STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF DUKE ENERGY INDIANA, LLC PURSUANT TO IND. CODE §§ 8-1-2-42.7 AND 8-1-2-61, FOR (1) AUTHORITY TO MODIFY ITS RATES AND CHARGES FOR ELECTRIC UTILITY SERVICE THROUGH A MULTI-STEP RATE IMPLEMENTATION OF NEW RATES AND CHARGES USING A FORECASTED TEST PERIOD; (2) APPROVAL OF NEW SCHEDULES OF RATES AND CHARGES, GENERAL RULES AND REGULATIONS, AND RIDERS; (3) APPROVAL OF REVISED ELECTRIC DEPRECIATION RATES APPLICABLE TO ITS ELECTRIC PLANT IN SERVICE, AND APPROVAL OF REGULATORY ASSET TREATMENT UPON RETIREMENT OF THE COMPANY'S LAST COAL-FIRED STEAM GENERATION PLANT; (4) APPROVAL OF AN ADJUSTMENT TO THE COMPANY'S FAC RIDER TO TRACK COAL INVENTORY BALANCES; AND (5) APPROVAL OF NECESSARY AND APPROPRIATE ACCOUNTING RELIEF, INCLUDING AUTHORITY TO: (A) DEFER TO A REGULATORY ASSET EXPENSES ASSOCIATED WITH THE EDWARDSPORT CARBON CAPTURE AND SEQUESTRATION STUDY, (B) DEFER TO A REGULATORY ASSET COSTS INCURRED TO ACHIEVE ORGANIZATIONAL SAVINGS, AND (C) DEFER TO A REGULATORY ASSET OR LIABILITY, AS APPLICABLE, ALL CALCULATED INCOME TAX DIFFERENCES RESULTING FROM FUTURE CHANGES IN INCOME TAX RATES.	)	**CAUSE NO. 46038**

DUKE ENERGY INDIANA, LLC'S VERIFIED PETITION FOR REHEARING AND RECONSIDERATION OR, ALTERNATIVELY, COMMISSION CLARIFICATION AND/OR MODIFICATION

Duke Energy Indiana, LLC ("Duke Energy Indiana" or "Company"), pursuant to 170 IAC 1-1.1-22, respectfully petitions the Indiana Utility Regulatory Commission ("Commission") for rehearing and reconsideration or, alternatively, Commission clarification and/or modification of its January 29, 2025 Order, as adjusted by the February 3, 2025 Nunc Pro Tunc Order (the "Rate Order"), in this proceeding.

170 IAC 1-1.1-22(e) provides the Commission the administrative flexibility to govern its own dockets, including the ability to modify or clarify an order without further hearing based upon the existing record. Duke Energy Indiana respectfully requests that the Commission clarify and/or modify certain findings in the Rate Order to align with findings in Section 11.A related to depreciation. In support of this Petition, Duke Energy Indiana states as follows:

1. On January 29, 2025, the Commission issued an Order in this proceeding, adjusted by the Commission's Nunc Pro Tunc Order issued on February 3, 2025. In Section 13.B. of the Rate Order, the Commission made certain findings related to the authorized rate increase, including the following:

> Based on the evidence presented and subject to the approved compliance filing process, we find that Duke should be authorized to increase its rates and charges in two steps, calculated to produce combined additional operating revenue of $295,678,000 at the conclusion of the test year, resulting in total operating revenue of $3,315,159,000 before the effect of changes in ongoing tracker revenue discussed elsewhere in this Order.[13]
>
> Footnote 13 states as follows:
>
> **This table is intended to reflect the specific changes directed in this order and is subject to refinement pending the energy division reviewed and approved order directed compliance filing. The changes include the application of the** directed cost of capital, exclusion of DC Fast Charging locations in the test year rate base; **adjustments to Edwardsport depreciation rates**, rate case expense, revenue rate migration, credit card fees, and aviation expenses; as well as the related income tax impacts.
>
> Rate Order at 85 (emphasis added).

2. As contemplated by Footnote 13, on February 7, 2025 the Company submitted its new schedules of rates and charges, including trackers and full tariff, for approval by the Commission's Energy Division (the "Step 1 Compliance Filing"). In the Step 1 Compliance Filing, the Company provided a high-level summary of the filing as Exhibit 1.

3. The Step 1 Compliance Filing shows that once the Commission findings in Section 11.A related to depreciation are implemented, there is an inconsistency between the

resulting additional operating revenue and total operating revenue amounts calculated by the Company and the comparable amounts in the Commission's Rate Order. In Section 11.A, the Commission approved Duke Energy Indiana's depreciation study (Rate Order at 62), with one modification related to interim survivor curves for the Edwardsport facility (Rate Order at 63).[1] Additionally, in Section 9.J, the Commission denied the Company's request to recover certain coal ash related expenses through its depreciation rates (Rate Order at 46). These were the only two ordered adjustments to Duke Energy Indiana's as filed depreciation rates, and the Company properly reflected the effect of these denials in its Step 1 Compliance Filing. The resulting calculated amounts cited in Sections 9.H, 12, and 13.B of the Rate Order must be updated to properly reflect the Commission's findings, as illustrated in Attachment 1 to this Petition.

4. As described above, Duke Energy Indiana identified an inconsistency in calculating the deficiency in electric operating revenue, before effect of trackers, in the Rate Order. Exhibit 1 of the Step 1 Compliance Filing identifies and explains adjustments the Company made to the amounts approved in the Rate Order for rate base and the components of net operating income to reflect the totality of the Rate Order. Duke Energy Indiana is attaching hereto, as Attachment 1, a redlined version of proposed changes to the Rate Order. These changes are consistent with the adjustments identified and explained in Exhibit 1 of the Step 1 Compliance Filing.

5. Pursuant to 170 IAC 1-1.1-22(e), the Commission may modify or clarify the Rate Order without further hearing based upon the existing record. The Company believes no new evidence is required for the Commission to modify or clarify the numbers in Sections 9.H., 9.I., 12, and 13.B. and Ordering Paragraph 1. Therefore, the Company requests that the Commission

[1] The Commission rejected the Company's proposed interim survivor curves and instead accepted the Duke Industrial Group's position to treat Edwardsport the same as the other steam production plants.

exercise its discretion under 170 IAC 1-1.1-22(e) to modify or clarify the Rate Order as set forth in Attachment 1 to reflect the amounts supported by the Commission's findings.

6. If the Commission believes additional clarifying evidence is required to allow the Commission to better understand the impact on operating revenues from its findings in Section 11.A. of the Rate Order, Duke Energy Indiana requests that the Commission exercise its discretion under 170 IAC 1-1.1-22(e) to reopen the record to allow Duke Energy Indiana to make clear in the evidentiary record the impact of the Commission's findings regarding the Company's depreciation study. If the record is reopened, Duke Energy Indiana would introduce into evidence the calculation of the increase in operating revenues, as well as the related changes to other ratemaking calculations, as supported by the existing evidence in the record and the Commission's findings. Duke Energy Indiana expects that any necessary additional evidence has already been provided as part of the Step 1 Compliance Filing. These actual calculations would not be cumulative in nature.

7. Given the potential delay in rate implementation inherent in filing this Petition and the importance of timely implementation of rates, the Company requests that the full tariff submitted in the February 7, 2025 Step 1 Compliance Filing take effect on or about February 25, 2025, on an interim-subject-to-refund basis, pending the outcome of this Petition. This would then have the practical effect of new base rates being implemented on February 25, 2025, on a services-rendered basis, even though certain numbers in the Rate Order may require further modification or clarification.

WHEREFORE, Duke Energy Indiana respectfully requests modification or clarification of Sections 9.H., 9.I., 12, and 13.B. and Ordering Paragraph 1 of the Rate Order as described herein to reflect the revenue requirement supported by the Commission's findings and for all

other just and reasonable relief. Alternatively, if the Commission does not believe this modification or clarification is supported by the record, Duke Energy Indiana respectfully requests that the Commission reopen the record to accept into the evidentiary record additional evidence to support the increased operating revenue calculation according to the Commission's findings and for all other just and reasonable relief.

VERIFICATION

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

Signed: Christa L. Graft
Christa L. Graft

Dated: February 18, 2025

Respectfully submitted,

DUKE ENERGY INDIANA, LLC

By: 
Counsel for Duke Energy Indiana, LLC

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was electronically delivered this 18th day of February, 2025 to the following:

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By: _____

Counsel for Duke Energy Indiana, LLC

9. Duke's Rate Base.

H. Original Cost of Duke's Rate Base. Based upon the evidence presented in this case, and the findings discussed above, we find that the Step 1 jurisdictional net original cost of Duke's rate base used and useful for the benefit of the public to be $12,003,807,000~~12,005,252,000~~, comprised of the following elements:

Net Electric Utility Plant in Service	$10,758,815,000~~10,760,260,000~~
Fuel Inventory	$130,594,000
Regulatory Assets	$529,750,000
Materials and Supplies	$363,193,000
Prepaid Pension Asset	$221,455,000
NET UTILITY RATE BASE	$12,003,807,000~~12,005,252,000~~

Further, we find that the Step 2 jurisdictional net original cost of Duke's rate base used and useful for the benefit of the public is forecasted to be $12,548,511,000~~12,481,993,000~~ at December 31, 2025, comprised of the following elements:

Net Electric Utility Plant in Service	$11,303,536,000~~11,237,018,000~~
Fuel Inventory	$130,594,000
Regulatory Assets	$529,750,000
Materials and Supplies	$363,176,000
Prepaid Pension Asset	$221,455,000
NET UTILITY RATE BASE	$12,548,511,000~~12,481,993,000~~

I. Fair Value of Duke's Rate Base. Duke proposed that a fair return for purposes of this case be based on its weighted cost of capital times its original cost rate base. No party disputed that net original cost should be used as the fair value of Duke's utility plant in service in this case, or that a fair return for Duke should be based on its weighted cost of capital. Accordingly, we find that, for purposes of this proceeding, Duke's fair value rate base is the same as its original cost rate base ($12,548,511,000~~12,481,993,000~~), and that this fair value rate base should be used for purposes of Ind. Code § 8-1-2-6.

12. Net Operating Income at Present Rates. Based on the evidence and determinations made above, we find Duke's jurisdictional adjusted test year operating results under present rates are:[12]

~~Total Operating Revenues~~	~~$3,019,481,000~~
~~Operating Expenses~~	
~~Operation & Maintenance~~	~~$1,500,041,000~~
~~Depreciation and Amortization~~	~~$837,325,000~~
~~Taxes other than Income Taxes~~	~~$74,799,000~~
~~Income Taxes~~	~~$55,533,443~~
~~Total Operating Expenses~~	~~$2,467,698,443~~
~~Net Operating Income~~	~~$551,782,556~~
Total Operating Revenues	$3,016,950,000
Operating Expenses	
Operation & Maintenance	$1,498,857,000
Depreciation and Amortization	$881,337,000
Taxes other than Income Taxes	$74,799,000
Income Taxes	$72,562,000
Total Operating Expenses	$2,527,555,000
Net Operating Income	$489,395,000

In summary, we find that with appropriate adjustment for ratemaking purposes, Duke's annual net operating income under its present rates for electric service would be $489,395,000~~551,782,556~~. We have previously found that Duke's net original cost rate base as of the end of the test year is forecasted to be $12,548,511,000~~12,481,993,000~~, that Duke's WACC is 6.19%, which would produce a return on net original cost rate base of $776,753,000~~772,635,000~~. Duke's current return of $489,395,000~~551,782,556~~ will be insufficient to represent a fair return on the fair value of its rate base. We therefore find that Duke's present rates are unreasonable and confiscatory.

[12] This table is intended to reflect the specific changes directed in this order and is subject to refinement pending the energy division reviewed and approved order directed compliance filing. The changes include the application of the directed cost of capital, exclusion of DC Fast Charging locations in the test year rate base; adjustments to Edwardsport depreciation rates, rate case expense, revenue rate migration, credit card fees, and aviation expenses; as well as the related income tax impacts.

13. Authorized Net Rate Increase and Rate Implementation.

B. Authorized Rate Increase. Based on the evidence presented and subject to the approved compliance filing process, we find that Duke should be authorized to increase its rates and charges in two steps, calculated to produce combined additional operating revenue of $384,715,000~~$295,678,000~~ at the conclusion of the test year, resulting in total operating revenue of $3,401,665,000~~$3,315,159,000~~ before the effect of changes in ongoing tracker revenue discussed elsewhere in this Order.[13] This revenue is reasonably estimated to afford Duke the opportunity to earn net operating income that is no more than the fair return of $776,753,000~~$772,635,000~~ that we have found to be appropriate, based upon projected test year end rate base and capital structure. The rate increase shall take place over the two steps we have described and, subject to the compliance filings, shall be calculated to produce jurisdictional operating revenues and net operating income at each step as follows:

[13] This table is intended to reflect the specific changes directed in this order and is subject to refinement pending the energy division reviewed and approved order directed compliance filing. The changes include the application of the directed cost of capital, exclusion of DC Fast Charging locations in the test year rate base; adjustments to Edwardsport depreciation rates, rate case expense, revenue rate migration, credit card fees, and aviation expenses; as well as the related income tax impacts.

~~*(dollars in thousands)*~~	~~**Step 1**~~	~~**Step 2**~~	~~**Total**~~
~~Rate base at original cost~~	~~12,005,252~~	~~476,741~~	~~12,481,993~~
~~Rate of return~~	~~6.08%~~		~~6.19%~~
~~Required net operating income~~	~~729,919~~	~~42,716~~	~~772,635~~
~~Less: pro forma net operating income at~~	~~518,605~~	~~33,178~~	~~551,783~~
~~Net operating income deficiency~~	~~211,315~~	~~9,538~~	~~220,853~~
~~Gross revenue conversion factor~~	~~1.33880~~		~~1.33880~~
~~Revenue deficiency before effect of~~	~~282,908~~	~~12,769~~	~~295,678~~
~~Pro forma revenues at present rates~~	~~3,019,481~~		~~3,019,481~~
~~Total revenue before effect of trackers~~	~~3,302,389~~	~~12,769~~	~~3,315,159~~

(dollars in thousands)	**Step 1**	**Step 2**	**Total**
Rate base at original cost	12,003,807	544,704	12,548,511
Rate of return	6.08%		6.19%
Required net operating income	729,831	46,922	776,753
Less: pro forma net operating income at present rates	518,888	(29,493)	489,395
Net operating income deficiency	210,943	76,415	287,358
Gross revenue conversion factor	1.33880		1.33880
Revenue deficiency before effect of trackers	282,410	102,305	384,715
Pro forma revenues at present rates	3,016,950		3,016,950
Total revenue before effect of trackers	3,299,360	102,305	3,401,665

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Duke Energy Indiana is authorized to place into effect base rates and charges for retail electric utility service rendered by it in the territories served by it in the State of Indiana in accordance with this Order, including an annual increase to its rates and charges of $384,715,000~~295,678,000~~ (excluding changes in items remaining in riders). Said rates are calculated to produce total jurisdictional electric operating revenues of $3,401,665,000~~3,315,159,000~~ and, on the basis of annual jurisdictional electric operating expenses of $2,624,912,000~~2,542,524,000~~ will result in annual jurisdictional electric utility operating income of $776,753,000~~772,635,000~~. The Company is authorized to file with the Commission a new schedule of rates and charges which will properly reflect, establish and provide the operating revenues herein authorized. Said schedule of rates and charges should be in accordance with this Order, including implementation of this rate increase in two steps as approved herein.[19]

[19] The numbers are subject to refinement pending the division reviewed and approved order directed compliance filings of Ordering Paragraph 2.