

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) AUTHORITY)
TO MODIFY ITS RATES AND CHARGES FOR ELECTRIC)
UTILITY SERVICE THROUGH A PHASE-IN OF RATES, (2))
APPROVAL OF NEW SCHEDULES OF RATES AND)
CHARGES, AND NEW AND REVISED RIDERS,)
INCLUDING BUT NOT LIMITED TO A NEW TAX)
ADJUSTMENT RIDER AND A NEW GREEN POWER)
RIDER (3) APPROVAL OF A CRITICAL PEAK PRICING)
 (“CPP”) PILOT PROGRAM, (4) APPROVAL OF REVISED)
DEPRECIATION RATES APPLICABLE TO ELECTRIC)
AND COMMON PLANT IN SERVICE, (5) APPROVAL OF)
NECESSARY AND APPROPRIATE ACCOUNTING RELIEF,)
INCLUDING AUTHORITY TO CAPITALIZE AS RATE)
BASE ALL CLOUD COMPUTING COSTS AND DEFER TO)
A REGULATORY ASSET AMOUNTS NOT ALREADY)
INCLUDED IN BASE RATES THAT ARE INCURRED FOR)
THIRD-PARTY CLOUD COMPUTING ARRANGEMENTS,)
AND (6) APPROVAL OF AN ALTERNATIVE)
REGULATORY PLAN GRANTING CEI SOUTH A WAIVER)
FROM 170 IAC 4-1-16(f) TO ALLOW FOR REMOTE)
DISCONNECTION FOR NON-PAYMENT)**

CAUSE NO. 45990

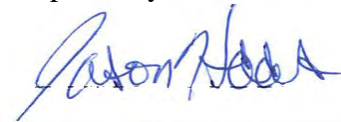
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC’S EXHIBIT NO. 2

TESTIMONY OF OUCC WITNESS BRIAN R. LATHAM

MARCH 12, 2024

Respectfully submitted,



T. Jason Haas
Deputy Consumer Counselor
Attorney No. 34983-29

**TESTIMONY OF OUCC WITNESS BRIAN R. LATHAM
CAUSE NO. 45990
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A
CENTERPOINT ENERGY SOUTH**

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

2 A: My name is Brian R. Latham, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom are you employed and in what capacity?**

5 A: I am employed as a Utility Analyst in the Indiana Office of Utility Consumer
6 Counselor's ("OUCC") Electric Division. A summary of my educational
7 background and experience is included in Appendix A attached to my testimony.

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

10 A: Yes.

11 **Q: What is the purpose of your testimony?**

12 A: I am sponsoring the OUCC's overall revenue requirement recommendation in this
13 Cause. In doing so, I incorporate the impact of other OUCC witnesses'
14 recommendations in the revenue requirement calculations. I sponsor an adjustment
15 to Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy South's
16 ("CEI South" or "Petitioner") test year depreciation and depreciation reserve
17 (accumulated depreciation) to account for the effect of depreciation changes. I
18 also sponsor income tax adjustments related to the OUCC's proposed test year
19 adjustments regarding income tax calculations. In addition, I reviewed CEI

1 South's proposed capital structure and found it to be reasonable, except for the
2 proposed return on equity ("ROE"), which OUCC witness Shawn Dellinger
3 discusses in his testimony, and as adjusted by OUCC witness Michael Eckert. I
4 propose a weighted average cost of capital ("WACC") corresponding with Mr.
5 Eckert's final ROE recommendation.

6 **Q: Please describe the review and analysis you conducted to prepare your**
7 **testimony.**

8 A: I reviewed relevant portions of CEI South's petition, testimony, exhibits, data
9 responses, and workpapers in this Cause. I also reviewed previous filings and the
10 Commission's final Orders in Cause Nos. 45799, 45458, 45590, and 43839.

11 **Q: To the extent you do not address a specific issue, item or adjustment, should**
12 **that be construed to mean you agree with CEI South's proposal?**

13 A: No. My silence regarding any topics, issues, or items CEI South proposes does not
14 indicate my approval of those topics, issues, or items. Rather, the scope of my
15 testimony is limited to the specific items addressed herein.

I. OUCC REVENUE RECOMMENDATION

16 **Q: Please summarize your findings regarding CEI South's revenue requirement.**

17 A: My compilation of the OUCC's analyses shows CEI South has justified an annual
18 revenue increase of \$33,199,749¹ or approximately 4.48%. This contrasts with

¹ Schedule BRL-1, pg. 1, line 1.

1 CEI South's \$118,757,693² or 16.02% requested increase. The OUCC
2 recommends a revenue requirement increase based on a 6.29%³ weighted average
3 cost of capital ("WACC").

4 **Q: Have you prepared schedules to support and accompany your testimony?**

5 A: Yes. The following schedules reflect the issues OUCC witnesses addressed in this
6 Cause:

7 Schedule BRL-1 - Revenue Requirement;

8 Schedule BRL-2 - Revenue Conversion Factor as of December 31, 2025;

9 Schedule BRL-3 - Balance Sheets as of December 31, 2021, and December 31,
10 2022;

11 Schedule BRL-4 - Net Operating Income Statements for the periods ending
12 December 31, 2021, and December 31, 2022;

13 Schedule BRL-5 - Unadjusted Income Statement for the test year ending
14 December 31, 2025;

15 Schedule BRL-6 - Test Year Pro-Forma Income Statement with adjustments,
16 and revenue requirements;

17 Schedule BRL-7 - Original Cost Rate Base as of December 31, 2025;

18 Schedule BRL-8 - WACC as of December 31, 2024; and

19 Schedule BRL-9 - Comparison of Income Statement Adjustment Comparison
20 for the Year Ended December 31, 2025;

21 Schedule BRL-10 - Depreciation Reserve Adjustment Schedule.

² Petitioner's Exhibit No. 20, Schedule A-1, line 8.

³ Schedule BRL-8. pg. 1, line 6.

1 **Q: Where are the above-mentioned schedules located?**

2 A: The schedules listed above (BRL-1 through BRL-10) are attached to this
3 testimony. The schedules are also included in a separate submission that includes
4 several supporting workpapers. The separate submission is in Microsoft Excel
5 format with the OUCC's formulas intact. Schedules BRL-1 and BRL-2 are the
6 Revenue Requirements Schedule (discussed above) and the Gross Revenue
7 Conversion calculation that does not differ from CEI South's calculation,
8 respectively.

9 **Q: Please describe how you prepared Schedules BRL-3, BRL-4, and BRL-5.**

10 A: Schedules BRL-3, BRL-4, and BRL-5 are all financial statements copied directly
11 from Petitioner's Exhibit 20. Schedule BRL-3 and Schedule BRL-4 are CEI
12 South's 2021 and 2022 Balance Sheets and Income Statements, respectively.
13 Schedule BRL-5 is CEI South's 2025 (test year) Income Statement.

14 **Q: Please describe Schedule BRL-6.**

15 A: Schedule BRL-6 is the Proforma Income Statement reflecting CEI South's
16 proposed test year Proforma Income Statement. BRL-6 Adjusted Revenues and
17 Expenses column C, reconciles with CEI South's Exhibit 20, Schedule C-1,
18 Adjusted Revenues and Expenses column A. Schedule BRL-6 OUCC
19 Adjustments column D incorporates the OUCC's proposed adjustments and when
20 summed with Column C, produces the OUCC's Adjusted Revenues and Expenses
21 column E. Column F incorporates the OUCC's proposed revenue requirement and
22 gross revenue conversion factor to calculate CEI South's revenue and expense

1 increases. Column G sums the OUCC's Adjusted Revenue and Expenses with its
2 Proposed Increase, yielding the OUCC proposed test year Proforma Revenue and
3 Expenses.

4 **Q: Please describe Schedule BRL-7.**

5 A: Schedule BRL-7 is a Rate Base Summary that compares CEI South's proposed
6 test year rate base with the OUCC's proposed test year rate base.

7 **Q: Please describe Schedule BRL-9.**

8 A: Schedule BRL-9 is a comparison of CEI South's test year income statement with
9 the OUCC's income statement reductions.

10 **Q: Are you directly sponsoring any adjustments?**

11 A: Yes. I am making adjustments for depreciation, accumulated depreciation, and
12 income taxes.

13 **Q: What is your depreciation adjustment?**

14 A: Using OUCC Witness Mr. David Garrett's proposed depreciation rates,⁴ I
15 calculated a depreciation reduction of \$6,259,258, as shown on workpaper Depr-
16 20. All assets eliminated by OUCC witnesses were treated as if they were retired
17 in the most appropriate account that minimizes the depreciation reduction.

18 **Q: What is your adjustment to accumulated depreciation?**

⁴ Direct Testimony of OUCC Witness David Garrett, Workpaper D40, tabs "3 Mass Parameter Comp" and "4 Detail Rate Comp."

1 On Schedule BRL-20, columns q through x, I adjust accumulated depreciation by
2 \$5.7 million due to Mr. Garrett's depreciation decrease and the adjustments in
3 Utility Plant in Service proposed by various OUCC witnesses. All additions,
4 retirements and transfers are treated as if they happen on June 30, 2025 (halfway
5 through 2025). This reduction is then added to OUCC witness Mr. Kaleb Lantrip's
6 \$7,312 depreciation adjustment to yield a \$5,709,090 accumulated depreciation
7 reduction. Mr. Lantrip's and my calculated accumulated depreciation reduction is
8 then increased by 25% (\$1,427,363), to account for an October 1, 2024, anticipated
9 order in this case. My calculation is shown in BRL - Table 1, below:

TABLE - 1

| Line | Description | Witness (OUCC) | Proposed Amount | | |
|------|------------------------------------|-------------------|---------------------------|---------------------------|------------------------|
| | | | Petitioner | OUCC | Variance |
| 1 | Accumulated Depreciation | | \$ (1,227,300,954) | \$ (1,227,300,954) | - |
| 2 | Adjustment IT | J. Compton | - | (3,000,000) | (3,000,000) |
| 3 | Costs Excluded in CN45903 | C. Armstrong | | (288,150) | (288,150) |
| 4 | Reduction in from Latham/Lantrip | B. Latham | | (7,136,363) | (7,136,363) |
| 5 | Reduction From G. Krieger | G. Krieger | | (73,857,391) | (73,857,391) |
| 6 | Adjusted Accumulated Depreciation | TOTAL | <u>\$ (1,227,300,954)</u> | <u>\$ (1,311,582,858)</u> | <u>\$ (84,281,904)</u> |
| 7 | <u>Depreciation Adjustments:</u> | | | | |
| 8 | Accumulated Calc (Depr-WP20) | B. Latham | | \$ (5,701,778) | |
| 9 | Depreciation Adjustment (Depr-WP2) | K. Lantrip | | (7,312) | |
| 10 | Accumulated Adjustment | Line 8+ Line 9 | | <u>(5,709,090)</u> | |
| 11 | Quarter of the Year | | | 25% | |
| 12 | 4th qtr 2024 (post order) | Line 11 * 0.25 | | <u>(1,427,273)</u> | |
| 13 | Total Depreciation Reserve Adj | Line 10 + Line 12 | | <u>\$ (7,136,363)</u> | |

1 **Q: What adjustment did you make to income taxes?**

2 My adjustment for income taxes represents the taxes on the OUCC's Operating
3 income on Schedule BRL-6, column D. The adjustment is applied to net operating
4 income at the statutory state rate (4.9%) and the statutory federal rate (21%). This
5 adjustment is in the workpapers as Taxes-WP8. BRL - Table 2 below illustrates
6 this calculation.

BRL - Table 2

| Line | Description | OUCC Adjustments |
|------|--|---------------------|
| 1 | Operating Revenues | \$ - |
| 2 | Operation & Maintenance Expense | (15,471,638) |
| 3 | Depreciation Expense | (15,711,442) |
| 4 | Property Taxes | - |
| 5 | Operating Income Before State Income Taxes | \$ 31,183,080 |
| 6 | State Tax Rate | 4.90% |
| 7 | State Income Tax Expense 4.9% | \$ 1,527,971 |
| 8 | Operating Income Subject to Fed Taxes | \$ 29,655,109 |
| 9 | Federal Tax Rate | 21.0% |
| 10 | Federal Income Tax Expense 21% | \$ 6,227,573 |

7 **Q: Please describe Schedule BRL-8.**

8 A: Schedule BRL-8 compares the OUCC's proposed weighted cost of capital with
9 CEI South's proposed weighted cost of capital. There are no proposed changes in
10 the capital structure other than the OUCC's adjustment to the ROE.

11 **Q: What is CEI South's proposed capital structure and WACC for the proposed**
12 **year ending December 31, 2024?**

1 A: A capital structure describes the total cost of capital for CEI South, which includes
2 long-term debt, common equity, customer deposits, prepaid pension asset, and
3 deferred income taxes. The capital structure consists of 39.50% long-term debt,
4 48.29% common equity, 11.89% Cost Free Capital, and 0.32% for other capital.
5 Using the 10.4% ROE CEI South witness Richard Leger proposed, as modified
6 from CEI South witness Ann E. Bulkley's recommended 10.6% ROE, and a 5.12%
7 cost of debt as of December 31, 2025, CEI South's proposed WACC is 7.06%.⁵

8 **Q: Describe the capital structure's components as reflected in CEI South's**
9 **WACC.**

10 A: The largest component of the WACC calculation is investor-supplied capital
11 (48.29% of the capital structure). The other components used in calculating CEI
12 South's WACC include Long-Term Debt (39.50% of the capital structure), cost
13 free capital (11.89% of the capital structure), and Other Capital (0.32% of the
14 capital structure).

15 **Q: Did you review CEI South's long-term debt obligations?**

16 A: Yes. I reviewed the long-term debt obligations identified in CEI South Exhibit 20
17 Schedule D-2 and granted in CEI South's most recent financing case, Cause No.
18 45799. The financing authority granted in Cause No. 45799 expires on March 31,
19 2025.⁶

⁵ Petitioner's Exhibit No. 20, Schedule D-1, line 6.

⁶ Cause No. 45799, Order at 12 (March 29, 2023).

1 **Q: What is the OUCC's proposed WACC, including its ROE recommendation?**

2 A: Using Mr. Dellinger's 9.0% ROE recommendation in conjunction with Mr.
3 Eckert's proposed 20 basis point ROE reduction, the OUCC's proposed capital
4 structure results in a WACC of 6.29%. (See BRL-8).

II. OUCC RECOMMENDATIONS

5 **Q: Please summarize your recommendations to the Commission in this Cause.**

6 A: I recommend the Commission:

7 1) Approve the OUCC's revenue requirement adjustments and
8 recommendations; and

9 2) Accept the OUCC's recommended 8.80% ROE and utilize the OUCC's
10 proposed capital structure incorporating Mr. Dellinger's ROE
11 recommendation, which results in a WACC of 6.29%.

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

13 A: Yes, it does.

APPENDIX A

QUALIFICATIONS OF BRIAN R. LATHAM

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

2 A: I graduated from Northern Illinois University in DeKalb, Illinois, with a bachelor's
3 degree in accounting. I then attended Illinois State University in Normal, Illinois,
4 and obtained a master's degree in accounting. In addition, I have participated in
5 various continuing education programs sponsored by my current and former
6 employers.

7 I began my employment in 1992 as a Staff Accountant with OSI Industries
8 (Aurora, Illinois). In 1995, I was hired as a cost accountant at Rexnord in
9 Milwaukee, Wisconsin. In 1998, I was hired as a cost accounting manager at
10 Morton Metalcraft (Morton, Illinois) eventually promoted to a Controller role at
11 Illinois Machine and Tool Works. In 2001, was hired at Hamernik Associates,
12 where I was a work-out and bankruptcy consultant. I was an independent financial
13 recruiter in 2007 and 2008. In March 2008, I was hired as Vice President of
14 Finance for Junior Achievement of Central Indiana. In 2009, I was hired as a
15 Utility Analyst for the Indiana Utility Regulatory Commission, where I worked as
16 a member of the Water Division Staff, reviewing water and wastewater utility
17 filings and making recommendations based on witness' testimony and Indiana
18 law. In 2018, I was hired as Controller for Aqua Indiana, where I was responsible

1 for Aqua Indiana's financial operations, and my roles included the oversight and
2 accountability of the monthly, quarterly, and annual financial closings and
3 reporting, SOX and audit compliance, budget, forecasting, and five-year planning,
4 regulatory petitions, acquisitions, and other strategic projects. After a short stint as
5 Controller at Senior Home Companions, I was hired at the OUCC as a Utility
6 Analyst in October 2022.

7 At the OUCC I provide written testimony ranging from rate cases to clean
8 energy generation facilities and regional transmission organization adjustments. I
9 work on demand supply management relationships and commission investigation
10 teams. I attended the NARUC Staff Subcommittee on Accounting and Finance
11 Spring Conference in early April 2023.

**CEI SOUTH
CAUSE NO. 45990
OUCC OVERALL REVENUE REQUIREMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025**

Schedule BRL-1
Page 1 of 1
Witness Responsible
Brian Latham

| Line | Description | Proposed | | Variance |
|------|---|------------------|------------------|------------------|
| | | CEI South | OUCC | |
| 1 | Original Cost Rate Base | \$ 2,820,468,760 | \$ 2,520,842,218 | \$ (299,626,543) |
| 2 | Weighted Average Cost of Capital | 7.06% | 6.29% | -0.77% |
| 3 | Net Operating Income Required for Return on Rate Base | 199,125,094 | 158,560,975 | (40,564,119) |
| 4 | Net Operating Income at Pro forma Present Rates | 110,302,233 | 133,729,770 | 23,427,536 |
| 5 | Earned Rate of Return at Pro forma Present Rates | 3.91% | 5.30% | 1.39% |
| 6 | Net Revenue Increase Required | 88,822,861 | 24,831,206 | (63,991,655) |
| 7 | Gross Revenue Conversion Factor | 1.3370172 | 1.3370172 | - |
| 8 | Recommended Gross Revenue Increase Required | \$ 118,757,693 | \$ 33,199,749 | (85,557,944) |
| 9 | Operating Revenues Subject to Increase at Present Rates | \$ 741,397,336 | \$ 741,397,336 | \$ - |
| 10 | Recommended Percentage Increase over Revenue Subject to Increase at Present Rates | 16.02% | 4.48% | -11.54% |

CEI SOUTH
CAUSE NO. 45990
COMPUTATION OF GROSS REVENUE CONVERSION FACTOR
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

Schedule BRL-2
Page 1 of 1
Witness Responsible
Brian Latham

| Line | Description | Rate | CEI SOUTH | | | OUCC | | |
|------|---|---------|-------------------|------------------------------------|----------------|-------------------|------------------------------------|------------|
| | | | Conversion Factor | Pro Forma Proposed Rate Adjustment | Reference | Conversion Factor | Pro Forma Proposed Rate Adjustment | Reference |
| 1 | Gross Revenue Increase Required | | 100.00% | \$ 118,757,693 | WPC-1 | 100.00% | \$ 33,199,749 | |
| 2 | Less: Bad Debt Rate | 0.3000% | 0.3000% | 356,273 | WPA-2.2, WPC-1 | 0.3000% | 99,599 | Petitioner |
| 3 | Subtotal | | 99.7000% | 118,401,420 | | 99.7000% | 33,100,150 | Calculated |
| 4 | Less: Current IURC Fee effective July 1 of each year | 0.1468% | 0.1468% | 174,289 | WPA-2.1, WPC-1 | 0.1468% | 48,724 | IURC rate |
| 5 | Income Before State Income Taxes | | 99.5532% | 118,227,131 | | 99.5532% | 33,051,426 | Calculated |
| 6 | Less: State Income Tax (Current State Income Tax Rate x Line 5) | 4.90% | 4.8781% | 5,793,129 | WPC-1 | 4.8781% | 1,619,520 | IDOR |
| 7 | Income Before Federal Income Taxes | | 94.6751% | 112,434,002 | | 94.6751% | 31,431,906 | Calculated |
| 8 | Less: Federal Income Tax (Current Federal Income Tax Rate x Line 8) | 21% | 19.8818% | 23,611,140 | WPC-1 | 19.8818% | 6,600,700 | IRS |
| 9 | Change in Operating Income | | 74.7934% | \$ 88,822,861 | | 74.7934% | \$ 24,831,206 | Calculated |
| 10 | Gross Revenue Conversion Factor (Line 1 / Line 10) | | 133.70172% | | | 133.70172% | | Calculated |

CEI South (Gas & Electric)
Balance Sheet (Petitioner Prepared)

Schedule BRL-3
Page 1 of 2
Witness Responsible
Brian Latham

| Line | Year Ended December 31, (<i>dollars in thousands</i>) | 2022 | 2021 |
|------|---|---------------------------|---------------------------------|
| 1 | Assets | | |
| 2 | Current Assets | | |
| 3 | Cash & cash equivalents | \$ 3,528 | \$ 2,619 |
| 4 | Accounts receivable, less reserves | 63,714 | 53,845 |
| 5 | Accrued unbilled revenues | 39,821 | 28,044 |
| 6 | Inventories | 102,847 | 71,805 |
| 7 | Recoverable fuel & natural gas costs | | |
| 8 | Short-term intercompany notes receivable | 49,386 | - |
| 9 | Prepayments & other current assets | 7,865 | 12,223 |
| 10 | <hr/> Total Current Assets <hr/> | <hr/> \$ 267,161 | <hr/> \$ 168,537 |
| 11 | Utility Plant | | |
| 12 | Utility plant at original cost | \$ 4,950,659 | \$ 4,551,871 |
| 13 | Less: accumulated depreciation & amortization | <hr/> 2,149,521 | <hr/> 2,023,485 |
| 14 | <hr/> Net Utility Plant <hr/> | <hr/> \$ 2,801,138 | <hr/> \$ 2,528,386 |
| 15 | Deferred Charges and Other Assets | | |
| 16 | Investments in unconsolidated affiliates | \$ 150 | \$ 150 |
| 17 | Other investments | \$ - | \$ 758 |
| 18 | Non-utility property - net | \$ 1,286 | \$ 1,337 |
| 19 | Goodwill - net | \$ 5,557 | \$ 5,557 |
| 20 | Regulatory assets | \$ 254,207 | \$ 252,913 |
| 21 | Other assets | <hr/> \$ 207,601 | <hr/> \$ 131,104 |
| 22 | Total Other Assets | <hr/> \$ 468,799 | <hr/> \$ 391,820 |
| 23 | <hr/> Total Assets <hr/> | <hr/> \$ 3,537,098 | <hr/> \$ 3,088,743 <hr/> |

CEI South (Gas & Electric)
Balance Sheet (Petitioner Prepared)

Schedule BRL-3
Page 2 of 2
Witness Responsible
Brian Latham

| Line | Year Ended December 31, (<i>dollars in thousands</i>) | 2022 | 2021 |
|------|--|----------------------------|----------------------------|
| 24 | LIABILITIES and SHAREHOLDERS' EQUITY | | |
| 25 | Current Liabilities | | |
| 26 | Accounts payable | 128,317 | 79,971 |
| 27 | Accounts payable to affiliated companies | 60,529 | 19,019 |
| 28 | Accrued liabilities | 22,061 | 36,191 |
| 29 | Short-term borrowings | 32,385 | 37,526 |
| 30 | Current maturities of long-term debt | 36,283 | 68,603 |
| 31 | Long-term debt subject to tender | - | - |
| 32 | Total Current Liabilities | <u>\$ 279,575</u> | <u>\$ 241,310</u> |
| 33 | Deferred Income Taxes and Other Liabilities | | |
| 34 | Deferred income taxes | \$ 400,186 | 325,309 |
| 35 | Regulatory liabilities | 204,237 | 203,215 |
| 36 | Deferred credits and other liabilities | 199,762 | 181,686 |
| 37 | Total Deferred Income Taxes & Other Liabilities | <u>\$ 804,185</u> | <u>\$ 710,209</u> |
| 38 | Minority Interest in Subsidiary | \$ - | \$ - |
| 39 | Long-term debt payable to third parties | \$ 288,025 | 292,665 |
| 40 | Long-term debt payable to Utility Holdings | \$ 779,891 | 639,891 |
| 41 | Less: Unamortized Issuance Costs, Debt Premiums and Disc | 165 | 227 |
| 42 | Long-Term Debt - Net | <u>\$ 1,067,750</u> | <u>\$ 932,329</u> |
| 43 | Preferred Shareholders' Equity | <u>\$ -</u> | <u>\$ -</u> |
| 44 | Common Shareholder's Equity | | |
| 45 | Common stock | \$ 539,180 | 433,276 |
| 46 | Retained earnings | 846,409 | 771,618 |
| 47 | Accumulated other comprehensive income | - | - |
| 48 | Total Common Shareholder's Equity | <u>\$ 1,385,589</u> | <u>\$ 1,204,895</u> |
| 49 | Total Liabilities and Shareholders' Equity | <u><u>\$ 3,537,098</u></u> | <u><u>\$ 3,088,743</u></u> |

CEI South (ELECTRIC DIVISION)
INCOME STATEMENT (PETITIONER PREPARED)
Year Ended December 31, (dollars in thousands)

Schedule BRL-4
Page 1 of 1
Witness Responsible:
Brian Latham

| Line | Description | 2022 | 2021 |
|------|---|-------------------|-------------------|
| 1 | Total Net Electric Operating Revenues | \$ 695,930 | \$ 629,224 |
| 2 | Revenue from Interdepartmental Sales | 98 | 90 |
| 3 | Total Gross Electric Operating Revenues | \$ 696,027 | \$ 629,314 |
| 4 | Operating Expenses: | | |
| 5 | Power Production Expenses | \$ 246,582 | \$ 236,627 |
| 6 | Purchase Power Expenses | 83,432 | 35,623 |
| 7 | Transmission Expenses | 21,467 | 23,103 |
| 8 | Distribution Expenses | 21,355 | 19,275 |
| 9 | Customer Accounts Expenses | 4,038 | 3,282 |
| 10 | Customer Service & Info Expenses | 73 | 387 |
| 11 | Sales Expenses | 9,154 | 9,456 |
| 12 | Admin and General Expenses | 46,677 | 42,094 |
| 13 | Depreciation and Amortization Expenses | 124,682 | 115,952 |
| 14 | Taxes Other Than Income Taxes | 16,799 | 17,798 |
| 15 | Income Taxes | 21,782 | (7,029) |
| 16 | Total Operating Expenses | \$ 596,041 | \$ 496,569 |
| 17 | Operating Income | \$ 99,986 | \$ 132,745 |
| 18 | Other Income and Deductions | \$ 11,177 | \$ 3,506 |
| 19 | Interest and Other Charges: | | |
| 20 | Interest on Long-Term Debt | \$ 6,269 | \$ 3,390 |
| 21 | Interest on Intercompany Notes Payable | 18,360 | 8,646 |
| 22 | Allowance for Borrowed Funds Used During Construction | (6,532) | (1,860) |
| 23 | Amortization of Debt Discount and Related Expenses | 719 | 344 |
| 24 | Other Interest Expense | 229 | 113 |
| 25 | Total Interest and Other Charges | \$ 19,046 | \$ 10,632 |
| 26 | Net Income | \$ 92,117 | \$ 125,619 |

CEI SOUTH
CAUSE NO. 45990
INCOME STATEMENT (PETIONER GENERATED)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

| Line | FERC | Account Title | Unadjusted Test Year |
|------|---------------|---|------------------------------|
| 1 | | REVENUE | |
| 2 | | Electric Service Revenue | |
| 3 | 440 | Residential | \$ 247,817,489 |
| 4 | 442.1 | Commercial | 170,589,921 |
| 5 | 442.2 | Industrial | 228,411,080 |
| 6 | 444 | Public Street and Highway Lighting | 4,295,190 |
| 7 | 447 | Sales for Resale | 14,611,626 |
| 8 | 456.1 | Revenues from Transmission of Electricity of Others | 23,724,574 |
| 9 | | Total Electric Service Revenue | <u>\$ 689,449,880</u> |
| 10 | | Other Revenue | |
| 11 | 450 | Forfeited Discounts | \$ 2,402,492 |
| 12 | 451 | Misc Service Revenue | 5,505,029 |
| 13 | 449.1 | Provision for Rate Refunds | 24,326,070 |
| 14 | | Total Other Revenue | <u>\$ 32,233,590</u> |
| 15 | | Total Revenue | <u><u>\$ 721,683,471</u></u> |
| 16 | | FUEL AND PURCHASED POWER EXPENSES | |
| 17 | | Fuel and Purchased Power Expenses | |
| 18 | 501, 547, 555 | Fuel and Purchased Power | \$ 274,718,361 |
| 19 | | Total Fuel and Purchased Power Expenses | <u>\$ 274,718,361</u> |
| 20 | | OPERATING EXPENSES | |
| 21 | | Steam Power Generation | |
| 22 | | Operation | |
| 23 | 500 | Operation Supervision and Engineering | \$ 743,496 |
| 24 | 501 | Fuel | 2,240,456 |
| 25 | 502 | Steam Expenses | 12,264,522 |
| 26 | 505 | Electric Expenses | 1,615,574 |
| 27 | 506 | Miscellaneous Steam Power Expenses | 2,742,924 |
| 28 | 507 | Rents | - |
| 29 | 509 | Allowances | 3,519,952 |
| 30 | | Total Operation | <u>\$ 23,126,925</u> |

CEI SOUTH
CAUSE NO. 45990
INCOME STATEMENT (PETIONER GENERATED)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

| Line | FERC | Account Title | Unadjusted Test Year |
|------|-------|---|-------------------------|
| 31 | | Maintenance | |
| 32 | 510 | Maintenance Supervision and Engineering | \$ 492,730 |
| 33 | 511 | Maintenance of Structures | 1,522,197 |
| 34 | 512 | Maintenance of Boiler Plant | 10,471,541 |
| 35 | 513 | Maintenance of Electric Plant | 7,379,444 |
| 36 | 514 | Maintenance of Miscellaneous Steam Plant | 1,528,617 |
| 37 | | Total Maintenance | <u>\$ 21,394,529</u> |
| 38 | | Total Steam Power Generation Expenses | <u>\$ 44,521,454</u> |
| 39 | | Other Power Generation Expenses | |
| 40 | | Operation | |
| 41 | 546 | Operation Supervision and Engineering | \$ 20,563 |
| 42 | 548 | Generation Expenses | 7,290,091 |
| 43 | 549 | Miscellaneous Other Power Generation Expenses | 418,501 |
| 44 | | Total Operation | <u>\$ 7,729,155</u> |
| 45 | | Maintenance | |
| 46 | 551 | Maintenance Supervision and Engineering | \$ 1 |
| 47 | 552 | Maintenance of Structures | 15,000 |
| 48 | 553 | Maintenance of Generating and Electric Plant | 7,405,972 |
| 49 | | Total Maintenance | <u>\$ 7,420,973</u> |
| 50 | | Total Other Power Generation Expenses | <u>\$ 15,150,128</u> |
| 51 | | Other Power Supply Expenses | |
| 52 | | Operation | |
| 53 | 556 | System Control and Load Dispatching | \$ 670,659 |
| 54 | | Total Other Power Supply Expenses | <u>\$ 670,659</u> |
| 55 | | Transmission Expenses | |
| 56 | | Operation | |
| 57 | 560 | Operation Supervision and Engineering | \$ 407,133 |
| 58 | 561.1 | Load Dispatch - Reliability | 1,045,417 |
| 59 | 561.2 | Load Dispatch - Monitor and Operate Transmission System | 1,943,021 |
| 60 | 561.3 | Load Dispatch—Transmission Service and Scheduling | 114,295 |
| 61 | 561.4 | Scheduling, System Control and Dispatch Services | 17,327,963 |
| 62 | 562 | Station Expenses | 112,898 |
| 63 | 563 | Overhead Line Expense | - |
| 64 | | Total Operation | <u>\$ 20,950,728</u> |

CEI SOUTH
CAUSE NO. 45990
INCOME STATEMENT (PETIONER GENERATED)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

| Line | FERC | Account Title | Unadjusted Test Year |
|------|-------|---|-------------------------|
| 65 | | Maintenance | |
| 66 | 568 | Maintenance Supervision and Engineering | \$ 398,160 |
| 67 | 569 | Maintenance of Structures | 1,593,429 |
| 68 | 569.2 | Maintenance of Computer Software | - |
| 69 | 569.3 | Maintenance of Communication Equipment | 43,272 |
| 70 | 570 | Maintenance of Station Equipment | 241,002 |
| 71 | 571 | Maintenance of Overhead Lines | 591,403 |
| 72 | | Total Maintenance | <u>\$ 2,867,266</u> |
| 73 | | Total Transmission Expenses | <u>\$ 23,817,994</u> |
| 74 | | Distribution Expenses | |
| 75 | | Operation | |
| 76 | 580 | Operation Supervision and Engineering | \$ 1,925,706 |
| 77 | 581 | Load Dispatching | 256,022 |
| 78 | 582 | Station Expenses | 64,922 |
| 79 | 583 | Overhead Line Expenses | - |
| 80 | 585 | Street Lighting and Signal System Expenses | - |
| 81 | 586 | Meter Expenses | 1,157,573 |
| 82 | 588 | Miscellaneous Distribution Expenses | 7,696,359 |
| 83 | | Total Operation | <u>\$ 11,100,583</u> |
| 84 | | Maintenance | |
| 85 | 590 | Maintenance Supervision and Engineering | \$ 203,910 |
| 86 | 591 | Maintenance of Structures | 1,112,625 |
| 87 | 592 | Maintenance of Station Equipment | 815,274 |
| 88 | 593 | Maintenance of Overhead Lines | 8,790,279 |
| 89 | 594 | Maintenance of Underground Lines | 267,725 |
| 90 | 595 | Maintenance of Line Transformers | - |
| 91 | 596 | Maintenance of Street Lighting and Signal Systems | 115,832 |
| 92 | 598 | Maintenance of Miscellaneous Distribution Plant | 670,972 |
| 93 | | Total Maintenance | <u>\$ 11,976,618</u> |
| 94 | | Total Distribution Expenses | <u>\$ 23,077,201</u> |

CEI SOUTH
CAUSE NO. 45990
INCOME STATEMENT (PETIONER GENERATED)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

| Line | FERC | Account Title | Unadjusted Test Year |
|------|------|---|-------------------------|
| 95 | | Customer Accounts Expense | |
| 96 | | Operation | |
| 97 | 901 | Supervision | \$ - |
| 98 | 902 | Meter Reading Expenses | 152,498 |
| 99 | 903 | Customers Billing and Accounting | 1,155,579 |
| 100 | 904 | Uncollectible Accounts | 2,300,000 |
| 101 | 905 | Miscellaneous Customer Accounts Expenses | 70,218 |
| 102 | | Total Customer Accounts Expense | <u>\$ 3,678,296</u> |
| 103 | | Customer Service and Information Expense | |
| 104 | | Operation | |
| 105 | 908 | Customer Assistance Expenses | \$ 14,596 |
| 106 | 909 | Informational & Instructional Advertising | - |
| 107 | 910 | Misc. Customer Service & Informational | 329 |
| 108 | 911 | Supervision | 1,139,859 |
| 109 | 912 | Demonstration and Selling Expenses | 13,698,564 |
| 110 | 913 | Advertising Expenses | - |
| 111 | | Total Customer Service & Information Expense | <u>\$ 14,853,347</u> |
| 112 | | Sales Expense | |
| 113 | | Operation | |
| 114 | 916 | Total Miscellaneous Sales Expenses | <u>\$ -</u> |
| 115 | | Total Sales Expense | <u>\$ -</u> |

CEI SOUTH
CAUSE NO. 45990
INCOME STATEMENT (PETIONER GENERATED)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

| Line | FERC | Account Title | Unadjusted Test Year |
|------|-------|---|------------------------------|
| 116 | | Administrative and General Expenses | |
| 117 | | Operation | |
| 118 | 920 | Administrative and General Salaries | \$ 21,838,120 |
| 119 | 921 | Office Supplies and Expenses | 2,863,193 |
| 120 | 922 | Administrative Expenses Transferred - Company | - |
| 121 | 923 | Outside Services Employed | - |
| 122 | 924 | Property Insurance | 2,414,759 |
| 123 | 925 | Injuries and Damages | 4,099,398 |
| 124 | 926 | Employee Pensions and Benefits | 8,547,218 |
| 125 | 928 | Regulatory Commission Expenses | - |
| 126 | 931 | Rents | 4,651,956 |
| 127 | 930.1 | General Advertising Expenses | 27,229 |
| 128 | 930.2 | Miscellaneous General Expenses | 6,795,105 |
| 129 | | Total Operation Expenses | <u>51,236,978</u> |
| 130 | | Maintenance | |
| 131 | 935 | Maintenance of General Plant | <u>\$ 1,177,838</u> |
| 132 | | Total Maintenance Expense | <u>\$ 1,177,838</u> |
| 133 | | Total Administrative & General Expenses | <u><u>\$ 52,414,815</u></u> |
| 134 | | Total Operating Expense | <u><u>\$ 178,183,894</u></u> |
| 135 | | Total Fuel, Purchased Power, and Operating Expense | <u><u>\$ 452,902,255</u></u> |
| 136 | | DEPRECIATION AND AMORTIZATION EXPENSE | |
| 137 | 403 | Depreciation and Amortization Expense | \$ 116,624,348 |
| 138 | 404 | Amortization of Limited-Term Electric Plant | - |
| 139 | 407.4 | Regulatory Credits | 4,145,539 |
| 140 | | Total Depreciation and Amortization Expense | <u><u>\$ 120,769,887</u></u> |
| 141 | | TAXES OTHER THAN INCOME | |
| 142 | 408.1 | Property Taxes | \$ 15,550,000 |
| 143 | 408.1 | Other Taxes | 2,838,115 |
| 144 | | Total Taxes Other than Income Taxes | <u><u>\$ 18,388,115</u></u> |

CEI SOUTH
CAUSE NO. 45990
INCOME STATEMENT (PETIONER GENERATED)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

| Line | FERC | Account Title | Unadjusted Test Year |
|------|-------|-----------------------------------|-------------------------|
| 145 | | INCOME TAX EXPENSE | |
| 146 | 409.1 | State Income Taxes | \$ 1,011,151 |
| 147 | 410.1 | Deferred Income Taxes - State | 3,522,566.6 |
| 148 | 409.1 | Federal Income Taxes | 4,063,651.4 |
| 149 | 410.1 | Deferred Income Taxes - Federal | 10,978,418.4 |
| 150 | | Total Income Tax Expense | <u>\$ 19,575,787</u> |
| 151 | | INVESTMENT TAX CREDITS | |
| 152 | 411.4 | Investment Tax Credit Adjustments | \$ - |
| 153 | | Total Investment Tax Credits | <u>\$ -</u> |
| 154 | | Total Operating Expense | <u>\$ 611,636,043</u> |
| 155 | | Net Operating Income | <u>\$ 110,047,427</u> |

CEI SOUTH
CAUSE NO. 45990
PRO FORMA INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2025

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Page 1 of 1
Witness Responsible
Brian Latham

| Line | Description | Unadjusted Revenues and Expenses (A) | CEI South Adjustments (B) | CEI South Adjusted Revenues and Expenses (C) | OUCC Adjustments (D) | OUCC Adjusted Revenues and Expenses (E) | Proposed Increase (F) | Pro Forma Revenue and Expenses (G) |
|------|--|---|---------------------------------|---|----------------------------|--|-----------------------------|--|
| 1 | Operating Revenues | \$ 721,683,471 | \$ 19,713,865 | \$ 741,397,336 | \$ - | \$ 741,397,336 | \$ 33,199,749 | \$ 774,597,085 |
| 2 | Fuel and Purchased Power | \$ 274,718,361 | \$ (14,525,860) | \$ 260,192,501 | \$ (8,900,808) | \$ 251,291,693 | \$ - | \$ 251,291,693 |
| 3 | Operating Expenses | | | | | | | |
| 4 | Operation & Maintenance | \$ 178,183,894 | \$ (11,844,032) | \$ 166,339,862 | \$ (6,570,830) | \$ 159,769,032 | \$ 99,599 | \$ 159,868,631 |
| 5 | Depreciation & Amortization | 120,769,887 | 59,172,999 | 179,942,886 | (15,711,442) | 164,231,444 | - | 164,231,444 |
| 6 | Property Taxes | 15,550,000 | (6,033,137) | 9,516,863 | - | 9,516,863 | - | 9,516,863 |
| 7 | Other Taxes | 2,838,115 | (15,898) | 2,822,217 | - | 2,822,217 | 48,724 | 2,870,941 |
| 8 | Operating Expenses before Income Taxes | \$ 317,341,895 | \$ 41,279,932 | \$ 358,621,828 | \$ (22,282,272) | \$ 336,339,555 | \$ 148,323 | \$ 336,487,878 |
| 9 | Total Fuel, Purchased Power, and Operating Expense | <u>\$ 592,060,256</u> | <u>\$ 26,754,073</u> | <u>\$ 618,814,329</u> | <u>\$ (31,183,080)</u> | <u>\$ 587,631,248</u> | <u>\$ 148,323</u> | <u>\$ 587,779,571</u> |
| 10 | State Income Taxes | \$ 1,011,151 | (1,011,151) | - | 1,527,971 | 1,527,971 | 1,619,520 | 3,147,491 |
| 11 | Deferred Income Taxes - State | 3,522,567 | (120,250) | 3,402,316 | - | 3,402,316 | - | 3,402,316 |
| 12 | Federal Income Taxes | 4,063,651 | 5,909,610 | 9,973,261 | 6,227,573 | 16,200,834 | 6,600,700 | 22,801,535 |
| 13 | Deferred Income Taxes - Federal | 10,978,418 | (12,073,222) | (1,094,804) | - | (1,094,804) | - | (1,094,804) |
| 14 | Total Income Taxes | <u>\$ 19,575,787</u> | <u>\$ (7,295,013)</u> | <u>\$ 12,280,774</u> | <u>\$ 7,755,544</u> | <u>\$ 20,036,318</u> | <u>\$ 8,220,220</u> | <u>\$ 28,256,538</u> |
| 15 | Investment Tax Credits | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| 16 | Total Operating Expenses | <u>\$ 611,636,043</u> | <u>\$ 19,459,060</u> | <u>\$ 631,095,103</u> | <u>\$ (23,427,536)</u> | <u>\$ 607,667,566</u> | <u>\$ 8,368,543</u> | <u>\$ 616,036,110</u> |
| 17 | Net Operating Income | <u>\$ 110,047,428</u> | <u>\$ 254,806</u> | <u>\$ 110,302,233</u> | <u>\$ 23,427,536</u> | <u>\$ 133,729,770</u> | <u>\$ 24,831,206</u> | <u>\$ 158,560,975</u> |
| 18 | Rate Base | | | <u>\$ 2,520,842,218</u> | | <u>\$ 2,520,842,218</u> | | <u>2,520,842,218</u> |
| 19 | Rate of Return | | | <u>4.38%</u> | | <u>5.30%</u> | | <u>6.29%</u> |

**CEI SOUTH
CAUSE NO. 45990
RATE BASE SUMMARY
AS OF DECEMBER 31, 2025**

Schedule BRL-7
Page 1 of 1
Witness Responsible
Brian Latham

| Line | Component | Reference (OUCC) | Proposed Amount Petitioner | Proposed Amount OUCC | Adjustment |
|------|--------------------------------------|-----------------------------|-------------------------------|---------------------------|-----------------------|
| 1 | Plant In Service | UPIS-WP | \$ 3,903,417,227 | \$ 3,694,449,712 | \$ 208,967,515 |
| 2 | Reserve for Accumulated Depreciation | Depr Reserve | <u>\$ (1,227,300,954)</u> | <u>\$ (1,311,582,858)</u> | <u>\$ 84,281,904</u> |
| 3 | Net Plant In Service | Line 1 + Line 2 | \$ 2,676,116,273 | \$ 2,382,866,855 | \$ 293,249,419 |
| 4 | Construction Work in Progress | | \$ - | \$ - | \$ - |
| 5 | Working Capital Allowance | | \$ - | \$ - | \$ - |
| 6 | <u>Other Items:</u> | | | | |
| 7 | Fuel Stock | M. Eckert | \$ 11,940,667 | \$ 6,846,250 | \$ 5,094,417 |
| 8 | Utility Material & Supplies | | \$ 41,360,961 | \$ 41,360,961 | \$ - |
| 9 | Allowance Inventory | C. Armstrong/ K. Lantrip | \$ 1,282,707 | \$ - | \$ 1,282,707 |
| 10 | Stores Expense | | \$ 311,332 | \$ 311,332 | \$ - |
| 11 | <u>PISCC :</u> | | | | |
| 12 | PISCC - AMI | 0 | \$ 10,585,830 | \$ 10,585,830 | \$ - |
| 13 | PISCC - TDSIC 1.0 | 0 | \$ 16,517,144 | \$ 16,517,144 | \$ - |
| 14 | PISCC - TDSIC 2.0 | 0 | \$ 5,433,980 | \$ 5,433,980 | \$ - |
| 15 | PISCC - CECA | 0 | \$ 18,045,313 | \$ 18,045,313 | \$ - |
| 16 | PISCC - ECA | 0 | \$ 23,647,284 | \$ 23,647,284 | \$ - |
| 17 | PISCC - ECA FB Culley East Ash Pond | 0 | \$ 2,712,341 | \$ 2,712,341 | \$ - |
| 18 | PISCC - CT | 0 | <u>\$ 12,514,927</u> | <u>\$ 12,514,927</u> | <u>\$ -</u> |
| 19 | Jurisdictional Rate Base | Sum of Lines 3 - 18 | <u>\$ 2,820,468,760</u> | <u>\$ 2,520,842,218</u> | <u>\$ 299,626,543</u> |

**CEI SOUTH
CAUSE NO. 45990
RATE OF RETURN SUMMARY
AS OF DECEMBER 31, 2025**

Schedule BRL-8
Page 1 of 1
Witness Responsible
Brian Latham

| Line | Class of Capital | Reference | Amount (\$000) | Percent | Cost | OUCC Weighted Cost | Petitioner Cost | Petitioner Weighted Cost |
|------|-------------------|------------------------|----------------------------|-----------------------|-------|-----------------------|--------------------|-----------------------------|
| 1 | Long-Term Debt | Petitioner | \$ 1,294,210 | 39.50% | 5.12% | 2.02% | 5.12% | 2.02% |
| 2 | Preferred Stock | Petitioner | \$ - | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 3 | Common Equity | S. Dellinger/M. Eckert | \$ 1,582,041 | 48.29% | 8.80% | 4.25% | 10.40% | 5.02% |
| 4 | Cost Free Capital | Petitioner | \$ 389,455 | 11.89% | 0.00% | 0.00% | 0.00% | 0.00% |
| 5 | Other Capital | Petitioner | <u>\$ 10,754</u> | <u>0.32%</u> | 5.93% | <u>0.02%</u> | 5.93% | <u>0.02%</u> |
| 6 | Total Capital | Sum of Lines 1 - 5 | <u><u>\$ 3,276,460</u></u> | <u><u>100.00%</u></u> | | <u><u>6.29%</u></u> | | <u><u>7.06%</u></u> |

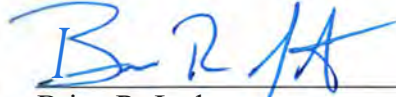
CEI South
Income Statement Adjustment Comparison
Year Ended December 31, 2025

Schedule BRL-9
Page 1 of 1
Witness Responsible
Brian Latham

| Line | Description | Petitioner | OUCC | Variance |
|------|--|---------------|---------------|---------------|
| 1 | Operating Revenues | \$ 19,713,865 | \$ 19,713,865 | \$ - |
| 2 | Fuel and Purchased Power | (14,525,860) | (23,426,668) | (8,900,808) |
| 3 | Operating Expenses | | | |
| 4 | Operation & Maintenance | (11,844,032) | (18,414,862) | (6,570,830) |
| 5 | Depreciation & Amortization | 59,172,999 | 43,461,557 | (15,711,442) |
| 6 | Property Taxes | (6,033,137) | (6,033,137) | - |
| 7 | Other Taxes | (15,898) | (15,898) | - |
| 8 | Operating Expenses before Income Taxes | 41,279,932 | 18,997,660 | (22,282,272) |
| 9 | Total Fuel, Purchased Power, and Operating Expense | 26,754,073 | (4,429,008) | (31,183,080) |
| 10 | State Income Taxes | (1,011,151) | 516,820 | 1,527,971 |
| 11 | Deferred Income Taxes - State | (120,250) | (120,250) | - |
| 12 | Federal Income Taxes | 5,909,610 | 12,137,183 | 6,227,573 |
| 13 | Deferred Income Taxes - Federal | (12,073,222) | (12,073,222) | - |
| 14 | Total Income Taxes | (7,295,013) | 460,531 | 7,755,544 |
| 15 | Investment Tax Credits | - | - | - |
| 16 | Total Operating Expenses | 19,459,060 | (3,968,477) | (23,427,536) |
| 17 | Net Operating Income | \$ 254,806 | \$ 23,682,342 | \$ 23,427,536 |

AFFIRMATION

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



Brian R. Latham
Utility Analyst II
Indiana Office of Utility Consumer Counselor

Cause No. 45990
CenterPoint Energy Indiana South

March 12, 2024
Date

CERTIFICATE OF SERVICE

The undersigned counsel for the OUCC certifies that on March 12, 2024 a copy of this *Testimony of Public Exhibit No. 2, Witness Brian R. Latham* was electronically served, via e-mail, upon all parties of record in this proceeding.

Heather A. Watts
Jeffery A. Earl
Alyssa N. Allison
Kelly M. Beyrer
Mathew A. Rice

**SOUTHERN INDIANA GAS AND ELECTRIC CO. d/b/a
CENTERPOINT ENERGY IN SOUTH**

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