

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A CENTERPOINT ENERGY INDIANA SOUTH (CEI SOUTH) FOR: (1) APPROVAL OF CEI SOUTH'S 5-YEAR PLAN FOR TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS PURSUANT TO IND. CODE CH. 8-1-39 ("TDSIC PLAN"); (2) AUTHORIZATION OF TDSIC TREATMENT AS PROVIDED IN IND. CODE CH. 8-1-39 FOR THE ELECTRIC TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS (AND THE COSTS THEREOF) SET FORTH IN CEI SOUTH'S TDSIC PLAN; (3) APPROVAL OF CEI SOUTH'S USE OF ITS TDSIC RATE ADJUSTMENT MECHANISM AND RELATED ACCOUNTING DEFERRALS, PURSUANT TO IND. CODE 8-1-39, FOR THE TIMELY RECOVERY AND DEFERRAL OF COSTS RELATED TO SUCH TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS (INCLUDING FINANCING COSTS INCURRED DURING CONSTRUCTION); AND (4) APPROVAL OF OTHER RELATED RATEMAKING RELIEF AND TARIFF PROPOSALS CONSISTENT WITH IND. CODE CH. 8-1-39.

CAUSE NO. 45894

VERIFIED PETITION

Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("CEI South") respectfully requests that the Indiana Utility Regulatory Commission ("Commission"): (1) approve CEI South's 5-year plan for transmission, distribution and storage system improvements pursuant to Ind. Code ch. 8-1-39 (the "TDSIC Plan"); (2) authorize TDSIC treatment as provided in Ind. Code ch. 8-1-39 for the electric transmission, distribution, and storage system improvements (and the costs thereof) set forth in CEI South's TDSIC Plan; (3) approve the

use of CEI South's TDSIC rate adjustment mechanism for timely recovery of eighty percent (80%) of approved capital expenditures and TDSIC costs of the TDSIC Plan, including financing costs incurred during construction; (4) authorize the deferral of twenty percent (20%) of approved capital expenditures and TDSIC costs of the TDSIC Plan, and interim deferrals of such costs, until such costs are reflected in CEI South's retail rates; (5) grant confidential treatment for certain confidential and proprietary information that may be submitted in this Cause; and (6) grant CEI South such other relief as may be appropriate. In support of this *Verified Petition*, CEI South states the following.

Jurisdiction, Background, and Relief Requested

- 1. CEI South's Corporate, Operational, and Regulated Status.** CEI South is an operating public utility incorporated under the laws of the State of Indiana with its principal office at 211 NW Riverside Drive, Evansville, Indiana. CEI South has authority to engage in, and is engaged in, the business of rendering retail electric service solely within the State of Indiana under indeterminate permits, franchises, and necessity certificates previously acquired. CEI South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities that are used and useful for the production, storage, transmission, distribution, and furnishing of electric service to approximately 150,000 electric consumers in Pike, Gibson, Dubois, Posey, Vanderburgh, Warrick and Spencer counties.
- 2. CEI South's regulated status.** CEI South is a *public utility* and an *energy utility* as those terms are defined in Ind. Code §§ 8-1-2-1 and 8-1-39-4. CEI South is subject to the Commission's jurisdiction in the manner and to the extent provided by the Public Service

Commission Act, as amended, and other pertinent laws of the State of Indiana. CEI South is also subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”).

- 3. CEI South’s TDSIC Plan.** CEI South’s TDSIC Plan comprises seven programs of individual projects that are eligible transmission, distribution, and storage system improvements within the meaning of Ind. Code § 8-1-39-2. The seven programs composing CEI South’s 5-Year TDSIC Plan are: (1) Distribution 12kV Circuit Rebuilds, (2) Distribution Underground Rebuilds, (3) Distribution Automation, (4) Wood Pole Replacements, (5) Transmission Line Rebuilds, (6) Substation Rebuilds, and (7) Substation Physical Security Upgrades. The purposes of these programs are to replace aging infrastructure, to implement new or upgraded technology to reduce unplanned outages, to prevent degradation of service for CEI South’s customers, and to preserve and further enhance system safety, reliability, and resiliency to customers. The proposed TDSIC Plan and the estimated costs of the eligible improvements within the TDSIC Plan are described in greater detail in CEI South’s case-in-chief evidence and shown on Petitioner’s Exhibit No. 2, Attachment SRR-1 (CONFIDENTIAL).
- 4. CEI South’s TDSIC rate adjustment mechanism.** CEI South requests approval under Ind. Code ch. 8-1-39 of timely recovery through Petitioner’s TDSIC rate adjustment mechanism of eighty percent (80%) of the approved capital expenditures and TDSIC costs of the TDSIC Plan, including financing costs incurred during construction (allowance for funds used during construction or “AFUDC”), post-in-service carrying costs (“PISCC”), projected and annualized property tax and depreciation expense and amortization of deferred depreciation expense, plan development cost, and PISCC. The Commission approved Petitioner’s TDSIC rate adjustment mechanism on September 20, 2017 in Cause

No. 44910 for the timely and periodic recovery of 80% of Petitioner’s approved capital expenditures and TDSIC costs. CEI South’s TDSIC rate adjustment mechanism is structured to provide periodic recovery of costs associated with the TDSIC Plan, including capital, depreciation, tax, and financing costs as allowed by Ind. Code Ch. 8-1-39. Petitioner proposes that the TDSIC rate adjustment mechanism continue to be updated every six (6) months.

5. Relief Requested in this Proceeding. CEI South respectfully requests that the Commission:

- A.** make a finding that the investments contained in the 2024 – 2028 TDSIC Plan are “eligible transmission, distribution, and storage system improvements” within the meaning of Ind. Code § 8-1-39-2;
- B.** make a finding of the best estimate of the cost of the eligible improvements included in CEI South’s TDSIC Plan;
- C.** find that public convenience and necessity require or will require the eligible improvements included in CEI South’s TDSIC Plan;
- D.** find that the estimated costs of the eligible improvements included in CEI South’s TDSIC Plan are justified by incremental benefits attributable to the plan;
- E.** find that CEI South’s TDSIC Plan is reasonable;
- F.** approve CEI South’s TDSIC Plan;
- G.** authorize CEI South to utilize TDSIC treatment for the eligible transmission, distribution, and storage improvements included in the plan, through CEI South’s existing TDSIC rate adjustment mechanism, which was approved in the Commission’s September 20, 2017, Order in Cause No. 44910, summarized above;

- H. authorize CEI South to timely recover of 80% of the approved capital expenditures and TDSIC costs of CEI South’s TDSIC Plan, including allowance for funds used during construction (“AFUDC”), post-in-service carrying costs (“PISCC”), projected and annualized property tax and depreciation expense, and amortization of deferred depreciation expense, plan development costs, and PISCC through its TDSIC rate adjustment mechanism;
 - I. authorize CEI South to defer of 20% of approved capital expenditures and TDSIC costs of CEI South’s TDSIC Plan, including depreciation, AFUDC, and PISCC for recovery as part of its next two general rate cases;
 - J. authorize CEI South to utilize interim deferrals related to the recovery of 80% of approved capital expenditures and TDSIC costs of CEI South’s TDSIC Plan, which will be recovered via the TDSIC rate adjustment mechanism, until such costs are reflected in rates via the TDSIC rate adjustment mechanism or in base rates.
6. **Approval of Other Related Ratemaking Relief.** CEI South is proposing no immediate changes to the rate design approved in Cause No. 44910 in this proceeding. As discussed in Witness Rice’s Direct Testimony, Petitioner’s Exhibit No. 7, CEI South proposes that the TDSIC Plan costs be allocated based on the percentages set forth in the Cause No. 44910 Settlement until such time as new allocation factors are approved in CEI South’s next general rate case. Upon issuance of an Order in that general rate case, CEI South intends to use the customer class revenue allocation factors based on firm load approved therein to allocate TDSIC Plan costs as required under Ind. Code § 8-1-39-9. CEI South also requests authority under Ind. Code § 8-1-39-13 to adjust its authorized return for

purposes of Ind. Code §§ 8-1-2-42(d)(3) or 8-1-2-42(g)(3) to reflect incremental earnings from its approved TDSIC.

7. **Confidential Treatment.** CEI South anticipates that certain evidence that may be submitted in connection with this proceeding may contain confidential and proprietary information and may therefore constitute a trade secret, exempt from public disclosure under Indiana law. As necessary, CEI South will detail the information for which it seeks confidential treatment in a motion for protective order.
8. **Governing Statutes.** CEI South considers the provisions of the Public Service Commission Act, as amended from time to time, to be applicable to this proceeding, specifically Ind. Code Chapter 8-1-39, as well as Indiana Code §§ 8-1-2-29 and 5-14-3-4.
9. **Procedural Matters.** To facilitate CEI South’s ability to proceed with the TDSIC Plan in a timely manner, CEI South requests the Commission approve a procedural schedule agreed to by CEI South and the Indiana Office of Utility Consumer Counselor (“OUCC”) and dispense with conducting a prehearing conference. The agreed upon schedule is as follows:

Date	Event
May 24, 2023	CEI South’s Case-in-Chief
August 16, 2023	OUCC/Intervenors File Cases-in-Chief
August 29, 2023	CEI South’s Rebuttal Testimony
September 18-19, 2023	Hearing
October 2, 2023	Proposed Order
October 12, 2023	OUCC/Intervenors Exceptions
October 19, 2023	CEI South’s Reply

Discovery will be conducted on an informal basis with responses due within ten (10) calendar days until OUCC/Intervenors file their cases-in-chief. Thereafter, responses will be due within five (5) business days. Discovery requests served after noon (Eastern) on

Friday or the day preceding a legal holiday will be deemed served the following business day.

- 10. CEI South's Counsel.** CEI South's duly authorized representatives to whom all correspondence and communications in this Cause should be sent are:

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WHEREFORE, CEI South respectfully requests that the Commission make such investigation and hold such hearings as are necessary or advisable and thereafter issue an order in this Cause:

- (1) approving CEI South's 5-year TDSIC Plan;
- (2) authorizing TDSIC treatment under Ind. Code Ch. 8-1-39 for the transmission, distribution and storage system improvements included in the TDSIC Plan;
- (3) approving CEI South's timely recovery through its TDSIC rate adjustment mechanism of eighty percent (80%) of approved capital expenditures and TDSIC costs for the TDSIC Plan, including financing costs incurred during construction;
- (4) authorizing the deferral of twenty percent (20%) of the approved capital expenditures and TDSIC costs for the TDSIC Plan, and interim deferrals of such costs, until such costs are reflected in CEI South's retail rates;

(5) approving other related ratemaking relief and tariff proposals;

(6) granting confidential treatment for certain confidential and proprietary information that may be submitted in this Cause; and

(7) granting CEI South such other relief as may be appropriate.

(signature page follows)

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

Hillary J. Close

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VERIFICATION

I, Richard C. Leger, under penalty of perjury, affirm that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Southern Indiana Gas and Electric Company
d/b/a CenterPoint Energy Indiana South

A handwritten signature in blue ink, appearing to read 'R. C. Leger', is written over a horizontal line.

Richard C. Leger
Senior Vice President – Indiana Electric

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Verified Petition of Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South, has been served by electronic mail transmission this 24th day of May, 2023, addressed to:

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Hillary J. Close

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**Southern Indiana Gas and Electric Company
d/b/a CenterPoint Energy Indiana South
2024-2028 TDSIC Plan**

Index of Issues, Requests, and Supporting Witnesses¹

Subject	Description	Supporting Witness
2024-2028 TDSIC Plan (the "TDSIC Plan")	<ul style="list-style-type: none"> • Overview of 2024-2028 TDSIC Plan and Case-in-Chief • Presentation of 5-Year Plan • Explanation of how TDSIC Plan was developed • Description of Components of TDSIC Plan • Description of Benefits of TDSIC Plan 	<ul style="list-style-type: none"> • Leger (No. 1) (overview, introduction of witnesses, benefits of TDSIC Plan). • Rawlinson (No. 2) (sponsors TDSIC Plan, describes development of plan, components and benefits). • De Stigter (No. 3) (plan development, incremental benefits) • Thibodeau (No. 4) (economic impact) • Freeman (No. 5) (physical security TDSIC Plan additions).
"Eligible Improvements"	<ul style="list-style-type: none"> • Description of Programs and Projects in the TDSIC Plan undertaken for the purpose of safety, reliability, or system modernization • Not included in CEI South's rate base in its most recent general rate case. 	<ul style="list-style-type: none"> • Leger (No. 1) (overview). • Rawlinson (No. 2) (program and project descriptions). • Freeman (No. 5) (physical security program and projects)

¹ This Index of the Company's case-in-chief is intended to highlight issues and is not an exhaustive list of the requests in this proceeding. A complete account of the requested relief can be found in the case-in-chief, including but not limited to petition, testimony, attachments and workpapers.

Subject	Description	Supporting Witness
Cost Estimates	<ul style="list-style-type: none"> • Best estimate of the cost of the eligible improvements in the TDSIC Plan • Analysis of whether estimated costs of the eligible improvements are justified by incremental benefits attributable to the TDSIC Plan 	<ul style="list-style-type: none"> • Rawlinson (No. 2) (best estimate of cost of eligible improvements and cost is justified by incremental benefits arising from TDSIC Plan) • De Stigter (No. 3) (analysis of estimated costs of eligible improvements compared to incremental benefits of TDSIC Plan)
Public Convenience and Necessity; Reasonableness of TDSIC Plan	<ul style="list-style-type: none"> • Public convenience and necessity require or will require the TDSIC Plan • TDSIC Plan includes eligible improvements required to maintain or enhance system reliability, resilience, safety, quality of service 	<ul style="list-style-type: none"> • Leger (No. 1) (overview) • Rawlinson (No. 2) (reliability, resilience, safety, modernization) • De Stigter (No. 3) (benefits) • Thibodeau (No. 4) (economic impact) • Freeman (No. 5) (physical security)
Plan Updates	<ul style="list-style-type: none"> • Description of need for flexibility in the TDSIC Plan • Description of updates within semi-annual filings for actual costs, Plan updates, including updates to best estimate of costs and movement of projects between plan years or in or out of the TDSIC Plan 	<ul style="list-style-type: none"> • Rawlinson (No. 2) (annual updates and semi-annual tracker filings)
TDSIC Recovery of Approved Costs	<ul style="list-style-type: none"> • Presentation of TDSIC revenue requirement • 2% Cap • Presentation of illustrative TDSIC schedules • Proposed allocation • Proposed Tariff • EADIT credits • Estimated Customer Bill Impacts 	<ul style="list-style-type: none"> • Behme (No. 6) (revenue requirement, 2% cap analysis, illustrative schedules) • Rice (No. 7) (TDSIC tracker filing, allocation, tariff, EADIT credits, estimated customer bill impacts).
Accounting Treatment	<ul style="list-style-type: none"> • Recovery of 80% of approved capital expenditure and TDSIC costs via TDSIC rate adjustment mechanism, including costs associated with (a) capital investment in eligible projects, both completed and under construction, (b) financing costs on projects under construction, (c) post-in-service carrying costs (“PISCC”), (d) projected and annualized property tax and depreciation expense, (e) amortization of deferred depreciation expense, planning development expense, and PISCC • Deferral of 20% of approved capital expenditures and 	<ul style="list-style-type: none"> • Behme (No. 6) (accounting treatment)

Subject	Description	Supporting Witness
	<p>TDSIC costs, for subsequent recovery in a base rate case, including costs associated with (a) capital investment in eligible projects, both completed and under construction, (b) financing costs on projects under construction, (c) post-in-service carrying costs (“PISCC”), (d) projected and annualized property tax and depreciation expense, (e) amortization of deferred depreciation expense, planning development expense, and PISCC</p> <ul style="list-style-type: none"> • Interim depreciation and PISCC deferrals and subsequent recovery of deferred amounts via rate adjustment mechanism 	

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