

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

**DIRECT TESTIMONY
OF
RICHARD C. LEGER
SENIOR VICE PRESIDENT, INDIANA ELECTRIC**

ON

**OVERVIEW OF PETITIONER'S GENERATION TRANSITION PLAN AND PROPOSED
RENEWABLE PROJECT**

**SPONSORING PETITIONER'S EXHIBIT NO. 1 (PUBLIC),
ATTACHMENT RCL-1**

DIRECT TESTIMONY OF RICHARD C. LEGER

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Richard C. Leger. My business address is 211 NW Riverside Drive,
4 Evansville, Indiana, 47708.

5 **Q. BY WHOM ARE YOU EMPLOYED?**

6 A. I am employed by Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy
7 Indiana South (“Petitioner”, “CEI South” or “Company”), which is an indirect subsidiary of
8 CenterPoint Energy, Inc.

9 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS DIRECT TESTIMONY?**

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

11 **Q. WHAT IS YOUR ROLE WITH RESPECT TO PETITIONER CEI SOUTH?**

12 A. I am the Senior Vice President, Indiana Electric.

13 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

14 A. I graduated in December 2000 from McNeese State University with a Bachelor of Science
15 degree in Marketing and a Bachelor of Science degree in Accounting.

16 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

17 A. I began my career with CenterPoint Energy, Inc. in January 2001 as a Marketing
18 Consultant in New Iberia, LA. Over the years, I have worked in six of CenterPoint Energy,
19 Inc.’s natural gas service territories in a variety of progressing roles, including Manager of
20 Marketing & Sales and Conservation Improvement Program Manager for Louisiana,
21 Mississippi, Arkansas, and Oklahoma; Director of Regulatory Affairs for Louisiana and
22 Mississippi; and District Director for Central Arkansas operations. In February 2019, I was
23 promoted to Vice President of Operations for Indiana and Ohio. In January 2022, I was
24 promoted to my current position as Senior Vice President, Indiana Electric.

25 **Q. WHAT ARE YOUR PRESENT DUTIES AND RESPONSIBILITIES AS SENIOR VICE**
26 **PRESIDENT INDIANA ELECTRIC?**

1 A. I am responsible for all aspects of CEI South's electric utility operations in Indiana in
2 addition to . all aspects of the Company's Generation Transition Plan as set forth in its
3 2019/2020 Integrated Resource Plan ("IRP") submitted on June 29, 2020. My direct
4 responsibilities include execution and oversight of operations and maintenance ("O&M")
5 and capital budgets, transmission and distribution operations, engineering, and
6 generation; as well as the development, execution, and oversight of new renewable
7 projects; and project development and construction of natural gas generation to
8 complement the renewables in the portfolio. I also oversee Power Supply Services, which
9 includes Market Settlements and Wholesale Power Marketing.

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE INDIANA UTILITY**
11 **REGULATORY COMMISSION (THE "COMMISSION")?**

12 A. Yes. I have testified on behalf of CEI South and Indiana Gas Company, Inc. d/b/a
13 CenterPoint Energy Indiana North ("CEI North") in various cases, including Cause Nos.
14 45401 (alternative regulatory plan related to gas meter replacement), 45447 and 45468
15 (gas base rates cases), and 45611 and 45612 (gas CSIA). In addition, I provided
16 testimony before the Commission in Cause No. 45722 in support of Petitioner's request
17 for authorization to issue Securitization Bonds in accordance with Ind. Code ch. 8-1-40.5.

18 **II. PURPOSE AND SCOPE**

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

20 A. My testimony provides an overview of CEI South's Generation Transition Plan (the "Plan")
21 and summarizes the benefits of adding wind energy to the Company's existing portfolio of
22 generation assets. Specifically, I support CEI South's request for an Order in this Cause
23 issuing CEI South a CPCN to purchase and acquire, indirectly through a BTA, a wind
24 facility in [REDACTED], that will have an aggregate nameplate capacity of
25 approximately 200 MW (the "Wind Project" or "Project") pursuant to Ind. Code ch. 8-1-8.5.
26 I also support the request for a finding that the Project constitutes a "clean energy project"
27 pursuant to Ind. Code ch. 8-1-8.8. I note that approval of the Wind Project is critical to
28 ensuring CEI South is able to meet its capacity and energy needs; and describe the need
29 to obtain expedited relief in this proceeding in order for the parties to meet their obligations
30 under the BTA. Finally, my testimony provides references to the other witnesses who
31 provide more in-depth discussion of the topics.

1 **Q. ARE YOU SPONSORING ANY ATTACHMENTS IN THIS PROCEEDING?**

2 A. Yes. I am sponsoring the following attachments in this proceeding:

- 3 • Petitioner's Exhibit No. 1, **Attachment RCL-1**: Verified Petition

4 **Q. WERE THESE ATTACHMENTS PREPARED BY YOU OR UNDER YOUR**
5 **SUPERVISION?**

6 A. Yes, and I verified the factual content of the Petition on behalf of the Company.

7 **Q. PLEASE BRIEFLY INTRODUCE THE OTHER WITNESSES TESTIFYING ON BEHALF**
8 **OF PETITIONER.**

9 A. In addition to my testimony, the Company offers the testimony of the following witnesses:

10 Mr. F. Shane Bradford, Director of Power Supply Services, describes CEI South's decision
11 to pursue the Wind Project; the benefits of integrating this project into CEI South's
12 Generation Transition Plan; the Company's utilization of a competitive process to identify
13 and select this Project and how the Wind Project compares to the recent results of the
14 2022 All-Source Request For Proposal ("RFP"). He then provides a high-level overview
15 of the significant terms being negotiated in the BTA; and outlines CEI South's plan for
16 construction oversight and for operation upon its completion. Mr. Bradford also shares
17 how the Project is necessary for CEI South to meet its Midcontinent Independent System
18 Operator ("MISO") Planning Reserve Margin Requirements ("PRMR").

19 Mr. Matthew A. Rice, Director, Indiana Electric Rates & Regulatory, describes the analysis
20 and results of the Company's 2019/2020 IRP, including the process leading to its
21 development; and benefits of the Preferred Portfolio. In addition, he describes the
22 proposed ratemaking treatment, specifically how the cost of the Wind Project will likely be
23 included within rate base in the Company's next general rate case or could be recovered
24 via the Clean Energy Cost Adjustment ("CECA") mechanism, depending on which
25 provides more timely recovery. Mr. Rice describes how customer rates will be impacted
26 by the Project in addition to explaining why the Wind Project qualifies as a clean energy
27 project under Indiana law and supports the request for issuance of a CPCN for the Project.
28 Finally, he supports the Company's request for approval of an Alternative Regulatory Plan
29 ("ARP"), to the extent one is needed.

30 Ms. Chrissy M. Behme, Manager, Regulatory Reporting explains the proposed accounting
31 treatment for the Wind Project. In particular, she describes how the cost of the Project will

1 be recovered, in all likelihood, through base rates in the Company's next general rate
2 case, or through the Company's CECA mechanism, depending on which provides more
3 timely recovery. Ms. Behme supports the projected revenue requirement for the Wind
4 Project using the assumption that it is recovered through CEI South's CECA; discusses
5 how CEI South proposes to calculate the revenue requirement for the Wind Project; and
6 proposes the initial depreciation accrual rate for the Project. Lastly, she details the
7 adjustment to the authorized net operating income ("NOI") utilized in the FAC earnings
8 tests, in accordance with Ind. Code § 8-1-2-42(d) and § 8-1-2-42.3, to the extent the
9 Company recovers the return on the Project through the CECA mechanism.

10 Ms. Jennifer K. Story, Vice President, Tax for CenterPoint Energy, Inc., first explains the
11 federal production tax credit ("PTC") for wind systems and changes resulting from the
12 enacted Inflation Reduction Act ("IRA"). Next, Ms. Story then describes how CenterPoint
13 Energy, Inc.'s tax capacity and the transferability option allow it to directly realize
14 applicable tax incentives without the added cost of a tax equity partner. Then, Ms. Story
15 describe the customer benefits resulting from the CenterPoint Energy, Inc.'s ability to
16 monetize the PTC. Finally, she discusses how traditional cost-of-service, rate-of-return
17 ratemaking allows CEI South to quickly pass that benefit through to customers.

18 **III. OVERVIEW OF COMPANY'S GENERATION TRANSITION PLAN**

19 **Q. PLEASE PROVIDE AN OVERVIEW OF CEI SOUTH'S PLAN.**

20 A. Consistent with the Company's 2019/2020 IRP findings, CEI South developed the Plan
21 focused on implementation of the Preferred Portfolio in its IRP. The Preferred Portfolio
22 calls for the timely retirement of certain identified existing generation assets and
23 replacement of those assets with new generation resources. The 2019/2020 IRP
24 concludes that implementation of the Preferred Portfolio provides a lower cost and
25 reduced risk future for CEI South's customers as compared to a business as usual
26 approach.

27 The Plan required an initial step of identifying and selecting approximately 700-1,000
28 MWac of solar generation, 300 MW of wind generation, and approximately 460 MW of
29 natural gas Combustion Turbine generation. CEI South has begun making filings to
30 implement this Plan. With Cause Nos. 45501, 45564, 45600 and 45754, which CEI South
31 filed in February 2021, June 2021, August 2021, and July 2022, respectively, CEI South

took important steps to implement the Plan by seeking approval of three solar PPAs, two solar BTAs, and two natural gas CTs. This proceeding represents the next necessary step in the Plan.

Q. PLEASE PROVIDE AN OVERVIEW OF CEI SOUTH’S EXISTING GENERATION RESOURCES.

A. The table below shows Petitioner’s generating units. Petitioner’s current generation mix consists of approximately 1,329 megawatts (“MW”) of installed capacity. With respect to wind, currently, Petitioner has entered into two wind PPAs: (1) a 20-year PPA for 30 MW from a wind facility in Benton County, Indiana in accordance with the Commission’s Order in Cause No. 43259 (the “Benton County PPA”); and (2) a 20-year PPA for 50 MW from a wind facility in Benton and Tippecanoe Counties (the “Fowler Ridge PPA”), Indiana in accordance with the Commission’s Order in Cause No. 43635.

Table 1: Generating Units

Unit	Installed Capacity ICAP (MW)	Primary Fuel	Year in Service
A.B. Brown 1	245	Coal	1979
A.B. Brown 2	245	Coal	1986
F.B. Culley 2	90	Coal	1966
F.B. Culley 3	270	Coal	1973
Warrick Unit 4	150	Coal	1970
OVEC	≈32	Coal	1950s – 1960s
A.B. Brown 3	80	Gas	1991
A.B. Brown 4	80	Gas	2002
Blackfoot	3	Landfill Gas	2009
Benton County	30	Wind PPA	2008
Fowler Ridge	50	Wind PPA	2009
Oak Hill	2	Solar	2018
Volkman Rd	2	Solar	2018
Troy	50	Solar	2021

Q. PLEASE EXPLAIN HOW THE RELIEF OBTAINED IN CAUSE NOS. 45501, 45564, 45600, AND 45754 WILL IMPACT CEI SOUTH’S EXISTING GENERATION MIX.

A. The relief the Commission granted in Cause No. 45501 was the first step in CEI South’s Plan. Pursuant to the Commission’s October 27, 2021 Final Order, CEI South was granted

1 authority to acquire through a BTA an approximately 300 MWac solar facility in Posey
2 County, Indiana (the “Posey County Solar Project”) as well as to purchase energy and
3 capacity from a 100 MW solar project in Warrick County, Indiana (the “Warrick County
4 Solar PPA”), during the second half of 2023 (collectively, the “45501 Solar Projects”). As
5 further discussed by Petitioner’s Witness Bradford, due to escalating commodity costs and
6 industry wide supply chain pressures that have impacted pricing and schedules, the Posey
7 County Solar Project has now been downsized to approximately 191 MWac.

8 The relief approved in Cause No. 45600 was another step in CEI South’s Plan. Pursuant
9 to the Commission’s May 4, 2022 Final Order, CEI South was authorized to enter into
10 PPAs for energy, capacity, and RECs from a 185 MW solar project in Vermillion County,
11 Indiana (the “Vermillion County PPA”), and from a 150 MW solar project in Knox County,
12 Indiana (the “Knox County PPA”; or collectively the “45600 PPAs”).

13 Another step in CEI South’s Plan was the relief approved in Cause No. 45564. Pursuant
14 to the Commission’s June 28, 2022 Final Order, CEI South was issued a CPCN to
15 construct two natural gas CTs providing approximately 460 MW of capacity to complement
16 CEI South’s renewable resources.

17 Most recently, CEI South has sought a CPCN in Cause No. 45754 to purchase and
18 acquire, indirectly through a BTA, a solar facility in Pike County, Indiana, that will have an
19 aggregate nameplate capacity of approximately 130 MWac (the “Pike County Solar
20 Project” or “45754 Solar Project”). That proceeding is pending.

21 **Q. ARE ANY OF THE RENEWABLE PROJECTS APPROVED IN CAUSE NO. 45501 OR**
22 **CAUSE NO. 45600 IN SERVICE?**

23 A. No. CEI South has made real progress getting projects approved. However, getting the
24 projects in service and available to meet the Company’s capacity needs has been more
25 challenging. First, as mentioned above, the Posey County Solar Project is downsizing
26 from 300 MWac to approximately 191 MWac; and its Commercial Operation Date (“COD”)
27 has been extended to second half of 2024. This decision was based in large part on
28 supply chain issues across the energy industry, as well as escalating commodity costs
29 that have impacted the project schedule and timeline. As further discussed by CEI South
30 Witness Bradford, the global supply chain issues and escalating commodity costs have
31 substantially pushed up the price of completing renewable projects. Negotiating the terms

1 of BTAs and PPAs has become much more difficult given the cost increases that the
2 industry is facing. Nonetheless, it is crucial that CEI South continue to work to bring these
3 projects online and to identify new projects to meet system needs. Obtaining approval of
4 the Wind Project is critical in that regard.

5 **Q. WHY DO YOU BELIEVE THAT APPROVAL OF THE WIND PROJECT IS CRITICAL?**

6 A. The Wind Project is part of the first phase of the Company's Generation Transition Plan,
7 which as I mentioned earlier, required an initial step of identifying and selecting
8 approximately 300 MW of wind generation. As Witnesses Bradford and Rice explain, if
9 approved, the Wind Project will fulfill a portion of the capacity and energy needs identified
10 in the 2019/2020 IRP. In addition, the Wind Project is an important component of CEI
11 South's transition to a clean energy future and necessary for CEI South to provide
12 adequate and reliable service to its customers. Not only is wind a carbon free energy
13 resource; but the Project promotes reliability by mitigating risk through diversification of
14 CEI South's generation mix. Further, not only are wind resources proven technology that
15 will help CEI South continue to meet PRMR; but as Witness Rice explains, wind resources
16 are well suited to provide a source of energy in the winter when solar energy output is at
17 its lowest and customer usage is at its second highest annual level. Wind resources
18 inherently complement solar resources – meaning the resources hit their peaks at different
19 times of the day as well as different seasons of the year. Thus, the Project is a reasonable
20 addition to Petitioner's generation resource portfolio, that in the aggregate, serves to
21 increase reliability and efficiency. This Project also offers the advantages of ownership
22 and a life expectancy that can be combined with CEI South's current solar BTAs and its
23 wind and solar PPAs to optimize off-ramp flexibility for our customers.

24 CEI South cannot delay seeking to add capacity from the Wind Project. With the
25 retirement of A.B. Brown Units 1 & 2, F.B. Culley 2, and anticipated exit of the Joint
26 Operating Agreement for Warrick Unit 4, the Wind Project is needed to support CEI
27 South's PRMR position and ensure the required capacity in each season is met, especially
28 in the near terms (2024/2025) and in 2028 and beyond as explained in greater detail by
29 Witness Bradford. CEI South's objective is to reduce reliance on the MISO Planning
30 Resource Auction ("PRA"). As Witness Bradford further explains, over-reliance on the
31 MISO PRA would increase costs for our customers and is contrary to Indiana House Bill
32 1520, which has been codified as Ind. Code § 8-1-8.5-13 and essentially precludes each
33 public utility from acquiring more than 30% of its PRMR from the PRA.

1 **Q. IN YOUR OPINION WOULD NOT PURSUING THE WIND PROJECT HAVE ADVERSE**
2 **CONSEQUENCES FOR CEI SOUTH’S CUSTOMERS?**

3 A. Yes. Without the capacity provided by the projects approved to date and the Wind Project,
4 CEI South could be at risk of having to make high priced purchases from the PRA. Worse
5 yet, as discussed by Mr. Bradford, MISO indicated in its 2022 PRA results that “auction
6 results indicate that MISO North/Central Regions have a slightly increased risk of needing
7 to implement temporary controlled load sheds.”¹ The Wind Project will help mitigate these
8 risks. In addition, as Mr. Bradford explains, wind resources are scarce within Indiana
9 including CEI South’s service territory; and a demand-supply imbalance could emerge as
10 other nearby utilities move toward implementing wind resources thereby possibly
11 intensifying the pricing for wind projects. If CEI South were to pass on the Wind Project,
12 it could be exposed to higher pricing for wind projects due to a competitive market
13 especially starting the 3.5+ year process all over again including the MISO Generator
14 Interconnection Queue process that continues to be delayed.

15 **Q. ASIDE FROM MEETING CEI SOUTH’S CAPACITY NEEDS, PLEASE EXPLAIN HOW**
16 **THE RELIEF REQUESTED IS CONSISTENT WITH THE 2019/2020 IRP AND**
17 **GENERATION TRANSITION PLAN.**

18 A. The Wind Project is consistent with the needs identified in the Preferred Portfolio to add
19 wind resources and to diversify CEI South’s resource mix. Wind resources help diversify
20 CEI South’s resource mix with clean renewable energy, consistent with the Preferred
21 Portfolio and CEI South’s Generation Transition Plan. With Petitioner’s existing coal-fired
22 units near retirement and utility-scale wind emerging as an efficient energy source that
23 complements other generation alternatives, the Company’s Plan, and relief sought in this
24 proceeding, represent a step towards diversifying its generation assets while ensuring
25 reliable service to its customers in a cost-effective manner.

26 The Company began its 2019/2020 IRP evaluation and analysis process in April 2019. In
27 developing its Plan, the Company selected a Preferred Portfolio that offers a balanced
28 and prudently diverse mix of traditional and emerging generation resources (wind, solar,
29 storage, energy efficiency, natural gas, coal) with flexibility to hedge against risk, and
30 opportunity to pivot and react to changing circumstances as opposed to placing too much
31 emphasis on a few large resources or uneconomic investments. In addition to the Plan

¹ See <https://cdn.misoenergy.org/2022%20PRA%20Results624053.pdf>

1 both containing a more diverse mix of resources, the Company's proposed renewable
2 projects (those approved as well as the Pike County Solar Project, currently pending in
3 Cause No. 45754, and the Wind Project subject of this Cause) offer diversity and flexibility
4 in relation to the type of investment (ownership and power purchase agreements) as well
5 as duration – varying PPA terms providing additional options and/or off-ramps. The
6 2019/2020 Preferred Portfolio is also reliable and resilient, offering a transition to a cleaner
7 energy future while complementing renewable energy resources with flexible and
8 controllable resources – fast start and fast ramping capability – to ensure sufficient
9 capacity to cover the Company's load in the winter when there is less solar output.

10 A significant amount of wind resources was selected in all portfolios included within the
11 2019/2020 IRP, including the Preferred Portfolio. Together, the capacity attributable to
12 this Project, along with the capacity attributable to the 45501 Solar Projects, the 45600
13 PPAs, the 45754 Solar Project, and CTs approved in Cause No. 45564, will help fill a
14 portion of the capacity necessary to meet Petitioner's retail electric load and adequate
15 reserve margins. Further, as mentioned earlier, the Wind Project would represent a
16 reasonable addition to Petitioner's generation resource portfolio that, in the aggregate,
17 serves to increase reliability and efficiency as well as mitigate risk through diversification,
18 not only of resource mix but asset type, and fosters an economic mix of capacity
19 resources, consistent with Commission guidance in previous generation filings.

20 **IV. OVERVIEW OF THE WIND PROJECT**

21 **Q. HOW WAS THE WIND PROJECT SELECTED?**

22 A. As Petitioner's Witness Bradford explains, the Wind Project was not submitted into any of
23 CEI South's three RFPs but rather identified through a competitive bid process that sought
24 to identify wind projects that either had been submitted in other utility RFPs or had entered
25 into the MISO Generator Interconnection Queue process (the "2021 Wind Bids"). Mr.
26 Bradford describes the 2021 Wind Bids, and how the Company narrowed the selection
27 from 8 unique wind projects (resulting in 10 proposals) to the Wind Project that is the
28 subject of this Cause.

29 **Q. PLEASE PROVIDE AN OVERVIEW OF THE WIND PROJECT.**

30 A. The Wind Project is a proposed wind generation facility that is anticipated to have the
31 capability of generating approximately 200 MWs of electricity. The Project is located

1 outside the state of Indiana in MISO's Central Region; and in the 2020 MISO
2 Interconnection Queue. The Project is expected to have a signed Generator
3 Interconnection Agreement in late 2023; and as Ms. Story explains, expected to qualify
4 for 100% PTC. CEI South and the Developer have executed a comprehensive, non-
5 binding, term sheet and are negotiating a BTA under which CEI South will purchase and
6 acquire the Wind Project, subject to fulfillment of the conditions precedent to closing. The
7 parties anticipate having the BTA executed by March 31, 2023.

8 **Q. PLEASE DESCRIBE THE TRANSACTION STRUCTURE FOR THE WIND PROJECT.**

9 A. The Wind Project will be fully developed, engineered, procured, and constructed by the
10 Developer and then acquired by CEI South in a transfer of the Project Company, which is
11 a special purpose entity established to facilitate ownership transfer of the Project. Under
12 the BTA, the Project Company will own the Project until it achieves substantial completion,
13 upon which time, CEI South will acquire the Project and all its attributes, which are being
14 held in the subsidiary limited liability company. At or about that same time, the separate
15 corporate structure will be collapsed and CEI South will then own the generating facility
16 directly. The BTA will set forth the Developer's obligations to bring the Wind Project to final
17 completion after the transaction closing occurs. The BTA will be structured that in the
18 event approvals requested in this proceeding are not granted by the Commission, the BTA
19 will be terminated. In addition, the BTA, as explained by Mr. Bradford, will set forth the
20 payment schedule and holdbacks, performance security, liquidated damages, and other
21 typical attributes designed to minimize risk to CEI South's customers.

22 **Q. BRIEFLY DESCRIBE THE BEST COST ESTIMATE FOR THE WIND PROJECT.**

23 A. As Mr. Bradford describes, the best cost estimate to construct and purchase the Project
24 is approximately \$636 million, and primarily consists of Project Development,
25 Interconnection Costs, Owner's Costs to include project management, owner's engineer,
26 and regulatory or permitting costs, among other costs.

27 **Q. PLEASE DESCRIBE THE STATUS OF THE CONSTRUCTION OF THE WIND PROJECT.**

28
29 A. The Wind Project is in the pre-construction phase with the construction phase expected
30 to start during the second half of 2023 to achieve a target COD by January 1, 2025. The
31 Wind Project has obtained 100% site control for the wind turbine, approximately 70% site
32 control for transmission tie-line and [REDACTED].

1 The Developer is currently seeking out necessary permits, completing micro-siting and
2 finalizing the interconnection path.

3 **Q. YOU MENTIONED THE WIND PROJECT IS LOCATED OUTSIDE INDIANA. PLEASE**
4 **DESCRIBE HOW CEI SOUTH WILL OPERATE THE WIND PROJECT, GIVEN ITS**
5 **GEOGRAPHICAL LOCATION OUTSIDE CEI SOUTH’S SERVICE TERRITORY.**

6 A. Mr. Bradford explains that CEI South is in the process of finalizing its operation plan for
7 the Wind Project; however, CEI South plans to enter into a service agreement with the
8 turbine original equipment manufacturer (“OEM”) for the operation and maintenance
9 (“O&M”) of the wind turbines. CEI South also plans to enter a separate balance of plant
10 O&M contract for the maintenance of roads and vegetation management; and an
11 additional contract for electrical system maintenance outside of the turbines, such as the
12 AC collection system. CEI South will then assign an in-house project manager to actively
13 manage the contractors, spare parts, and the administrative components of the Project.

14 **Q. PLEASE EXPLAIN HOW PETITIONER’S PROPOSAL TO PURCHASE THE WIND**
15 **PROJECT IS RESPONSIVE TO THE COMPANY’S CUSTOMERS OR COMMUNITIES**
16 **IN WHICH IT SERVES.**

17 A. The Wind Project represents one component of a balanced mix of generation resources
18 (wind, solar, gas, coal, and energy efficiency) to serve customers; and fills a portion of the
19 capacity necessary to meet Petitioner’s retail electric load and adequate reserve margins.
20 Wind also plays a critical role in balancing the customers’ increasing desires for the utility
21 to provide renewable energy options to serve their needs and satisfy sustainability goals
22 while ensuring safe, reliable, and affordable provision of electric service to meet
23 customers’ demand and reliability needs. As Mr. Rice testifies, several of CEI South’s
24 large customers have expressed interest in potentially entering a contract to purchase
25 renewable energy from CEI South or receiving power under a Green Power rate. CEI
26 South is working to develop a Green Power tariff that would be available to customers that
27 are interested in purchasing energy generated from renewable and/or environmentally
28 friendly sources.

29 **V. REQUESTED RELIEF**

30 **Q. PLEASE DESCRIBE THE RELIEF BEING SOUGHT IN THIS CAUSE.**

1 A. CEI South is requesting an Order in this Cause issuing CEI South a CPCN to purchase
2 and acquire, indirectly through a BTA, a wind facility, outside the state of Indiana, that will
3 have an aggregate nameplate capacity of approximately 200 MW pursuant to Ind. Code
4 ch. 8-1-8.5. In addition, CEI South is requesting a finding, in the Order, that the Wind
5 Project constitutes a “clean energy project” under Ind. Code ch. 8-1-8.8; a finding of the
6 best estimate of costs for the Wind Project; and approval and authorization to timely
7 recover costs incurred during the construction and operation of the Project in accordance
8 with Ind. Code § 8-1-8.5. CEI South is also requesting ongoing review of the Wind Project
9 under Ind. Code § 8-1-8.5-6.

10 **Q. PLEASE SUMMARIZE CEI SOUTH’S RATEMAKING PROPOSAL FOR TIMELY**
11 **RECOVERY OF COSTS AND EXPENSES ASSOCIATED WITH THE WIND PROJECT**
12 **AND THE STATUTORY SUPPORT FOR THIS PROPOSAL?**

13 A. As Witnesses Rice and Behme explain, Indiana Code ch. 8-1-8.8 provides for financial
14 incentives including the timely recovery of costs and expenses incurred during the
15 construction and operation of clean energy projects. While ordinarily the Company would
16 use the CECA mechanism to recover the cost of the Project, given the timing of this Project
17 in relation to Petitioner’s next general rate case, in all likelihood, Petitioner expects to
18 recover the cost of the Project through base rates in the Company’s next general rate
19 case. If, for whatever reason, this Project is not included in rate base in the upcoming
20 general rate case, the Company would propose to use the CECA for timely recovery.

21 **Q. IS THE COMPANY SEEKING EXPEDITED RELIEF IN THIS PROCEEDING?**

22 A. Yes, as mentioned above, this Wind Project is contingent upon the approval of the
23 Commission. Specifically, the BTA allows either party to terminate the agreement if all
24 conditions precedent to closing have not been met by July 8, 2023, and Commission
25 approval through the issuance of a final Order is one of those conditions. As a practical
26 matter the Developer will likely minimize its time investment until Commission approval
27 has been issued. As such, expedited relief will help ensure all conditions precedent to
28 closing are met in a timely manner.

29 **Q. GIVEN THE FOREGOING CONSTRAINTS, WHEN DOES PETITIONER NEED AN**
30 **ORDER IN THIS PROCEEDING TO BE ISSUED?**

31 A. Petitioner developed the schedule set forth in the Verified Petition with a goal of obtaining
32 a final Order before July 8, 2023. This schedule was designed to align with Ind. Code §

8-1-8.8-11(d), which provides for expedited approval of a clean energy project and provides: “The commission shall, after notice and hearing, issue a determination of a project’s eligibility for the financial incentives described in subsection (a) not later than one hundred twenty (120) days after the date of the application, unless the commission finds that the applicant has not cooperated fully in the proceeding.” Given the importance of this Project, CEI South intends to cooperate fully in the proceeding and work to get all stakeholders information they need to review the request as soon as possible.

Q. WHY DID CEI SOUTH NOT NEGOTIATE FOR A LONGER COMMISSION REVIEW PERIOD?

A. CEI South made efforts to do so, but unfortunately, the quick review period is driven by the time it takes to negotiate terms to bring a new generation resource on-line coupled with inflationary pressures and long lead times across the renewables industry. As previously mentioned, developers generally will minimize investment until Commission approval has been obtained; therefore, the schedule was developed based on when construction would need to begin (post-order) to achieve the target commercial operation date of on or before January 1, 2025.

Q. HAS THE COMPANY DISCUSSED THE EXPEDITED RELIEF REQUEST WITH STAKEHOLDERS?

A. Yes. Petitioner provided the schedule set forth in the Verified Petition to the Indiana Office of Utility Consumer Counselor (the “OUCC”). The OUCC has agreed to the schedule set forth in the Petition.

VI. STAKEHOLDER ENGAGEMENT

Q. PLEASE DESCRIBE ANY STEPS CEI SOUTH HAS TAKEN TO MEET WITH INTERESTED STAKEHOLDERS TO DISCUSS THIS FILING.

A. CEI South met with the Commission on November 30, 2022; with the Indiana Office of the Utility Consumer Counselor on December 16, 2022; the CEI South Industrial Group on December 15, 2022; and Citizens Action Coalition of Indiana, Inc. on December 15, 2022.

VII. CONCLUSION

1 **Q. IN YOUR OPINION, DOES PUBLIC CONVENIENCE AND NECESSITY REQUIRE THE**
2 **CONSTRUCTION OF THE WIND PROJECT?**

3 A. Yes. Investing in wind energy resources continues to be reasonable and appropriate and
4 will benefit CEI South's customers. The Wind Project adds diversity to the Company's
5 generation portfolio, which reduces risk; is consistent with the Preferred Portfolio in
6 Petitioner's 2019/2020 IRP; fills a portion of the capacity and energy need identified in the
7 2019/2020 IRP; and meets our customers' increasing desire to have renewable energy
8 options available to serve their needs in addition to help satisfying some customer's
9 renewable energy goals. Commission approval of the Wind Project and associated relief
10 sought within the subject Cause is in the public interest, will enhance or maintain the
11 reliability and efficiency of service provided by the Company, and is otherwise consistent
12 with Ind. Code § 8-1-8.8-11. Accordingly, Petitioner respectfully requests that the
13 Commission approve CEI South's proposed Wind Project and requested ratemaking and
14 accounting relief.

15 **Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

16 A. Yes, it does.