

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC)
COMPANY d/b/a CENTERPOINT ENERGY INDIANA SOUTH)
("CEI SOUTH") FOR (1) ISSUANCE OF A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY PURSUANT TO IND.)
CODE CH. 8-1-8.5 FOR THE CONSTRUCTION OF TWO)
NATURAL GAS COMBUSTION TURBINES ("CTs") PROVIDING)
APPROXIMATELY 460 MW OF BASELOAD CAPACITY ("CT)
PROJECT"); (2) APPROVAL OF ASSOCIATED RATEMAKING)
AND ACCOUNTING TREATMENT FOR THE CT PROJECT; (3))
ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY PURSUANT TO IND. CODE CH. 8-1-8.4 FOR)
COMPLIANCE PROJECTS TO MEET FEDERALLY MANDATED)
REQUIREMENTS ("COMPLIANCE PROJECTS"); (4))
AUTHORITY TO TIMELY RECOVER 80% OF THE)
FEDERALLY MANDATED COSTS OF THE COMPLIANCE)
PROJECTS THROUGH CEI SOUTH'S ENVIRONMENTAL COST)
ADJUSTMENT MECHANISM ("ECA"); (5) AUTHORITY TO)
CREATE REGULATORY ASSETS TO RECORD (A) 20% OF THE)
FEDERALLY MANDATED COSTS OF THE COMPLIANCE)
PROJECTS AND (B) POST-INSERVICE CARRYING CHARGES,)
BOTH DEBT AND EQUITY, AND DEFERRED DEPRECIATION)
ASSOCIATED WITH THE CT PROJECT AND COMPLIANCE)
PROJECTS UNTIL SUCH COSTS ARE REFLECTED IN RETAIL)
ELECTRIC RATES; (6) IN THE EVENT THE CPCN IS NOT)
GRANTED OR THE CTS OTHERWISE ARE NOT PLACED IN)
SERVICE, AUTHORITY TO DEFER, AS A REGULATORY)
ASSET, COSTS INCURRED IN PLANNING PETITIONER'S)
2019/2020 IRP AND PRESENTING THIS CASE FOR)
CONSIDERATION FOR FUTURE RECOVERY THROUGH)
RETAIL ELECTRIC RATES; (7) ONGOING REVIEW OF THE CT)
PROJECT; AND (8) AUTHORITY TO ESTABLISH)
DEPRECIATION RATES FOR THE CT PROJECT AND)
COMPLIANCE PROJECTS ALL UNDER IND. CODE §§ 8-1-2-6.7,)
8-1-2-23, 8-1-8.4-1 ET SEQ., AND 8-1-8.5-1 ET SEQ.)

CAUSE NO. 45564

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S VERIFIED PETITION
FOR REHEARING AND RECONSIDERATION

Comes now the Indiana Office of Utility Consumer Counselor (“OUCC”) and files its *Verified Petition for Rehearing and Reconsideration*. In support thereof, the OUCC states as follows.

On June 28, 2022, the Indiana Utility Regulatory Commission (“Commission”) issued a Final Order in this Cause, granting, *inter alia*, Petitioner CenterPoint Energy Indiana South’s (“CEIS” or “Petitioner”) request for a certificate of public convenience and necessity (“CPCN”) to build two new gas-fired combustion turbines (“CTs”) at CEIS’ A.B. Brown generating station. *In re CenterPoint Energy of Indiana*, Cause No. 45564, 2022 WL 2400650 (Ind. Util. Regul. Comm’n Jun 28, 2022.) As part of that approval, the Commission also approved CEIS’ cost estimate for the CTs of \$334 million. Final Order, Ordering ¶4.

Under the Commission’s procedural rules governing relief available to parties after the issuance of a final order, a petition for rehearing and reconsideration may be filed within twenty (20) days of the issuance of a final order. 170 Ind. Admin Code 1-1.1-22(e)(1) states:

The petition shall be concise, stating the specific grounds relied upon, with appropriate record references and specific requests for the findings or orders desired. If the petition seeks rehearing, it shall be verified or supported by affidavit and shall set forth the following:

- (A) The nature and purpose of the evidence to be introduced at rehearing.
- (B) The reason or reasons the new evidence was not available at the time of the hearing or could not be discovered with due diligence.
- (C) A statement of how the evidence purportedly would affect the outcome of the proceeding if received into the record.
- (D) A showing that the evidence shall not be merely cumulative.

The OUCC states that its Petition for Rehearing and Reconsideration meets all the requirements of this rule, as further discussed below.

1. Petitioner Withheld Evidence of the True Cost to Run the CTS

While this Cause was pending, CEIS filed Cause No. 45722, comprising its request to securitize assets at its A.B. Brown generating plant. CEIS sought this approval because if CEIS’

request to build new CTs in Cause No. 45564 was approved, there would be remaining “stranded” plant value. CEIS sought to recover the potentially stranded plant value through the securitization process.

Numerous parties intervened in Cause No. 45722, including the CEIS Industrial Group (“IG”). Seeking detail about CEIS’ securitization workpapers, the IG issued discovery requests, including a set containing the following question and answer from CEIS:

5-5. Please refer to the workpapers supporting JLT-3 and JLT-4 at the workpaper titled “Brown NBV projection no COR”.

a. Is the \$18,591,724.04 of Structures & Improvements for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets included within the \$334 million cost estimate of the proposed CTs in Cause 45564? Please explain your answer in detail.

b. Is the \$51,866,324.87 of Boiler Plant Equipment for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets included within the \$334 million cost estimate of the proposed CTs in Cause 45564? Please explain your answer in detail.

c. Is the \$7,384,402.70 of SO2 Removal System for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets included within the \$334 million cost estimate of the proposed CTs in Cause 45564? Please explain your answer in detail.

Response:

a. No; please refer to Petitioner’s Exhibit No. 4, Attachments JLT-3 and JLT-4 for itemization of the specific costs.

b. No; please refer to Petitioner’s Exhibit No. 4, Attachments JLT-3 and JLT-4 for itemization of the specific costs.

c. No; please refer to Petitioner’s Exhibit No. 4, Attachments JLT-3 and JLT-4 for itemization of the specific costs.

CEIS Responses to IG DR 5-5 (see Attachment A).

Seeking further clarification, the IG issued a follow-up request, and received the following response:

7-1. Please refer to CenterPoint’s response to IG DR 5-5, which asks about \$18,591,724.04 of Structures & Improvements for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets; \$51,866,324.87 of Boiler Plant Equipment for 2022 New Capital Additions in Total A.B. Brown Common Re-

Used Assets; and \$7,384,402.70 of SO2 Removal System for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets (collectively, “2022 New Capital Additions in Brown Common Re-Used Assets.”)

a. Why were the costs of the 2022 New Capital Additions in Brown Common Re-Used Assets not included in the \$334 million cost estimate of the proposed CTs in Cause 45564? Please explain your answer in detail.

b. Did CenterPoint disclose the amount of the 2022 New Capital Additions in Brown Common Re-Used Assets in Cause 45564? If so, please identify with specificity where this disclosure was made.

c. Will CenterPoint make the investment into the 2022 New Capital Additions in Brown Common Re-Used Assets even if the Commission denies CenterPoint’s request for a CPCN for the CTs in Cause 45564? Please explain your answer in detail.

Response:

a. The costs included in “2022 New Capital Additions in Brown Common Re-Used” pertain to new capital additions required for the continued operation of Brown Units 1 and 2 and are separate from Petitioner’s request to construct two new CTs, which was approved in Cause No. 45564. On page 32 (Lines 20 – 31) of Petitioner’s Exhibit No. 2 (Public) in Cause No. 45564, Petitioner’s Witness Games described the facilities and equipment in service at the time of that filing that would be eligible for reuse (and therefore will remain used and useful) at the Brown Site for the CTs following the retirement of Brown Units 1 & 2 in October 2023. The costs included in “2022 New Capital Additions in Brown Common Re-Used” were incurred (and have been placed in service) to continue the operation of Brown Units 1 & 2 through 2023 before the CTs are constructed and placed in service and are required to continue to operate Brown Units 1 & 2 through October 2023 regardless of whether the CTs are constructed. Therefore, these costs were not included in the costs estimates for the CTs provided in Cause No. 45564 given their association with continued operation of Brown Units 1 & 2. Furthermore, since these assets would be eligible for reuse at the site once the CT assets are constructed, the reused assets are excluded from Qualified Costs in Cause No. 45722.

b. Please see Petitioner’s Response to 45722 IG DR 7-1.a.

c. Not applicable.

CEIS Response to IG DR 7-1 (see Attachment B).

The three categories of costs total \$77,842,451.61.

Based on these responses, the OUCC seeks reconsideration and rehearing to offer this information into the record of Cause No. 45564. Such evidence would show that the true cost of CEIS' new CTs is not \$334 million, as proposed by CEIS and approved by the Commission, but at least \$411.8 million when the new equipment at A.B. Brown is added. The \$77,842,452 amount is 23.3% of the original \$334 million approved by the Commission, and 18.9% of the resulting total.¹ When added to the CTs' approved cost, the additional \$77,842,452 has a material impact on the economic analyses presented by CEIS and the other parties.

As shown in Attachments A and B, this information only became available to the parties on June 16, 2022, and July 7, 2022, respectively, well after the close of evidence in Cause No. 45564. The "new plant additions" cost information will not be cumulative of other information in the record, because it was unknown to the parties and could not have been reasonably anticipated. Further, CEIS admitted in the data responses that it did not include the costs in the Cause No. 45564 proceeding.

Therefore, the OUCC requests that the Commission grant rehearing and reconsider its order in light of this new information. Reopening the record to receive this evidence will allow the Commission and parties to inquire as to why such information was omitted from CEIS' case in support of its new CTs and will allow an accurate presentation of what the true CT costs will be to CEIS' captive customers. Evaluating whether to grant rehearing in past cases, the Commission's review found "each of the issues raised by [Petitioner] in its Petition for Reconsideration were fully evaluated and properly considered by the Commission in reaching its determination in this cause." *In re Cincap VII*, Cause No.

¹ $\$77,842,452 \div \$334,000,000 = 0.233061234$; $\$77,842,452 \div \$411,842,452 = 0.189010267$.

41569, 2001 WL 1782708 (Ind. Util. Regul. Comm'n Aug. 15, 2001). The same is not true in the OUCC's request, as the Commission did not have the information before it in contemplation of CEIS' requested relief. In addition, the Commission has previously stated that it found "no authority to allow this Commission to receive new evidence for reconsideration of its order absent additional hearing." *In re Tipmont Rural Elec. Corp.*, Cause No. 36874, 1982 WL 969977 (Ind. Pub. Serv. Comm'n Oct. 21, 1982). Thus, the Commission must reopen the record to receive the new evidence officially.

2. The Commission's decision regarding cost recovery of the TGT pipeline is contradictory.

The Commission's Final Order approved cost recovery for gas transportation on the TGT pipeline via the FAC, but cost recovery for the pipeline itself was left to be determined. The Commission stated "it is appropriate that Petitioner should receive reasonable cost recovery for the expenses it incurs for the service it receives from the TGT pipeline. However, the specific amount and the means of that cost recovery will be subject to further proceedings[.]" Final Order at *30, 2022 WL 2400650 at *30.

However, two of the Ordering paragraphs state as follows:

To the extent that reasonable pipeline costs allocated to CEI South's customers are not ultimately recovered through CEI South's FAC mechanism, we grant its alternative request for deferral of such costs until such costs are recovered through base rates following a general rate case.

Final Order, p. 39; Ordering para. 9, 2022 WL 2400650 at *41.

A subdocket shall be created to address cost recovery and allocation issues related to the costs incurred pursuant to the Precedent Agreement with TGT as discussed herein. In the event CEI South is ultimately not permitted to reflect the fixed lateral demand charge in its FAC as a result of such subdocket, CEI South is authorized to defer as a regulatory asset for future recovery the demand costs it incurs until such time as such costs are recovered through CEI South's base rates.

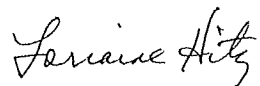
Final Order, p. 40, Ordering para. 22, 2022 WL 2400650 at *42.

On one hand, the Commission stated it would leave the decision of “the specific amount and the means of that cost recovery...to further proceedings[.]” *Id.* On the other, it then found in favor of CEIS recovering the cost of the pipeline through rates, should the FAC process for recovery fail. These positions are at odds with each other and are not supported by the record. For example, should FERC deny the pipeline, the Commission’s ruling can be read to allow CEIS to recover cost associated with the pipeline, despite the pipeline never having been used and useful to CEIS. Further, allowing CEIS to defer and record a regulatory asset for pipeline costs creates a regulatory hurdle and barrier to future parties arguing against its inclusion in CEIS’ rates.

The OUCC requests that the Commission reconsider its finding that TGT pipeline costs be recoverable through CEIS future rates and defer such decision of rate recovery until the completion of the pipeline subdocket ordered in Ordering paras. 9 and 22. This decision would accord the appropriate due process to all parties, as the issue of the approval, cost, use, allocation and ownership of the pipeline can be reviewed all at the same time in that separate docket. The granting of future rate recovery absent that review would otherwise be unsupported by the requisite evidence in the record.

WHEREFORE, the OUCC respectfully requests that the Commission reconsider its Order and rehear this matter, and for all such other relief appropriate in the premises.

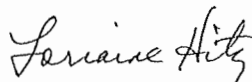
Respectfully submitted,



Lorraine Hitz, Deputy Consumer Counselor
Attorney No. 18006-29

VERIFICATION

The undersigned states under penalty of perjury that the foregoing factual representations are true and correct to the best of my knowledge and belief.



Lorraine Hitz, Attorney # 18006-29

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Verified Petition for Rehearing and Reconsideration* has been served upon the following counsel of record in the captioned proceeding by electronic service on July 18, 2022.

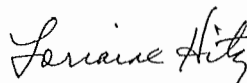
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STATE OF INDIANA

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).)

CAUSE NO. 45722

**CENTERPOINT ENERGY INDIANA SOUTH'S RESPONSE TO CEI SOUTH INDUSTRIAL
 GROUP'S 5th SET OF DATA REQUESTS TO CENTERPOINT ENERGY INDIANA SOUTH**

Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("Petitioner", "CEI South", CenterPoint Indiana South" or "Company") pursuant to 170 IAC 1-1.1-16 and the discovery provisions of Rules 26 through 37 of the Indiana Rules of Trial Procedure, by its counsel, hereby submits the following Objections and Responses to the CEI South Industrial Group's 5th Set of Data Requests to CenterPoint Indiana South dated June 6, 2022 ("Requests").

General Objections

All of the following General Objections are incorporated by reference in the response to each of the Requests:

1. The responses provided to the Requests have been prepared pursuant to a reasonable and diligent investigation and search conducted in connection with the Requests in those areas where information is expected to be found. To the extent the Requests purport to require more than a reasonable and diligent investigation and search, Petitioner objects on grounds that they include an undue burden or unreasonable expense.

2. Petitioner objects to the Requests to the extent they seek documents or information which are not relevant to the subject matter of this proceeding and which are not reasonably calculated to lead to the discovery of admissible evidence.

3. Petitioner objects to the Requests to the extent they seek responses and information from individuals and entities who are not parties to this proceeding and to the extent they request the production of information and documents not presently in Petitioner's possession, custody or control. Petitioner further objects to the Requests to the extent they are (i) vague and ambiguous as to the individuals and entities to whom the Request refer, or (ii) overbroad and not reasonably calculated to lead to the discovery of relevant or admissible evidence. Accordingly, as used herein, "CenterPoint Indiana South" or "Petitioner" or "Company" shall have the meaning set forth in the opening paragraph of these Objections and Responses.

4. Petitioner objects to the Requests to the extent they seek an analysis, calculation, or compilation which has not already been performed and which Petitioner objects to performing.

5. Petitioner objects to the Requests to the extent they are vague and ambiguous and provide no basis from which Petitioner can determine what information is sought.

6. Petitioner objects to the Requests to the extent they seek information outside the scope of this proceeding, and as such, the Requests seek information not reasonably calculated to lead to the discovery of relevant or admissible evidence.

7. Petitioner objects to the extent the Requests purport to require production of (a) information in a particular format; (b) multiple copies of the same document; (c) additional copies of the same document merely because alterations, notes, comments, or other material appear thereon when such other material is not material or relevant; and (d) copies of the same information in multiple formats on the grounds that it is irrelevant, overbroad, unreasonably burdensome and not required by the Commission rules and inconsistent with practice in Commission proceedings.

8. Petitioner objects to the Requests to the extent they solicit copies of voluminous documents.

9. Petitioner objects to the Requests to the extent the discovery sought is unreasonably cumulative or duplicative; or is obtainable from some other source that is more convenient, less burdensome, or less expensive.

10. Petitioner objects to the Requests to the extent the burden or expense of the proposed discovery outweighs its likely benefit, taking into account the needs of the case, the amount in controversy, the parties' resources, the importance of the issues at stake in litigation, and the importance of the proposed discovery in resolving the issues.

11. Petitioner objects to the Request on the grounds that it is overbroad, unreasonably burdensome and seeks information that is largely irrelevant to the subject matter of this proceeding.

12. Petitioner objects to the Requests to the extent they seek information that is confidential, proprietary, competitively sensitive and/or trade secret.

13. The responses constitute the corporate responses of Petitioner and contain information gathered from a variety of sources. Petitioner objects to the Requests to the extent they request identification of and personal information about all persons who participated in responding to each data request on the grounds that it is overbroad, unreasonably burdensome and irrelevant given the nature and scope of the requests and the many people who may be consulted about them. Petitioner further objects to the Requests to the extent they purport to require identification of a witness who can answer questions regarding the substance of or origination of information supplied in each response on the ground that Petitioner has no obligation to call witnesses to testify as to information provided in discovery.

14. Petitioner objects to the Requests to the extent they seek information that is subject to the attorney-client, work product, settlement negotiation or other applicable privileges. Petitioner further objects to the Requests to the extent they purport to require the creation of a privilege log on the grounds that given the extremely expedited and informal nature of discovery in this proceeding, contemporaneous privilege logs are inappropriate. Petitioner objects to the Requests on the grounds they are unreasonably burdensome, overbroad, inconsistent with discovery practices in Commission proceedings and inconsistent with the informal discovery process applicable to this proceeding.

15. Petitioner assumes no obligation to supplement these responses except to the extent required by Ind. Tr. R. 26(E) (1) and (2) and objects to the extent the instructions and/or Requests purport to impose any greater obligation. Petitioner denies that Ind. Tr. R. 26(E)(3) applies to the Requests.

Subject to and without waiver of the general and specific objections set forth herein, Petitioner responds to the Requests in the manner set forth below.

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Data Requests - Set 05

5-1. Please refer to Mr. Vallejo's Direct Testimony at page 21, lines 12-19.

- a. Is CenterPoint proposing to return excess ADIT associated with the \$180 million of the A-1 tranche over nine years or over fifteen years? Please explain your answer in detail.

- b. Is it CenterPoint's position that it would be a normalization violation to return the excess ADIT associated with the \$180 million A-1 tranche over a period of nine years (consistent with the principal payment period being proposed for that tranche)? Please explain your answer in detail.

Response:

- a. CEI South is proposing to return the excess ADIT ratably over the life of the regulated asset(s) created in securitization. As such, to the extent there are multiple tranches, the pro-rata portion of the excess ADIT attributable to that tranche will be amortized over the life of that tranche. For example, if, at the time of securitization, there was \$100 of excess ADIT and there were two tranches of \$180 over nine years and \$160 over fifteen years, \$53 ($\$100 \times (\$180/(\$180+\$160))$) and \$47 ($\$100 \times (\$160/(\$180+\$160))$) of excess ADIT would be returned over nine years and fifteen years, respectively.

- b. While it is possible that the refund of excess ADIT over nine years rather than the fifteen years could potentially result in a normalization violation, it is CEI South's position that provided the refund matches the amortization of the regulatory asset, the refund should not result in a normalization violation.

5-2. Please refer to Table BAJ-3 on page 27 of Mr. Jerasa's Direct Testimony.

- a. Did CenterPoint conduct any other Sensitivity Analyses investigating the effect of utilizing a single tranche? If so, please provide them. If not, please explain in detail why not.
- b. Did CenterPoint conduct any other Sensitivity Analysis utilizing tranches with longer weighted average lives than that depicted in BAJ-3? If so, please provide them. If not, please explain in detail why not.
- c. Did CenterPoint conduct any other Sensitivity Analysis investigating the effect of recovering more money in a tranche with a longer principal payback period (i.e., Class A-2) and less money in the tranche with a shorter payback period (i.e., Class A-1). If so, please provide them. If not, please explain in detail why not.
- d. For all Sensitivity Analyses provided in response to any of the above requests, please identify the associated annual revenue requirement.

Response:

- a. CEI South worked with its financial advisor, Barclays, to consider structural alternatives (i.e., different tranching options(such as single or multiple) and maturity lengths) and concluded the two-tranche structure depicted in BAJ-3 largely captured the bookends of the NPV of cost for the securitization, since the length of the overall cashflows has the greatest impact to NPV savings, while also providing marketable structures that would facilitate increased bond liquidity and positively impact execution. A multiple tranche structure with each tranche having different weighted average lives, opens the transaction to a broader pool of investors and may increase overall transaction marketability and liquidity which ultimately may benefit spread / pricing execution. Conversely, a one-tranche structure would have an unprecedentedly long principal payment window that may adversely impact investor demand and liquidity in the bonds and could result in a spread premium at pricing. CEI South will continue to evaluate structural and tranching alternatives prior to the marketing of the bonds to assess any changes in market conditions, investor demand, and/or potential impacts on the Securitization Charges.
- b. No. Any structure utilizing tranches with longer weighted average lives would require longer maturity lengths, and the maximum maturity length permitted is shown by the 18-year structure scenario depicted in BAJ-3.
- c. As explained in IG DR 5-2a., CEI South worked with its financial advisor, Barclays, to consider structural alternatives (i.e., different principal payback periods) and concluded that for purposes of the proposed preliminary structures in the application, frontloading or backloading the structure (or, increasing or decreasing the proportion of the Class A-1 notes relative to the Class A-2 notes) does not materially impact the NPV of cost savings. As indicated above and in previous DRs, CEI South will continue to evaluate tranching alternatives (e.g., number of tranches and tranche sizing) prior to the marketing of the bonds to assess any changes in the market conditions, investor demand, and/or potential impacts on the Securitization Charges.
- d. CEI South does not have any Sensitivity Analyses to provide that are materially more advantageous than those shown in BAJ-3. As explained in the response to 5-2a and 5-2c., CEI South will continue to evaluate structural and tranching alternatives as the marketing period approaches to evaluate any changes in market conditions, investor demand, and/or potential impacts on the Securitization Charges.

5-3. Please refer to Table BAJ-3 on page 27 of Mr. Jerasa's Direct Testimony. Please identify the annual revenue requirement if Structure #3 were utilized instead of Structure #2.

Response:

Please see "Petitioner's Exhibit No 02 Workpaper Supporting Table BAJ-3 Sensitivity Analysis 51022.xlsx", which was filed as part of the docket in this Cause and provided on May 10, 2022 in Excel format via a BFileShare link as a courtesy copy to counsel with service of filing Petitioner's case and chief. The annual revenue requirement of Structure #3 is \$28,730,891.

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5-4. Please explain in detail how securitizing the Brown units will affect CenterPoint's credit rating.

Objection:

Petitioner objects to the Request on the grounds and to the extent the Request seeks information which is trade secret or other proprietary, confidential and competitively sensitive business information of Petitioner, its Customers, or other 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, its Customers, or other 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:

Securitizing the Brown units will have a positive impact on CEI South's credit. Please see page 17 (lines 20 – 22) of Petitioner's Exhibit No 2 – the Direct Testimony of Witness Jerasa, wherein Mr. Jerasa states: "In general, securitization is considered a credit positive because it allows the utility to receive proceeds up-front while providing long-term savings to customers and reducing bill impact. Additionally, please see "45722 IG DR5-4 CONFIDENTIAL Moodys CEI South 060722.pdf", a recent credit analysis from Moody's Investor Services that states:

Securitization allows the company to reduce costs for customers and significantly lower carbon emissions, which reduces social and environmental risks.

Furthermore, from a financial risk perspective, the securitization bond issuance will allow CEI South to 1) reduce debt in the near term and 2) reinvest into CEI South's generation transition plan in the long term. This debt reduction and reinvestment will help CEI South maintain credit metrics in line with its current ratings. Specifically, please see pages 23 – 24 (lines 33 - 10) of Petitioner's Exhibit No 2, wherein Mr. Jerasa states:

"Upon receipt of the proceeds . . . , CEI South will i) in the short term, reduce capitalization in line with retired generation property, and ii) in the long term, reinvest the proceeds in capital investments as further described by Witness Leger.

...

After net proceeds of the securitization bond offering are received, CEI South will retire debt at the lowest friction cost available so as to minimize costs."

For additional discussion, please refer the direct testimonies of Mr. Jerasa and Mr. Chang on rating agency views of securitization.

5-5. Please refer to the workpapers supporting JLT-3 and JLT-4 at the workpaper titled "Brown NBV projection no COR".

- a. Is the \$18,591,724.04 of Structures & Improvements for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets included within the \$334 million cost estimate of the proposed CTs in Cause 45564? Please explain your answer in detail.
- b. Is the \$51,866,324.87 of Boiler Plant Equipment for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets included within the \$334 million cost estimate of the proposed CTs in Cause 45564? Please explain your answer in detail.
- c. Is the \$7,384,402.70 of SO2 Removal System for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets included within the \$334 million cost estimate of the proposed CTs in Cause 45564? Please explain your answer in detail.

Response:

- a. No; please refer to Petitioner's Exhibit No. 4, Attachments JLT-3 and JLT-4 for itemization of the specific costs.
- b. No; please refer to Petitioner's Exhibit No. 4, Attachments JLT-3 and JLT-4 for itemization of the specific costs.
- c. No; please refer to Petitioner's Exhibit No. 4, Attachments JLT-3 and JLT-4 for itemization of the specific costs.

Dated: June 16, 2022

As to objections only,

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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).)

CAUSE NO. 45722

CENTERPOINT ENERGY INDIANA SOUTH'S RESPONSE TO CEI SOUTH'S
INDUSTRIAL GROUP'S 7TH SET OF DATA REQUESTS TO CENTERPOINT ENERGY
INDIANA SOUTH

Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("Petitioner," "CenterPoint Indiana South" or "Company") pursuant to 170 IAC 1-1.1-16 and the discovery provisions of Rules 26 through 37 of the Indiana Rules of Trial Procedure, by its counsel, hereby submits the following Objections and Responses to the CEI South's Industrial Group's Seventh (7th) Set of Data Requests to CenterPoint Indiana South dated June 27, 2022 ("Requests").

General Objections

All of the following General Objections are incorporated by reference in the response to each of the Requests:

1. The responses provided to the Requests have been prepared pursuant to a reasonable and diligent investigation and search conducted in connection with the Requests in those areas where information is expected to be found. To the extent the Requests purport to require more than a reasonable and diligent investigation and search, Petitioner objects on grounds that they include an undue burden or unreasonable expense.

2. Petitioner objects to the Requests to the extent they seek documents or information which are not relevant to the subject matter of this proceeding and which are not reasonably calculated to lead to the discovery of admissible evidence.

3. Petitioner objects to the Requests to the extent they seek responses and information from individuals and entities who are not parties to this proceeding and to the extent they request the production of information and documents not presently in Petitioner's possession, custody or control. Petitioner further objects to the Requests to the extent they are (i) vague and ambiguous as to the individuals and entities to whom the Request refer, or (ii) overbroad and not reasonably calculated to lead to the discovery of relevant or admissible evidence. Accordingly, as used herein, "CenterPoint Indiana South" or "Petitioner" or "Company" shall have the meaning set forth in the opening paragraph of these Objections and Responses.

4. Petitioner objects to the Requests to the extent they seek an analysis, calculation, or compilation which has not already been performed and which Petitioner objects to performing.

5. Petitioner objects to the Requests to the extent they are vague and ambiguous and provide no basis from which Petitioner can determine what information is sought.

6. Petitioner objects to the Requests to the extent they seek information outside the scope of this proceeding, and as such, the Requests seek information not reasonably calculated to lead to the discovery of relevant or admissible evidence.

7. Petitioner objects to the extent the Requests purport to require production of (a) information in a particular format; (b) multiple copies of the same document; (c) additional copies of the same document merely because alterations, notes, comments, or other material appear thereon when such other material is not material or relevant; and (d) copies of the same information in multiple formats on the grounds that it is irrelevant, overbroad, unreasonably burdensome and not required by the Commission rules and inconsistent with practice in Commission proceedings.

8. Petitioner objects to the Requests to the extent they solicit copies of voluminous documents.

9. Petitioner objects to the Requests to the extent the discovery sought is unreasonably cumulative or duplicative; or is obtainable from some other source that is more convenient, less burdensome, or less expensive.

10. Petitioner objects to the Requests to the extent the burden or expense of the proposed discovery outweighs its likely benefit, taking into account the needs of the case, the amount in controversy, the parties' resources, the importance of the issues at stake in litigation, and the importance of the proposed discovery in resolving the issues.

11. Petitioner objects to the Request on the grounds that it is overbroad, unreasonably burdensome and seeks information that is largely irrelevant to the subject matter of this proceeding.

12. Petitioner objects to the Requests to the extent they seek information that is confidential, proprietary, competitively sensitive and/or trade secret.

13. The responses constitute the corporate responses of Petitioner and contain information gathered from a variety of sources. Petitioner objects to the Requests to the extent they request identification of and personal information about all persons who participated in responding to each data

request on the grounds that it is overbroad, unreasonably burdensome and irrelevant given the nature and scope of the requests and the many people who may be consulted about them. Petitioner further objects to the Requests to the extent they purport to require identification of a witness who can answer questions regarding the substance of or origination of information supplied in each response on the ground that Petitioner has no obligation to call witnesses to testify as to information provided in discovery.

14. Petitioner objects to the Requests to the extent they seek information that is subject to the attorney-client, work product, settlement negotiation or other applicable privileges. Petitioner further objects to the Requests to the extent they purport to require the creation of a privilege log on the grounds that given the extremely expedited and informal nature of discovery in this proceeding, contemporaneous privilege logs are inappropriate. Petitioner objects to the Requests on the grounds they are unreasonably burdensome, overbroad, inconsistent with discovery practices in Commission proceedings and inconsistent with the informal discovery process applicable to this proceeding.

15. Petitioner assumes no obligation to supplement these responses except to the extent required by Ind. Tr. R. 26(E) (1) and (2) and objects to the extent the instructions and/or Requests purport to impose any greater obligation. Petitioner denies that Ind. Tr. R. 26(E)(3) applies to the Requests.

Subject to and without waiver of the general and specific objections set forth herein, Petitioner responds to the Requests in the manner set forth below.

Confidential information in green

Data Requests – Set 07

7-1. Please refer to CenterPoint's response to IG DR 5-5, which asks about \$18,591,724.04 of Structures & Improvements for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets; \$51,866,324.87 of Boiler Plant Equipment for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets; and \$7,384,402.70 of SO₂ Removal System for 2022 New Capital Additions in Total A.B. Brown Common Re-Used Assets (collectively, "2022 New Capital Additions in Brown Common Re-Used Assets.")

- a. Why were the costs of the 2022 New Capital Additions in Brown Common Re-Used Assets not included in the \$334 million cost estimate of the proposed CTs in Cause 45564? Please explain your answer in detail.
- b. Did CenterPoint disclose the amount of the 2022 New Capital Additions in Brown Common Re-Used Assets in Cause 45564? If so, please identify with specificity where this disclosure was made.
- c. Will CenterPoint make the investment into the 2022 New Capital Additions in Brown Common Re-Used Assets even if the Commission denies CenterPoint's request for a CPCN for the CTs in Cause 45564? Please explain your answer in detail.

Response:

- a. The costs included in "2022 New Capital Additions in Brown Common Re-Used" pertain to new capital additions required for the continued operation of Brown Units 1 and 2 and are separate from Petitioner's request to construct two new CTs, which was approved in Cause No. 45564. On page 32 (Lines 20 – 31) of Petitioner's Exhibit No. 2 (Public) in Cause No. 45564, Petitioner's Witness Games described the facilities and equipment in service at the time of that filing that would be eligible for reuse (and therefore will remain used and useful) at the Brown Site for the CTs following the retirement of Brown Units 1 & 2 in October 2023. The costs included in "2022 New Capital Additions in Brown Common Re-Used" were incurred (and have been placed in service) to continue the operation of Brown Units 1 & 2 through 2023 before the CTs are constructed and placed in service and are required to continue to operate Brown Units 1 & 2 through October 2023 regardless of whether the CTs are constructed. Therefore, these costs were not included in the costs estimates for the CTs provided in Cause No. 45564 given their association with continued operation of Brown Units 1 & 2. Furthermore, since these assets would be eligible for reuse at the site once the CT assets are constructed, the reused assets are excluded from Qualified Costs in Cause No. 45722.
- b. Please see Petitioner's Response to 45722 IG DR 7-1.a.
- c. Not applicable.

7-2. Please identify when the Dense Pack went into service.

Response:

Brown Unit 1 Dense Pack was placed into service on May 1, 2012, and Brown Unit 2 Dense Pack was placed into service on April 26, 2013.

Dated: July 7, 2022

As to objections only,

Hillary J. Close

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