

FILED
July 28, 2022
INDIANA UTILITY
REGULATORY COMMISSION

PETITIONER'S ATTACHMENT 6

IURC CAUSE NO. 38707-FAC133
TESTIMONY OF SUZANNE E. SIEFERMAN
FILED JULY 28, 2022

TESTIMONY OF SUZANNE E. SIEFERMAN
DIRECTOR, RATES AND REGULATORY PLANNING
DUKE ENERGY INDIANA, LLC
CAUSE NO. 38707-FAC133

**OFFICIAL
EXHIBITS**

BEFORE THE INDIANA UTILITY REGULATORY COMMISSION

IURC

PETITIONER'S

EXHIBIT NO. 6
DATE 9-19-22 AT
REPORTER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Suzanne E. Sieferman, and my business address is 1000 East Main Street, Plainfield, Indiana 46168.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Duke Energy Indiana, LLC ("Duke Energy Indiana," "Applicant" or "Company") as Director, Rates and Regulatory Planning. Duke Energy Indiana is a wholly owned subsidiary of Duke Energy Indiana Holdco, LLC.

Q. PLEASE DESCRIBE YOUR DUTIES AS DIRECTOR, RATES AND REGULATORY PLANNING.

A. I am responsible for the preparation of financial and accounting data used in Company rate filings and petitions for changes in fuel cost adjustment factors and other tracking mechanisms.

Q. PLEASE STATE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.

A. I am a graduate of Indiana University, holding a Bachelor of Science Degree in Business, with a major in Accounting. I am a Certified Public Accountant

SUZANNE E. SIEFERMAN

1 (“CPA”) and a member of the Indiana CPA Society. Since my employment with
2 the Company in 1990, I have held various financial and accounting positions
3 supporting the Company and its affiliates. Prior to my move to the Rates and
4 Regulatory Planning department in 2008, I held positions in Benefits Accounting,
5 Corporate Accounting, Business Unit Financial Reporting and External Reporting
6 groups.

7 **II. DETERMINATION OF FUEL COST FACTOR**

8 **Q. REFERRING TO ATTACHMENTS 6-A (SES) THROUGH 6-F (SES)**
9 **ATTACHED HERETO AND MADE A PART OF YOUR DIRECT**
10 **TESTIMONY, PLEASE EXPLAIN THE PURPOSE OF ATTACHMENTS**
11 **6-A (SES) AND 6-B (SES).**

12 A. In accordance with Indiana Code § 8-1-2-42(d), electric generating utilities are
13 generally required to show that actual increases in fuel costs since the last order of
14 the Commission approving base rates have not been offset by actual decreases in
15 other operating expenses (expense test), and that the change in the fuel cost
16 adjustment factor applied for will not result in the petitioning utility earning a
17 return on its fair value plant in-service in excess of the return authorized by the
18 Commission in the last proceeding in which the base rates and charges of that
19 utility were approved (return test). Additionally, should the fuel cost adjustment
20 factor result in the petitioning utility earning a return in excess of that authorized
21 by the Commission, Applicant must, in accordance with the provisions of Indiana
22 Code § 8-1-2-42.3, determine if the sum of differentials is greater than zero for

1 the applicable relevant period. Applicant is filing information for the consecutive
2 twelve (12) month period ended May 31, 2022.

3 **Q. PLEASE EXPLAIN THE EFFECT OF THE JUNE 29, 2020 ORDER IN**
4 **CAUSE NO. 45253 ON THIS AND FUTURE FUEL ADJUSTMENT**
5 **CLAUSE PROCEEDINGS.**

6 A. The Commission's Order in Cause No. 45253 resulted in several changes that
7 affect the Company's data filed in this and future fuel adjustment clause
8 proceedings. In this order, the Commission approved inclusion of fuel-related
9 charges and credits from the PJM Interconnection LLC ("PJM") in the
10 Company's calculation of native load fuel costs (similar to the fuel-related MISO
11 charges and credits). These PJM amounts relate to operation of the Company's
12 Ohio-based Madison Generating Station. Refer to the testimony of Mr. J. Bradley
13 Daniel in this proceeding for a more detailed discussion of the Madison
14 Generating Station and associated PJM charges and credits. The fuel cost
15 calculations beginning with the month of July 2020 include these PJM amounts.
16 See Attachment A, Schedule 11 of the Verified Petition for the amount of PJM
17 charges (or credits) included in this filing.

18 For purposes of computing the authorized net operating income for
19 Indiana Code § 8-1-2-42(d)(3), the changes in authorized jurisdictional operating
20 revenues and expenses, as well as the jurisdictional allocation percentages, will be
21 phased-in over the same period of time as the Company's net operating income
22 for the applicable twelve-month ended period is affected by this Order. The

PETITIONER'S ATTACHMENT 6
IURC CAUSE NO. 38707-FAC133
TESTIMONY OF SUZANNE E. SIEFERMAN
FILED JULY 28, 2022

1 twelve-month ended May 31, 2022 period reflects two months of results under
2 Step 1 of the most recent retail base rate order (Cause No. 45253) and ten months
3 under Step 2 of the most recent retail base rate order. The Order in Cause No.
4 45253 established that a fair return on the fair value of the Company's plant used
5 to serve jurisdictional customers should be \$584,678,000, prior to the Step 1 and
6 Step 2 adjustments and any increase in return due to the addition to the valuation
7 of its utility property of clean energy projects approved by the Commission
8 pursuant to Indiana Code §§ 8-1-2-6.6 and 8-1-2-6.8 or Indiana Code 8-1-8.8.
9 The value of the Company's plant pursuant to Cause No. 45253 is also subject to
10 increase as a result of (1) federally mandated compliance projects ("FMCA")
11 approved by the Commission pursuant to Indiana Code 8-1-8.4, (2) the
12 transmission, distribution and storage system projects ("TDSIC") approved by the
13 Commission pursuant to Indiana Code § 8-1-39-9 and (3) the Company-owned
14 renewable energy projects ("REP") approved by the Commission pursuant to
15 Indiana Code 8-1-8.5 and 8.8, all of which are explained further below. In
16 addition, the Company has updated its authorized net operating income to reflect
17 the retirement of the Gallagher generating station. In Cause No. 45253, the
18 Commission approved the Company's proposal to provide a credit to customers
19 for depreciation expense built into base rates for Gallagher upon its retirement.
20 The reduction in base rates for this item is facilitated through the Company's
21 Credits Rider No. 67. Lastly, the Commission also found in the Order in Cause
22 No. 45253 that Applicant's base cost of fuel should be set at 26.955 mills per

1 kWh and this aspect of the Order has been fully implemented.

2 **Q. WOULD YOU PLEASE EXPLAIN THE EFFECT OF (1) THE JULY 3,**
3 **2002 CONSOLIDATED ORDER IN CAUSE NOS. 42061 AND 41744-S1**
4 **(“CWIP ORDER”) AND SUBSEQUENT CWIP UPDATES; (2) THE JUNE**
5 **25, 2014 ORDER IN CAUSE NO 44367 (“FMCA ORDER”) AND**
6 **SUBSEQUENT UPDATES; (3) THE MARCH 22, 2017 ORDER IN CAUSE**
7 **NO. 44720 TDSIC 1 (“TDSIC ORDER”) AND SUBSEQUENT UPDATES;**
8 **AND (4) THE SEPTEMBER 13, 2017 ORDER IN CAUSE NO. 44932 (“REP**
9 **ORDER”) AND SUBSEQUENT UPDATES ON THIS AND FUTURE FUEL**
10 **ADJUSTMENT CLAUSE PROCEEDINGS?**

11 A. The Commission’s July 3, 2002 CWIP Order and subsequent update orders
12 authorized the Company to add the value of certain qualified pollution control
13 property and clean energy projects to the value of the Company’s property for
14 ratemaking purposes. The Commission’s CWIP update Order in Cause No.
15 42061 ECR-3, dated March 11, 2004, stated that the applicable incremental
16 increases to the Company’s authorized return should be phased-in over the
17 appropriate period of time that Applicant’s net operating income was affected by
18 the CWIP approval. The Commission’s June 25, 2014 FMCA Order and
19 subsequent update orders authorized Duke Energy Indiana to adjust the
20 Company’s authorized net operating income to reflect any approved earnings
21 associated with federally mandated compliance projects. The Commission’s
22 March 22, 2017 TDSIC Order and subsequent update orders authorized Duke

1 Energy Indiana to adjust the Company's authorized net operating income to
2 reflect any approved earnings associated with transmission, distribution and
3 storage system improvement projects. The Commission's September 13, 2017
4 REP Order and subsequent update orders authorized adjustment to the Company's
5 authorized net operating income to reflect approved earnings associated with
6 Company-owned renewable energy projects. The Company has applied the same
7 phase-in concepts ordered by the Commission in its Order in Cause No. 42061
8 ECR-3 for CWIP updates to the FMCA, TDSIC and REP updates in making the
9 calculations for this filing. The effects of the applicable ECR, FMCA, TDSIC,
10 and REP updates are summarized on Attachment 6-B (SES), pages 2 of 4 and 3 of
11 4, and are reflected throughout Applicant's filing.

12 **Q. PLEASE EXPLAIN THE DATA DETAILED ON ATTACHMENT 6-A**
13 **(SES), PAGE 1 OF 5.**

14 A. This attachment is a summary schedule that shows the comparison of actual
15 operating expenses for the twelve months ended May 31, 2022, to the phased-in
16 levels approved by the Commission in Step 1 and Step 2 of Cause No. 45253,
17 including subsequent applicable CWIP and REP orders and the retirement of the
18 Gallagher generating station. Lines 21 and 22 reflect that any actual increases in
19 jurisdictional fuel costs for the full twelve-month period have not been offset by
20 decreases in other jurisdictional operating expenses. Therefore, the expense test
21 as described in Indiana Code § 8-1-2-42 (d)(2) for the twelve months ended
22 May 31, 2022, has been satisfied.

1 Q. PLEASE EXPLAIN ATTACHMENT 6-A (SES), PAGE 2 OF 5.

2 A. This attachment provides information necessary to determine compliance with
3 Indiana Code § 8-1-2-42 (d)(3) (return test) as it relates to the months of June 1,
4 2021 through July 31, 2021, which is 2/12 of the twelve month ended May 31,
5 2022 reporting period of this filing. Columns A through C of this schedule set out
6 jurisdictional revenue and expense levels approved by the Commission's Order in
7 Cause No. 45253. Column D specifically identifies the impact of the Company's
8 Step 1 amounts, which adjust the approved retail base rate amounts (calculated
9 based on forecasted December 31, 2020 data) to reflect actual plant in service and
10 cost of capital amounts as of December 31, 2019. Column E specifically
11 identifies the impact of the applicable CWIP update on the Company's authorized
12 jurisdictional net operating income level (prior to phase-in) and Column F shows
13 the comparable information for the most recently approved REP update during
14 this period. Column G shows the approved retail revenue and expense levels as
15 adjusted for Step 1 (i.e., December 31, 2019 update) and the applicable CWIP and
16 REP updates. Column H shows the applicable phased-in portion of amounts in
17 Column G, the support for which can be found on Attachment 6-B (SES), Page 2
18 of 4. Column I reflects actual expenses for the months of June 2021 through July
19 2021, excluding income taxes, as derived from the Company's books and records.
20 Column J shows the retail jurisdictional portion of actual revenues and expenses
21 for this period, reflecting the application of the jurisdictional allocation factors
22 shown in Column B. The jurisdictional electric operating income level shown in

PETITIONER'S ATTACHMENT 6

IURC CAUSE NO. 38707-FAC133
TESTIMONY OF SUZANNE E. SIEFERMAN
FILED JULY 28, 2022

1 Column J, line 22, has been carried forward to Attachment 6-B (SES), Page 1 of
2 4, line 10, for purposes of determining compliance with the fuel adjustment clause
3 return test.

4 **Q. PLEASE EXPLAIN ATTACHMENT 6-A (SES), PAGE 3 OF 5.**

5 A. Similar to Attachment 6-A (SES), page 2 of 5 (discussed in the above Q&A), this
6 attachment provides information necessary to determine compliance with Indiana
7 Code § 8-1-2-42(d)(3) (return test) as it relates to the months of August 2021
8 through May 2022, which is 10/12 of the current twelve month ended May 31, 2022
9 reporting period. Columns A through C of this schedule set out jurisdictional
10 revenue and expense levels approved by the Commission's Order in Cause No.
11 45253. Column D specifically identifies the impact of the Company's Step 2
12 amounts, which adjust the approved retail base rate amounts (calculated based on
13 forecasted December 31, 2020 data) to reflect the lower of the forecasted amount or
14 actual plant in service at December 31, 2020 and actual cost of capital amounts as
15 of December 31, 2020 and also adjustments to reflect retirement of the Gallagher
16 generating station. Column E specifically identifies the impact of the most recently
17 approved CWIP update on the Company's authorized jurisdictional net operating
18 income level (prior to phase-in) and Column F shows the comparable information
19 for the most recently approved REP update. Column G shows the approved retail
20 revenue and expense levels as adjusted for Step 2 (*i.e.*, December 31, 2020 update,
21 including adjustments to reflect retirement of the Gallagher generating station) and
22 the applicable CWIP and REP updates. Column H shows the applicable phased-in

PETITIONER'S ATTACHMENT 6
IURC CAUSE NO. 38707-FAC133
TESTIMONY OF SUZANNE E. SIEFERMAN
FILED JULY 28, 2022

1 portion of amounts in Column G, the support for which can be found on
2 Attachment 6-B (SES), Page 3 of 4. Column I reflects actual expenses for the
3 months of August 2021 through May 2022, excluding income taxes, as derived
4 from the Company's books and records. Column J shows the retail jurisdictional
5 portion of actual revenues and expenses, reflecting the application of the
6 jurisdictional allocation factors shown in Column B. The jurisdictional electric
7 operating income level shown in Column J, line 22, has been carried forward to
8 Attachment 6-B (SES), Page 1 of 4, line 20, for purposes of determining
9 compliance with the fuel adjustment clause return test.

10 **Q. MS. SIEFERMAN, PLEASE DESCRIBE THE REMAINING PAGES OF**
11 **ATTACHMENT 6-A (SES).**

12 A. The remaining pages of Attachment 6-A (SES) contain information that supports
13 the calculation of jurisdictional income tax expense for both the return test and the
14 expense test, in addition to information supporting the cost of fuel to serve native
15 load customers for the twelve months ended May 31, 2022.

16 **Q. PLEASE EXPLAIN ATTACHMENT 6-B (SES), PAGE 1 OF 4.**

17 A. Attachment 6-B (SES), page 1 of 4, is a summary schedule in which the actual
18 jurisdictional return on original cost depreciated rate base for the twelve months
19 ended May 31, 2022, is compared to the authorized jurisdictional return on fair
20 value and original cost depreciated rate base. The information on this attachment
21 has been split between the two phase-in periods in effect during this proceeding.
22 Rate base and return amounts have been adjusted for effects of the applicable Step

1 1, Step 2 (including adjustments to reflect retirement of the Gallagher generating
2 station), CWIP, FMCA, TDSIC and REP updates. The authorized jurisdictional
3 level on a phased-in basis (\$579,205,000, Column G, Lines 9 and 19) is more than
4 the actual jurisdictional earned return (\$505,690,000, Column G, Lines 10 and
5 20), and therefore Applicant is not over-earning for the twelve months ended May
6 31, 2022.

7 **Q. PLEASE EXPLAIN ATTACHMENT 6-B (SES), PAGE 2 OF 4.**

8 A. Attachment 6-B (SES), page 2 of 4, shows the development of the phased-in
9 authorized jurisdictional net operating income that was utilized in determining
10 compliance with the return test for June 1, 2021 through July 31, 2021, which is
11 2/12 of the twelve months ended May 31, 2022 reporting period. This
12 Attachment reflects the pertinent effects of the Step 1 adjustment (to reflect actual
13 plant in service and capital structure at December 31, 2019) and applicable CWIP
14 and REP updates.

15 **Q. PLEASE EXPLAIN ATTACHMENT 6-B (SES), PAGE 3 OF 4.**

16 A. Attachment 6-B (SES), page 3 of 4, shows the development of the phased-in
17 authorized jurisdictional net operating income that was utilized in determining
18 compliance with the return test for the months of August 2021 through May 2022,
19 which is the remaining 10/12 of the current twelve month ended May 31, 2022
20 reporting period. This Attachment reflects the pertinent effects of the Step 2
21 adjustment (to reflect actual plant in service and capital structure at December 31,

1 2020), the retirement of the Gallagher generating station and applicable CWIP
2 and REP updates.

3 **Q. PLEASE EXPLAIN ATTACHMENT 6-B (SES), PAGE 4 OF 4.**

4 A. Indiana Code § 8-1-2-42.3 provides that utility fuel adjustment factors be reduced
5 for excess earnings subject to a determination that the sum of the difference
6 between the utility's jurisdictional earned returns and authorized returns during
7 the relevant period, as defined by statute, is greater than zero. As shown on
8 Attachment 6-B (SES), page 4 of 4, the sum of the differentials for the applicable
9 relevant period is not greater than zero; therefore, Applicant is not required to
10 reduce the fuel adjustment charge proposed in this proceeding.

11 **Q. PLEASE EXPLAIN ATTACHMENTS 6-C (SES) AND 6-E (SES).**

12 A. Attachment 6-C (SES) is the update of Standard Contract Rider No. 60 of the
13 Company's IURC Electric Tariff No. 15 reflecting the Company's proposed fuel
14 cost adjustment factor of \$0.045948 per kWh, applicable to the October through
15 December 2022 billing cycles, as set forth in the Verified Application in this
16 proceeding. Applicant's estimated fuel cost for October through December 2022
17 is \$0.056518 and the current reconciliation factor is \$0.008101, which is based on
18 a \$102,928,662 under-collection for the months of March through May 2022 that
19 the Company is proposing to spread over the six-month period of October 2022
20 through March 2023. In addition to the current reconciliation factor, the
21 Company is also including the remaining one-half of the total reconciliation
22 amount (\$105,254,919 under-collection) from the FAC132 proceeding that was

PETITIONER'S ATTACHMENT 6
IURC CAUSE NO. 38707-FAC133
TESTIMONY OF SUZANNE E. SIEFERMAN
FILED JULY 28, 2022

1 authorized to be spread over two FAC periods. Applicant's proposed net fuel
2 charge for October through December 2022 is \$0.072903. This fuel charge, less
3 the base cost of fuel of \$0.026955, results in a fuel cost adjustment factor of
4 \$0.045948 per kWh, as shown on Attachment 6-C (SES). Attachment 6-E (SES)
5 is the updated tariff sheet that reflects the proposed change in fuel cost adjustment
6 associated with steam service provided to International Paper.¹

7 **Q. PLEASE EXPLAIN ATTACHMENT 6-D (SES).**

8 A. Attachment 6-D (SES) compares the bill of a typical residential customer using
9 1,000 kilowatt-hours per month based on the proposed fuel cost adjustment factor
10 to the bill of a typical residential customer based on the most recently approved
11 factor and also from the factor in effect one year ago. The factor being proposed
12 in this proceeding represents an increase of \$11.71 or 7.2% over what such
13 customer is paying today and an increase of \$40.22 or 29.8% over what such
14 customer paid for the same period last year.²

15 **Q. PLEASE EXPLAIN ATTACHMENT 6-F (SES).**

16 A. Attachment 6-F (SES) shows the determination of the excess return revenue credit
17 adjustment generated during the twelve months ended May 31, 2022, applicable
18 to International Paper. Duke Energy Indiana is not required to reduce its retail
19 fuel adjustment factor for excess earnings for the twelve months ended May 31,

¹ International Paper acquired Temple-Inland's corrugated packaging business on February 13, 2012.

² The percentage increases of 7.2% and 29.8%, respectively, represent the changes in the Rider 60 factor from this proceeding to what the customer is paying today and compared to one year ago as a percentage of the total monthly bill of a 1000 kWh customer as of July 1, 2022, excluding sales tax.

1 2022; therefore, there is no excess return revenue credit adjustment applicable to
2 International Paper in this filing.

3 **Q. DOES THIS PROCEEDING INCLUDE ANY CHARGES OR CREDITS**
4 **ASSOCIATED WITH HEDGING?**

5 A. Yes, it does. Realized gains/losses from participation in the Midcontinent
6 Independent System Operator, Inc. (“MISO”) virtual energy market are included
7 in fuel cost adjustments along with other MISO costs and revenues that were
8 approved by the Commission for inclusion as a fuel cost in its September 1, 2005,
9 Order in Cause No. 42685. These amounts, if any, are detailed on Attachment A,
10 Schedule 11, to the Verified Application, among other RTO charges and credits.
11 Duke Energy Indiana has also included \$12,319,619 including prior period
12 adjustments, of net realized gains from other power hedging of its native load
13 generation price risk related to its participation in MISO energy markets and
14 \$4,104,979 including prior period adjustments, of net realized gains from gas
15 hedging. The total net hedging gains of \$16,424,598 attributable to hedging
16 activities other than MISO virtual energy market participation are detailed on
17 Schedule 7, Pages 1 through 3 of Attachment A to the Verified Application. For
18 more information on Duke Energy Indiana’s hedging activity please see the pre-
19 filed testimony of Mr. Wenbin (Michael) Chen in this proceeding.

20 **Q. WERE THERE ANY EXCLUSIONS FROM THE FAC EARNINGS TEST**
21 **IN THIS PROCEEDING FOR REVENUES AND EXPENSES RELATED**
22 **TO COMPANY-OWNED RECB TRANSMISSION PROJECTS?**

1 A. Yes. As discussed in my testimony in past FAC proceedings, the Commission's
2 June 25, 2008 Order in Cause No. 42736-RTO 14 ("June 25, 2008 Order")
3 authorized the Company to retain revenues related to future Company-owned
4 transmission projects that are a part of MISO's Regional Expansion Criteria and
5 Benefits ("RECB") process. Per the June 25, 2008 Order, the Company is
6 required to provide evidence that it has excluded applicable revenues and
7 expenses from the FAC earnings test related to these Company-owned RECB
8 transmission projects. In June 2010, the Company began receiving revenues on
9 the first of these Company-owned projects. Therefore, the amounts shown on
10 Attachment 6-A (SES), Pages 2 and 3 of 5, column I, have been updated
11 beginning in FAC 86 to reflect exclusion of the applicable revenues and expenses.

12 **Q. WERE THERE ANY EXCLUSIONS TO REVENUES AND EXPENSES**
13 **ASSOCIATED WITH MISO "MULTI-VALUE PROJECTS" FROM THE**
14 **FAC EARNINGS TEST?**

15 A. Yes. The Commission's December 27, 2019 order authorized the Company to
16 exclude revenues and expenses associated with Company-owned "Multi-Value
17 Projects" ("MVPs") pending the outcome of the Company's next RTO filing.
18 Starting in June 2019 the Company began receiving Schedule 26-A revenues from
19 MISO related to the Company's own MVPs that have been included in MISO's
20 Transmission Expansion Plan ("MTEP").

21 The Company provided more detailed testimony on the proposal as it relates
22 to the RTO rider in its November 2020 filing in Cause No. 42736 RTO-56. The

1 Commission approved the Company's requested rate treatment on February 24,
2 2021.

3 **Q. PLEASE QUANTIFY THE RECB AND MVP EXCLUSIONS FROM THE**
4 **EARNINGS TEST.**

5 A. For the twelve-month period ended May 31, 2022, the RECB and MVP
6 adjustments together total \$2,988,000 of net revenues. The combined adjustments
7 by line item are shown in footnotes at the bottom of Attachment 6-A (SES), Pages
8 2 of 5 and 3 of 5. The calculation of federal and state income taxes on
9 Attachment 6-A (SES), Page 4 of 5 has also been adjusted to reflect exclusion of
10 the applicable revenues and expenses.

11 **Q. PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S NEW**
12 **COMBINED HEAT AND POWER PLANT AT PURDUE UNIVERSITY**
13 **("PURDUE CHP").**

14 A. The Purdue CHP plant is a 16-megawatt plant that produces both electricity and
15 steam. The electricity is used to support customer load and the steam is provided
16 to Purdue pursuant to the Commission-approved contract. The Purdue CHP plant
17 began commercial operations in March 2022. Pursuant to the contract, Duke
18 Energy Indiana is responsible for purchasing the natural gas necessary to run the
19 gas turbine generator and such costs are to be included in the Company's
20 quarterly FAC proceedings. Steam revenues received from Purdue, to be priced
21 based on the market price for natural gas (fixed for a twelve-month term), are to
22 also be included in the FAC proceeding as a partial offset to the natural gas costs

1 for the Purdue CHP plant.

2 **Q. DOES THE COMPANY'S FAC133 FORECAST FOR THE OCTOBER**
3 **THROUGH DECEMBER 2022 PERIOD INCLUDE AMOUNTS**
4 **ASSOCIATED WITH THE PURDUE CHP PROJECT?**

5 A. Yes, it does. Beginning with the current FAC proceeding, the Company has
6 included in its FAC forecast, both the estimated natural gas costs and the
7 estimated steam revenues associated with the Purdue CHP plant.

8 **Q. HOW ARE THE ACTUAL MARCH 2022 THROUGH MAY 2022 FUEL**
9 **COSTS AND REVENUES RELATED TO PURDUE CHP REFLECTED IN**
10 **THE APPLICATION SCHEDULES?**

11 A. The native load fuel cost reflected on Attachment A, Schedule 7, line 5 on pages 1
12 through 3 of the Verified Application in this proceeding includes both the cost of
13 the Company's natural gas purchases for the Purdue CHP plant as well as the
14 steam revenues the Company has invoiced to Purdue.

15 **Q. IS THERE ANYTHING ELSE YOU WOULD LIKE TO NOTE RELATED**
16 **TO PURDUE CHP?**

17 A. Yes, as discussed further in the testimony of Mr. Michael Chen, the Company is
18 looking into the possibility of using a longer-term hedge to balance fluctuations in
19 forward pricing between the fuel cost incurred and the steam revenues received
20 from Purdue.

21 **Q. WERE THERE ANY PRIOR PERIOD ADJUSTMENTS INCLUDED IN**
22 **THE FUEL COST BEING REQUESTED FOR RECOVERY IN THIS**

1 **PROCEEDING THAT PREDATED A ROLLING ONE-YEAR**
2 **LOOKBACK PERIOD?**

3 A. No.

4 **Q. WERE THERE ANY NOTABLE ADJUSTMENTS TO FUEL**
5 **INVENTORY DURING THE RECONCILIATION MONTHS THAT**
6 **HAVE AFFECTED THE FUEL COST BEING REQUESTED FOR**
7 **RECOVERY IN THIS PROCEEDING?**

8 A. No.

9 **Q. HAVE THERE BEEN ANY CHANGES TO THE STANDARD**
10 **ATTACHMENTS FILED WITH THE VERIFIED APPLICATION IN THIS**
11 **PROCEEDING?**

12 A. Yes. Attachment A, Schedule 1, line 26, has been modified to reflect the recovery
13 of the under-collected amounts experienced in March through May 2022 of
14 \$102,928,662 over a period of six months instead of the typical three-month
15 recovery period. In addition, the Commission, in its order in Cause No. 38707-
16 FAC132 approved the Company's proposal to spread the total under-collected
17 amount of \$105,254,919 over a period of six months instead of the normal three-
18 month recovery period. The first half of the under-collection was reflected in the
19 FAC factor for FAC 132. The remaining amount of \$52,627,460 is included in
20 this FAC and is reflected on Attachment A, Schedule 1, line 27.

21 **Q. WHY IS THE COMPANY PROPOSING TO RECOVER THE FAC 133**
22 **UNDER-COLLECTION AMOUNT OVER A LONGER PERIOD?**

1 A. As a result of the continued volatility in the fuel markets the Company has been
2 subjected to a significant and prolonged rise in coal, natural gas, and LMP prices
3 between the times our projections were made and when the fuel rider rates went
4 into effect. This run-up in the market price of fuel and purchased power has
5 resulted in Duke Energy Indiana experiencing a sizeable under-collection for the
6 current March through May 2022 reconciliation period. The direct testimonies of
7 Mr. Brett Phipps and Mr. Brad Daniel in this proceeding discuss the significant
8 continued rise in natural gas and MISO power prices as well as coal supply and
9 transportation constraints in greater detail and also provide information as to how
10 the high gas prices and coal inventory concerns impacted the dispatch and
11 commitment of the Company's units during the period. To reduce the FAC
12 impact to customers, the Company is proposing to spread the current under-
13 collection over six-months rather than the standard three months.

14 **Q. WHAT CHANGES HAS THE COMPANY MADE TO THE FORECAST IN**
15 **THIS PROCEEDING TO ADDRESS THE CONTINUED VOLATILITY IN**
16 **NATURAL GAS AND POWER PRICES?**

17 A. The Company has adjusted the natural gas and purchased power costs for the
18 October 2022 through December 2022 forecasted period. Specifically, the natural
19 gas and purchased power prices have been updated to reflect increases in the
20 forward price curves for these commodities between the July 1, 2022 date used
21 for the detailed forecast run to forward price curves on July 18, 2022, the cut-off
22 date for meeting an end-of-month filing date.

1 Q. WHAT IS THE IMPACT TO THIS PROCEEDING'S FAC FACTOR OF
 2 LENGTHENING THE COLLECTION PERIOD FOR THE CURRENT
 3 UNDER-COLLECTED AMOUNTS?

4 A. The FAC factors computed using a normal three-month collection period for the
 5 reconciliation amount and under the proposed six-month collection period are
 6 compared below:

		<u>Mills per kWh</u>	
		<u>3 month</u>	<u>6 month</u>
9	Total Estimated Fuel Cost	56.518	56.518
10	Reconciliation Factor (FAC132)	16.202	8.101
11	Reconciliation Factor (FAC131)	<u>8.284</u>	<u>8.284</u>
12	Subtotal	81.004	72.903
13	Less: Base Cost of Fuel	<u>26.955</u>	<u>26.955</u>
14	Fuel Cost Adjustment Factor	54.049	45.948

15 Q. WHAT IS THE IMPACT TO THE NEXT PROCEEDING'S FAC FACTOR
 16 OF LENGTHENING THE COLLECTION PERIOD FOR THE CURRENT
 17 UNDER COLLECTED AMOUNTS?

18 A. Half of the under-collection from this proceeding (\$51,464,331) along with any
 19 monthly fuel cost reconciliation variance for the June 2022 through August 2022
 20 period will be included in the calculation of the FAC factor for the next FAC
 21 proceeding (FAC134) to be billed to customers in January through March 2023.
 22 The impact on the factor in FAC134 will depend on the level of forecasted sales
 23 for the January through March 2023 period.

1 Q. ARE THERE ANY OTHER ITEMS YOU WANT TO BRING TO THE
2 COMMISSION'S ATTENTION IN THIS FILING?

3 A. Yes. Effective in early April 2022, the Company implemented a new customer
4 billing and technology system. As to be expected when working through a
5 significant system conversion effort, there are still some items being addressed.
6 As a result, it was necessary to use some estimated data to calculate the
7 reconciliation amounts for the months of April 2022 and May 2022. The
8 Company plans to revisit the reconciliations for these two months again when
9 preparing the June 2022 through August 2022 reconciliations for the FAC134
10 proceeding and make any necessary adjustments at that time.

11 **III. CONCLUSION**

12 Q. WERE ATTACHMENTS 6-A (SES) THROUGH 6-F (SES) PREPARED BY
13 YOU OR UNDER YOUR SUPERVISION?

14 A. Yes.

15 Q. DOES THIS CONCLUDE YOUR PREPARED TESTIMONY?

16 A. Yes, it does.

DUKE ENERGY INDIANA, LLC

Summary Statement of "Phased-In" Retail Electric Operating Expenses
for the Twelve Months Ended May 31, 2022 Based on the Commission Orders
in Cause No. 45253 and Applicable Subsequent ECR and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Cause No. 45253 Step 1 for June 1, 2021 through July 31, 2021		Cause No. 45253 Step 2 for August 1, 2021 through May 31, 2022		Applicable to Retail for the Twelve Months Ended May 31, 2022		Line No.
		Authorized Operating Expenses ^{1/}	Actual Operating Expenses ^{2/}	Authorized Operating Expenses ^{3/}	Actual Operating Expenses ^{4/}	Authorized Operating Expenses	Actual Operating Expenses	
		(A)	(B)	(C)	(D)	(E)	(F)	
Operating Expenses								
1	Taxes - Federal and State Income	\$ 22,295	\$ 16,222	\$ 116,792	\$ 57,330	\$ 139,087	\$ 73,552	1
Taxes - Other Than Income Taxes								
2	Property Related Taxes	9,289	7,080	46,301	34,712	55,590	41,792	2
3	Utility Receipts Tax	-	157	-	(1,902)	-	(1,745)	3
4	Utility Receipts Tax - IGCC State Credit	-	(2,288)	-	(11,440)	-	(13,728)	4
5	Payroll Related Taxes	2,161	2,182	10,774	9,409	12,935	11,591	5
Fuel & Purchased Power								
6	Native Load	130,385	141,137	649,899	984,777	780,284	1,125,914	6
7	Retail Deferred Fuel	-	(10,800)	-	(227,543)	-	(238,343)	7
8	Non-Native	(3,694)	-	(18,412)	-	(22,106)	-	8
9	Other (incl Handling)	1,624	18,513	8,094	77,695	9,718	96,208	9
10	Remove: Reserve Capacity	-	-	-	-	-	-	10
11	Adjusted Fuel & Purchased Power	128,315	148,850	639,581	834,929	767,896	983,779	11
Other Operation and Maintenance								
12	Other Power Production	49,308	40,070	245,775	224,403	295,083	264,473	12
13	Transmission	15,689	14,543	78,201	92,648	93,890	107,191	13
14	Administrative and General	18,451	26,168	91,997	122,925	110,448	149,093	14
15	Other Operation and Maintenance	24,376	30,644	121,577	148,204	145,953	178,848	15
16	Total Other Operation and Maintenance	107,824	111,425	537,550	588,180	645,374	699,605	16
17	Operating Revenue Deductions	(13,975)	(10,752)	(69,658)	(56,679)	(83,633)	(67,431)	17
18	Depreciation	84,414	83,121	417,039	442,130	501,453	525,251	18
19	Regulatory Asset Amortization	10,545	12,580	52,563	60,157	63,108	72,737	19
20	Total Operating Expenses	\$ 350,868	\$ 368,577	\$ 1,750,942	\$ 1,956,826	\$ 2,101,810	\$ 2,325,403	20

Summary of Changes in Operating Expenses Applicable to Retail Customers
for the Twelve Months Ended May 31, 2022 Based on the Commission Orders
in Cause No. 45253 and Applicable Subsequent ECR and REP Adjustments

	Authorized Expenses	Actual Expenses	Variance		
21	Total Operating Expenses Excluding Fuel Cost	\$ 1,321,526	\$ 1,437,832	\$ 116,306	21
22	Fuel Cost (Lines 6 and 7 Above)	780,284	887,571	107,287	22
23	Total Operating Expenses	\$ 2,101,810	\$ 2,325,403	\$ 223,593	23

^{1/} See column H of Attachment 6-A, Page 2 of 5.
^{2/} See column J of Attachment 6-A, Page 2 of 5.
^{3/} See column H of Attachment 6-A, Page 3 of 5.
^{4/} See column J of Attachment 6-A, Page 3 of 5.

DUKE ENERGY INDIANA, LLC

Statement of Retail Results of Operations for June 1, 2021 Through July 31, 2021
Reflecting the Provisions of the Commission Order in Cause No. 45253
and Applicable Step 1, ECR, and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Reflects Amounts Approved by the Commission in Cause No. 45253 and Applicable Step 1, ECR and REP Adjustments							Applicable to Retail Reflecting Prorata "Phase-in" (See Attachment 6-B Page 2 of 4, Col. M)	For the June 1, 2021 through July 31, 2021 Period		Line No.
		Total Company	Retail Allocation Percentage	Applicable to Retail, As Adjusted, Excluding Riders (See Attachment 6-B Page 2 of 4, Col. A)	Step 1 Amounts Not Included in Column C ^{2/}	ECR Amounts Not Included in Column C	REP Amounts Not Included in Column C	Applicable to Retail, As Adjusted, Including Step 1 and Riders	(C+D+E+F)	Total Company Per Books "Actual"	Applicable to Retail	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	
1	Electric Operating Revenues ^{1/}			\$ 2,705,623	\$ (37,540)	\$ 205	\$ 1,913	\$ 2,670,201	\$ 446,175		\$ 476,164	1
Operating Expenses												
2	Taxes - Federal and State Income Taxes - Other Than Income Taxes			\$ 138,363	\$ (5,333)	\$ 39	\$ 361	\$ 133,430	\$ 22,295		\$ 16,222	2
3	Property Related Taxes	\$ 58,162	95.580 %	55,591	-	-	-	55,591	9,289	7,407 ^{4/}	7,080	3
4	Utility Receipts Tax	-	100.000 %	-	-	-	-	-	-	157	157	4
5	Utility Receipts Tax - IGCC State Credit	-	91.520 %	-	-	-	-	-	-	(2,500)	(2,288)	5
6	Payroll Related Taxes	13,722	94.265 %	12,935	-	-	-	12,935	2,161	2,315 ^{4/}	2,182	6
Fuel & Purchased Power												
7	Native Load	849,796	91.820 %	780,284	-	-	-	780,284	130,385	153,710	141,137	7
8	Retail Deferred Fuel	-	100.000 %	-	-	-	-	-	-	(10,800)	(10,800)	8
9	Non-Native	(23,976)	92.201 %	(22,106)	-	-	-	(22,106)	(3,694)	-	-	9
10	Other (Including Handling)	10,589	91.774 %	9,718	-	-	-	9,718	1,624	20,172	18,513	10
11	Remove: Reserve Capacity	-	0.000 %	-	-	-	-	-	-	-	-	11
12	Total Fuel & Purchased Power	836,409		767,896	-	-	-	767,896	128,315	163,082	148,850	12
Other Operation and Maintenance												
13	Other Power Production	322,284	91.560 %	295,083	-	-	-	295,083	49,308	43,764	40,070	13
14	Transmission	93,947	99.939 %	93,890	-	-	-	93,890	15,689	14,552	14,543	14
15	Administrative and General	116,422	94.875 %	110,458	(47)	-	4	110,415	18,451	27,582	26,168	15
16	Other Operation and Maintenance	145,980	100.000 %	145,980	(105)	-	5	145,880	24,376	30,644	30,644	16
17	Total Other Operation and Maintenance	678,633	^{3/}	645,411	(152)	0	9	645,268	107,824	116,542 ^{4/}	111,425	17
18	Operating Revenue Credits	(84,188)	98.916 %	(83,633)	-	-	-	(83,633)	(13,975)	(10,870) ^{4/}	(10,752)	18
19	Depreciation	558,282	93.174 % ^{3/}	521,274	(16,105)	-	-	505,169	84,414	89,211 ^{4/}	83,121	19
20	Regulatory Asset Amortization	63,204	99.848 %	63,108	-	-	-	63,108	10,545	12,599	12,580	20
21	Total Operating Expenses			2,120,945	(21,590)	39	370	2,099,764	350,868		368,577	21
22	Electric Operating Income			\$ 584,678	\$ (15,950)	\$ 166	\$ 1,543	\$ 570,437	\$ 95,307		\$ 107,587	22
23	Differential for the June 1, 2021 through July 31, 2021 Period										\$ 12,280	23

Notes:

- ^{1/} Reflects electric operating revenues on a 12 month basis.
^{2/} Reflects the Company's Step 1 Adjustments approved in the Compliance Filing in Cause No. 45253, that adjust approved retail base rates to reflect actual plant in service and cost of capital at December 31, 2019.
^{3/} Reflects the jurisdictional effect of amounts remaining in riders subsequent to the Commission's Order in Cause No. 45253.
^{4/} Excludes amounts for June 2021 through July 2021 related to Duke Energy Indiana's own RECB projects as approved in Cause No. 42736 - RTO14 and Multi-Value Projects (MVPs) as follows (in thousands):
- | | |
|---------------------------------|----------------|
| Property Related Taxes | 21 |
| Payroll Related Taxes | 2 |
| Other Operation and Maintenance | 83 |
| Operating Revenue Credits | (892) |
| Depreciation | 149 |
| Total | <u>(\$637)</u> |

DUKE ENERGY INDIANA, LLC

Statement of Retail Results of Operations for August 1, 2021 Through May 31, 2022
Reflecting the Provisions of the Commission Order in Cause No. 45253
and Applicable Step 2, ECR, and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Reflects Amounts Approved by the Commission in Cause No. 45253 and Applicable Base Rate, ECR and REP Adjustments							Applicable to Retail Reflecting Prorata "Phase-In" (See Attachment 6-B Page 3 of 4, Col. K)	For the August 1, 2021 through May 31, 2022 Period 5/		Line No.
		Total Company	Retail Allocation Percentage	Applicable to Retail, As Adjusted, Excluding Riders (See Attachment 6-B Page 3 of 4, Col. A)	Base Rate Adjustment Amounts Not Included in Column C 2/	ECR Amounts Not Included in Column C	REP Amounts Not Included in Column C	Applicable to Retail, As Adjusted, Including Base Rate and Rider Adjustments	(C+D+E+F)	Total Company Per Books "Actual"	Applicable to Retail	
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	
1	Electric Operating Revenues 1/			\$ 2,705,623	\$ (24,491)	\$ 104	\$ 1,913	\$ 2,683,149	\$ 2,234,840		\$ 2,354,929	1
Operating Expenses												
2	Taxes - Federal and State Income			\$ 138,363	\$ 1,468	\$ 20	\$ 361	\$ 140,212	\$ 116,792		\$ 57,330	2
3	Taxes - Other Than Income Taxes											
3	Property Related Taxes	\$ 58,162	95.580 %	55,591	(1)	-	-	55,590	46,301	36,317 4/	34,712	3
4	Utility Receipts Tax	-	100.000 %	-	-	-	-	-	-	(1,902)	(1,902)	4
5	Utility Receipts Tax - IGCC State Credit	-	91.520 %	-	-	-	-	-	-	(12,500)	(11,440)	5
6	Payroll Related Taxes	13,722	94.265 %	12,935	-	-	-	12,935	10,774	9,981 4/	9,409	6
Fuel & Purchased Power												
7	Native Load	849,796	91.820 %	780,284	-	-	-	780,284	649,899	1,072,508	984,777	7
8	Retail Deferred Fuel	-	100.000 %	-	-	-	-	-	-	(227,543)	(227,543)	8
9	Non-Native	(23,976)	92.201 %	(22,106)	-	-	-	(22,106)	(18,412)	-	-	9
10	Other (Including Handling)	10,589	91.774 %	9,718	-	-	-	9,718	8,094	84,659	77,695	10
11	Remove: Reserve Capacity	-	0.000 %	-	-	-	-	-	-	-	-	11
12	Total Fuel & Purchased Power	836,409		767,896	-	-	-	767,896	639,581	929,624	834,929	12
Other Operation and Maintenance												
13	Other Power Production	322,284	91.560 %	295,083	-	-	-	295,083	245,775	245,089	224,403	13
14	Transmission	93,947	99.939 %	93,890	-	-	-	93,890	78,201	92,705	92,648	14
15	Administrative and General	116,422	94.877 %	110,458	(8)	1	4	110,455	91,997	129,562	122,925	15
16	Other Operation and Maintenance	145,980	100.000 %	145,980	(16)	-	5	145,969	121,577	148,204	148,204	16
17	Total Other Operation and Maintenance	678,633		645,411 3/	(24)	1	9	645,397	537,550	615,560 4/	588,180	17
18	Operating Revenue Credits	(84,188)	98.916 %	(83,633)	-	-	-	(83,633)	(69,658)	(57,300) 4/	(56,679)	18
19	Depreciation	558,282	93.118 % 3/	521,274	(20,566)	-	-	500,708	417,039	474,806 4/	442,130	19
20	Regulatory Asset Amortization	63,204	99.848 %	63,108	-	-	-	63,108	52,563	60,249	60,157	20
21	Total Operating Expenses			2,120,945	(19,123)	21	370	2,102,213	1,750,942		1,956,826	21
22	Electric Operating Income			\$ 584,678	\$ (5,368)	\$ 83	\$ 1,543	\$ 580,936	\$ 483,898		\$ 398,103	22
23	Differential for the August 1, 2021 through May 31, 2022 Period										\$ (85,795)	23

Notes:

- 1/ Reflects electric operating revenues on a 12 month basis.
2/ Reflects the Company's Step 2 Adjustments approved in the Compliance Filing in Cause No. 45253, that adjust approved retail base rates to reflect actual plant in service and cost of capital at December 31, 2020. Also reflects removal of depreciation expense associated with the retired Gallagher station.
3/ Reflects the jurisdictional effect of amounts remaining in riders subsequent to the Commission's Order in Cause No. 45253.
4/ Excludes amounts for August 2021 through May 2022 related to Duke Energy Indiana's own RECB projects as approved in Cause No. 42736 - RTO14 and Multi-Value Projects (MVPs) as follows (in thousands):
- | | |
|---------------------------------|-----------|
| Property Related Taxes | 107 |
| Payroll Related Taxes | 13 |
| Other Operation and Maintenance | 414 |
| Operating Revenue Credits | (3,629) |
| Depreciation | 744 |
| Total | (\$2,351) |
- 5/ Actual results have been adjusted to remove amounts recorded to the Company's financial statements due to the Indiana Supreme Court order regarding recovery of coal ash costs in Cause No. 45253, until such time as required ratemaking is ordered upon by the Indiana Utility Regulatory Commission.

DUKE ENERGY INDIANA, LLC

Computation of Federal and State Income Taxes Applicable to
Retail Customers for the Twelve Months Ended May 31, 2022
Reflecting the Provisions of the Commission Orders in Cause No. 45253
and Applicable Step 1, Step 2, ECR, and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Twelve Months Ended			Line No.
		State (A)	Federal (B)	Total (C)	
1	Electric Operating Revenues	\$ 2,870,527			1
	Less:				
2	Property Related Taxes	41,792			2
3	Payroll Related Taxes	11,591			3
4	Adjusted Fuel and Purchased Power	983,779			4
5	Other Operation and Maintenance	699,605			5
6	Operating Revenue Deductions	(67,431)			6
7	Depreciation	525,251			7
8	Regulatory Asset Amortization	72,737			8
9	Adjustment to Reflect Permanent and Flow Through Timing Differences ^{1/}	(5,209)			9
10	Annualization of Interest Charges ^{2/}	160,759			10
11	Total Deductions	2,422,874			11
12	State Taxable Income	\$ 447,653	\$ 447,653		12
13	State Income Tax Expense (4.90%) ^{3/}	\$ 22,086			13
14	Amortization of State EDIT ^{4/}	(3,035)			14
15	Adjusted State Income Tax Expense	\$ 17,051	\$	17,051	15
	Less:				
16	Utility Receipts Tax which is Deductible for Federal Taxes		22,689		16
	Less:				
17	State Income Tax Expense before Amortization of State EDIT		22,086		17
18	Federal Taxable Income		\$ 402,678		18
19	Federal Income Tax Expense (21%)		\$ 84,604		19
20	Amortization of Federal EDIT ^{5/}		(20,590)		20
21	Federal Benefit of State EDIT Amortization ^{6/}		1,762		21
	Less:				
22	Amortization of ITC ^{6/}		272		22
23	Federal Income Tax		\$ 56,504	56,504	23
24	Total Federal and State Income Tax (Line 15 plus Line 23)		\$	73,555	24

^{1/} Computed using Total Company amount for twelve months (\$5,589) times the applicable retail allocation percentage.

^{2/} Calculated based on the phase-in of the interest component of applicable returns.

^{3/} Computed using 4.90% state income tax rate beginning July 1, 2021. Computed using 5.25% state income tax rate for prior months.

^{4/} 94.6% applicable to retail.

^{5/} 94.13% applicable to retail.

^{6/} Computed using Total Company amount for twelve months \$297 times the applicable retail allocation percentage.

DUKE ENERGY INDIANA, LLC

**Actual Cost of Fuel to Serve Customers Based on the Cost to
Generate Electricity and the Actual Cost of Fuel Included in the
Cost of Purchased Power for June 2021 through May 2022**

Line No.	Description	Per Commission's Order in IURC Cause No. 45253		June 1, 2021 through May 31, 2022		Line No.
		Applicable to Retail Customers		Native Load	Applicable to Retail Customers	
		Amount (A)	Percentage (B)	(C)	(D)	
<u>Fuel Cost to Serve Native Load:</u>						
1	Native Load Fuel Cost	\$ 780,284,000	91.820%	\$ 1,227,577,022	\$ 1,127,161,222	1
2	Miscellaneous Fuel Adjustments and Hedging Activity	-		(2,089,112)	(1,918,223)	2
3	Prior Period Cost Adjustments	-		729,871	670,168	3
4	Total Fuel Cost	\$ 780,284,000		\$ 1,226,217,781	\$ 1,125,913,167	4

DUKE ENERGY INDIANA, LLC

Statement of Authorized Return on Original Cost Depreciated
and Fair Value Rate Base Reflecting Rates Approved in the Commission's Orders
in Cause Nos. 45253 and Applicable Subsequent Step 1, Step 2, ECR and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Jurisdictional Return on Original Cost Depreciated Rate Base Per the Commission's Order in IURC Cause No. 45253 and Applicable Subsequent Step 1, ECR and REP Adjustments		Jurisdictional Return on Fair Value Rate Base Per the Commission's Order in IURC Cause No. 45253 and Applicable Subsequent Step 1, ECR and REP Adjustments			Jurisdictional Return on the Calculated Phased-In Original Cost Depreciated Rate Base		Line No.	
		Rate Base (A)	Return (B)	Rate Base (C)	Return (D)	Rate of Return (E)	Rate Base (F)	Return (G)		
Jurisdictional Rate Base										
1	Electric Plant in Service	\$ 8,892,722								1
2	Fuel and Emissions Inventory	114,796								2
3	Prepaid Pension Asset	142,803								3
4	Regulatory Assets	436,497								4
5	Materials and Supplies	<u>286,928</u>								5
6	Total	9,873,746	568,728	9,873,746	568,728	5.76%	1,649,903	95,034		6
Construction Work In Progress (CWIP)										
7	Environmental Compliance Rider (ECR)	2,904	166	2,904	166		832	46		7
8	Renewable Energy Projects (REP)	<u>27,212</u>	<u>1,543</u>	<u>27,212</u>	<u>1,543</u>		<u>3,964</u>	<u>227</u>		8
9	Total Including CWIP	\$ <u>9,903,862</u>	\$ <u>570,437</u> ^{1/}	\$ <u>9,903,862</u>	\$ <u>570,437</u> ^{1/}	5.76%	<u>1,654,699</u>	<u>95,307</u>		9
10	Actual Jurisdictional Return for the June 1, 2021 Through July 31, 2021 Period		\$ <u>107,587</u>		\$ <u>107,587</u>			\$ <u>107,587</u>		10

Line No.	Description	Jurisdictional Return on Original Cost Depreciated Rate Base Per the Commission's Order in IURC Cause No. 45253 and Applicable Subsequent Step 2, ECR and REP Adjustments		Jurisdictional Return on Fair Value Rate Base Per the Commission's Order in IURC Cause No. 45253 and Applicable Subsequent Step 2, ECR and REP Adjustments			Jurisdictional Return on the Calculated Phased-In Original Cost Depreciated Rate Base		Line No.	
		Rate Base (A)	Return (B)	Rate Base (C)	Return (D)	Rate of Return (E)	Rate Base (F)	Return (G)		
Jurisdictional Rate Base										
11	Electric Plant in Service	\$ 9,182,319								11
12	Fuel and Emissions Inventory	114,796								12
13	Prepaid Pension Asset	142,803								13
14	Regulatory Assets	436,497								14
15	Materials and Supplies	<u>286,920</u>								15
16	Total	10,163,335	579,310	10,163,335	579,310	5.70%	8,465,042	482,507		16
Construction Work In Progress (CWIP)										
17	Environmental Compliance Rider (ECR)	1,443	83	1,443	83		1,866	106		17
18	Renewable Energy Projects (REP)	<u>27,212</u>	<u>1,543</u>	<u>27,212</u>	<u>1,543</u>		<u>22,665</u>	<u>1,285</u>		18
19	Total Including CWIP	\$ <u>10,191,990</u>	\$ <u>580,936</u> ^{1/}	\$ <u>10,191,990</u>	\$ <u>580,936</u> ^{1/}	5.70%	<u>8,489,573</u>	<u>483,898</u>		19
20	Actual Jurisdictional Return For the August 1, 2021 Through May 31, 2022 Period		\$ <u>398,103</u>		\$ <u>398,103</u>			\$ <u>398,103</u>		20

^{1/} The footnoted data provided on lines 9 and 19 is for informational purposes only and was not used for calculation of the over or under earnings for the current period.

DUKE ENERGY INDIANA, LLC

Phased-In Jurisdictional Electric Operating Income as Approved by the Commission
in Step 1 Adjustment Cause No. 45253 and Applicable Subsequent ECR and REP Adjustments

(Dollars in Thousands)

Line No.	Description	Total Retail per Cause No. 45253 (A)	Step 1 Rate Adjustment per Cause No. 45253 (B)	Adjusted Total Retail per Cause No. 45253 (C) (A+B)	After Phase-In Factor of 16.71% (D)	Amounts Applicable to Retail from Cause No. 42061 ECR 34		Amounts Applicable to Retail from Cause No. 42061 ECR 35		Amounts Applicable to Retail from Cause No. 44932 REP 2		Amounts Applicable to Retail from Cause No. 44932 REP 3		Amounts Applicable from Cause No. 45253 Step 1 Phased-In Jurisdictional Operating Income Level for the June 2021 to July 2021 Period (M) (D+F+H+J+L)	Line No.
						As Approved Before Application of Phase-In Factor (E)	After Phase-In Factor of 15.89% (F)	As Approved Before Application of Phase-In Factor (G)	After Phase-In Factor of 0.82% (H)	As Approved Before Application of Phase-In Factor (I)	After Phase-In Factor of 8.22% (J)	As Approved Before Application of Phase-In Factor (K)	After Phase-In Factor of 8.49% (L)		
1	OCB Rate Base	\$ 10,239,538	\$ (365,792)	\$ 9,873,746	\$ 1,649,903	\$ 5,082	\$ 808	\$ 2,904	\$ 24	\$ 20,116	\$ 1,654	\$ 27,212	\$ 2,310	\$ 1,654,699	1
2	Electric Operating Revenues	\$ 2,705,623	\$ (37,540)	\$ 2,668,083	\$ 445,837	\$ 349	\$ 55	\$ 205	\$ 2	\$ 1,446	\$ 119	\$ 1,913	\$ 162	\$ 446,175	2
Operating Expenses															
3	Taxes - Federal and State Income	138,363	(5,333)	133,030	22,230	65	10	39	1	268	23	361	31	22,295	3
4	Taxes - Other Than Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Property Related Taxes	55,591	-	55,591	9,289	-	-	-	-	-	-	-	-	9,289	4
5	Utility Receipts Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	5
6	Payroll Related Taxes	12,935	-	12,935	2,161	-	-	-	-	-	-	-	-	2,161	6
Fuel & Purchased Power															
7	Native Load	780,284	-	780,284	130,385	-	-	-	-	-	-	-	-	130,385	7
8	Retail Deferred Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	8
9	Non-Native	(22,106)	-	(22,106)	(3,694)	-	-	-	-	-	-	-	-	(3,694)	9
10	Other (incl Handling)	9,718	-	9,718	1,624	-	-	-	-	-	-	-	-	1,624	10
11	Remove: Reserve Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-	11
12	Adjusted Fuel & Purchased Power	767,896	-	767,896	128,315	-	-	-	-	-	-	-	-	128,315	12
Other Operation and Maintenance															
13	Other Power Production	295,083	-	295,083	49,308	-	-	-	-	-	-	-	-	49,308	13
14	Transmission	93,890	-	93,890	15,689	-	-	-	-	-	-	-	-	15,689	14
15	Administrative and General	110,458	(47)	110,411	18,451	-	-	-	-	3	-	4	-	18,451	15
16	Other Operation and Maintenance	145,980	(105)	145,875	24,376	1	-	-	-	4	-	5	-	24,376	16
17	Total Other Operation and Maintenance	645,411	(152)	645,259	107,824	1	-	-	-	7	-	9	-	107,824	17
18	Operating Revenue Credits	(83,633)	-	(83,633)	(13,975)	-	-	-	-	-	-	-	-	(13,975)	18
19	Depreciation	521,274	(16,105)	505,169	84,414	-	-	-	-	-	-	-	-	84,414	19
20	Regulatory Asset Amortization	63,108	-	63,108	10,545	-	-	-	-	-	-	-	-	10,545	20
21	Total Operating Expenses	2,120,945	(21,590)	2,099,355	350,803	66	10	39	1	275	23	370	31	350,868	21
22	Electric Operating Income	\$ 584,678	\$ (15,950)	\$ 568,728	\$ 95,034	\$ 283	\$ 45	\$ 166	\$ 1	\$ 1,171	\$ 96	\$ 1,543	\$ 131	\$ 95,307	22

1/ Reflects the effective date of the Order in Cause No. 45253 (June 1, 2021 - July 31, 2021) = 61/365 = 0.1671
2/ Reflects the effective date of the Order in Cause No. 42061-ECR34 (June 1, 2021 - July 28, 2021) = 58/365 = 0.1589
3/ Reflects the effective date of the Order in Cause No. 42061-ECR35 (July 29, 2021 - July 31, 2021) = 3/365 = 0.0082
4/ Reflects the effective date of the Order in Cause No. 44932-REP 2 (June 1, 2021 - June 30, 2021) = 30/365 = 0.0822
5/ Reflects the effective date of the Order in Cause No. 44932-REP 3 (July 1, 2021 - July 31, 2021) = 31/365 = 0.0849

DUKE ENERGY INDIANA, LLC

Phased-In Jurisdictional Electric Operating Income as Approved by the Commission
in Step 2 Adjustment Cause No. 45253 and Applicable Subsequent ECR and REP Adjustments

(Dollars In Thousands)

Line No.	Description	Total Retail per Cause No. 45253 (A)	Adjustments to Total Retail per Cause No. 45253 1/ (B)	Adjusted Total Retail per Cause No. 45253 (A+B) (C)	After Phase-In Factor of 83.29% 2/ (D)	Amounts Applicable to Retail from Cause No. 42061 ECR 35		Amounts Applicable to Retail from Cause No. 42061 ECR 36		Amounts Applicable to Retail from Cause No. 44932 REP 3		Amounts Applicable from Cause No. 45253 Step 2 Phased-In Jurisdictional Operating Income Level for the August 2021 to May 2022 Period (K) (D+F+H+J)	Amounts Applicable from Cause No. 45253 Step 1 Phased-In Jurisdictional Operating Income Level for the June 2021 to July 2021 Period 6/ (L)	Total Phased-In Jurisdictional Operating Income Level for the 12 Months Ended May 31, 2022 (M) (K+L)	Line No.
						As Approved Before Application of Phase-In Factor (E)	After Phase-In Factor of 45.48% 3/ (F)	As Approved Before Application of Phase-In Factor (G)	After Phase-In Factor of 37.81% 4/ (H)	As Approved Before Application of Phase-In Factor (I)	After Phase-In Factor of 83.29% 5/ (J)				
1	OC Rate Base	\$ 10,239,538	\$ (76,203)	\$ 10,163,335	\$ 8,465,042	\$ 2,904	\$ 1,320	\$ 1,443	\$ 546	\$ 27,212	\$ 22,665	\$ 8,489,573	\$ 1,654,699	\$ 10,144,272	1
2	Electric Operating Revenues	\$ 2,705,623	\$ (24,491)	\$ 2,681,132	\$ 2,233,115	\$ 205	\$ 93	\$ 104	\$ 39	\$ 1,913	\$ 1,593	\$ 2,234,840	\$ 446,175	\$ 2,681,015	2
	Operating Expenses														
3	Taxes - Federal and State Income	138,363	1,468	139,831	116,465	39	18	20	8	361	301	116,792	22,295	139,087	3
4	Taxes - Other Than Income Taxes	55,591	(1)	55,590	48,301	-	-	-	-	-	-	46,301	9,289	55,590	4
5	Property Related Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	5
6	Utility Receipts Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	6
6	Payroll Related Taxes	12,935	-	12,935	10,774	-	-	-	-	-	-	10,774	2,161	12,935	6
	Fuel & Purchased Power														
7	Native Load	780,284	-	780,284	649,899	-	-	-	-	-	-	649,899	130,385	780,284	7
8	Retail Deferred Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	8
9	Non-Native	(22,106)	-	(22,106)	(18,412)	-	-	-	-	-	-	(18,412)	(3,694)	(22,106)	9
10	Other (Incl Handling)	9,718	-	9,718	8,094	-	-	-	-	-	-	8,094	1,624	9,718	10
11	Remove: Reserve Capacity	-	-	-	-	-	-	-	-	-	-	-	-	-	11
12	Adjusted Fuel & Purchased Power	767,896	-	767,896	639,581	-	-	-	-	-	-	639,581	128,315	767,896	12
	Other Operation and Maintenance														
13	Other Power Production	295,083	-	295,083	245,775	-	-	-	-	-	-	245,775	49,308	295,083	13
14	Transmission	93,890	-	93,890	78,201	-	-	-	-	-	-	78,201	15,689	93,890	14
15	Administrative and General	110,458	(8)	110,450	91,994	-	-	1	-	4	3	91,997	18,451	110,448	15
16	Other Operation and Maintenance	145,980	(16)	145,964	121,573	-	-	-	-	5	4	121,577	24,376	145,953	16
17	Total Other Operation and Maintenance	645,411	(24)	645,387	537,543	-	-	1	-	9	7	537,550	107,824	645,374	17
18	Operating Revenue Credits	(83,633)	-	(83,633)	(69,658)	-	-	-	-	-	-	(69,658)	(13,975)	(83,633)	18
19	Depreciation	521,274	(20,566)	500,708	417,039	-	-	-	-	-	-	417,039	84,414	501,453	19
20	Regulatory Asset Amortization	63,108	-	63,108	52,563	-	-	-	-	-	-	52,563	10,545	63,108	20
21	Total Operating Expenses	2,120,945	(19,123)	2,101,822	1,750,608	39	18	21	8	370	308	1,750,942	350,868	2,101,810	21
22	Electric Operating Income	\$ 584,678	\$ (5,368)	\$ 579,310	\$ 482,507	\$ 166	\$ 75	\$ 83	\$ 31	\$ 1,543	\$ 1,285	\$ 483,898	\$ 95,307	\$ 579,205	22

1/ Reflects the Company's Step 2 Adjustments approved in the Compliance Filing in Cause No. 45253, that adjust approved retail base rates to reflect actual plant in service and cost of capital at December 31, 2020. Also reflects removal of depreciation expense associated with the retired Gallagher station.

2/ Reflects the effective date of the Order in Cause No. 45253 (August 1, 2021 - May 31, 2022) = 304/365 = 0.8329

3/ Reflects the effective date of the Order in Cause No. 42061-ECR35 (August 1, 2021 - January 13, 2022) = 166/365 = 0.4548

4/ Reflects the effective date of the Order in Cause No. 42061-ECR36 (January 14, 2022 - May 31, 2022) = 138/365 = 0.3781

5/ Reflects the effective date of the Order in Cause No. 44932-REP 3 (August 1, 2021 - May 31, 2022) = 304/365 = 0.8329

6/ Amounts carried forward from Attachment 6-B, Page 2 of 4, column M.

DUKE ENERGY INDIANA, LLC

**Sum of Differentials For The
Relevant Period Ending May 31, 2022**

(Dollars In Thousands)

Line No.	FAC No.	Twelve Months Ended	Actual Earned Return	Authorized Return	Differential	Line No.
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	FAC114	Aug '17	411,819 ^{1/}	477,160	(65,341)	1
2	FAC115	Nov '17	422,356 ^{1/}	476,801	(54,445)	2
3	FAC116	Feb '18	453,581 ^{1/}	475,196	(21,615)	3
4	FAC117	May '18	480,537 ^{1/}	474,430	6,107	4
5	FAC118	Aug '18	473,403 ^{1/}	472,753	650	5
6	FAC119	Nov '18	476,469 ^{1/}	472,099	4,370	6
7	FAC120	Feb '19	469,581	474,386	(4,805)	7
8	FAC121	May '19	460,368	476,140	(15,772)	8
9	FAC122	Aug '19	464,846	479,024	(14,178)	9
10	FAC123	Nov '19	483,159	481,166	1,993	10
11	FAC124	Feb '20	481,960	483,656	(1,696)	11
12	FAC125	May '20	464,533	486,441	(21,908)	12
13	FAC126	Aug '20	453,376	495,648	(42,272)	13
14	FAC127	Nov '20	432,109	517,327	(85,218)	14
15	FAC128	Feb '21	480,047	537,057	(57,010)	15
16	FAC129	May '21	502,828	557,086	(54,258)	16
17	FAC130	Aug '21	566,099	571,282	(5,183)	17
18	FAC131	Nov '21	577,426	573,900	3,526	18
19	FAC132	Feb '22	528,984	576,494	(47,510)	19
20	FAC133	May '22	505,690	579,205	(73,515)	20
Sum of Differentials For The						
21	Relevant Period (FAC 114 - FAC 133)				<u>(548,080)</u>	21
22	Lesser of line 19, column (F) or line 21, column (F) to the extent positive; otherwise, enter zero.				<u>\$ -</u>	22
Amount of reduction:						
23	Amount on line 22, column (F) divided by the total number of FAC applications filed during the current twelve (12) month period. (i.e. four (4) FAC applications)				\$ -	23

^{1/} Restated in FAC 120.

Duke Energy Indiana, LLC
1000 East Main Street
Plainfield, Indiana 46168

IURC No. 15
Ninth Revised Sheet No. 60
Canceling Eighth Sheet No. 60
Page 1 of 1

**STANDARD CONTRACT RIDER NO. 60 -
FUEL COST ADJUSTMENT**

Calculation of Adjustment

- A. The applicable charges for electric service to the Company's retail customers shall be increased or decreased, to the nearest 0.001 mill (\$0.000001) per KWH to recover and/or credit the cost for fuel in accordance with the following formula:

$$\text{Fuel Cost Adjustment Factor} = F/S - BF$$

where:

1. "F" is the estimated expense of fuel based on a three-month average cost beginning with the first month of the billing cycle and consisting of the following costs:
 - (a) the average cost of fossil fuel consumed due to the operation of Company's own generating units incurred to serve native load customers, including only those items listed in Account 151, of the Federal Energy Regulatory Commission's Uniform System of Accounts for Class A and B Public Utilities and Licensees;
 - (b) the actual identifiable fossil fuel costs, or, if fuel costs are not specifically identified, costs computed in accordance with applicable Commission Orders, associated with energy purchased or transferred to serve native load customers for reasons other than identified in (c) below;
 - (c) the net energy cost, exclusive of capacity or demand charges, of energy purchased or transferred to serve native load customers on an economic dispatch basis, and energy purchased or transferred to serve native load customers resulting from the scheduled outage of a Company owned generating unit, when the costs thereof are less than the Company's fuel costs of replacement net generating from its own system, as computed in accordance with applicable Commission Orders;
 - (d) fuel-related Regional Transmission Operator ("RTO") costs and credits approved by the Commission for recovery in the FCA;
 - (e) other revenues or costs approved by the Commission for recovery in this rider.
 2. "S" is the estimated kilowatt-hour sales for the same estimated period set forth in "F."
 3. "BF" is the base cost of fuel pursuant to the Commission's Order in Cause No. 45253 equal to \$0.026955 per kWh.
- B. The factor shall be further modified commencing with the fifth succeeding billing cycle month to reflect the difference between the estimated incremental fuel cost billed and the incremental fuel cost actually incurred during the first and succeeding billing cycle month(s) in which such estimated incremental fuel cost was billed.
- C. Effective for all bills rendered beginning with and subsequent to the later of the effective date of the Commission's Order or the first billing cycle of October 2022 the fuel cost adjustment shall be:

\$0.045948 per kilowatt-hour.

ISSUED:

EFFECTIVE:

PENDING

PENDING

DUKE ENERGY INDIANA, LLC

**Comparison of the Effect of a Change in Fuel Cost Adjustment
Factors on the Bill of a Typical Residential Customer Using 1,000 KWHs**

Line No.	Description	Fuel Cost Adjustment Factor (A)	Base Bill For Typical Residential Customer ^{1/} (B)	All Other Riders Excluding Fuel Cost Adjustment As of July 1, 2022 (C)	Total Bill for Typical Residential Customer Excluding Fuel Cost Adjustment (D)	Fuel Cost Adjustment for 1,000 KWHs (E)	Total Bill Including Fuel Cost Adjustment (F)	Increase/ (Decrease) in Total Bill (G)	% Increase/ (Decrease) in Total Bill (H)	Line No.
<u>Proposed Factor:</u>										
1	Oct - Dec '22	\$0.045948	\$130.99	(\$1.70)	\$129.29	\$45.95	\$175.24	N/A	N/A	1
<u>Previous Quarter's Factor:</u>										
2	Jul - Sep '22	\$0.034243	130.99	(1.70)	129.29	34.24	163.53	\$11.71	7.2%	2
<u>Last Year's Factor:</u>										
3	Oct - Dec '21	\$0.005732	130.99	(1.70)	129.29	5.73	135.02	\$40.22	29.8%	3

^{1/} Reflects base rates approved in Cause No. 45253 approved by the Commission on June 29, 2020, with rates effective July 30, 2020.

**FUEL COST ADJUSTMENT
INTERNATIONAL PAPER
FORMERLY TEMPLE-INLAND, INC.**

- A. The energy charge per 1,000 pounds of steam shall be increased or decreased, in accordance with the following factor to reflect changes in net fuel costs:

$$\text{Fuel Cost Adjustment Factor} = (F/K * 108.4) - 1.5890079$$

where:

1. "F" is the estimated fuel expense based on a three-month average of the following costs:
 - (a) the average cost of fossil fuel consumed due to the operation of Company's own generating units incurred to serve native load customers, including only those items listed in Account 151, of the Federal Energy Regulatory Commission's Uniform System of Accounts for Class A and B Public Utilities and licensees;
 - (b) the actual identifiable fossil fuel costs, or, if fuel costs are not specifically identified, costs computed in accordance with applicable Commission Orders, associated with energy purchased or transferred to serve native load customers for reasons other than in (c) below;
 - (c) the net energy cost, exclusive of capacity or demand charges, of energy purchased or transferred to serve native load customers on an economic dispatch basis, and energy purchased or transferred to serve native load customers resulting from the scheduled outage of a Company owned generating unit, when the costs thereof are less than the Company's fuel costs of replacement net generation from its own system, as computed in accordance with applicable Commission Orders,
 - (d) less: the cost of fossil fuel recovered through inter-system sales.
 - (e) any other fuel or purchased power related costs applicable to native load which are approved by the Commission for inclusion in the electric fuel cost adjustment.
 2. "K" is the estimated kilowatt-hours available for the same estimated period as "F", consisting of the net sum in kilowatt-hours of:
 - (a) net generation
 - (b) purchases
 - (c) equivalent steam sales kWh, less
 - (d) inter-system sales
 3. 108.4 is the equivalent kWh per 1,000 pounds of steam.
 4. 1.5890079 is the system average base cost of fuel to be included in the steam rates. Use of the system average cost of fuel will remain in effect unless modified by written agreement of the Parties or pursuant to an order of the Commission.
- B. The Fuel Cost Adjustment Factor as computed above shall be modified to allow the recovery of utility receipts taxes and/or other similar revenue based costs incurred due to the recovery of fuel costs.
- C. The Fuel Cost Adjustment Factor as computed above shall be further modified to include the separate recovery, pursuant to IC 8-1-2-42(a), of costs applicable to certain power purchases in excess of the monthly purchased power benchmark.
- D. The difference between the estimated incremental fuel cost billed and the incremental fuel costs actually experienced during the billing cycle month(s) in which such estimated incremental fuel cost was billed will be calculated on a quarterly basis and charged or credited directly on Customer's bills for high pressure steam service on a monthly basis.
- E. Effective for all bills rendered beginning with and subsequent to the later of the effective date of this Order or the October 2022 bill, the fuel cost adjustment factor shall be \$4.2369937 per 1,000 pounds of steam.

ISSUED:
PENDING

EFFECTIVE:
PENDING

DUKE ENERGY INDIANA, LLC

**Determination of Excess Return Revenue Credit Adjustment
to be Applied to International Paper's (formerly Temple-Inland) Bill For Steam Service**

Line No.	Description	Amount	Line No.
1	Revenue Credit Based on Earnings Above Fair Value Rate of Return (See Note 1)	\$ -	1
2	International Paper Excess Return Earnings Factor (See Note 2)	<u>0.001065</u>	2
3	Excess Return Revenue Credits to be Applied to International Paper's Bill for Steam Service	<u>\$ -</u>	3

Note 1: The excess return revenue credit adjustments applicable to retail customers has not been reduced to reflect amounts due to International Paper

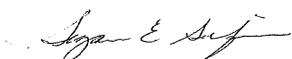
Note 2: Percentage Share of Allocated Rate Base for International Paper - Steam is Calculated as Follows:

Total Retail Rate Base, as Authorized By the Commission's Orders in Cause No. 45253.	<u>Amount</u>
	\$ 10,163,335
Total Rate Base Allocated to International Paper - Steam - per the Separation Study in Cause No. 42359	<u>19,168</u>
Combined Retail and Steam Allocated Rate Base	<u>\$ 10,174,163</u>

Factor to be Applied to Retail Jurisdictional Excess Return Earnings to Determine Earnings to be Shared With International Paper - Steam: (\$ 10,174,163 / \$ 10,163,335) - 1 = 0.001065

VERIFICATION

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

Signed: 

Suzanne E. Sieferman

Dated: July 28, 2022