

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC COMPANY d/b/a CENTERPOINT ENERGY INDIANA SOUTH (“CEI SOUTH”) FOR AN ORDER: (1) GRANTING CEI SOUTH A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, PURSUANT TO IND. CODE CH. 8-1-8.5, TO PURCHASE AND ACQUIRE, THROUGH A BUILD TRANSFER AGREEMENT (“BTA”), A WIND ENERGY GENERATING FACILITY (THE “WIND PROJECT”); (2) FINDING THE WIND PROJECT CONSTITUTES A CLEAN ENERGY PROJECT UNDER IND. CODE CH. 8-1-8.8; (3) APPROVING ASSOCIATED RATEMAKING AND ACCOUNTING TREATMENT FOR THE WIND PROJECT PURSUANT TO IND. CODE CH. 8-1-8.5 AND § 8-1-8.8-11; (4) AUTHORIZING CEI SOUTH TO ACCRUE POST-IN-SERVICE CARRYING COSTS (“PISCC”) AND DEFER DEPRECIATION, OPERATIONS AND MAINTENANCE (“O&M”) AND PROPERTY TAX EXPENSES ASSOCIATED WITH THE WIND PROJECT; (5) IN THE EVENT THE CPCN IS NOT GRANTED OR THE WIND PROJECT OTHERWISE IS NOT PLACED IN SERVICE, GRANTING AUTHORITY TO DEFER, AS A REGULATORY ASSET, COSTS ASSOCIATED WITH THE WIND PROJECT FOR FUTURE RECOVERY THROUGH RETAIL ELECTRIC RATES; (6) PROVIDING FOR ONGOING REVIEW OF THE WIND PROJECT; (7) AUTHORIZING THE ESTABLISHMENT OF DEPRECIATION RATES FOR THE WIND PROJECT; (8) APPROVING, TO THE EXTENT NECESSARY, AN ALTERNATIVE REGULATORY PLAN (“ARP”) WITH RESPECT TO THE WIND PROJECT UNDER IND. CODE CH. 8-1-2.5; AND (9) APPROVING CONFIDENTIAL TREATMENT OF THE BTA PRICING AND OTHER NEGOTIATED COMMERCIAL TERMS AND RELATED CONFIDENTIAL INFORMATION.

CAUSE NO. 45836

PETITIONER’S SECOND (JUNE 2024) PROGRESS REPORT

Southern Indiana Gas & Electric Company d/b/a CenterPoint Energy Indiana South (“CEI South,” “Petitioner,” or “Company”), by counsel, respectfully submits this Second (June 2024) Progress Report (the “Report”) in accordance with the Indiana Utility Regulatory Commission’s (“Commission”) June 6, 2023, Order in this Cause (the “45836 Order”).

In Cause No. 45836, CEI South requested that the Commission conduct an ongoing review of CEI South's Wind Project, proposing to submit construction progress reports, any revisions to the cost estimates, and other information regarding the Wind Project to the Commission on an annual basis during construction. The 45836 Order directs CEI South to "report, at least semi-annually, to the Commission a summary of the information related to the Wind Project, including: (1) updates on the status and terms of the BTA, (2) construction progress, and (3) revisions to the cost estimate. The 45836 Order requires that CEI South file semi-annual reports until the Wind Project is placed into commercial operation. CEI South filed its first progress report on December 5, 2023, as a compliance filing in this Cause. The final report will be submitted within 30 days of the commercial operation date ("COD") and shall contain: (1) the actual total cost of construction; (2) the total MW output for the facility; and (3) the actual in-service date (COD) for the facility. Upon execution of the BTA, CEI South shall file the BTA confidentially under this Cause. Additionally, CEI South shall provide an update on the Wind Project in its annual CECA filings to afford all parties an opportunity to address any cost estimate variances or project development concerns.

Project Update

The Wind Project is a 200 MW wind project located in MISO's Central Region (Zone 4) and is in the 2020 MISO Interconnection Queue Cycle with an anticipated Generator Interconnection Agreement ("GIA") by December-2024 based on the MISO Definitive Planning Phase ("DPP") schedule released on May 2, 2024. The Wind Project has obtained 100% site control for the wind turbines and approximately 95% site control for transmission tie-line; additionally local permitting has been approved for the Wind Project.

Update on the BTA

Since CEI South's December 2023 Progress Report, CEI South and developer negotiations remain paused. At the time of CEI South's filing of its case-in-chief in this Cause, the MISO Queue schedule projected DPP2 results in mid-2023 and Generator Interconnection Agreement ("GIA") execution in late-2023. Currently, MISO DPP2 results are expected in June 2024 with GIA execution anticipated in December 2024, subject to potential future delays.

Construction Progress

Based on the current MISO Queue schedule, CEI South and the developer have agreed to push the target COD until December 31, 2026, and as such, construction is scheduled to start in Q4 of 2025.

Estimated Project Cost Update

The MISO Generator Interconnection Process has continued to involve numerous projects requesting interconnection. MISO finalized the Definitive Planning Phase 1 ("DPP1") in July 2023, and based on the most recent MISO Queue schedule, DPP2, which includes all preliminary interconnection costs, is now anticipated to be finalized by late June 2024, subject to potential further delays. The final MISO DPP1 report showed interconnection costs that were higher than anticipated and higher than the termination threshold provided in the project capex estimate.

Projects must elect to stay in the MISO Queue at each DPP stage and some may drop out. When projects drop out it can cause changes in the allocation of costs of the system upgrades required for the projects that remain. The interconnection cost can decrease or increase, which would be seen in the next DPP stage. Also, the Inflation Reduction Act of 2022 ("IRA") has spurred demand and the industry has seen increases in both EPC and wind turbine prices, labor price increases driven by inflation, labor shortages within the industry, prevailing wage

requirements in the IRA, and other inflationary pressures impacting additional EPC procurement costs. These impacts are reflected in higher turbine costs and EPC estimates, as well as higher financing expenses, which will most likely increase the Wind Project base purchase price. CEI South plans to provide to the Commission an updated best estimate of the cost of the Wind Project when the executed BTA is submitted.

Dated: June 5, 2024

Respectfully submitted,

BY:



Heather Watts (Atty. No. 35482-82)

Jeffery Earl (Atty. No. 27821-64)

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

211 NW Riverside Dr. | 101 West Ohio St. Ste. 450

Evansville, IN 47708 | Indianapolis, IN 46204

(812) 491-5119 | (317) 260-5399

Heather.Watts@CenterPointEnergy.com

Jeffery.Earl@CenterPointEnergy.com

Nicholas K. Kile (Atty. No. 15203-53)

Hillary J. Close (Atty. No. 25104-49)

Lauren M. Box, (Atty. No. 32521-49)

Barnes & Thornburg LLP

11 South Meridian Street

Indianapolis, Indiana 46204

Kile's Telephone: (317) 231-7768

Close's Telephone: (317) 231-7785

Box's Telephone: (317) 231-7289

Email: nicholas.kile@btlaw.com

hillary.close@btlaw.com

lauren.box@btlaw.com

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

CERTIFICATE OF SERVICE

I certify that on June 5, 2024, this document was filed with the Indiana Utility Regulatory Commission using the Commission's electronic filing system and was served electronically on the parties below.

Lorraine Hitz
Randy Helmen
T. Jason Haas
Office of Utility Consumer Counselor 115 W.
Washington S, Suite 1500 South Indianapolis, IN
46204
lhitz@oucc.in.gov
rhelmen@oucc.in.gov
thaas@oucc.in.gov
infomgt@oucc.in.gov

Tabitha Balzer
Todd Richardson
Lewis & Kappes, P.C.
One American Square, #2500 Indianapolis, IN
46282-0003
trichardson@lewis-kappes.com
tbalzer@lewis-kappes.com
Copy to:
ATyler@lewis-kappes.com
ETennant@lewis-kappes.com

Cassandra McCrae
Earthjustice
1617 John F. Kennedy Blvd., Suite 1130 Philadelphia,
PA 19103
cmccrae@earthjustice.org

Sameer Doshi
Earthjustice
311 South Wacker Drive, Suite 1400
Chicago, Illinois 60606
sdoshi@earthjustice.org

Raghu Murthy
Earthjustice
48 Wall Street, 15th Floor
New York, NY 10005
rmurthy@earthjustice.org

Robert L. Hartley
Darren Craig
FrostBrown Todd LLC
201 North Illinois Street
P.O. Box 44961
Indianapolis, IN 46244-0961
rhartley@fbtlaw.com
dcraig@fbtlaw.com

Jennifer A. Washburn
Citizens Action Coalition of Indiana, Inc. 1915
W. 18th Street, Suite C
Indianapolis, IN 46202
jwashburn@citact.org
Copy to: Reagan Kurtz
rkurtz@citact.org

David A. Temple (#18193-49) Drewry
Simmons Vornehm, LLP 736 Hanover Place,
Suite 200 Carmel, IN 46032
dtemple@dsvlaw.com

Tony Mendoza
Joshua Smith
Megan Wachspress
Sierra Club
2101 Webster Street, 13th Floor
Oakland, CA 94612
tony.mendoza@sierraclub.org
Joshua.Smith@sierraclub.org
Megan.wachspress@sierraclub.org



Heather Watts (Atty. No. 35482-82)