

OFFICIAL
EXHIBITS

FILED
August 29, 2023
INDIANA UTILITY
REGULATORY COMMISSION

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

CAUSE NO. 45894

IURC
PETITIONER'S
EXHIBIT NO. 6-R
DATE 9-18-23 REPORTER AT

REBUTTAL TESTIMONY
OF
CHRISSY M. BEHME
MANAGER, REGULATORY REPORTING

ON

DEPRECIATION EXPENSE ACCOUNTING TREATMENT

SPONSORING PETITIONER'S EXHIBIT NO. 6-R

REBUTTAL TESTIMONY OF CHRISSY M. BEHME

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Chrissy M. Behme. My business address is 211 NW Riverside Drive,
4 Evansville, IN 47708.

5 Q. BY WHOM ARE YOU EMPLOYED?

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

12 Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS REBUTTAL TESTIMONY?

13 A. I am submitting testimony on behalf of CEI South.

14 Q. ARE YOU THE SAME CHRISSY M. BEHME WHO PRE-FILED DIRECT
15 TESTIMONY IN THIS CAUSE?

16 A. Yes.

17 II. SUMMARY OF PRESENTATION

18 Q. PLEASE DESCRIBE THE SCOPE AND PURPOSE OF YOUR REBUTTAL
19 TESTIMONY.

20 A. I summarize and respond to various arguments raised within the direct testimony of
21 the Indiana Office of Utility Consumer Counselor (“OUCC”). Specifically, I address
22 concerns raised by OUCC witness Kaleb Lantrip.

23 I have not attempted to respond to every argument made by the OUCC or Citizens
24 Action Coalition of Indiana, Inc. (“CAC”). The fact that I may not have responded to
25 any specific argument or statement made by the parties’ witnesses does not indicate
26 my agreement with that argument or statement.

1 Q. ARE YOU SPONSORING ANY ATTACHMENTS IN SUPPORT OF YOUR
2 TESTIMONY?

3 A. No.

4 III. DEPRECIATION EXPENSE ACCOUNTING TREATMENT

5 Q. PLEASE DESCRIBE THE ACCOUNTING TREATMENT THAT MR. LANTRIP IS
6 SUGGESTING FOR NEW CAPITAL INVESTMENTS.

7 A. Mr. Lantrip is recommending a continuance of the depreciation expense accounting
8 treatment that was settled in the Company’s prior electric TDSIC plan approval
9 proceeding (Cause No. 44910). The accounting treatment granted in Cause No. 44910
10 was reached in settlement. CEI South initially requested to include cost of removal in
11 the accumulated depreciation balance.

12 Q. WHAT IS THE ISSUE CONCERNING COST OF REMOVAL?

13 A. When the Company installs an asset that replaces an existing asset, it must also retire
14 the existing asset. The accounting entry to retire the asset is to debit accumulated
15 depreciation and credit utility plant in service for the original cost of the asset. This
16 accounting retirement entry does not have an effect on net original cost rate base;
17 however, the Company also must physically remove the retired asset. The net costs
18 to remove the retired asset (net of salvage) are recorded by debiting accumulated
19 depreciation. The cost of removing the retired asset does have an effect on net original
20 cost rate base. Mr. Lantrip proposes to exclude these costs of removal from the
21 calculation of the TDSIC. The Company’s position is that these costs should be
22 included in the calculation because they are necessary actual costs the Company must
23 incur in order to complete the installation of the TDSIC projects that will replace the
24 assets being retired. The accounting treatment recommended by Mr. Lantrip does not
25 allow CEI South to include the cost of removal within the accumulated depreciation
26 balance, thus postponing recovery of that cost until the next base rate case.

27 Q. WHY WOULD IT BE APPROPRIATE FOR CEI SOUTH TO INCLUDE COST OF
28 REMOVAL WITHIN THE ACCUMULATED DEPRECIATION BALANCE?

29 A. Including cost of removal within the accumulated depreciation balance allows CEI
30 South to more accurately reflect and request recovery of the cost incurred for the
31 TDSIC Plan’s new capital investments. The cost of removal incurred by CEI South is

1 a cost that pertains to the TDSIC Plan and should be included for timely recovery with
2 all other TDSIC costs.

3 **Q. DOES MR. LANTRIP PROVIDE ANY REASONS WHY COST OF REMOVAL**
4 **SHOULD BE EXCLUDED?**

5 A. No. Other than to cite to the Company’s prior settled electric TDSIC case and to cite
6 to a non-TDSIC case, he offers no explanation.

7 **Q. WHAT IS THE NON-TDSIC ORDER TO WHICH HE REFERS?**

8 A. At page 18, he cites Cause No. 44182, and he claims that this is a case where “the
9 exclusion of recognition of cost of removal through a rider was upheld.” Upon reading
10 Mr. Lantrip’s testimony, I reviewed the Cause No. 44182 order, and I don’t see where
11 cost of removal was an issue in this case. I see no discussion of cost of removal, and
12 so I do not see how this order upholds the exclusion of cost of removal.

13 **Q. ARE THERE EXAMPLES WHERE THE COMMISSION EVER HAS ISSUED AN**
14 **ORDER ALLOWING THE INCLUSION OF COST OF REMOVAL WITHIN THE**
15 **ACCUMULATED DEPRECIATION BALANCE OF A RECOVERY MECHANISM**
16 **ADJUSTMENT RIDER IN ANOTHER CASE?**

17 A. Yes. In its most recent gas TDSIC case, CEI South requested to include cost of
18 removal within the accumulated depreciation balance for its TDSIC Plan. The OUCC
19 did not oppose this request. The Commission approved CEI South’s TDSIC plan for
20 its gas business segment in Cause No. 45612.¹

21 **IV. CONCLUSION**

22 **Q. DOES THIS CONCLUDE YOUR PREPARED REBUTTAL TESTIMONY?**

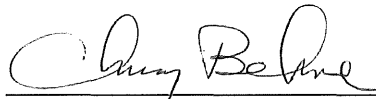
23 A. Yes, it does.

¹ S. Ind. Gas & Elec. Co., Cause No. 45612 (IURC Apr. 20, 2022).

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



Chrissy M. Behme
Manager, Regulatory Accounting

8/29/2023

Date