

"Excluded From Public  
Access Per A.R. 9(G)."

"[REDACTED] HIGHLIGHT INDICATES CONFIDENTIAL  
MATERIAL"

FILED  
September 13, 2023  
INDIANA UTILITY  
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

SUBDOCKET FOR REVIEW OF SOUTHERN )  
INDIANA GAS AND ELECTRIC COMPANY D/B/A )  
CENTERPOINT ENERGY INDIANA SOUTH ("CEI )  
SOUTH") 2021 EXTENDED FORCED OUTAGE AT ) CAUSE NO. 38708  
CULLEY 3 GENERATING UNIT AND ITS ) FAC-137 S1  
RELATED IMPACT ON FUEL PROCUREMENT )  
AND FUEL COSTS )

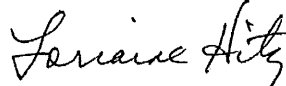
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 1

REDACTED TESTIMONY OF  
OUCC WITNESS MICHAEL D. ECKERT

September 13, 2023

IURC  
PUBLIC'S 1  
EXHIBIT NO. \_\_\_\_\_  
11-8-23 DATE REPORTER

  
\_\_\_\_\_  
Lorraine Hitz  
Attorney No. 18006-29  
Deputy Consumer Counselor

OFFICIAL  
EXHIBITS

**TESTIMONY OF OUCC WITNESS MICHAEL D. ECKERT**  
**CAUSE NO. 38708 FAC-137-S1**  
**SOUTHERN INDIANA GAS AND ELECTRIC COMPANY**  
**("CEI SOUTH")**

**I. INTRODUCTION**

1   **Q:   Please state your name, business address, and employment capacity.**

2   A:   My name is Michael D. Eckert, and my business address is 115 W. Washington St.,  
3       Suite 1500 South, Indianapolis, Indiana 46204. I am employed by the Indiana  
4       Office of Utility Consumer Counselor ("OUCC") as the Director of the Electric  
5       Division. My qualifications are set forth in Appendix A of this document.

6   **Q:   Have you previously testified before the Indiana Utility Regulatory**  
7       **Commission ("Commission")?**

8   A:   Yes.

9   **Q:   What is the purpose of your testimony in this cause?**

10  A:   My testimony provides an estimate of the fuel cost that Southern Indiana Gas and  
11       Electric Company's d/b/a CenterPoint Energy Indiana South's ("CEI South")  
12       incurred for purchased power to replace the power from Culley Unit 3 ("Culley 3")  
13       during its extended outage from June 24, 2022 through March 9, 2023. I will  
14       address the OUCC's analysis of the June 24, 2022 outage and the OUCC's position  
15       regarding cost responsibility for the outage that resulted in the plant being offline  
16       for approximately nine (9) months. Ultimately, the OUCC recommends the  
17       Commission find that CEI South ratepayers are not responsible for the Culley 3  
18       outage and that CEI South was responsible based on lack of periodic inspections  
19       and no planned maintenance procedures for the unit's valves.

1   **Q:**    Please describe the review and analysis you conducted in order to prepare  
2           your testimony.

3   **A:**    I read CEI South's prefiled testimony and application in this proceeding, schedules,  
4           workpapers, and relevant Commission Orders. I reviewed CEI South's responses  
5           to the OUCC's and Industrial Group's ("IG") data requests. In addition, I read the  
6           testimony in CEI South's FAC proceedings Cause No. 38708 137, 137 S1, 138,  
7           139, and 140. I also participated in meetings with OUCC staff members in  
8           developing issues identified in this Cause.

9   **Q:**    Are there any other OUCC witnesses in this proceeding?

10  **A:**    Yes. OUCC witness Gregory Krieger provides a general overview of the events  
11           leading up to and during the extended outage events that occurred at Culley 3 on  
12           June 24, 2022. Mr. Krieger also discusses the recent maintenance history of Culley  
13           3 and CEI South's lack of periodic inspections.

14  **Q:**    To the extent you do not address a specific item in your testimony, should it be  
15           construed to mean you agree with Petitioner's positions?

16  **A:**    No. My silence on any topics, issues, or items Petitioner proposes does not indicate  
17           my approval of these topics, issues, or items. Rather, the scope of my testimony is  
18           limited to the specific topics discussed herein.

## II.     CULLEY 3 OUTAGE

19  **Q:**    Please explain the Culley 3 Unit outage.

20  **A:**    The Culley Unit 3 Boiler Feed Pump Turbine ("BFPT") failed on June 24, 2022,  
21           resulting in Unit 3 being offline and unavailable for the period June 24, 2022  
22           through March 12, 2023.

### III. REPLACEMENT POWER COSTS

1    **Q: Did the OUCC ask CEI South to provide all calculations that showed the**  
2    **increased fuel and purchased power costs attributable to the Culley Unit 3**  
3    **outage that occurred from June 24, 2022 through March 14, 2023?**

4    **A:** Yes. CEI South objected, stating that the request called for:

5                    CEI South objects to this request to the extent it calls for speculation  
6                    and it seeks an analysis, calculation, or compilation which has not  
7                    already been performed and which Petitioner objects to performing.  
8                    Purchased power costs are driven by multiple factors, including the  
9                    dispatch of Culley 3 and CEI South's other generating units. While it  
10                   is possible that the Culley 3 outage contributed to those costs, it would  
11                   not be possible to quantify the exact impact because it would require  
12                   speculation about how the Culley 3 and CEI South's other generating  
13                   units might have been dispatched by MISO had Culley 3 been  
14                   operating.<sup>1</sup>

15   **Q: Did the OUCC ask CEI South to document the cost impact on all of its FACs**  
16   **associated with the Culley Unit 3 outage?**

17   **A:** Yes. CEI South objected by stating the following:

18                   CEI South objects to this request to the extent it calls for speculation  
19                   and it seeks an analysis, calculation, or compilation which has not  
20                   already been performed and which Petitioner objects to performing.  
21                   Purchased power costs are driven by multiple factors, including the  
22                   dispatch of Culley 3 and CEI South's other generating units. While it  
23                   is possible that the Culley 3 outage contributed to those costs, it would  
24                   not be possible to quantify the exact impact because it would require  
25                   speculation about how the Culley 3 and CEI South's other generating  
26                   units might have been dispatched by MISO had Culley 3 been  
27                   operating.

28                   CEI South also objects to this request because it is vague and  
29                   ambiguous and appears to seek the cost impact of CEI South's FAC  
30                   filings only associated with the Culley 3 outage. The total cost impact  
31                   of CEI South's FAC filings can be found in the testimony and  
32                   schedules in the record of those causes. As state above, it is not possible  
33                   to accurately determine what portion of that total cost impact might be  
34                   related to the Culley Unit 3 outage.<sup>2</sup>

---

<sup>1</sup> Cause No. 38707 FAC 137 S1, CEI South response to OUCC DR 4-4.

<sup>2</sup> Cause No. 38707 FAC 137 S1, CEI South response to OUCC DR 4-5.

1 **Q: Have other Indiana Electric Investor-Owned Utilities ("IOU") been able to**  
2 **estimate replacement power costs when they have had extended outages at**  
3 **their generating stations?**

4 A: Yes. AES Indiana made similar objections to those expressed by CEI South.  
5 However, AES Indiana provided an estimate of the costs using their best estimates  
6 and forecasts.<sup>3</sup>

#### IV. NET REPLACEMENT POWER COST CALCULATION

7 **Q: Please explain how you calculated the net replacement power cost attributed**  
8 **to the Culley 3 outage.**

9 A: Since CEI South refused to provide a best estimate of the replacement power costs,  
10 I estimated the replacement power costs. I calculated the net replacement power  
11 cost by subtracting the estimated cost of power from Culley 3 if it had run from the  
12 actual purchased power cost that CEI South incurred to replace the lost power from  
13 Culley 3.

14 **Q: Please explain how you calculated the purchased power costs that CEI South**  
15 **incurred to replace the power it would have received from Culley 3.**

16 A: The Culley 3 outage was during the period June 2022 through March 2023. I  
17 compared the purchased power (kWh) that CEI South incurred during this period  
18 to the purchased power (kWh) that CEI South incurred during the period June 2021  
19 through March 2022 to calculate the incremental change in purchased power related  
20 to the Culley 3 outage. See Table MDE-1<sup>4</sup> below.

---

<sup>3</sup> Cause No. 38703 133 S1, AES Indiana.

<sup>4</sup> Cause No. 38708 FAC 133 through 140, CEI South Witnesses Wilhelmus and Ankenbrand.

Table MDE-1

<u>Month</u>	<u>kWh</u>	<u>Month</u>	<u>kWh</u>	<u>Difference</u>
June 2022	28,358	June 2021	16,660	11,698
July 2022	75,034	July 2021	13,724	61,310
August 2022	61,089	August 2021	13,554	47,535
September 2022	97,256	September 2021	82	97,174
October 2022	21,235	October 2021	1,969	19,266
November 2022	4,196	November 2021	2,029	2,167
December 2022	55,150	December 2021	21,040	34,110
January 2023	29,711	January 2022	14,525	15,186
February 2023	27,839	February 2022	2,028	25,811
March 2023	57,736	March 2022	1,837	55,899

1    **Q:    What was the next step in your calculation?**

2    **A:**    The next step was to determine the actual cost per kWh, by month, for Steam  
3            Generation and Purchases through MISO for the period June 2022 through March  
4            2023. I calculated the cost per kWh by dividing the actual fuel cost by the actual  
5            kWh generated. See Table MDE-2.<sup>5</sup>

---

<sup>5</sup> Cause No. 38708 FAC 133 through 140, CEI South Witnesses Wilhelmus and Ankenbrand.

Table MDE-2

	Steam Generation			Purchases through MISO		
Month Year	Fuel Cost	kWh	Actual Cost Fuel/kWh	Fuel Cost	kWh	Actual Cost Fuel/kWh
June 2022	12,857,616	479,076	26.838	2,971,267	28,358	104.777
July 2022	11,279,186	376,303	29.974	7,783,964	75,034	103.739
August 2022	11,814,696	388,051	30.446	7,210,849	61,089	118.038
September 2022	10,381,041	315,069	32.948	9,450,935	97,256	97.176
October 2022	9,169,432	324,010	28.300	1,597,868	21,235	75.247
November 2022	12,541,137	407,549	30.772	173,750	4,196	41.418
December 2022	10,496,966	346,979	30.252	9,529,296	55,150	172.789
January 2023	11,564,445	348,606	33.173	1,096,222	29,711	36.896
February 2023	8,968,935	273,205	32.829	645,045	27,839	23.171
March 2023	8,073,460	267,091	30.227	1,767,717	57,736	30.617

1    **Q:    What was the next step in your calculation?**

2    **A:**    I then subtracted the estimated cost of fuel (\$/kWh) for Culley 3 from the actual  
3           cost of purchased power (\$/kWh) to arrive at incremental difference between the  
4           two prices to determine the extra cost per kWh that CEI South paid per kWh to  
5           replace the Culley 3 power. I then multiplied the incremental cost of power by the  
6           incremental change in purchased power (kWh) to arrive at the total cost of  
7           replacement power CEI South incurred due to the Culley 3 outage. See Table MDE-  
8           3.<sup>6</sup>

---

<sup>6</sup> Cause No. 38708 FAC 133 through 140, CEI South Witnesses Wilhelmus and Ankenbrand.

**Table MDE-3**

Month	Actual Cost per kWh Purchases through MISO	Actual Cost per kWh Steam Generation	Difference	KWH	Total Replacement Cost
June 2022	104.777	26.838	77.939	11,698	911,726.51
July 2022	103.739	29.974	73.765	61,310	4,522,561.42
August 2022	118.038	30.446	87.592	47,535	4,163,693.99
September 2022	97.176	32.948	64.227	97,174	6,241,232.11
October 2022	75.247	28.300	46.947	19,266	904,482.08
November 2022	41.418	30.772	10.646	2,167	23,069.71
December 2022	172.789	30.252	142.536	34,110	4,861,910.88
January 2023	36.896	33.173	3.723	15,186	56,533.99
February 2023	23.171	32.829	(9.658)	25,811	(249,283.62)
March 2023	30.617	30.227	0.390	55,899	21,793.06
Total					21,457,720.11

**1 Q: What is the total maximum cost of the replacement power that you calculated?**

2 A: I calculated the maximum total cost of replacement power to be \$21,457,720.11.

## V. INSURANCE AND WARRANTY CLAIMS

3 Q: Did the OUCC ask CEI South about the potential for property insurance to  
4 cover any of the Culley 3 outage expenditures?

5 ☐ Yes ☐ No

6 [REDACTED]



1

2 **Q: Did the OUCC inquire about any warranties that might cover damages that**  
3 **CEI South incurred during the Culley 3 outage?**

4 **A: Yes.** [REDACTED]

5 [REDACTED]

6 **Q: Did CEI South seek a claim for replacement power?**

7 **A:** [REDACTED]

## **VI. FACILITY REPAIRS**

8 **Q: How much did CEI pay to repair Culley 3 due to the June 24, 2023 extended**  
9 **outage?**

10 **A:** According to CEI South Witness F. Shane Bradford, "[t]he estimated cost of the  
11 Culley 3 repair work is approximately \$7 - \$7.5 million."<sup>10</sup>

12 **Q: Should CEI South be allowed to recover the costs to repair Culley 3 from**  
13 **ratepayers?**

14 **A:** No. CEI South was responsible for the outage based on CEI South's management  
15 practices, lack of periodic inspections, and lack of planned maintenance procedures  
16 for the valves. Accordingly, CEI South ratepayers were not responsible for the  
17 Culley 3 outage per the testimony of OUCC Witness Krieger.

## **VII. RECOMMENDATION**

18 **Q: What does the OUCC recommend in this proceeding?**

19 **A:** CEI South is ultimately responsible with respect to the events that gave rise to the

---

<sup>7</sup> Cause No. 38708 137 S1, CEIS Confidential Response to OUCC DR 4.1(a), (b), and (c).

<sup>8</sup> Cause No. 38708 137 S1, CEIS Confidential Response to OUCC DR 4.2(a), (b), (c), and (d).

<sup>9</sup> Cause No. 38708 137 S1, CEIS Confidential Response to OUCC DR 4.2(e).

<sup>10</sup> Cause No. 38707 FAC 137 S1, Direct Testimony of F. Shane Bradford, p. 8, l. 17.

1 outage at Culley 3 on June 24, 2022. Thus, CEI South ratepayers should not have  
2 paid \$21,457,720 in fuel costs, and this amount should be credited back to  
3 consumers over 4 FAC periods. In addition, the total cost to repair Culley 3 should  
4 not be paid for by ratepayers.

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

6 **A: Yes.**

**APPENDIX A**

**QUALIFICATIONS OF MICHAEL D. ECKERT**

1   **Q:   Please describe your educational background and experience.**

2   **A:**   I graduated from Purdue University in West Lafayette, Indiana in December 1986,  
3       with a Bachelor of Science degree, majoring in Accounting. I am licensed in the  
4       State of Indiana as a Certified Public Accountant. Upon graduation, I worked as a  
5       Field Auditor with the Audit Bureau of Circulation in Schaumburg, Illinois until  
6       October 1987. In December 1987, I accepted a position as a Staff Accountant with  
7       the OUCC. In May 1995, I was promoted to Principal Accountant and in December  
8       1997, I was promoted to Assistant Chief Accountant. As part of the OUCC's  
9       reorganization, I accepted the position of Assistant Director of its  
10      Telecommunications Division in July 1999. From January 2000 through May 2000,  
11      I was the Acting Director of the Telecommunications Division. During an OUCC  
12      reorganization, I accepted a position as a Senior Utility Analyst and in September  
13      2017, I was promoted to Assistant Director of the Electric Division. In February  
14      2022, I was promoted to the Director of the Electric Division. As part of my  
15      continuing education, I have attended the National Association of Regulatory  
16      Utility Commissioners' ("NARUC") two-week seminar in East Lansing, Michigan.  
17      I attended NARUC's Spring 1993 and 1996 seminar on system of accounts. In  
18      addition, I attended several CPA sponsored courses and the Institute of Public  
19      Utilities Annual Conference in December 1994 and December 2000.

"Excluded From Public  
Access Per A.R. 9(G)."

"[REDACTED] HIGHLIGHT INDICATES CONFIDENTIAL  
MATERIAL"

**AFFIRMATION**

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



Michael D. Eckert  
Director-Electric Division

Cause No. 38708 FAC-137 S1  
CEI South

Date: September 13, 2023

**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 1 Redacted Testimony of OUCC Witness Michael D. Eckert* has been served upon the following counsel of record in the captioned proceeding by electronic service on September 13, 2023.

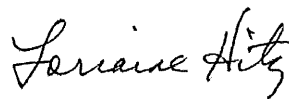
Heather A. Watts  
Jeffery A. Earl  
**CENTERPOINT ENERGY, INC.**  
[heather.watts@centerpointenergy.com](mailto:heather.watts@centerpointenergy.com)  
[jeffery.earl@centerpointenergy.com](mailto:jeffery.earl@centerpointenergy.com)

Anne E. Becker  
Tabitha L. Balzer  
**LEWIS & KAPPES, P.C.**  
[abecker@lewis-kappes.com](mailto:abecker@lewis-kappes.com)  
[tbalzar@lewis-kappes.com](mailto:tbalzar@lewis-kappes.com)

David A. Temple  
**DREWRY SIMMONS VORNEHM LLP**  
[dtemple@dsvlaw.com](mailto:dtemple@dsvlaw.com)

Steven W. Krohne  
**ICE MILLER LLP**  
[steven.krohne@icemiller.com](mailto:steven.krohne@icemiller.com)

Jennifer Washburn  
Reagan Kurtz  
**CITIZENS ACTION COALITION**  
[jwashburn@citact.org](mailto:jwashburn@citact.org)  
[rkurtz@citact.org](mailto:rkurtz@citact.org)



Lorraine Hitz  
Deputy Consumer Counselor

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

115 West Washington Street  
Suite 1500 South  
Indianapolis, IN 46204  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)  
[lhitz@oucc.in.gov](mailto:lhitz@oucc.in.gov)  
317/232-2775 - Lorraine's Direct Line  
317/232-2494 – Phone  
317/232-5923 – Facsimile