

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

OFFICIAL
EXHIBITS

DIRECT TESTIMONY
OF

MATTHEW A. RICE

DIRECTOR OF INDIANA ELECTRIC REGULATORY AND RATES

IURC
PETITIONER'S
EXHIBIT NO. 7
9-18-23 DATE AT REPORTER

ON

TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM IMPROVEMENT CHARGE
(TDSIC) DESIGN AND RECOVERY

SPONSORING PETITIONER'S EXHIBIT NO. 7,
ATTACHMENTS MAR-1 THROUGH MAR-4

DIRECT TESTIMONY OF MATTHEW A. RICE

1 **I. INTRODUCTION**

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

3 A. My name is Matthew A. Rice. My business address is 211 NW Riverside Drive, Evansville,
4 Indiana 47708.

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

6 A. I am employed by CenterPoint Energy Service Company, LLC (“Service Company”), a
7 wholly owned subsidiary of CenterPoint Energy, Inc. The Service Company provides
8 centralized support services to CenterPoint Energy, Inc.’s operating units, one of which
9 includes Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana
10 South (“CEI South”).¹

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

12 A. I am submitting testimony on behalf of CEI South, which is an indirect subsidiary of
13 CenterPoint Energy, Inc.

14 **Q. WHAT IS YOUR ROLE WITH RESPECT TO CEI SOUTH?**

15 A. I am Director of Indiana Electric Regulatory and Rates.

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

17 A. I received a Bachelor of Science degree in Business Administration from the University of
18 Southern Indiana in 1999. I also received a Master of Business Administration from the
19 University of Southern Indiana in 2008.

20 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

21 A. Prior to working for CEI South, I worked as a Market Research Analyst for American
22 General Finance for six years working primarily on customer segmentation, demographic
23 analysis, and site location analysis. In 2007, I joined CEI South as a Market Research
24 Analyst, and have held various positions, of increasing responsibility, to include Senior
25 Analyst, Manager of Market Research, and Director of Research and Energy

¹ For the sake of clarity, my testimony refers to CEI South, even though in certain situations, it may have been operating under a different name at the time.

1 Technologies. Since 2009, I have been responsible for long-term energy forecasting for
2 CEI South’s Integrated Resource Plans (“IRP”), helping to manage CEI South’s 2011,
3 2014, 2016, and 2019/2020 IRPs in addition to managing its IRP stakeholder process
4 since 2014. My duties have also included conducting economic analysis, primary and
5 secondary customer research (including surveying, focus groups, segmentation, and
6 demographic analysis), customer satisfaction research, housing market research, and
7 monitoring industry research. In February 2019, I became Manager of Resource Planning
8 with responsibility for internal and external generation analysis and reporting. I was
9 named to my current position of Director of Regulatory and Rates in October 2020 under
10 which I maintained my prior responsibilities related to CEI South’s IRP and assumed
11 regulatory and rates functions for CEI South’s Indiana electric service territory.

12 **Q. WHAT ARE YOUR PRESENT DUTIES AND RESPONSIBILITIES AS DIRECTOR OF**
13 **INDIANA REGULATORY AND RATES?**

14 A. I am responsible for electric regulatory and rate matters of CenterPoint in regulated
15 proceedings before the Indiana Utility Regulatory Commission (“Commission”). I also have
16 responsibility for resource planning and reporting for CEI South, including the IRP.

17 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

18 A. Yes. I have testified before the Commission on behalf of CEI South for a Certificate of
19 Public Convenience and Necessity in Cause Nos. 45052, 45501, 45564, 45600, 45754,
20 45786, 45836, 45839, 45795, and 45847. I have also testified in support of CEI South’s
21 request for approval of a tariff rate for Excess Distributed Generation in Cause No. 45378
22 and in support of CEI South’s Securitization request in Cause No. 45722. Additionally, I
23 have testified in various proceedings under Cause No. 43405 DSMA, Cause No. 44910
24 TDSIC, Cause No. 45052 ECA, and Cause No. 44909 CECA.

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

26 A. Pursuant to Ind. Code Ch. 8-1-39 (“TDSIC Statute”), I will discuss CEI South’s proposal
27 to use a rate adjustment mechanism (“the TDSIC”) for recovery of costs incurred pursuant
28 to the TDSIC Statute related to CEI South’s 2024 – 2028 TDSIC Plan (the “Plan”, the “5-
29 Year Plan”). I will describe the proposed allocation of costs, and tariff sheet, as well as
30 other proposed changes to CEI South’s Tariff for Electric Service (“Tariff”).

1 **Q. ARE YOU SPONSORING ANY ATTACHMENTS IN THIS PROCEEDING?**

2 A. Yes. I am sponsoring the following attachments in this proceeding:

- 3 • **Attachment MAR-1:** (Illustrative) TDSIC Rate Derivation, Schedules 1-4
- 4 • **Attachment MAR-2:** Proposed TDSIC Tariff Sheet
- 5 • **Attachment MAR-3:** EADIT Amortization Post Securitization of A.B. Brown
- 6 • **Attachment MAR-4:** Estimated Customer Bill Impacts

7 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR SUPERVISION?**

8 A. Yes, they were.

9 **II. STATUTORY OVERVIEW**

10 **Q. PLEASE DESCRIBE THE STATUTORY AUTHORITY THAT ALLOWS CEI SOUTH TO**
11 **SEEK APPROVAL OF A RECOVERY MECHANISM ASSOCIATED WITH PROJECTS**
12 **WITHIN THE 2024 – 2028 TDSIC PLAN.**


13 A. CEI South is requesting approval and subsequent timely recovery and deferred
14 accounting treatment of the costs of its 2024 – 2028 TDSIC Plan under the TDSIC Statute.
15 As discussed in detail by CEI South witnesses Leger and Rawlinson, the 2024 – 2028
16 TDSIC Plan proposed by CEI South addresses new or replacement capital investment
17 required for safety, reliability, and/or system modernization. Commensurate with the
18 approval of the 2024 – 2028 TDSIC Plan, Ind. Code § 8-1-39-9(a) states:

19 . . . a public utility that provides electric or gas utility service may file
20 with the commission rate schedules establishing a TDSIC that will allow
21 the periodic automatic adjustment of the public utility’s basic rates and
22 charges to provide for timely recovery of eighty percent (80%) of
23 approved capital expenditures and TDSIC costs.

24 Additionally, Ind. Code § 8-1-39-9(c) provides that:

25 A public utility that recovers capital expenditures and TDSIC costs under
26 subsection (a) shall defer the remaining twenty percent (20%) of
27 approved capital expenditures and TDSIC costs, including depreciation,
28 allowance for funds used during construction, and post in service
29 carrying costs, and shall recover those capital expenditures and TDSIC
30 costs as part of the next general rate case that the public utility files with
31 the commission.

1 TDSIC costs, as defined under Ind. Code § 8-1-39-7, include among others, a pre-tax
2 return on equity, other financing costs, depreciation, and property tax expenses. CEI
3 South proposes to utilize the TDSIC to recover 80% of the revenue requirement capturing
4 these costs, and to defer and recover the remaining 20% of the revenue requirement as
5 part of the next two base rate cases filed with the Commission.

6 **Q. INDIANA CODE § 8-1-39-⁹~~13~~(D) STATES THAT A PUBLIC UTILITY MAY NOT FILE A** 
7 **PETITION WITHIN NINE (9) MONTHS AFTER THE DATE ON WHICH THE**
8 **COMMISSION ISSUES AN ORDER CHANGING PETITIONER’S BASIC RATES AND**
9 **CHARGES. PLEASE PROVIDE THE DATE OF THE COMPANY’S LAST ELECTRIC**
10 **RATE CASE ORDER.**

11 **A.** The Company’s last retail electric base rate case order changing basic rates and charges
12 was issued on April 27, 2011 (Cause No. 43839, “rate case Order”), which is more than
13 nine months before the filing of the Petition in this cause.

14 **Q. YOU DESCRIBED THE PROPOSED PLAN AS “2024 – 2028 TDSIC PLAN.” IS THERE**
15 **AN EXISTING APPROVED TDSIC PLAN?**

16 **A.** Yes. In Cause No. 44910, the Commission approved the Company’s first TDSIC plan
17 (“44910 TDSIC Plan”). The seven-year 44910 TDSIC Plan expires on December 31,
18 2023, and CEI South is required to file a general rate case by the end of that 44910 TDSIC
19 Plan.

20 **Q. DOES ANYTHING IN THE TDSIC STATUTE PROHIBIT A UTILITY FROM FILING FOR**
21 **A SUBSEQUENT TDSIC PLAN PRIOR TO THE END OF THE LAST?**

22 **A.** No. And, to be clear, CEI South will not have two overlapping TDSIC Plans. CEI South is
23 filing for approval of its 2024 – 2028 TDSIC Plan prior to beginning construction in 2024.
24 But, CEI South’s 44910 TDSIC Plan will end on December 31, 2023, and its 2024 – 2028
25 TDSIC Plan will begin on January 1, 2024. So, there is no overlap of the two plans.

26 **Q. WHY IS CEI SOUTH PROPOSING TO RECOVER THE DEFERRED 20% OF THE**
27 **REVENUE REQUIREMENT AS PART OF THE NEXT TWO BASE RATE CASES?**

28 **A.** As I indicated previously, the 20% that is deferred is to be recovered as a part of the “next
29 general rate case.” CEI South is required to, and will, file its “next general rate case”
30 before December 31, 2023. We would expect the portion that has been deferred pursuant
31 to the 2024 – 2028 TDSIC Plan by the cutoff in the rate case to be filed later this year

would be recovered in the upcoming rate case. The remainder that is deferred over the remainder of the 2024 – 2028 TDSIC Plan would be recovered as a part of the general rate case after the one to be filed later this year.

Q. INDIANA CODE § 8-1-39-9(E) REQUIRES THAT A PUBLIC UTILITY THAT IMPLEMENTS A TDSIC UNDER CH. 8-1-39 SHALL, BEFORE THE EXPIRATION OF THE PUBLIC UTILITY’S APPROVED TDSIC PLAN, PETITION THE COMMISSION FOR REVIEW AND APPROVAL OF THE PUBLIC UTILITY’S BASIC RATES AND CHARGES WITH RESPECT TO THE SAME TYPE OF UTILITY SERVICE. DOES CEI SOUTH INTEND TO COMPLY WITH THIS REQUIREMENT?

A. Yes, the Company will make the required filing for a change in basic rates and charges prior to the end of the 5-Year Plan.

III. RATEMAKING TREATMENT

Q. PLEASE EXPLAIN THE SPECIFIC RATEMAKING CEI SOUTH IS REQUESTING IN THIS PROCEEDING.

A. As described by witness Behme, CEI South is requesting accounting authority starting January 1, 2024 for, and subsequent recovery of, eligible TDSIC costs specific to the proposed 2024 – 2028 TDSIC Plan, discussed by witness Rawlinson.

As discussed previously, the TDSIC Statute provides for timely recovery of 80% of the revenue requirement associated with approved capital expenditures and TDSIC costs via a periodic automatic adjustment of the utility’s rates (Ind. Code § 8-1-39-9(a)). CEI South is proposing to include the costs associated with the 2024 – 2028 TDSIC Plan in the TDSIC Mechanism with the remaining 20% of the revenue requirement deferred and recovered by the Company as part of its next two general base rate cases (Ind. Code § 8-1-39-9(c)).

Q. HOW DOES THE TDSIC STATUTE DEFINE ELIGIBLE TDSIC COSTS.

A. The TDSIC Statute defines eligible TDSIC Costs as:

. . . the following costs incurred with respect to eligible transmission, distribution, and storage system improvements incurred both while the improvements are under construction and post in service:
(1) Depreciation expenses.

- 1 (2) Operation and maintenance expenses.
2 (3) Extensions and replacements to the extent not provided for through
3 depreciation, in the manner provided in IC 8-1.5-3-8.
4 (4) Property taxes.
5 (5) Pretax returns.

6 Ind. Code § 8-1-39-7.

7 **Q. HOW WILL CEI SOUTH CAPTURE THESE ELIGIBLE COSTS FOR RECOVERY**
8 **WITHIN THE PROPOSED SEMI-ANNUAL TDSIC FILINGS?**

9 A. Consistent with this definition and to effectuate the authorized recovery, CEI South will
10 prepare in each semi-annual filing a revenue requirement calculation which will
11 accumulate all eligible costs incurred through a date certain pursuant to the 2024 – 2028
12 TDSIC Plan. As discussed by witness Behme, the semi-annual revenue requirement will
13 capture eligible new capital investments in plant related to the 2024 – 2028 TDSIC Plan,
14 multiplied by the applicable rate of return, together with depreciation, property tax
15 expenses, and amortization as described by Witness Behme, all associated with 2024 –
16 2028 TDSIC Plan investments. The TDSIC revenue requirement will represent the basis
17 for the recovery of 80% of the eligible revenue requirement amounts requested in each
18 periodic TDSIC filing.

19 **Q. PLEASE EXPLAIN THE COMPANY’S PROPOSAL TO DEFER THE REMAINING 20%**
20 **OF ELIGIBLE REVENUE REQUIREMENT AMOUNTS NOT RECOVERED IN THE**
21 **TDSIC.**

22 A. As provided for in the TDSIC Statute, the remaining 20% of eligible revenue requirement
23 amounts shall be deferred for recovery as part of the Company’s next two base rate
24 proceedings. Consistent with the recoverable portion, the revenue requirement calculation
25 discussed in witness Behme’s testimony will be used to derive the 20% deferred for future
26 recovery.

27 **IV. VARIANCES, ALLOCATIONS, AND RATE DERIVATION**

28 **Q. PLEASE DESCRIBE ATTACHMENT MAR-1, SCHEDULE 1 (ACTUAL VARIANCES BY**
29 **RATE SCHEDULE).**

30 A. Page 1 of Schedule 1 calculates the over- or under-recovery variance by comparing actual
31 recoveries to the approved recoveries from the TDSIC for the same time period. Actual
32 recoveries represent billed TDSIC revenues from CEI South’s customer billing system by

month and by Rate Schedule for this period. The over- or under-recovery variance is determined by month and by Rate Schedule. The specific identification of the variance by Rate Schedule ensures that customers are paying for only the costs allocated to and approved for recovery from that Rate Schedule.

Q. HOW WILL THE APPROVED RECOVERIES BE DETERMINED FOR EACH TDSIC FILING?

A. As reflected on Attachment MAR-1, Schedule 4, approved recoveries will be defined within each TDSIC filing, and will represent the amounts the Company expects to collect each month. These approved recoveries will be calculated by taking the billing determinants by the month multiplied by the applicable rates and charges for the TDSIC period. Any under recoveries resulting from instances in which TDSIC rates and charges are not in place for a full month will be recovered as an under-recovery variance in a subsequent TDSIC proceeding.

Q. DOES CEI SOUTH PLAN TO MAINTAIN THE EXISTING TDSIC SCHEDULE?

A. Yes. Following TDSIC 13 and TDSIC 14 filings from the 44910 TDSIC Plan, CEI South plans to maintain the TDSIC schedule established in 44910 TDSIC Plan. There are two periods: May through October and November through April. The approved recoveries for the TDSIC reconciliation period will represent the TDSIC approved amounts for either May through October or November through April and will be noted in Attachment MAR-1, Schedule 4.

Q. HOW WILL THE VARIANCE BE CALCULATED FOR THE TDSIC RECONCILIATION PERIOD?

A. The Total Variance, noted on line 22 of Schedule 1, will be calculated by subtracting the actual recoveries for the reconciliation period from the approved recoveries (line 15 through 21). The resulting variance is an over- or under-recovery and will be credited to customers in the TDSIC rates and charges over a six-month period.

Q. WHAT IS THE COMPANY'S PROPOSAL TO RECONCILE THE OVER- OR UNDER-RECOVERY VARIANCES RESULTING FROM TDSIC-13 AND TDSIC-14 FROM THE 44910 TDSIC PLAN ("44910 TDSIC-13" AND "44910 TDSIC 14", RESPECTIVELY)?

The Company proposes to include the over- or under-recovery variances resulting from TDSIC rates in place from the 44910 TDSIC-13 and 44910 TDSIC-14 periods in the first

1 semi-annual filing in this Cause. The Company considered filing a TDSIC-15 under Cause
2 No. 44910 to reconcile the over- or under-recovery variances resulting from 44910 TDSIC-
3 13, and file a TDSIC-16 under Cause No. 44910 to reconcile variances resulting from
4 44910 TDSIC-14, but decided it was more administratively efficient to include the
5 variances in the first semi-annual tracker filing under this Cause. The specific identification
6 of the variance by Rate Schedule ensures that customers are paying only for the costs
7 allocated and approved for recovery from that Rate Schedule.

8 **Q. HOW WILL THE APPROVED RECOVERIES BE RECONCILED?**

9 A. As reflected on Schedule 4, approved recoveries represent the amounts CEI South
10 expects to collect each month. These approved recoveries are calculated by multiplying
11 the billing determinants by month by the applicable rates and charges for the TDSIC
12 period. Any under-recoveries resulting from instances in which TDSIC rates and charges
13 are not in place for a full month will be recovered as an under-recovery variance in a
14 subsequent TDSIC proceeding.

15 **Q. WHAT ALLOCATION FACTORS IS CEI SOUTH PROPOSING TO USE FOR THE 2024**
16 **– 2028 TDSIC PLAN?**

17 A. CEI South is proposing to use the allocation percentages agreed to by the parties in the
18 Cause No. 44910 Settlement until such a time as the percentages are updated in a future
19 rate case.

20 **Q. WILL ALLOCATORS BE ADJUSTED IN THE NEXT GENERAL RATE CASE?**

21 A. Yes. The Petitioner's last base rate case was in Cause No. 43839, with the Commission
22 issuing an Order in April 2011 (the "43839 Order"). Petitioner proposes, however to
23 continue to allocate the revenue requirements for TDSIC charges based on the 44910
24 Settlement allocation percentages shown in the following table until such time as new
25 allocators are in place in the next general rate case, which will be filed in December 2023.
26 Settlement allocations account for the move of a large customer from the HLF rate class
27 to the LP rate class and are more representative of cost causation than allocations that
28 were put into place 12 years ago. Currently, the one remaining HLF customer pays for
29 0.7% of the total transmission component of the revenue requirement, as opposed to 9.1%
30 from the 43839 Order. The separation of the revenue requirement into transmission and
31 distribution, as well as the exclusion of some rate groups from the distribution portion of
32 the revenue requirement is consistent with that Settlement allocation.

	Rate Case		Settlement	
	Transmission	Distribution	Transmission	Distribution
Rate RS	42.6%	58.4%	42.6%	58.4%
Rate B	0.1%	1.1%	0.1%	1.1%
Rate SGS	1.8%	4.1%	1.8%	4.1%
Rate DGS/MLA	27.3%	22.5%	27.3%	22.5%
Rate OSS	2.1%	2.3%	2.1%	2.3%
Rate LP	16.8%	10.5%	25.3%	10.6%
Rate HLF	9.1%	0.1%	0.7%	0.0%
Rate SL/OL	0.0%	0.9%	0.0%	0.9%
Total	100.0%	100.0%	100.0%	100.0%

Q. PLEASE DESCRIBE SCHEDULE 2 (ALLOCATION AND RATE DERIVATION).

A. Attachment MAR-1, Schedule 2 shows the allocation of the TDSIC revenue requirement components, supported by Ms. Behme, and the derivation of TDSIC rates and charges by Rate Schedule for each component (transmission and distribution). The schedule is divided into three sections to reflect the different allocation percentages applicable to TDSIC costs to derive the proposed TDSIC charges by Rate Schedule.

Lines 1 through 10 show the derivation of the revenue requirement for the transmission component of the TDSIC. The allocation percentages listed in Column A reflect the current 44910 Settlement allocation percentages, shown in the table below, representing the functionalized transmission revenues by Rate Schedule from CEI South's Cost of Service Study in the last electric base rate case:

Rate Schedule	Transmission Allocators
Rate RS	42.62%
Rate B	0.13%
Rate SGS	1.82%
Rate DGS/MLA	27.33%
Rate OSS	2.12%
Rate LP	25.33%
Rate HLF	0.65%
Rate SL/OL	0.00%
Total	100.00%

These allocation percentages are applied to the total transmission component of the revenue requirement from Petitioner's Exhibit No. 6, Attachment CMB-1, Schedule 1, Line 16, to determine the amounts recoverable from each Rate Schedule (Column B). The

amounts allocated to each Rate Schedule are divided by the estimated billing determinants in Columns C through E (customers, energy (kWh), or Demand (kW/kVa)) to determine the per unit TDSIC rates and charges in Columns F through H. For the small customer Rate Schedules—Residential Service (“Rate RS”), Water Heating Service (“Rate B”), Small General Service (“Rate SGS”)—the Transmission component is recovered via a per-kWh rate. For the Street Lighting (“Rate SL”) and Outdoor Lighting (“Rate OL”) Rate Schedules, the Transmission component is recovered via a per-customer (or per-light) charge. For all other Rate Schedules—Demand General Service (“Rate DGS”), Municipal Levee Authority Service (“Rate MLA”), Off-Season Service (“Rate OSS”), Large Power Service (“Rate LP”), and High Load Factor Service (“Rate HLF”)—the Transmission component is recovered via a per-kW or per-kVa demand charge.

Lines 11 through 23 show the derivation of the revenue requirement for the distribution component of the TDSIC rate. The allocation percentages listed in Column A reflect the 44910 Settlement allocation percentages, shown in the following table, representing the functionalized distribution revenues by Rate Schedule from CEI South’s Cost of Service Study in the last electric base rate case:

Rate Schedule	Distribution Allocators
Rate RS	58.44%
Rate B	1.12%
Rate SGS	4.10%
Rate DGS/MLA	22.53%
Rate OSS	2.32%
Rate LP	10.59%
Rate HLF	0.01%
Rate SL/OL	0.89%
Total	100.00%

These allocation percentages are applied to the total distribution component of the revenue requirement from Petitioner’s Exhibit No. 6, Attachment CMB-1, Schedule 1, Line 16, to determine the amounts recoverable from each Rate Schedule (Column B). The calculation of the distribution rate (or charge) per unit follows the same methodology previously explained for the Transmission component. For the small customer Rate Schedules—Rate RS, Rate B, Rate SGS—the distribution component is recovered via a fixed per-customer, monthly charge. For Rate SL and Rate OL, the Distribution component

is recovered via a per-customer (or per-light) charge. For all other Rate Schedules—Rate DGS, Rate MLA, Rate OSS, Rate LP, and Rate HLF—the Distribution component is recovered via a per-kW or per-kVa demand charge.

Lines 24 through 34 of Schedule 2 show the derivation of the Excess Accumulated Deferred Income Tax Credit (“EADIT Credit”) component of the TDSIC rate. The allocation percentages listed in Column A reflect allocation percentages agreed to in the Stipulation and Settlement Agreement reached in Cause No. 45032 S21 (“Tax Reform Settlement”), shown in the following table, representing the taxable income by Rate Schedule from CEI South’s Cost of Service Study in the last electric base rate case:

Rate Schedule	EADIT Credit Allocators
Rate RS	42.67%
Rate B	0.20%
Rate SGS	1.16%
Rate DGS/MLA	30.15%
Rate OSS	2.11%
Rate LP - Transmission	8.79%
Rate LP - Distribution	13.18%
Rate HLF	0.93%
Rate SL/OL	0.81%
Total	100.00%

These allocation percentages are applied to the total EADIT Credit projected for the next twelve-month period² to determine the credit amounts to each Rate Schedule (Column B). In accordance with the Tax Reform Settlement, the calculation of the EADIT Credit rate³ (or charge) per unit follows the same methodology previously explained for the Transmission component. For the small customer Rate Schedules—Rate RS, Rate B, Rate SGS—the EADIT Credit component is passed back to customers via a per-kWh rate. For Rate SL and Rate OL, the EADIT Credit component is passed back via a per-customer

² The Tax Reform Settlement approved in Cause No. 45032 S21 defines the annual amortization for CEI South, revised as reflected on Attachment JCS-4 in TDSIC 3. The annual amounts are grossed up using the revenue conversion factor from Cause No. 45032 S21 and evenly divided by month to determine the credit applicable to the effective TDSIC periods.

³ As described below, the EADIT Credit rate will be revised and shall not become effective until the securitization bonds authorized in Cause No. 45722 close.

(or per-light) charge. For all other Rate Schedules—Rate DGS, Rate MLA, Rate OSS, Rate LP, and Rate HLF—the EADIT Credit component is passed back via a per-kW or per-kVa demand charge. For Rate LP, the EADIT Credit is allocated between Transmission and Distribution using the percentage of total Transmission and Distribution investments from CEI South’s approved TDSIC Plan.

Lines 35 through 45 of Schedule 2 show the derivation of the Variance component of the TDSIC rate, using the specific variance amounts by Rate Schedule from Schedule 1. The variance component of the 2024 – 2028 TDSIC Plan will be collected over a six-month period, as the total variance represents the over- or under-recovery of authorized amounts over a six-month period. The variance is recovered (or passed back) consistent with the methodology previously explained for the Transmission and EADIT Credit components. For the small customer Rate Schedules—Rate RS, Rate B, Rate SGS—the Variance component is recovered from (or passed back to) customers via a per-kWh rate. For Rate SL and Rate OL, the Variance component is recovered (or passed back) via a per-customer (or per-light) charge. For all other Rate Schedules—Rate DGS, Rate MLA, Rate OSS, Rate LP, and Rate HLF—the Variance component is recovered (or passed back) via a per-kW or per-kVa demand charge. For Rate LP, the variance is allocated between transmission and distribution using the percentage of total transmission and distribution components of the revenue requirements authorized in the TDSIC period, one year prior.

Q. PLEASE DESCRIBE SCHEDULE 3 (PROPOSED RATES AND CHARGES).

A. Schedule 3 presents the illustrative proposed TDSIC rates and charges by Rate Schedule using information from Schedule 2. Following the first 2024 – 2028 TDSIC Plan recovery filing, Schedule 3 will include current TDSIC rates and charges by Rate Schedule. These rates and charges will be used to calculate a percentage change in the proposed rate, by Rate Schedule.

Q. PLEASE EXPLAIN HOW THE TDSIC RATES AND CHARGES PROPOSED FOR TRANSMISSION VOLTAGE DISCOUNT (“TVD”) APPLICABLE TO RATE LP WERE DERIVED FROM THE CALCULATIONS ON SCHEDULE 2.

A. The TVD in CEI South’s current electric base rates reflects a credit to customers receiving service under Rate LP (as well as Backup, Auxiliary, and Maintenance Power Service, or “Rate BAMP”) that are directly served from the transmission system (69 kV or higher). CEI

1 South currently has seven customers that are eligible for this credit under Rate LP and
2 Rate BAMP. The TVD represents a credit for the amount of distribution costs, for which
3 these customers should not be responsible, built into the Rate LP and Rate BAMP TDSIC
4 Demand Charge. As such, the TDSIC rates and charges applicable to these customers
5 should reflect only the transmission component of the revenue requirement, EADIT Credit,
6 and Variance components of the TDSIC. The TDSIC TVD reflected on Schedule 3, Line
7 7 is the credit associated with the distribution revenue requirement component (line 20),
8 the Distribution EADIT Credit component (line 31), and the Distribution variance
9 component (line 42) for Rate LP on Schedule 2.

10 **Q. PLEASE EXPLAIN HOW THE TDSIC RATES AND CHARGES PROPOSED FOR RATE**
11 **BAMP WERE DERIVED FROM THE CALCULATIONS ON SCHEDULE 2.**

12 A. Rate BAMP customers receive firm transmission capacity to support their firm or non-firm
13 generation capacity requirements. CEI South currently has one customer served under
14 Rate BAMP. This customer owns and operates a cogeneration facility, which is receiving
15 non-firm generation backup services from CEI South. The approved Rate BAMP rates and
16 charges represent the cost of firm transmission services. As such, the TDSIC rates and
17 charges applicable to Rate BAMP should capture only the transmission component of the
18 revenue requirement, EADIT Credit, and Variance components of the rate, which
19 synchronize to the nature of their service requirements. The Rate BAMP TDSIC rate
20 shown on Schedule 3, Line 8 is the sum of the transmission component of the revenue
21 requirement component (line 7), the Transmission EADIT Credit component (line 30), and
22 the Transmission Variance component (line 41) for Rate LP on Schedule 2.

23 **Q. PLEASE DESCRIBE SCHEDULE 4 (PROJECTED RECOVERIES BY MONTH).**

24 A. For illustrative purposes in this filing, Schedule 4 calculates the TDSIC recoveries by
25 month. These are the expected monthly recoveries of the approved TDSIC revenue
26 requirement to which actual TDSIC revenues will be compared for reconciliation purposes.

27 **V. TARIFF PROPOSAL AND EADIT CREDIT**

28 **Q. PLEASE DESCRIBE ATTACHMENT MAR-2.**

29 A. For illustrative purposes Attachment MAR-2 is the proposed CEI South Tariff Sheet, Sheet
30 No. 75 – Appendix K, containing the TDSIC rates and charges.

1 **Q. WHAT DID THE ORDER IN CAUSE NO. 45722 (“45722 ORDER”) REQUIRE WITH**
2 **RESPECT TO EADIT?**

3 A. Ordering paragraph 29 in the 45722 Order required CEI South to make a compliance filing
4 on or before February 3, 2023, in that Cause with an updated tariff for the 44910 TDSIC
5 tracker reflecting the shorter amortization period for excess ADIT related to the retirement
6 and securitization of CEI South’s A.B. Brown generation Units 1 and 2. The EADIT related
7 to A.B. Brown Units 1 and 2 is currently protected under IRS normalization rules but will
8 become unprotected after the securitization bonds are issued. As a result, the 45722
9 Order requires CEI South to update its TDSIC tariff to reflect a shorter amortization period
10 for the A.B. Brown Units 1 and 2 EADIT ending with the scheduled maturity date of the
11 securitization bonds.

12 **Q. HAS CEI SOUTH UPDATED ITS SCHEDULES IN THIS FILING TO ACCOUNT FOR**
13 **THE EADIT ADJUSTMENT REQUIRED IN THE 45722 ORDER?**

14 A. No, the 45722 Order states that the revised tariff shall not become effective until the
15 closing of the securitization bonds. CEI South will not know the actual amount of remaining
16 EADIT or the final maturity date of the securitization bonds until the bonds are closed.
17 Therefore, CEI South cannot provide the updated schedules at this time. However, I have
18 provided Attachment MAR-3⁴, which shows a sample post-securitization A.B. Brown Units
19 1 and 2 EADIT amortization schedule that assumes securitization bonds are issued on
20 June 30, 2023, and have a final maturity date in 2041 (18 years). Attachment MAR-3 also
21 includes a comparison to the current amortization of the A.B. Brown Units 1 and 2 EADIT.

22 **Q. HOW WILL CEIS IMPLEMENT THE CHANGE IN SCHEDULE?**

23 A. After the securitization bonds are issued, CEIS will file an updated tariff and supporting
24 schedules in this Cause to reflect the required adjustment taking into account the closing
25 date and final maturity date of the securitization bonds. The resulting new TDSIC rates will
26 take effect on the next billing cycle after the securitization bonds are issued and
27 Commission staff approves the updated tariff.

⁴ An illustrative EDIT amortization schedule was provided in Cause No. 44910 TDSIC 12, Petitioner’s Exhibit 3, Attachment MAR-4

1 **VI. PROJECTED CUSTOMER IMPACTS**

2 **Q. HAS CEI SOUTH PROJECTED THE IMPACT THE COSTS OF THE PROPOSED TDSIC**
3 **PLAN IN THIS PROCEEDING WILL HAVE ON RETAIL RATES AND CHARGES, AS**
4 **REQUIRED BY THE TDSIC STATUTE?**

5 A. Yes. The Petitioner has estimated the impact the costs included in the 2024 – 2028 TDSIC
6 Plan will have on customer rates over time. Attachment MAR-4 summarizes the estimated
7 year-over-year impact that the costs associated with the 2024 – 2028 TDSIC Plan will
8 have on customer rates, by rate schedule, over the life of the TDSIC Plan. As discussed
9 by Witness Behme, the Plan will not result in an average aggregate increase in total retail
10 revenues of more than two percent in a twelve-month period. In order to align the
11 customer impacts to the TDSIC Plan investments, these impacts exclude the EADIT
12 Credits to be reflected in future TDSIC rates and charges.

13 **VII. CONCLUSION**

14 **Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

15 A. Yes, at the present time.

Cause No. 45894

VERIFICATION

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

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



Matthew A. Rice
Director of Indiana Electric Regulatory and Rates

5-24-23

Date

----- ILLUSTRATIVE -----
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
ACTUAL VARIANCES BY RATE SCHEDULE THROUGH APRIL 30, 2024

Line	Description		A	B	C	D	E	F	G	H	I	J
			Rate Schedule								Total	Reference
	Actual Recoveries	RS	B	SGS	DGS / MLA	OSS	LP / BAMP	HLF	SL/OL			
1	Nov-23	\$	-	\$	-	\$	-	\$	-	\$	-	(A)
2	Dec-23	\$	-	\$	-	\$	-	\$	-	\$	-	(A)
3	Jan-24	\$	-	\$	-	\$	-	\$	-	\$	-	(A)
4	Feb-24	\$	-	\$	-	\$	-	\$	-	\$	-	(A)
5	Mar-24	\$	-	\$	-	\$	-	\$	-	\$	-	(A)
6	Apr-24	\$	-	\$	-	\$	-	\$	-	\$	-	(A)
7	Total Actual Recoveries	\$	-	\$	-	\$	-	\$	-	\$	-	Sum Lines 1-6
	Approved Recoveries	RS	B	SGS	DGS / MLA	OSS	LP / BAMP	HLF	SL/OL			
8	Nov-23	\$	-	\$	-	\$	-	\$	-	\$	-	(B)
9	Dec-23	\$	-	\$	-	\$	-	\$	-	\$	-	(B)
10	Jan-24	\$	-	\$	-	\$	-	\$	-	\$	-	(B)
11	Feb-24	\$	-	\$	-	\$	-	\$	-	\$	-	(B)
12	Mar-24	\$	-	\$	-	\$	-	\$	-	\$	-	(B)
13	Apr-24	\$	-	\$	-	\$	-	\$	-	\$	-	(B)
14	Total Approved Recoveries Exclusive of IURT	\$	-	\$	-	\$	-	\$	-	\$	-	Sum Lines 8-13
15	Total Variance (C) Under/(Over) Recovery	\$	-	\$	-	\$	-	\$	-	\$	-	Line 14 - Line 7

(A) Actual Recoveries represent billed TDSIC revenues from the company's customer billing system by month and by rate schedule.

(B) Based on prior TDSIC approvals.

(C) To Attachment MAR-1, Schedule 2

----- ILLUSTRATIVE -----
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
ALLOCATION AND RATE DERIVATION

Line No.	A	B	C	D	E	F	G	H	
1	Transmission Revenue Requirement	\$ -	Attachment CMB-1, Schedule 1, Line 16						
	Rate Schedule	Transmission Allocators	Transmission Revenue Requirement	Customers or Services	Energy (kWh)	Demand (kW)	Rate Per Customer Per Month	Rate per kWh	Rate per kW/kVa
2	Rate RS	42.62%	\$ -		-		\$ -		
3	Rate B	0.13%	\$ -		-		\$ -		
4	Rate SGS	1.82%	\$ -		-		\$ -		
5	Rate DGS/MLA	27.33%	\$ -			-		\$ -	
6	Rate OSS	2.12%	\$ -			-		\$ -	
7	Rate LP	25.33%	\$ -			-		\$ -	
8	Rate HLF	0.65%	\$ -			-		\$ -	
9	Rate SL/OL	0.00%	\$ -	-			\$ -		
10	Total	100.00%	\$ -						
11	Distribution Revenue Requirement	\$ -	Attachment CMB-1, Schedule 1, Line 16						
	Rate Schedule	Distribution Allocators	Distribution Revenue Requirement	Customers or Services	Energy (kWh)	Demand (kW)	Rate Per Customer Per Month	Rate per kWh	Rate per kW/kVa
12	Rate RS	58.44%	\$ -	-	-		\$ -		
13	Rate B	1.12%	\$ -	-	-		\$ -		
14	Rate SGS	4.10%	\$ -	-	-		\$ -		
15	Rate DGS/MLA	22.53%	\$ -			-		\$ -	
16	Rate OSS	2.32%	\$ -			-		\$ -	
17	Rate LP	10.59%	\$ -			-		\$ -	
18	Rate HLF	0.01%	\$ -			-		\$ -	
19	Rate SL/OL	0.89%	\$ -	-			\$ -		
20	Total	100.00%	\$ -						
21	EADIT Credit - TDSIC-X/TDSIC-X	\$ -	MONTH-YEAR TO MONTH-YEAR						
	Rate Schedule	EADIT Credit Allocators	EADIT Credit	Customers or Services	Energy (kWh)	Demand (kW)	Rate Per Customer Per Month	Rate per kWh	Rate per kW/kVa
22	Rate RS	42.67%	\$ -		-		\$ -		
23	Rate B	0.20%	\$ -		-		\$ -		
24	Rate SGS	1.16%	\$ -		-		\$ -		
25	Rate DGS/MLA	30.15%	\$ -			-		\$ -	
26	Rate OSS	2.11%	\$ -			-		\$ -	
27	Rate LP - Transmission	8.79%	\$ -	[1]		-		\$ -	
28	Rate LP - Distribution	13.18%	\$ -	[1]		-		\$ -	
29	Rate HLF	0.93%	\$ -			-		\$ -	
30	Rate SL/OL	0.81%	\$ -	-			\$ -		
31	Total	100.00%	\$ -						
32	(Over)/Under Recovery Variance	\$ -	Schedule 1, Line 15						
	Rate Schedule	(Over)/Under Recovery Variance		Customers or Services	Energy (kWh)	Demand (kW)	Rate Per Customer Per Month	Rate per kWh	Rate per kW/kVa
33	Rate RS	\$ -			-		\$ -		
34	Rate B	\$ -			-		\$ -		
35	Rate SGS	\$ -			-		\$ -		
36	Rate DGS/MLA	\$ -				-		\$ -	
37	Rate OSS	\$ -				-		\$ -	
38	Rate LP - Transmission	\$ -	[2]			-		\$ -	
39	Rate LP - Distribution	\$ -	[2]			-		\$ -	
40	Rate HLF	\$ -				-		\$ -	
41	Rate SL/OL	\$ -		-			\$ -		
42	Total	\$ -							
	Schedule 1, Line 15								

Schedule 1, Line 15

- [1] EADIT Credit split between Transmission and Distribution for LP for determination of the TVD Component and ultimate BAMP rates and charges. Transmission and Distribution percentages based on the total TDSIC Plan approved in this proceeding - 40% Transmission, 60% Distribution.
- [2] Variance recovery split between Distribution and Transmission based on the split of Revenue Requirement from TDSIC period being recovered. Applies only to Rate LP for determination of the TVD Component and ultimate BAMP rates and charges.

TDSIC-X Split for use in TDSIC-X Variance		
Distribution Revenue Requirement	\$ -	0.00%
Transmission Revenue Requirement	\$ -	0.00%
Total	\$ -	0.00%

----- ILLUSTRATIVE -----
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
PROPOSED RATES AND CHARGES

			A	B	C	D	E	F	G	H	I		
			Combined Rates and Charges - (Proposed)			Combined Rates and Charges - (Current) [1]			Percentage Change [3]				
Line No.	Rate Schedule	Description	Rate per		Rate per	Rate per		Rate per	Rate per				
			Customer Per	Month	Rate per kWh	kW/kVa	Customer Per	Month	Rate per kWh	kW/kVa	Customer Per	Month	Rate per kWh
1	Rate RS	Residential Service	\$	-	\$	-	\$	-	\$	-	0.00%	0.00%	
2	Rate B	Water Heating Service	\$	-	\$	-	\$	-	\$	-	0.00%	0.00%	
3	Rate SGS	Small General Service	\$	-	\$	-	\$	-	\$	-	0.00%	0.00%	
4	Rate DGS/MLA	Demand General Service / Municipal Levee Authority			\$	-			\$	-			0.00%
5	Rate OSS	Off-Season Service			\$	-			\$	-			0.00%
6	Rate LP	Large Power Service			\$	-			\$	-			0.00%
7	Rate LP - TVD	Large Power Service - Transmission Voltage Discount	[4]		\$	-			\$	-			0.00%
8	Rate BAMP	Backup, Auxiliary, and Maintenance Power Services	[5]		\$	-			\$	-			0.00%
9	Rate HLF	High Load Factor Service			\$	-			\$	-			0.00%
10	Rate SL/OL	Street Lighting / Outdoor Lighting	\$	-			\$	-			0.00%		
			Combined Rates and Charges, without Variance - (Proposed)			Combined Rates and Charges, without Variance - (Current) [2]			Percentage Change [3]				
Line No.	Rate Schedule	Description	Rate per		Rate per	Rate per		Rate per	Rate per				
			Customer Per	Month	Rate per kWh	kW/kVa	Customer Per	Month	Rate per kWh	kW/kVa	Customer Per	Month	Rate per kWh
11	Rate RS	Residential Service	\$	-	\$	-	\$	-	\$	-	0.00%	0.00%	
12	Rate B	Water Heating Service	\$	-	\$	-	\$	-	\$	-	0.00%	0.00%	
13	Rate SGS	Small General Service	\$	-	\$	-	\$	-	\$	-	0.00%	0.00%	
14	Rate DGS/MLA	Demand General Service / Municipal Levee Authority			\$	-			\$	-			0.00%
15	Rate OSS	Off-Season Service			\$	-			\$	-			0.00%
16	Rate LP	Large Power Service			\$	-			\$	-			0.00%
17	Rate LP - TVD	Large Power Service - Transmission Voltage Discount	[6]		\$	-			\$	-			0.00%
18	Rate BAMP	Backup, Auxiliary, and Maintenance Power Services	[7]		\$	-			\$	-			0.00%
19	Rate HLF	High Load Factor Service			\$	-			\$	-			0.00%
20	Rate SL/OL	Street Lighting / Outdoor Lighting	\$	-			\$	-			0.00%		

[1] Per Cause No. 44910 TDSIC-X, Petitioner's Exhibit No. 3, Attachment MAR-1, Schedule 3, Columns A, B and C, Lines 1 - 10

[2] Per Cause No. 44910 TDSIC-X, Petitioner's Exhibit No. 3, Attachment MAR-1, Schedule 3, Columns A, B and C, Lines 11 - 20

[3] Calculated by subtracting current rate from proposed rate, then dividing by current rate

[4] Column C calculated from the rates and charges on Schedule 2 - Line 20 (distribution revenue requirement), Line 31 (distribution EADIT Credit), and Line 42 (distribution variance).

[5] Column C calculated from the rates and charges on Schedule 2 - Line 7 (transmission revenue requirement), Line 30 (transmission EADIT Credit), and Line 41 (transmission variance).

[6] Column C calculated from the rates and charges on Schedule 2 - Line 20 (distribution revenue requirement), and Line 31 (distribution EADIT Credit).

[7] Column C calculated from the rates and charges on Schedule 2 - Line 7 (transmission revenue requirement), and Line 30 (transmission EADIT Credit).

-----ILLUSTRATIVE-----
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
PROJECTED RECOVERIES BY MONTH

Line No.	Rate Schedule	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Annual Total
Projected Customer Count (A)														
1	RS - Residential Service	-	-	-	-	-	-	-	-	-	-	-	-	- 12 Mos Avg
2	B - Water Heating Service	-	-	-	-	-	-	-	-	-	-	-	-	- 12 Mos Avg
3	SGS - Small General Service	-	-	-	-	-	-	-	-	-	-	-	-	-
4	SL/OL - Street Lighting / Outdoor Lighting Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Energy (kWh) (A)														
5	RS - Residential Service	-	-	-	-	-	-	-	-	-	-	-	-	-
6	B - Water Heating Service	-	-	-	-	-	-	-	-	-	-	-	-	-
7	SGS - Small General Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Demand (kW)/(kVa) (A)														
8	DGS - Demand General Service / Municipal Levee Authority	-	-	-	-	-	-	-	-	-	-	-	-	-
9	OSS - Off-Season Service	-	-	-	-	-	-	-	-	-	-	-	-	-
10	LP - Large Power Service	-	-	-	-	-	-	-	-	-	-	-	-	-
11	LP - Large Power Service - Transmission Voltage Discount	-	-	-	-	-	-	-	-	-	-	-	-	-
12	BAMP - Backup, Auxiliary, and Maintenance Power Services	-	-	-	-	-	-	-	-	-	-	-	-	-
13	HLF - High Load Factor Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Projected Recoveries (B)														
14	RS - Residential Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	B - Water Heating Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	SGS - Small General Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	DGS - Demand General Service / Municipal Levee Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	OSS - Off-Season Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	LP - Large Power Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	LP-TVD - Large Power Service - Transmission Voltage Discount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	BAMP - Backup, Auxiliary, and Maintenance Power Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	HLF - High Load Factor Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	SL/OL - Street Lighting / Outdoor Lighting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Recoveries Including Variances during first six months	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	20% Deferred (based on Revenue Requirement piece only)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

(A) Source: CEI South 2022 - 2031 IE Plan

(B) Proposed Rates and Charge, multiplied by Estimated Billing Determinants (A)

Proposed Rates and Charges	With Variance	Without Variance	Without Variance and EADIT Credit
Rate RS - Per Customer Per Month	\$ -	\$ -	\$ -
Rate RS - Per kWh	\$ -	\$ -	\$ -
Rate B - Per Customer Per Month	\$ -	\$ -	\$ -
Rate B - Per kWh	\$ -	\$ -	\$ -
Rate SGS - Per Customer Per Month	\$ -	\$ -	\$ -
Rate SGS - Per kWh	\$ -	\$ -	\$ -
Rate DGS/MLA - Per kW/kVa	\$ -	\$ -	\$ -
Rate OSS - Per kW/kVa	\$ -	\$ -	\$ -
Rate LP - Transmission Per kW/kVa	\$ -	\$ -	\$ -
Rate LP - Distribution Per kW/kVa	\$ -	\$ -	\$ -
Rate LP-TVD - Per kW/kVa	\$ -	\$ -	\$ -
Rate BAMP - Per kW/kVa	\$ -	\$ -	\$ -
Rate HLF - Per kW/kVa	\$ -	\$ -	\$ -
Rate SL/OL - Per Customer Per Month	\$ -	\$ -	\$ -

APPENDIX K

TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM

IMPROVEMENT CHARGE

APPLICABILITY

The Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") shall be applicable to all Customers on the Rate Schedules set forth in the TDSIC Charges section below.

DESCRIPTION

The TDSIC shall include, as approved by the Commission:

- (1) In Cause No. XXXXX, recovery of costs associated with Company's TDSIC Plan ("TDSIC") as provided for in Ind. Code Ch. 8-1-39 for the purposes of safety, reliability, system modernization, or economic development.
- (2) In Cause No. 45032-S21, credits associated with the amortization of Excess Accumulated Deferred Income Tax ("EADIT Credits") liability resulting from the Tax Cuts and Jobs Act of 2017.

Reconciliation

Company's actual TDSIC costs and EADIT Credits shall be reconciled semi-annually with actual TDSIC recoveries, with any differences being reflected as a charge or credit in a subsequent TDSIC.

Allocation Percentages

TDSIC costs and EADIT Credits shall be allocated to the Rate Schedules based on the percentages approved in Cause No. XXXXX and Cause No. 45032-S21.

<u>Rate Schedule</u>	<u>Transmission</u>	<u>Distribution</u>	<u>EADIT Credit</u>
	<u>Allocation</u>	<u>Allocation</u>	<u>Allocation</u>
	<u>Percentage</u>	<u>Percentage</u>	<u>Percentage</u>
RS	42.62%	58.44%	42.67%
B	0.13%	1.12%	0.20%
SGS	1.82%	4.10%	1.16%
DGS/MLA	27.33%	22.53%	30.15%
OSS	2.12%	2.32%	2.11%
LP/BAMP	25.33%	10.59%	21.97%
HLF	0.65%	0.01%	0.93%
SL/OL	0.00%	0.89%	0.81%

TDSIC CHARGES

The TDSIC shall be applied to each customer or kW/kVa or kWh of electric usage, as applicable. The current TDSIC rates and charges by Rate Schedule are set forth below:

<u>Rate Schedule</u>	<u>\$ per Month</u>	<u>\$ per kW or kVa</u>	<u>\$ per kWh</u>
RS	\$0.00		\$0.000000
B	\$0.00		\$0.000000
SGS	\$0.00		\$0.000000
DGS/MLA		\$0.000	
OSS		\$0.000	
LP		\$0.000	
LP-TVD		\$(0.000)	
BAMP		\$0.000	
HLF		\$0.000	
SL/OL (1)	\$0.00		

- (1) The TDSIC Charge for Rate Schedule SL/OL is stated in \$ per month per lighting fixture.

Effective:

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
EADIT AMORTIZATION PRE- AND POST-SECURITIZATION OF A.B. BROWN

EADIT as of 6/30/2023	<u>Pre-Securitization</u>		<u>Post-Securitization</u>	
	\$	24,531,754	\$	24,531,754
2023	\$	(239,207)	\$	(681,438)
2024	\$	(389,605)	\$	(1,362,875)
2025	\$	(563,733)	\$	(1,362,875)
2026	\$	(493,802)	\$	(1,362,875)
2027	\$	(519,092)	\$	(1,362,875)
2028	\$	(459,630)	\$	(1,362,875)
2029	\$	(445,813)	\$	(1,362,875)
2030	\$	(463,200)	\$	(1,362,875)
2031	\$	(499,480)	\$	(1,362,875)
2032	\$	(534,615)	\$	(1,362,875)
2033	\$	(587,542)	\$	(1,362,875)
2034	\$	(626,615)	\$	(1,362,875)
2035	\$	(662,178)	\$	(1,362,875)
2036	\$	(696,465)	\$	(1,362,875)
2037	\$	(720,016)	\$	(1,362,875)
2038	\$	(719,763)	\$	(1,362,875)
2039	\$	(849,704)	\$	(1,362,875)
2040	\$	(853,900)	\$	(1,362,875)
2041	\$	(856,142)	\$	(681,438)
2042	\$	(858,763)	\$	-
2043	\$	(863,061)	\$	-
2044	\$	(869,004)	\$	-
2045	\$	(870,990)	\$	-
2046	\$	(863,795)	\$	-
2047	\$	(839,192)	\$	-
2048	\$	(788,999)	\$	-
2049	\$	(975,178)	\$	-
2050	\$	(950,234)	\$	-
2051	\$	(897,924)	\$	-
2052	\$	(1,341,573)	\$	-
2053	\$	(1,167,722)	\$	-
2054	\$	(1,167,346)	\$	-
2055	\$	(897,473)	\$	-

---ILLUSTRATIVE---

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CEI South
CEI South
TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
Estimated Customer Bill Impacts

		TDSIC-2.2 2024			TDSIC-2.4 2025			TDSIC-2.6 2026			TDSIC-2.8 2027			TDSIC-2.10 2028		
		Per Customer/ Month	Per kWh	Per kW/kVA	Per Customer/ Month	Per kWh	Per kW/kVA	Per Customer/ Month	Per kWh	Per kW/kVA	Per Customer/ Month	Per kWh	Per kW/kVA	Per Customer/ Month	Per kWh	Per kW/kVA
Estimated Rates & Charges [1]																
1	Rate RS	\$ 1.85	\$ 0.000702		\$ 3.76	\$ 0.001567		\$ 5.46	\$ 0.002877		\$ 7.62	\$ 0.004185		\$ 9.08	\$ 0.005604	
2	Rate B	\$ 1.30	\$ 0.000408		\$ 2.65	\$ 0.000910		\$ 3.85	\$ 0.001671		\$ 5.37	\$ 0.002431		\$ 6.40	\$ 0.003255	
3	Rate SGS	\$ 1.71	\$ 0.000694		\$ 3.47	\$ 0.001548		\$ 5.05	\$ 0.002842		\$ 7.04	\$ 0.004134		\$ 8.39	\$ 0.005536	
4	Rate DGS/MLA			\$ 0.781			\$ 1.645			\$ 2.632			\$ 3.739			\$ 4.704
5	Rate OSS			\$ 0.856			\$ 1.791			\$ 2.822			\$ 3.998			\$ 4.989
6	Rate LP			\$ 1.062			\$ 2.200			\$ 3.370			\$ 4.749			\$ 5.838
7	Rate LP-TVD			\$ (0.859)			\$ (1.746)			\$ (2.537)			\$ (3.536)			\$ (4.214)
8	Rate BAMP			\$ 0.204			\$ 0.454			\$ 0.834			\$ 1.213			\$ 1.624
9	Rate HLF			\$ 0.140			\$ 0.311			\$ 0.568			\$ 0.826			\$ 1.103
10	Rate SL/OL	\$ 0.15			\$ 0.30			\$ 0.43			\$ 0.60			\$ 0.72		

[1] Based on proposed cost allocations, rate design, and revenue requirement calculations.