

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

**VERIFIED PETITION FOR GENERAL RATE INCREASE AND ASSOCIATED RELIEF
UNDER IND. CODE § 8-1-2-42.7 AND AN ALTERNATIVE REGULATORY PLAN
UNDER IND. CODE CH. 8-1-2.5, NOTICE OF PROVISION OF INFORMATION IN
ACCORDANCE WITH THE MINIMUM STANDARD FILING REQUIREMENTS**

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A CENTERPOINT ENERGY INDIANA SOUTH (“Petitioner” or “CEI South”) respectfully requests that the Indiana Utility Regulatory Commission (“Commission”) issue an order (1) authorizing CEI

South to increase its rates and charges for electric service rendered by it through a phase-in of rates; (2) approving new schedules of rates and charges and revised, and new, riders, including a new Tax Adjustment Rider (“TAR”) and a new Green Energy Rider; (3) approving a Critical Peak Pricing (“CPP”) pilot program; (4) approving revised depreciation rates applicable to its electric and common plant in service; (5) approving necessary and appropriate accounting relief, including authority to capitalize as rate base 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 (“CCAs”); (6) approving the terms of an alternative regulatory plan (“ARP”) pursuant to Ind. Code ch. 8-1-2.5 to grant to CEI South a waiver from 170 Ind. Admin. Code § 4-1-16(f) to allow remote disconnections for non-payment; and (7) other requests as described below. This filing is made pursuant to Ind. Code §§ 8-1-2-42(a), 8-1-2-42.7, and 8-1-2-61, and Ind. Code chs. 8-1-2.5 and 8-1-39.

In accordance with the Commission’s General Administrative Order (“GAO”) 2013-05 (Rate Case Standard Procedural Schedule and Recommended Best Practices for Rate Cases Submitted under Ind. Code § 8-1-2-42.7), CEI South hereby provides its Notice of Intent to File Information required under the Minimum Standard Filing Requirements (“MSFRs”), 170 IAC 1-5, as applicable, to provide support for this petition. In support of this request, Petitioner states the following.

Petitioner’s Corporate and Regulated Status

1. Petitioner is a public utility incorporated under the laws of the State of Indiana with its principal office located at 211 NW Riverside Drive, Evansville, Indiana 47708. Petitioner is a “public utility” as defined in Ind. Code § 8-1-2-1 and is subject to the

jurisdiction of this Commission in the manner and to the extent provided by the laws of the State of Indiana. As defined in Ind. Code § 8-1-2.5-2, Petitioner is an “energy utility” and its electric service constitutes “retail energy service” as defined in Ind. Code § 8-1-2.5-3. CEI South is also a “utility” within the meaning of Ind. Code § 8-1-2-42.7(c). By this verified petition, Petitioner elects to become subject to the provisions of Ind. Code §§ 8-1-2.5-5 and 8-1-2.5-6, to the extent necessary. Designated portions of this verified petition and the direct testimony and exhibits of Amy L. Folz constitute CEI South’s request for an ARP for purposes of this proceeding.

Petitioner’s Operations

2. Petitioner is engaged in the business of rendering retail electric service solely within the State of Indiana under duly acquired indeterminate permits, franchises, and necessity certificates. CEI South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities (collectively, the “Utility Properties”) that are used and useful for the production, storage, transmission, distribution, and furnishing of electric service to approximately 150,000 electric consumers in southwestern Indiana. Its service territory is spread throughout Pike, Gibson, Dubois, Posey, Vanderburgh, Warrick, and Spencer counties.

Petitioner’s Utility Properties

3. Petitioner has maintained, and continues to maintain, its Utility Properties in a good state of operating condition, complying with all state and federal regulatory

requirements and standards for electric utility operations. The net original cost of Petitioner's rate base at December 31, 2023,¹ as adjusted, is projected to be approximately \$1,827,211,874. The net original cost of Petitioner's rate base in service at December 31, 2024,² as adjusted, is projected to be approximately \$1,930,379,152. The net original cost of Petitioner's rate base in service at December 31, 2025,³ as adjusted, is projected to be approximately \$2,820,468,760. The fair value of the Utility Properties is and will continue to be substantially in excess of their net original cost. Further, in order to properly serve the public located in its service area and to discharge its duties as a public utility, Petitioner continues to make numerous additions, replacements, and improvements to its utility systems.

Petitioner's Existing Rates

4. Petitioner's existing base rates and charges for electric utility service were established in its 30-day filing #50171, effective June 1, 2018, pursuant to the Commission's February 16, 2018, Order in Cause No. 45032, its investigation into the impacts on Indiana utilities and customers resulting from the December 22, 2017, Tax Cuts and Jobs Act of 2017 ("TCJA"), as further reduced in Petitioner's 30-day filing #50548, effective July 1, 2022, to give effect to the repeal of the Utility Receipts Tax. The rates approved effective June 1, 2018, and July 1, 2022, reduced CEI South's existing base rates and charges for electric utility service

¹ December 31, 2023, is the date proposed for the rate base cutoff for Petitioner's proposed Phase 1 rates, as described herein.

² Corresponding to the beginning of the forward-looking test year proposed in this Cause.

³ Corresponding to the end of the forward-looking test period proposed in this Cause.

established in its most recent retail base rate case order issued on April 27, 2011, in Cause No. 43839. More than 15 months have passed since the filing date of Petitioner's last request for a general increase in its basic rates and charges.

5. Petitioner's current electric depreciation rates were approved by the Commission's Order in Cause No. 43111 on August 15, 2007, and subsequently re-authorized (with a modification to the depreciation rate applicable to the Blackfoot landfill gas generating station) in Cause No. 43839 (April 27, 2011). Petitioner's current common plant depreciation rates were approved by the Commission's Order in Cause No. 45447 on October 6, 2021. Petitioner is seeking approval of new electric and common plant depreciation rates in this Cause, based on the study sponsored by John R. Spanos.
6. Pursuant to Ind. Code § 8-1-2-42(d), CEI South files a quarterly Fuel Adjustment Clause ("FAC") proceeding in Cause No. 38708 FAC XXX, to adjust its rates to account for fluctuations in its fuel and purchased energy costs.
7. CEI South files an annual proceeding in Cause No. 43405 DSMA XX⁴ to recover, via its approved Demand Side Management Adjustment ("DSMA"), demand side management costs, including costs associated with the direct load control inspection and maintenance program, performance incentives, and lost margins.
8. CEI South files an annual proceeding in Cause No. 44909 CECA XX⁵ to recover via its approved Clean Energy Cost Adjustment ("CECA") eligible costs of

⁴ The DSMA mechanism was initially authorized in the Commission's August 15, 2007, Order in Cause No. 43111.

⁵ The CECA mechanism was initially authorized in the Commission's August 16, 2017, Order in Cause No. 44909 for timely recovery of costs during construction and operation of approved clean energy projects through annual CECA filings. In its Order dated March 20, 2019, in Cause No. 45086, the Commission

approved clean energy projects under Ind. Code ch. 8-1-8.8, including (a) engineering and project management, management and administration, permitting, contractor site preparation, equipment, and installation costs during construction; and (b) depreciation expense, post-in-service carrying costs (“PISCC”), taxes, and operation and maintenance (O&M) expense once the projects are placed in service. CEI South’s current CECA mechanism includes a component to pass back credits resulting from the Inflation Reduction Act (“IRA”). As discussed below, CEI South proposes to remove this component from the CECA mechanism and include it in a separate TAR. In addition, CEI South uses the CECA mechanism to pass on to customers revenues from the sale of renewable energy credits (“RECs”) related to CEI South’s various renewable energy projects.

9. CEI South files annual Environmental Cost Adjustment (“ECA”) proceedings in Cause No. 45052 ECA XX⁶ to effectuate timely recovery of 80% of its federally mandated costs (as defined by Ind. Code § 8-1-8.4-2) attributable to the following four compliance projects: (a) federally mandated requirements related to CEI South’s Culley Unit 3 generating station (Culley 3 Project); (b) clean coal

further approved the Troy Solar Facility as a clean energy project and authorized timely recovery of the costs of that facility through the Company’s CECA mechanism as provided in the approved settlement agreement. In the January 11, 2023, Order in Cause No. 45754, the Commission approved the Pike County Solar Project and authorized CEI South to include the associated eligible revenue requirement in the CECA mechanism as a levelized rate. In the September 6, 2023, Order in Cause No. 45847 and the October 27, 2021, Order in Cause No. 45501, the Commission approved the Posey County Solar Project and authorized CEI South to include the associated eligible revenue requirement amounts in its next general rate case or in its CECA mechanism. In the June 6, 2023, Order in Cause No. 45836, the Commission approved a wind-powered energy generation project and authorized the recovery of the costs of the wind project in CEI South’s next general rate case or in its CECA mechanism.

⁶ The ECA mechanism was initially authorized in the Commission’s April 24, 2019, Order in Cause No. 45052.

technology projects at CEI South's Culley Unit 3 and Warrick Unit 4 (collectively the MATS Projects); (c) federally mandated requirements to close CEI South's A.B. Brown ash pond (Brown Pond Project); and (d) federally mandated compliance projects including a dry fly ash loading facility (Dry Ash Compliance Project) and federally mandated lined ponds at the A.B. Brown and F.B. Culley generating stations to handle coal-pile runoff, flue gas desulfurization wastewater, and other flows such as stormwater and landfill leachate in compliance with the EPA's coal combustion residuals ("CCR") rules (Pond Compliance Project) (collectively, CCR Compliance Projects). CEI South has a request for a Certificate of Public Convenience and Necessity for a federally mandated project pending in Cause No. 45903 for recovery through its ECA mechanism.

10. CEI South files annual MISO⁷ Cost and Revenue Adjustment ("MCRA") proceedings in Cause No. 43354 MCRA XX⁸ to recover costs associated with non-fuel-related MISO Day 1, Day 2, and Ancillary Services Market costs. CEI South has proposed updates for the MCRA as described in the direct testimony of Matthew A. Rice.

⁷ Midwest Independent System Operator

⁸ The MCRA mechanism was authorized in the Commission's August 15, 2007, Order in Cause No. 43111 and modified in the Commission's April 27, 2011, Order in Cause No. 43839. In Cause No. 43354 MCRA 21, the Commission approved a settlement agreement under which the MCRA tracker will be filed annually with the reconciliation period ending in June of each year. In the Cause No. 43354 MCRA 21 S1 Order dated September 2, 2020, the Commission approved a settlement agreement to modify the allocation percentages for each of CEI South's electric rider mechanisms (including MCRA) and to maintain these allocation percentages until the filing of CEI South's next electric base rate case.

11. CEI South files annual Reliability Cost and Revenue Adjustment (“RCRA”) proceedings in Cause No. 43406 RCRA XX⁹ to track the differences between certain actual costs and revenues and the amounts of those costs and revenues included in CEI South’s base rates. RCRA cost and revenue components include the non-fuel component of purchased power, cost of Environmental Emission Allowances (“EEAs”), Interruptible Sales billing credits, the retail sharing portion of wholesale power marketing margins, the margin from municipal wholesale sales, and the retail portion of the margin from EEA sales (net of cost). CEI South has proposed updates for the RCRA as described in the direct testimony of Matthew A. Rice.
12. Pursuant to the Commission’s September 20, 2017, Order in Cause No. 44910, CEI South files a semi-annual proceeding in Cause No. 44910 TDSIC XX to recover 80% of approved capital expenditures and transmission, distribution, and storage system improvement costs (“TDSIC”) incurred in connection with CEI South’s TDSIC Projects through its TDSIC Rider. CEI South’s current TDSIC mechanism includes a component to pass back credits resulting from changes in the federal tax rates under the TCJA. As discussed below, CEI South proposes to remove this component from the TDSIC mechanism and include it in the TAR. CEI South has filed for approval of a new TDSIC Plan in Cause No. 45894, which is pending before the Commission as of the filing of this petition.

⁹ The RCRA mechanism was authorized as a semi-annual filing in the Commission’s Order dated August 15, 2007, in Cause No. 43111 and April 27, 2011, Order in Cause No. 43839. In the October 27, 2012, Order in Cause No. 43406 RCRA 10, the Commission authorized CEI South to file the RCRA on an annual basis.

13. As a result of the Commission’s financing order dated January 4, 2023, in Cause No. 45722, CEI South was authorized to implement, collect, and receive Securitization Charges associated with the securitization of A.B. Brown Units 1 and 2 pursuant to its Securitization of Coal Plants Tariff. Pursuant to that financing order, the accumulated deferred income taxes (“ADIT”) associated with the retiring A.B. Brown Units 1 and 2 are segregated from all other ADIT and not included in the calculation of Petitioner’s capital structure or otherwise used in finding CEI South’s authorized return in future rate cases. The financing order also established a Securitization ADIT Credit tariff to provide an annual credit to customers for the ADIT associated with A.B. Brown Units 1 and 2. In addition, the financing order required that the excess ADIT associated with A.B. Brown Units 1 and 2 be amortized and returned to customers over the life of the related Securitization Bonds. The excess accumulated deferred income taxes (“EADIT”) resulting from the TCJA is being flowed back to customers via the TDSIC. As described below, the Company is proposing to continue to flow back this EADIT over the life of the bonds but through the new TAR instead of the TDSIC. The Securitization Rate Reduction (“SRR”) tariff was a temporary rider established in Cause No. 45722 to provide customers with a credit for A.B. Brown Net Plant. CEI South proposes to zero out the SRR tariff in customer rates in this case, as the A.B. Brown Units 1 and 2 will no longer be included in base rates.

Petitioner’s Operating Results Under Existing Rates

14. Since its basic rates and charges for utility service were last established in Cause No. 43839 (Order dated April 27, 2011), Petitioner has continued and will continue

to make significant capital expenditures for additions, replacements, and improvements to its Utility Properties. Also, the fair value of Petitioner's Utility Properties has materially increased. At the same time, some expenses and other costs have also increased. As a result, Petitioner's return on its Utility Properties currently is, and without increase will continue to be, below the level required to permit Petitioner to earn a fair return on the fair value of its Utility Properties; to provide revenues which will enable it to continue to attract capital required for additions, replacements, and improvements to its Utility Properties at a reasonable cost; to maintain and support Petitioner's credit; to assure confidence in Petitioner's financial soundness; and to earn a return on the value of its Utility Properties equal to that available on other investments of comparable risk. As a consequence, Petitioner's existing rates and charges now are and will continue to be insufficient to provide revenues adequate to cover its necessary and reasonable operating expenses and provide the opportunity to earn the fair return Petitioner must be provided the opportunity to earn by law. The existing rates of Petitioner, therefore, are unjust, unreasonable, insufficient, and confiscatory and should be increased.

Petitioner's Proposed Rates and Charges

- 15.** Petitioner requests that new rates and charges be authorized which will enable Petitioner to realize a proper and adequate utility operating income, maintain and support its credit, adequately service its outstanding securities, assure confidence in its financial soundness, allow Petitioner to earn a return equal to that available on other investments of comparable risk, and raise on fair and reasonable terms

such amounts of additional capital as will be required to enable Petitioner to render safe, adequate, and continuous electric service to the public. Except for the Securitization Charge tariff and the Securitization ADIT Credit tariff, Petitioner proposes to cancel its existing rate schedules governing the electric utility service rendered by it and to file new schedules of rates and charges with the Commission for approval. The proposed rate schedules are set forth in the attachments to the direct testimony of Matthew A. Rice.

Test Year and Rate Base Procedures

16. Pursuant to Ind. Code § 8-1-2-42.7(d), Petitioner proposes and requests that a forward-looking test year be used in this proceeding on the basis of projected data for the 12-month period ending December 31, 2025 (“Test Year”). The historic base period utilized by Petitioner in this proceeding is the 12-month period ending December 31, 2022.
17. Petitioner is utilizing the Test Year end, December 31, 2025, as the general rate base cutoff date.
18. As described in the direct testimonies of Richard C. Leger, Chrissy M. Behme, and Matthew A. Rice, Petitioner is proposing a three-phase rate implementation, with potential interim phases as described in more detail by Ms. Behme, to reasonably reflect actual rate base, including the utility property that is used and useful at the time rates are placed into effect. In addition, CEI South is utilizing its actual capital structure and cost of capital based on its forecasted test-year-end regulatory capital structure as of December 31, 2025, for purposes of calculating a fair return on the fair value of its property. The total increase (after all three phases) is

projected to be \$118,757,693, or approximately 16.02% from pro forma revenues at the rates that would be in effect had this case not been filed. The Phase 1 increase is projected to be \$42,137,651, or approximately 6%; the Phase 2 increase is projected to be an additional \$24,482,578, or approximately 3% from Phase 1; the Phase 3 increase is projected to be an additional \$52,137,464, or approximately 7.0% from Phase 2. Mr. Rice presents a Typical Bill Comparison,¹⁰ and the direct testimony of John Taylor addresses how the Company's various customer classes will be affected by the proposed increase. Efforts undertaken by CEI South to mitigate the effect of the increase on rates are described in the direct testimonies of Messrs. Leger and Rice.

19. Petitioner proposes that Phase 1 rates will take effect as soon as possible following issuance of the Order in this Cause and the Company's submission of the tariff and any required compliance filing. Actual capital structure and rate base data as of December 31, 2023, will be filed at the time of CEI South's rebuttal filing. As explained in the direct testimony of Chrissy M. Behme, certain revenue and expense adjustments will not be included, or will not be included at the full amount, at Phase 1 because the changes for which these adjustments are made will not occur until the test year. Other than any changes resulting from the Commission's findings in its final Order in this Cause, all of the information necessary to calculate Phase 1 rates will be available prior to the evidentiary hearing; as such, no post-order review process is needed or proposed for Phase 1 rates.

¹⁰ The bill comparison included in the "Sch. 1 Revenue Requirements" tab in the Commission's "strawman" schedules under GAO 2020-05 can be found in Petitioner's Exhibit No. 19, Attachment MAR-4.

- 20.** CEI South proposes Phase 2 rates will be implemented as soon as possible after January 1, 2025, following CEI South’s certification of the net original cost rate base and the actual capital structure as of December 31, 2024. As explained in the direct testimony of Chrissy M. Behme, certain revenue and expense adjustments will not be included, or will not be included at the full amount, at Phase 2 because the changes for which these adjustments are made will not occur by the beginning of the test year. Consistent with the Commission’s prior orders in future-test-year rate cases, Petitioner proposes the Phase 2 rates would take effect immediately upon filing on an interim, subject-to-refund basis. CEI South recommends the other parties to this proceeding be given a period of 60 days to review the Phase 2 submission and present any objections to the Commission. If needed to resolve any objections, Petitioner proposes the Commission could conduct a hearing and rates will be trued up, with carrying charges, retroactive to the date Phase 2 Rates were put into place.
- 21.** CEI South proposes Phase 3 rates will be implemented as soon as possible after December 31, 2025, following CEI South’s certification of the net original cost rate base and the actual capital structure as of December 31, 2025, with pro forma results of operation based on the fully adjusted test year. Consistent with the Commission’s prior orders in future-test-year rate cases, Petitioner proposes the Phase 3 rates would take effect immediately upon filing on an interim, subject-to-refund basis. CEI South recommends the other parties to this proceeding be given a period of 60 days to review the Phase 3 submission and present any objections to the Commission. If needed to resolve any objections, Petitioner proposes the

Commission could conduct a hearing and rates will be tried up, with carrying charges, retroactive to the date Phase 3 Rates were put into place.

22. As a rate mitigation effort, CEI South also proposes up to three additional interim rate implementation steps between Phases 2 and 3 as further described in Ms. Behme's direct testimony, to alleviate the impact of accrual of PISCC for each of the combustion turbines approved in Cause No. 45564 and the Posey Solar Project approved in Cause No. 45847. At each interim step, CEI South proposes to reflect the additional after-tax return and depreciation expense on each of the projects using the capital structure in effect at the beginning of the test year and used for Phase 2. CEI South proposes these interim steps would take effect upon filing of a certification that the plant in question is in service and that the same interim, subject-to-refund provisions proposed for Phases 2 and 3 would apply, including the same time period for other parties to raise objections.

Tax Adjustment Rider

23. As described in the direct testimonies of Jennifer K. Story and Matthew A. Rice, CEI South is proposing a new TAR tariff. The TAR would include two tax adjustment mechanisms that have already been approved. First, CEI South is presently passing back to customers the EADIT resulting from the TCJA through the TDSIC pursuant to a settlement agreement approved in Cause No. 45032 S21. This pass back will continue to be tracked outside of base rates and will move to the TAR. Second, Petitioner has been authorized to reflect in customer rates the effects of Production Tax Credits ("PTCs") resulting from the IRA that are not reflected in base rates. This adjustment is currently ordered to be reflected in CEI

South's CECA filings but CEI South proposes to move it to the TAR. The TAR would also reflect the new corporate alternative minimum tax ("CAMT") established under the IRA to fund the PTC tax savings extended under the IRA to solar resources and wind resources. For PTCs, tracking is proposed to begin in 2025. As explained by Ms. Story, payment of the CAMT creates a CAMT carryforward, which is a deferred tax asset. CEI South proposes that beginning with the year following the test year, the creation of any new CAMT carryforward will be reflected in the TAR by multiplying the new carryforward by the company's weighted average cost of capital from this rate case. The TAR is also proposed to capture pass back of Indiana State EADIT, which will also be outside base rates, similar to the federal TCJA EADIT.

Green Energy Rider

- 24.** CEI South proposes a new Green Energy Rider to allow eligible customers to purchase up to 85% of the RECs that are received for generation produced by CEI South's renewable generating resources—both those that CEI South owns and those for which CEI South has a Purchased Power Agreement. As explained in the direct testimony of Matthew A. Rice, CEI South registers its renewable generating resources in the Midwest Renewable Energy Tracking System ("M-RETS") tool, which allows CEI South to transfer RECs to participating customers that are also registered with M-RETS. Between July 1st and January 15th each year, eligible customers with a minimum annual usage of 5,000 MWh that wish to participate in the Green Energy Rider will sign up on the Company's website and request the volume of RECs needed. CEI South will use this information to allocate

available RECs to the participating customers. Each month CEI South will sell 15% of its RECs into the M-RETS market, which will set the market price for the sale of RECs to participating customers. Each year, any variance between the REC price in the Green Energy Rider and market prices in the M-RETS market will be reconciled and collected from or passed back to participating customers.

25. CEI South proposes to include the Green Energy Rider schedules in its CECA mechanism and to continue to use the CECA to pass back all proceeds associated with selling RECs to customers, whether sold through the Green Energy Rider or into the M-RETS market.

Critical Peak Pricing Pilot Program

26. As described in the direct testimony of Matthew A. Rice, CEI South is proposing a CPP pilot program to explore the potential use of a tool to help manage peak loads during hours of highest usage. The program as proposed would include a time of use (“TOU”) rate with multiple tiers of pricing with lower prices at off-peak times and higher prices at on-peak times, providing an incentive for customers to shift load from on- to off-peak hours. During times of anticipated highest usage (a “critical peak event”), CEI South would communicate with customers that a critical peak event will occur. During the event, the cost of energy would be elevated above the typical on-peak period pricing to provide greater incentive for customers to shift load. With the implementation of the advanced metering infrastructure (AMI) system described by in the direct testimony of Amy L. Folz, CEI South now has a metering system that will help enable this rate structure. The pilot will allow CEI South to better understand the potential benefits of a full CPP program, while

allowing it to build effective communication tools to help ensure the future success of such a program.

27. CEI South proposes that for residential customers to be eligible for the CPP Pilot Program they must have a wi-fi enabled thermostat and they must have at least one year of automated meter data at the current service address at the time of registration. Enrollment in the pilot program would be capped at 500 participants. Residential customers currently receiving service under a demand response tariff, i.e., the current Direct Load Control Rider or the proposed Thermostat Load Control Rider, will not be eligible for service under the proposed RS-CPP tariff. After enrolling, participants may unenroll for any reason; however, they will not be eligible to receive service under the RS-CPP tariff for one year from the unenrollment date.
28. CEI South estimates the costs of the CPP Pilot at \$1.75 million, of which a portion is expected to be booked to expense. Petitioner proposes to defer the expenses of the CPP Pilot to a regulatory asset, with amortization to begin when rate recovery of the amortization expense begins.
29. CEI South proposes that if the CPP Pilot Program is approved, it will include the final proposed TOU rates in a separate docket.

Regulatory Accounting Treatment

30. As described in the direct testimony of Chrissy M. Behme, going forward from the end of the test year in this case, CEI South proposes to capitalize all cloud computing costs by establishing a regulatory asset to reflect amounts not already included in base rates that are incurred for third-party CCAs.

Alternative Regulatory Plan – Remote Disconnection for Non-Payment

- 31.** CEI South is requesting Commission approval of an ARP to grant CEI South a waiver from the requirements of 170 IAC 4-1-16(f), which requires a utility employee immediately before the actual disconnection of service to, among other things, make a reasonable attempt to identify himself or herself; announce the purpose of his/her visit to the premises; inform the customer of the reason for disconnection, including the amount of any delinquent bill of the customer; and request any available verification that the outstanding bills has been satisfied. CEI South is specifically seeking a variance from the requirement to be physically present on the customer’s premises for the disconnect.
- 32.** The direct testimony of Amy L. Folz supports this ARP and describes Petitioner’s process for notifying customers prior to disconnection for non-payment. CEI South’s requested waiver is similar to that granted in Cause No. 45353 (Duke Energy Indiana), the settlement approved in Cause No. 44967 (Indiana Michigan Power), and Indiana Michigan Power’s 2021 base rate case in Cause No. 45576.
- 33.** Petitioner believes the ARP is in the public interest and will provide significant benefits in reducing safety risks, improving work efficiencies, and reducing the reconnect fees, all as described by Ms. Folz.
- 34.** The Commission’s authority under Ind. Code ch. 8-1-2.5 allows the Commission to approve an alternative regulatory plan that grants CEI South a waiver from 170 IAC 4-16-1(f), and CEI South elects to become subject to such section for purposes of this Petition as provided in Ind. Code § 8-1-2.5-4. Therefore, CEI

South requests that its ARP be found to be in the public interest and approved under Ind. Code ch. 8-1-2.5.

Submission of Case in Chief and Other Supporting Documentation

- 35.** Petitioner is filing its case in chief, including the information required by subsection (b) of Ind. Code § 8-1-2-42.7 (“Section 42.7”), contemporaneous with this verified petition. Petitioner has attached to this petition a summary of the issues addressed by each witness submitting testimony in CEI South’s case in chief. As recognized in the Commission’s GAO 2013-05, a future test year does not align with all of the Commission’s pre-existing MSFRs (as set forth in 170 IAC 1-5). Therefore, CEI South has used the MSFRs as guidance as to the categories of information that are appropriate for inclusion as working papers and has provided supporting documentation in line with the Commission’s MSFRs, modified where appropriate to conform with the forward-looking test year authorized by Section 42.7, including, where feasible, to conform to the most recent version of the Commission’s “strawman” revised rules.
- 36.** Petitioner is submitting the workpapers and other information that would be required by 170 IAC 1-5, as modified in accordance with the statements above. Petitioner’s workpapers and supporting documentation are provided electronically and/or on CD (in Excel format where appropriate), including the supporting workpapers for all forward-looking proposed adjustments, the cost-of-service study, and the proposed cost of equity and fair rate of return, pursuant to the best practices set forth in GAO 2013-05 and GAO 2020-05. Petitioner’s case in chief contains the following schedules contemplated by GAO 2020-05, along with other

supporting attachments and workpapers: (1) Balance Sheet (Petitioner’s Exhibit No. 3, Attachment SEG-2); (2) Income Statement (Petitioner’s Exhibit No. 3, Attachment SEG-1); (3) revenue requirement summary (Petitioner’s Exhibit No. 20, Schedule A-1¹¹); (4) Gross Revenue Conversion Factor (Petitioner’s Exhibit No. 20, Schedule A-2); and (5) Pro forma net operating income statement (Petitioner’s Exhibit No. 20, Schedule C-1.1a). An index of issues, requests, and supporting witnesses is attached to this verified petition as Attachment A.

37. In accordance with the guidance provided by GAO 2013-05, Petitioner provided its Notice of Intent to File Rate Case to the Commission on November 3, 2023. This Notice was provided at least 30 days prior to the date of filing this verified petition. In addition, prior to this filing, CEI South met with the OUC, the CEI South Industrial Group (“Industrial Group”), and the CAC to discuss the filing.

Confidential Information

38. Pursuant to 170 IAC 1-5-15(e)(2), the electronic copy of the cost-of-service study is to be treated as confidential and protected from disclosure to the public under Ind. Code § 5-14-3-4 and Ind. Code § 8-1-2-29.
39. Contemporaneous with this filing, Petitioner is filing a *Motion for Protection and Nondisclosure of Confidential and Proprietary Information* in accordance with 170 IAC 1-1.1-4 and to otherwise comply with 170 IAC 1-5-3. The filing of this motion is necessary and appropriate to protect confidential information included in Petitioner’s filing. The confidential information will be submitted once the

¹¹ The bill comparison included in the “Sch. 1 Revenue Requirements” tab in the Commission’s “strawman” schedules under GAO 2020-05 can be found in Petitioner’s Exhibit No. 19, Attachment MAR-4.

Commission has issued an order preliminarily granting Petitioner's motion. Petitioner will work with the OUCC and other intervenors to negotiate acceptable nondisclosure agreements to facilitate the production of confidential information as appropriate.

Procedural Matters

- 40.** Pursuant to 170 IAC 1-1.1-9(a)(8) and the best practices set forth in the Commission's GAO 2013-05, Petitioner has discussed the procedural schedule for this case with the OUCC, the Industrial Group, and the CAC in an effort to develop an agreed procedural schedule, but the parties have not reached an agreement. As permitted by 170 IAC 1-1.1-9(a)(8)(B), Petitioner will file a proposed procedural schedule based on the guidelines set forth in GAO 2013-05 in a separate filing. If any party disagrees with the proposed schedule, CEI South requests that the Commission promptly conduct a prehearing conference and preliminary hearing to address procedural matters including setting a procedural schedule for this proceeding that will allow the Commission sufficient time to issue a final order in accordance with Ind. Code § 8-1-2-42.7 and GAO 2013-5.

Customer Notification

- 41.** In accordance with Ind. Code § 8-1-2-61(a) and Ind. Code § 8-1-2.5-6(d), Petitioner will publish notice of the filing of this verified petition, including the ARP, in a newspaper of general circulation in each Indiana county in which Petitioner renders electric utility service. Petitioner will provide its customers with a notice summarizing the nature and extent of the proposed changes as required by the

Commission's rules. These notices and the proofs of publication will be submitted as late-filed attachments to the direct testimony of Richard C. Leger.

Applicable Statutory Provisions

42. Petitioner considers that the provisions of Ind. Code §§ 8-1-2-4, -6, -7, -10, -19, -20, -21, -23, -42, -42.7, -61, -68 and -71, and chs. 8-1-2.5 and 8-1-39, among others, are applicable to the subject matter of this Petition.

Attorneys for Petitioner

43. The names and addresses of CEI South's duly authorized representatives, to whom all correspondence and communications concerning this verified petition should be sent, are as follows:

<p>Counsel of Record:</p> <p>Heather A. Watts (Atty. No. 35482-82) Jeffery A. Earl (Atty. No. 27821-64) Alyssa N. Allison (Atty. No. 38083-82) Kelly M. Beyrer, Atty. No. 36322-49 Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South 211 NW Riverside Dr. Evansville, IN 47708 Ms. Watts' Direct Dial: (812) 491-5119 Mr. Earl's Direct Dial: (317) 260-5399 Ms. Allison's Direct Dial: (812) 491-4159 Ms. Beyrer's Direct Dial: (317) 260-5332 E-mail: Heather.Watts@centerpointenergy.com Jeffery.Earl@centerpointenergy.com Alyssa.Allison@centerpointenergy.com Kelly.Beyrer@centerpointenergy.com</p>	<p>Nicholas K. Kile (Atty. No. 15203-53) Hillary J. Close (Atty. No. 25104-49) Lauren M. Box, (Atty. No. 32521-49) Lauren Aguilar (Atty No. 33943-49) Barnes & Thornburg LLP 11 South Meridian Street Indianapolis, Indiana 46204 Kile Telephone: (317) 231-7768 Close Telephone: (317) 231-7785 Box Telephone: (317) 231-7289 Aguilar Telephone: (317) 231-6474 Email: nicholas.kile@btlaw.com hillary.close@btlaw.com lauren.box@btlaw.com lauren.aguilar@btlaw.com</p>
<p>With Copy to:</p> <p>Matthew A. Rice Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South 211 NW Riverside Dr. Evansville, IN 47708 Mr. Rice's Direct Dial: (812) 491-4876 E-mail: Matt.Rice@centerpointenergy.com</p>	

WHEREFORE, Petitioner respectfully requests that the Commission make such investigation and hold such hearings as are necessary or advisable; and issue an Order in this Cause in accordance with the timeframe established in Section 42.7 and GAO 2013-05:

- (a) Finding that Petitioner's existing rates for electric utility service are unjust, unreasonable, insufficient, confiscatory, and inadequate to provide the

opportunity to earn a fair return on the fair value of Petitioner's Utility Properties used and useful for the convenience of the public in rendering electric utility service;

- (b) Determining, and by order fixing, increased electric service rates and charges to be imposed, observed, and followed in the future by Petitioner in lieu of those found to be unjust, unreasonable, insufficient, and confiscatory;
- (c) Authorizing and approving the filing by Petitioner of new schedules of increased rates and charges applicable to the electric utility service rendered by Petitioner so as to provide just, reasonable, sufficient, and non-confiscatory rates;
- (d) Approving various changes in the terms, conditions, and provisions of CEI South's Tariff for Electric Service (including rates, charges, rules, riders, and appendices) as described in this petition and in Petitioner's case in chief;
- (e) Authorizing CEI South to revise its depreciation rates as described in this petition and in Petitioner's case in chief;
- (f) Authorizing and approving Petitioner's Tax Adjustment Rider as described in this petition and in Petitioner's case in chief;
- (g) Authorizing and approving Petitioner's Green Energy Rider as described in this petition and in Petitioner's case in chief;
- (h) Authorizing and approving Petitioner's Critical Peak Pricing Pilot Program as described in this petition and in Petitioner's case in chief;

- (i) Granting accounting authority necessary to implement the relief authorized in a Final Order in this Cause, including the accounting authority described in this petition and in Petitioner's case in chief;
- (j) Authorizing and approving Petitioner's Alternative Regulatory Plan for waiver from 170 IAC § 4-1-16(f) to allow remote disconnections for non-payment;
- (k) Approving the other requests set forth in this petition and in CEI South's case in chief; and
- (l) Granting to Petitioner such other and further relief as may be appropriate and proper.

DATED this 5th day of December, 2023.

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



Richard C. Leger
Senior Vice President, Indiana Electric



Jeffery A. Earl, Atty. No. 27821-64

Verification

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



Richard C. Leger
Senior Vice President, Indiana Electric

12/05/23

Date

CERTIFICATE OF SERVICE

I certify that on December 5, 2023, a copy of this document was filed with the Indiana Utility Regulatory Commission using the Commission's electronic filing system and was served electronically on the parties below.

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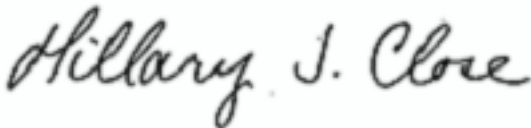
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Hillary J. Close

**Southern Indiana Gas and Electric Company
d/b/a CenterPoint Energy Indiana South.
2023 Electric Rate Case
Index of Issues, Requests, and Supporting Witnesses¹**

Subject	GENERAL	Supporting Witness (Petitioner’s Exhibit No. reference)
Test Year	Twelve Months Ended December 31, 2025.	<ul style="list-style-type: none"> • Behme (No. 2)
Historical Base Period	Twelve Months Ended December 31, 2022.	<ul style="list-style-type: none"> • Behme (No. 2)

REVENUE REQUIREMENT

Subject	Request	Supporting Witness
Overall Revenue Increase	Total increase (after all three phases) projected to be \$118,757,693, or approximately 16.02% from pro forma revenues at the rates that would be in effect had this case not been filed, to be phased in over a minimum of three phases.	<ul style="list-style-type: none"> • Leger (No. 1) (overview and drivers) • Behme (No. 2) (overall revenue requirement and phased approach) • Rice (No. 19) (phased approach) • Financial Exhibit (No. 20) (Schs. A and C)
Financial Forecast	<ul style="list-style-type: none"> • Set rates based on Test Year financial forecast. • Reflect forecasted revenues O&M and capital investments in rates. 	<ul style="list-style-type: none"> • Gray (No. 3) (overall development of test year forecast). • Rawlinson (No. 4) (transmission and distribution capital forecast) • Bradford (No. 7) (generation capital forecast) • Bahr (No. 8) (information technology forecast) • Russo (No. 16) (test year

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, exhibits, workpapers, and MSFR responses.

Subject	Request	Supporting Witness
		sales forecast) • Behme (No. 2) (adjustments to rate base and pro forma net operating income)
Return on Equity (ROE)	Authorize 10.40% ROE.	• Leger (No. 1) (reduction from Bulkley recommended ROE as rate mitigation effort) • Bulkley (No. 13) (Recommended ROE of 10.6%)
Weighted Average Cost of Capital (WACC)	Authorize forecasted WACC of 7.06% applied to original cost rate base.	• Jerasa (No. 15) (capital structure, cost of debt, financing activity) • Story (No. 14) (ADIT and EADIT balances) • Bulkley (No. 13) (ROE) • Financial Exhibit (No. 20, Sch. D)
Compensation and Benefits	The Company's compensation and benefit programs.	• Williford (No. 10)
Corporate Allocations	• Service Company allocations to CEI South. • Vectren Utility Holdings, LLC ("VUH") allocations to CEI South.	• Wood (No. 9)
Taxes	• Reflect forecasted Test Year tax expense in base rates. • Apply gross revenue conversion factor (GRCF). • Establishment of new tax adjustment rider ("TAR").	• Story (No. 14) (FIT and SIT; property tax, TAR) • Behme (No. 2) (GRCF) • Rice (No. 19) (TAR)
Depreciation	• Set new depreciation rates and reflect the resulting depreciation expense in base rates based on depreciation study.	• Spanos (No. 12) (depreciation)

COST OF SERVICE AND RATE DESIGN

Subject	Proposal	Supporting Witness
Allocated Cost of Service Study (ACOSS)	<ul style="list-style-type: none"> • Four coincident peak (“4CP”) method to allocate demand-related costs associated with generation. • Twelve coincident peak (“12CP”) method to allocate demand-related costs associated with transmission. • Non-coincident peak method to allocate demand-related costs associated with distribution system. • Customer-related costs allocated based on number of customers or cost-weighted number of customers. • Energy-related costs based on fuel cost revenue recovered through each rate class. • Revenue allocation that assigns the increase in revenues to CEI South’s rate schedules in varying proportions to the present revenue levels, balancing a full movement to the cost to serve and customer impact considerations. • 	<ul style="list-style-type: none"> • Taylor (No. 18) (ACOSS, allocation factors)
Overall Rate Design	<ul style="list-style-type: none"> • Allocation of revenue increase. • Monthly customer charge rates at levels that reflect movement toward their full customer-related cost responsibility. : 	<ul style="list-style-type: none"> • Taylor (No. 18) (rate design)
Other Rider Proposals	<ul style="list-style-type: none"> • Tax Adjustment Rider (“TAR”). • Green Energy Rider (“Rider GE”). • Aggregation Demand Response Rider (“Rider ADR”). 	<ul style="list-style-type: none"> • Story (No. 14) (TAR) • Rice (No. 19) (Rider GE, TAR) • Forshey (No. 17) (Rider ADR)
Proposed Pilot Program	Time of Use Rate through Critical Peak Pricing (“CPP”) Pilot.	<ul style="list-style-type: none"> • Rice (No. 19) (description of pilot program and costs) • Behme (No. 2) (accounting treatment) • Taylor (No. 18) (development of illustrative rates)
Terms and Conditions of Service and Tariffs	Add, modify, or eliminate certain riders and adjustment mechanisms, including Base, Backup and Maintenance Rate (“Rate BAMP”), Economic Development Rider (“Rider ED”), other Demand Response riders.	<ul style="list-style-type: none"> • Rice (No. 19) (tariff changes) • Taylor (No. 18) (rate design considerations) • Forshey (No. 17)

Subject	Proposal	Supporting Witness
		(changes to Demand Response riders, Rate BAMP, Rider ED)

OTHER

Subject	Request	Supporting Witness
Alternative Regulatory Plan	Waiver from 170 IAC 4-1-16(f) to allow remote disconnections.	<ul style="list-style-type: none"> • Folz (No. 5)
Regulatory Accounting Treatment	<ul style="list-style-type: none"> • Authority to defer to a regulatory asset all of the costs of the CPP Pilot that would otherwise be booked to expense. • Authority, going forward from the end of the test year, to capitalize all cloud computing costs by establishing a deferred regulatory asset to reflect amounts not already included in bae rates that are incurred for third party cloud computing arrangements. 	<ul style="list-style-type: none"> • Behme (No. 2) (accounting treatment) • Bahr (No. 8) (description of cloud computing arrangements) • Rice (No. 19) (description of CPP Pilot)