **SECURITIZATION IS NOT DEMONSTRABLY IN RATEPAYER'S INTERESTS**

17 **Q. IN YOUR EXPERIENCE, WHY IS SECURITIZATION IN THE RATEPAYER'S**
18 **INTEREST?**

19 A. In the cases from other states of which I am aware, the securitization is based upon the net
20 book value of the assets being securitized and does not include a continuing return on the
21 investment after it is securitized similar to what CEI South is proposing. Quite simply,

1 these states ensure that there are consumer protections and the savings customers will
2 experience from securitization are real.

3 **Q. IN YOUR EXPERIENCE, WHY ARE UTILITIES WILLING TO FORGO THEIR**
4 **RETURNS ON THE REMAINING NET BOOK VALUE OF THE STRANDED**
5 **ASSETS WITHOUT ANY RETURN?**

6 A. To state the obvious, many utilities are concerned about their rates and this approach
7 provides ratepayer benefits. Further, there are many additional benefits realized by the
8 utilities including: improved liquidity, reduced debt on their balance sheet, improved
9 ability to attract capital, and the ability to delay rate cases.

10 **Q. TO YOUR KNOWLEDGE HAS CEI SOUTH INDICATED IT COULD DELAY A**
11 **RATE CASE AS A RESULT OF SECURITIZATION?**

12 A. At this time, CEI South is suggesting there may be a rate case at the end of 2023. However,
13 there is no firm commitment to do so.

14 **Q. WHY DO YOU BELIEVE THAT THIS SECURITIZATION PROPOSAL IS NOT**
15 **DEMONSTRABLY IN RATEPAYER'S INTERESTS?**

16 A. There is considerable market uncertainty as to the cost of the bonds. There is considerable
17 market uncertainty as to the ability of CEI South to achieve its resource plans on a timely
18 basis. There is considerable uncertainty regarding natural gas prices. There is considerable
19 uncertainty as to whether CEI South's plan remains viable given the revised CenterPoint
20 sustainability targets. Given the securitization would be firm and irrevocable, it is
21 premature to proceed at this time.

22

ALTERNATIVES TO THIS SECURITIZATION PROPOSAL

Q. DO YOU BELIEVE THERE IS A RISK IN DELAYING THE SECURITIZATION PLAN?

A. Delaying securitization of generation assets for another two to four years gives CEI South an option it refuses to recognize even exists. If CEI South is wrong and things do not play out the way it anticipates with its new gas units and replacement renewable capacity, there will still be time to pivot, both in terms of capacity/generation decisions and rate recovery. For example, FERC could reject a gas pipeline request, which effectively kills the new CT capacity project, even if the Commission has approved it. If FERC does deny the gas lateral application for the new generation assets, and the A.B. Brown assets are already securitized, CEI South will have no option but to go to the wholesale market to obtain capacity, which likely will be expensive.

Q. COULD THERE BE UNINTENDED CONSEQUENCES IF CEI SOUTH'S PROPOSAL IS APPROVED?

A. Securitization of generation assets is a *permanent and irrevocable result* in this rapidly changing energy market. There are \$334 million total in costs just for A.B. Brown that will be irrevocable and nonbypassable if securitization is approved, and the Brown plant then cannot be used in the event of unexpected circumstances. While the increase in MISO capacity costs will affect all ratepayers, it will hurt the ratepayers most in service territories in which the utility has a capacity shortfall, which now exists in the MISO zone in which CEI South operates and is only projected to get worse over time. MISO stated that "unless more capacity is built that can supply reliable generation, shortfalls such as those

1 highlighted in this year's auction will continue.”¹³ The temporary retention of existing
2 capacity, as NIPSCO has done by delaying the retirements of its Schaefer units, offsets the
3 need for additions. If CEI South securitizes the A.B. Brown units, it cannot then change
4 course like NIPSCO did.

5 **Q. IS IT YOUR POSITION THAT SECURITIZATION, IN AND OF ITSELF, IS**
6 **IMPRUDENT?**

7 A. No. Given the right circumstances, including for example, a stable economic and regulatory
8 environment, where assets are truly stranded investments as a result of deregulation or
9 unexpected costs associated with a natural disaster, securitization does make sense.
10 However, those circumstances do not exist in this case.

11 **Q. IF THE COMMISSION DENIES CEI SOUTH'S PROPOSAL IN THIS**
12 **PROCEEDING, WHAT WILL BE THE CONSEQUENCES?**

13 A. No doubt CEI South will claim that “the sky is falling”, but the company will still have
14 several alternatives.

15 **Q. WHAT DO YOU RECOMMEND?**

16 A. There are alternatives here that the Commission should consider instead of granting CEI
17 South's requested relief. The Commission should wait until the new CTs are online before
18 allowing CEI South to securitize the A.B. Brown plant. The short-term capacity need does
19 not justify the risk posed by permanent securitization and closure of the A.B. Brown
20 generating assets. CEI South can come back later for securitization after gas units are built
21 and the Commission has completed its review of the CT projects pursuant to its CPCN

¹³ <https://cdn.misoenergy.org/2022%20PRA%20Results624053.pdf>

1 order. Ongoing review of the new gas units was approved pursuant to IC 8-1-8.5-6, so the

2 Commission can still modify or revoke the CPCN.


3 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4 **A. Yes.**

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VERIFICATION

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



Emily S. Medine

**RESUME OF
EMILY S. MEDINE**

PROFESSIONAL EXPERIENCE

Current Position

Emily Medine, a Principal, has been with Energy Ventures Analysis since 1987. Her experience includes forecasting, integrated resource plans, bankruptcy support, market strategy development, fuel procurement audits, fuel procurement, acquisition and investment analyses, and strategic studies. She has also provided expert testimony on utility fuel procurement practices and coal contract disputes. The types of projects in which she is involved are described below:

Fuel and Power Purchase Procurement Audits

Ms. Medine manages and performs fuel procurement audits on behalf of regulatory commissions, utility management, and third-party interveners. She has performed over 25 audits of utilities regulated by the Public Utilities Commission of Ohio and testified in a number of proceedings. She also managed two major audits of the fuel procurement practices of PacifiCorp. Recent audits include Puerto Rico Electric Power Authority (on going), Appalachian Power (2006, 2007, 2015, 2016, 2018, and 2021) and Monongahela Power (2007, 2015, 2016, 2018, and 2021) on behalf of the Consumer Advocate of the State of West Virginia, Tucson Electric Power in 2007/2008 and 2012 and Arizona Public Service in 2021 on behalf of the Arizona Corporation Commission, AEP Ohio on behalf of the Ohio's Consumer Counsel, and AEP Ohio (2009, 2010, 2011, 2012, 2013 and 2014) and Dayton Power & Light (2010, 2011, 2012, 2013, 2014, and 2015) on behalf of the staff of the Public Utilities Commission of Ohio.

Procurement

Ms. Medine develops and implements fuel procurement strategies for U.S. and foreign coal consumers. Fuel procurement assistance has ranged from determining an appropriate strategy to soliciting bids and negotiating purchase agreements.

Bankruptcy Support

Ms. Medine was an advisor to the Horizon Natural Resource companies which operated as a debtor-in-possession in the development of a plan to accomplish reclamation on all permits not sold and transferred as part of the plan of reorganization. For a period of 15 months, Ms. Medine served as Executive Vice President of Centennial Resources, Inc., a debtor-in-possession, as part of EVA's contract to manage this company post-petition. Ms. Medine has also served as the advisor to secured lenders in another coal industry bankruptcy. Ms. Medine was engaged by the Department of Justice in the Alpha Natural Resource and Arch Coal bankruptcies.

Forecasting

Ms. Medine develops forecasts of U.S. and global solid fuel demand and prices for alternative coal types, coke and market segments. These forecasts are provided to individual clients and are documented in various FUELCAST/COALCAST reports.

Integrated Resource Planning

Ms. Medine works with utilities and/or stakeholders on the development and evaluation of Integrated Resource Plans (IRP). Ms. Medine focuses on validation of all assumptions including fuel, emission allowances, carbon, and renewable energy credits (RECs) and on methodology and modelling.

Acquisition and Investment

Ms. Medine was the agent for Lexington Coal Company in the sale of its assets in Indiana and Illinois. As part of this engagement, Ms. Medine was responsible for the sale of three mines to Peabody Energy. Ms. Medine also routinely evaluates the economics of potential projects or acquisitions for producers, developers, and industrials. For coal projects, this includes market and financial forecasts. In addition to the above, Ms. Medine has completed the sale of multiple mine assets. Ms. Medine was an advisor to and on the board of The Elk Horn Coal Company until its sale to Rhino Energy in June 2011. Ms. Medine managed the sale of a number of distress assets including JWR Resources, Piney Creek Resources, and Rhino Resources.

Market Strategy Development

Ms. Medine assists clients in the development of marketing strategies on behalf of coal suppliers and transporters. She has helped to identify the high value markets and strategies for obtaining these accounts.

Forecasting

Ms. Medine develops forecasts of U.S. and global solid fuel demand and prices for alternative coal types, coke and market segments. These forecasts are provided to individual clients and are documented in various FUELCAST/COALCAST reports.

Expert Testimony and Presentations

Ms. Medine prepares analyses and testimony in support of clients involved in regulatory and legal proceedings. She provides testimony in commission hearings on fuel procurement issues and arbitration proceedings on contract disputes and damages. Ms. Medine regularly speaks at industry meetings.

Prior Experience

Prior to joining EVA, Ms. Medine held various positions at CONSOL including Assistant District Sales Manager – Chicago Sales Office and Strategic Studies Coordinator. Prior to CONSOL, Ms. Medine was a Project Manager at Energy and Environmental Analysis, Inc. where she directed two large government studies. For the Environmental Protection Agency, Ms. Medine directed an evaluation of the energy, environmental and economic impacts of New Source Performance Standards on Industrial Boilers. For the Department of Energy, Ms. Medine directed an evaluation of the financial impacts of requiring utilities with coal capable boilers to reconvert to coal. Ms. Medine worked as a Research Assistant at Brookhaven National Laboratory while she attended graduate school.

EDUCATION

M.P.A.	Princeton School of Public and International Affairs, Princeton University, 1978
B.A.	Geography, Clark University, 1976 (magna cum laude, Phi Beta Kappa)

- 2-18. State the annual amount of expenses related to the AB Brown coal units that is now being recovered from ratepayers in current base rates, excluding recovery of return on rate base and expense items that are adjusted by trackers between rate cases.

Objection:

Petitioner objects to the Request on the grounds and to the extent it seeks a calculation, compilation or analysis that has not been performed and that Petitioner objects to performing.

Petitioner further objects to the Request on the separate and independent grounds and to the extent the Request seeks information which is trade secret or other proprietary, confidential and competitively sensitive business information of Petitioner or third parties. Petitioner has made reasonable efforts to maintain the confidentiality of this information. Such information has independent economic value and disclosure of the requested information would cause an identifiable harm to Petitioner or third parties whose confidential information is sought. The responses are "trade secret" under law (Ind. Code § 24-2-3-2) and entitled to protection against disclosure. See also Indiana Trial Rule 26(C)(7). All responses containing designated confidential information are being provided pursuant to non-disclosure agreements between Petitioner and the receiving parties.

Response:

Subject to and without waiver of the foregoing objections, Petitioner responds as follows:

This analysis has not been performed. There is approximately \$73 million in steam power production in current base rates. Approximately \$15 million pertains to Cully 3 generating station. The remaining \$58 million was not specifically identified amongst Culley 2, Warrick 4, and Brown 1&2. These O&M numbers are set-out in the previously filed Workpaper MAR-1 (CONFIDENTIAL) Generation Transition Workpaper.xlsx.

AB Brown coal units are expected to retire at the end 2023, near the timing of the next rate case.

- 3-1. Please provide the following information with respect to CenterPoint's base rates:
- a. Please identify the amount of annual O&M for AB Brown included in base rates.
 - b. Please identify any other costs included in CenterPoint's base rates that will no longer be incurred after AB Brown is retired.

Response:

- a. Base rates are established in a rate case, the last of which was approved for CEI South in Cause No. 43839 in 2011. O&M by plant is not broken out in the last Cost of Service Study (COSS).
- b. Coal inventory, chemical costs in addition to O&M will all be reduced, all else being equal. Base rates will be reset in the forthcoming general rate case.

3-2. Admit that CenterPoint is not proposing to remove AB Brown O&M from rates after AB Brown is retired and before CenterPoint's next rate case. If your answer is anything other than a complete admission, please explain in detail your denial/refusal to admit.

Response:

Admit. The proper mechanism to evaluate the level of O&M in rates is through a general rate case. CEI South will file its next general rate case before December 31, 2023, the timing of which is synced well with the securitization.