

FILED June 27, 2023 INDIANA UTILITY REGULATORY COMMISSION

CenterPoint Energy Indiana South (CEIS)

Electric Performance Report

Third Quarter 2022





Executive Summary

On June 28, 2022, the Indiana Utility Regulatory Commission (Commission) issued an order in Cause No. 45564 directing CenterPoint Energy Indiana South (CEIS) to establish a stakeholder collaborative process to develop an open and transparent dialogue among interested stakeholders on utility operational efficiency. The Commission said the collaborative process will enable an analysis of CEIS's performance over time and comparison with similarly situated utilities. A collaborative process is currently in place for all Indiana investor-owned electric utilities.

The order required CEIS to facilitate a meeting with interested stakeholders within 12 weeks of the effective date of the order to collaborate on a path for moving forward with a performance metric initiative. In the order, CEIS was directed to: (1) make a progress update filing within 90 days of the initial meeting, (2) file quarterly reports for the first year, and (3) an annual report one year from the date of the order and on that date every year thereafter until otherwise indicated by the Presiding Officers.

After several meetings with the stakeholder group, discussed below, CEIS has prepared the following annual Electric Performance Report. This report also serves as the final required quarterly progress report. Because the order requiring this report was issued in mid-2022, the report does not contain 12 months of data for each category; rather, it contains the data that could be collected after the June 28, 2022, order. Where data was available from prior to the order date, the report has included that data. Therefore, this report should be viewed as a representative example of how CEIS's annual Electric Performance Reports will look in future years. CEIS will file its first report with a full 12 months of data in 2024. CEIS welcomes the Commission's feedback and suggestions on how to improve the report prior to its first full submission in 2024.

August 30, 2022, Stakeholder Meeting

CEIS held its first stakeholder meeting on August 30, 2022. At the meeting, CEIS proposed specific performance metrics in eight categories, and CEIS Subject Matter Experts (SME) presented the proposed metrics for each category. Stakeholders were given an opportunity to provide comments on the proposal during the meeting and CEIS accepted written comments on the proposal and suggestions for additional metrics until September 15, 2022. Citizens Action Coalition of Indiana (CAC) submitted additional written comments, and CEIS incorporated many of CAC's recommendations into its draft report, including adding a ninth category, Customer-Owned Generation."

October 27, 2022, Stakeholder Meeting

During the October 27, 2022, meeting, CEIS provided a progress report and a schedule for filing the quarterly progress reports. CEIS also reviewed a draft of the Electric Performance Report. The Stakeholders provided feedback requesting additional narrative support to explain the metrics and tell a more complete story. CEIS also accepted written comments after the meeting until December 16, 2022.



May 4, 2023, Stakeholder Meeting

During the May 4, 2023, meeting, CEIS reviewed the final draft of the Electric Performance Report. The Stakeholders provided feedback on various portions of the report, both related to the current draft and to improving future reports as more data becomes available. CEIS also accepted written comments after the meeting until May 16, 2023.



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Safety & Training

Safety is one of CenterPoint Energy Inc.'s (CNP) core values, underscoring the company's commitment to sustaining a culture of safety excellence. CNP's Safety Forward initiative is designed to engage employees across the company in making safety their top priority, regardless of their business unit or work location. One concrete example of this focus is the inclusion of a safety message at the beginning of each internal and external company meeting.

CNP's electric operations have a safety goal of zero injuries and no lost time. CNP believes there is more to reducing accidents than simply taking a class or memorizing rules and regulations. It is also having the right focus and attitude at all times. Al Payton's, VP, Safety & Technical Training, message to all employees is: "Safety isn't a statistic or a box to check, it's part of how we live and work every day."

- a. Preventable Motor Vehicle Incident Rate 1.80 (3 cases)
- b. OSHA Recordable Incident Rate 2.00 (7 cases)
- c. Days Away, Restricted, or Transferred (DART) Incident Rate 1.43 (5 cases)
- d. Lost Time Incident Rate 1.14 (4 cases)
- e. Underground Damage Rate 1.20 (94 damage cases over 78,616 Locate Requests)
- f. Electric T&D Apprenticeship Count 42
- g. Power Supply Apprenticeship Count 15



Reliability

CEIS has been investing in modernizing and enhancing the safety and reliability of its electric distribution and transmission system. SAIDI, CAIDI, and SAIFI (as defined below) are key reliability performance indices impacted by major event days (MED). The Institute of Electrical and Electronics Engineers (IEEE) defines **MEDs** as, "...all days that have a SAIDI greater than T_{med} ." (IEEE Std 1366-2012) Since 2014, for identification of MEDs, CEIS continues to define a day as any 24-hour period. In addition, each day following the initial event is categorized as a MED until the last customer interruption caused by the initial event is restored.

System Average Interruption Duration Index (SAIDI) indicates the total duration of interruption for the average customer during a predefined period of time. It is commonly measured in minutes or hours of interruption.

$$SAIDI = \frac{\text{Total Customer Minutes of Interruption}}{\text{Total Number of Customers Served}}$$

Customer Average Interruption Duration Index (CAIDI) represents the average time required to restore service.

$$CAIDI = \frac{\text{Total Customer Minutes of Interruption}}{\text{Total Number of Customers Interrupted}}$$

System Average Interruption Frequency Index (SAIFI) indicates how often the average customer experiences a sustained interruption over a predefined period of time.

$$SAIFI = \frac{\text{Total Number of Customers Interrupted}}{\text{Total Number of Customers Served}}$$

As shown in Figure 1, the number of MEDs for 2018, 2019, and 2022 is similar, but, as shown in Figure 2, Indices with MEDs, the impact on the SAIFI and SAIDI for 2019 and 2022 is much more pronounced. In 2019, three of the four events combined for 64 minutes of SAIDI, and in 2022, two of the five events combined for 320 minutes. A single event occurring on August 1, 2022, a thunderstorm with high winds, is responsible for 277 minutes of the total SAIDI for that year. The events in 2022 had a similar impact on CAIDI by driving the average restoration time to approximately 250 minutes.

Figure 3, Indices without MEDS, shows a similar trend for 2019 and 2022, as inclement weather drove the normalized SAIFI and SAIDI up for those years. Several days in 2019 and 2022 had a daily SAIDI significantly above average but still below CNP's exclusion criteria. In comparison, 2018 also had several days with higher than normal SAIDI, but on average, these days had less impact, resulting in much better reliability.



Reliability (Continued)

Figure 1: Major Event Days



Figure 2: Reliability Indices with MED





Reliability (Continued)

Figure 3: Reliability Indices without MEDs





Vegetation Management

Consistent vegetation management spending is important to improve/maintain our reliability performance. This investment keeps our right of way and easements clear of trees and obstructions. This targeted spend addresses trees that are in or near our easement/right of way that have the potential to interfere with our powerlines resulting in reduced reliability (outages). This investment also ensures access to our facilities when needed to be able to perform necessary maintenance.





Figure 5: Vegetation Trimming Investment – Distribution





Vegetation Management (Continued)

Figure 6: Vegetation Trimming Investment



Figure 7: Vegetation SAIFI (excluding MEDs)





Generation

CEIS's current generation portfolio mix includes thermal coal, natural gas peaking, and solar resources that are owned by CEIS, as well as power purchase agreements for wind energy. All of CEIS's generation resources are currently located in the state of Indiana.

Capacity

CEIS owns and operates 845 MW of installed coal-fired capacity at the A.B. Brown and F.B. Culley generating stations. An additional 160 MW of installed gas-fired peaking capacity is located at the A.B. Brown facility. Additional coal-fired capacity includes a 50% share (150 MW) of the Warrick 4 generating unit with Alcoa and a 32 MW share of installed capacity resulting from an ownership position in the Ohio Valley Electric Corporation (OVEC). Renewable resources include 50 MW (nominal) Troy solar facility and 80 MW (nominal) of purchased power agreements (PPA) from two wind energy projects located in Indiana (Fowler Ridge and Benton County). The total accredited capacity for CEIS generating resources for the MISO 2023 Summer season is 1,096 MW.



Figure 8: CEIS Generation Resources



Generation (Continued)

Thermal Coal Units

The performance metrics below represent the monthly, combined, weighted measures for the A.B. Brown and F.B. Culley thermal coal units.

Definitions:

All metrics are calculated per the North American Electric Reliability Corporation (NERC) Generating Availability Data System (GADS) data reporting instructions.

- EAF (Equivalent Availability Factor): Percent of time that a unit was available for full load operation.
- **EFOR (Equivalent Forced Outage Rate)**: EFOR is the percent of unit capability that was unavailable when a unit is in service.
- NCF (Net Capacity Factor): Actual production as a percentage of maximum potential production (full load for all hours).





• All measures for 2022 were significantly impacted by the Culley 3 forced outage which occurred on June 24th and continued through the end of the year. Culley 3 returned to service on March 12, 2023.



Generation (Continued)

Natural Gas Peaking Units

The performance metrics below represent the annual combined measures for the Brown 3 and Brown 4 simple cycle gas peaking units for 2018-2022.

Definitions:

All metrics are calculated per the NERC GADs data reporting instructions.

- SR (Starting Reliability): Percent of attempted unit starts that were successful.
- EAF (Equivalent Availability Factor): Percent of time that a unit was available for full load operation.
- **EFORd (Equivalent Forced Outage Rate demand)**: EFOR is the percent of unit capability that was unavailable when a unit is in service. EFORd is a demand-adjusted EFOR to account for reserve shutdowns.
- NCF (Net Capacity Factor): Actual production as a percentage of maximum potential production (full load for all hours).



Figure 10: Peaking Units Combined Performance Metrics

- EAF for 2022 was by the Brown 4 planned outage that started on August 22 and continued through October 31.
- There were 217 starts for Brown 3 and Brown 4 during 2022.



Generation (Continued)

Solar

Performance Ratio is the selected measure for the nominal 50 MW Troy solar facility.

Definition:

• **PR (Performance Ratio):** Actual production as a percentage of potential production. Potential production is estimated from on-site irradiance and meteorological instrumentation.

2022 was the first full year of operation for the Troy Solar facility.

The Performance Ratio for Troy Solar was 91% for 2022.





Customer Experience

Call Center Operations

CenterPoint Energy currently subscribes to the Utility Trusted Brand & Customer Engagement Study, a Cogent Syndicated Report from Escalent. This online survey conducted amongst residential customers provides key measures of customers' experiences with their energy utility providers. In the first quarter of 2023, CenterPoint Energy's Engaged Customer Relationship (ECR) score improved 4.5% versus 2022 Q1. The ECR score is an index comprising factors that measure customers' service satisfaction, product experience, and brand trust.



Figure 11: Engaged Customer Relationship Index

Additionally, Utility Marketing and Corporate Communications at CenterPoint Energy are working collaboratively to help increase customer satisfaction in Southwestern Indiana.

Communications are focused on educating customers on the value they receive from CenterPoint Energy's utility services and encourage customers to participate in programs which may help better manage their energy usage and learn about assistance opportunities.

CenterPoint Energy is also communicating key objectives for the region to customers like exceeding CenterPoint Energy's energy efficiency goals, sharing long-term electric generation transition plans, and keeping customers abreast of system enhancements and the benefits they provide.



Figure 12: Indiana/Ohio First Call Resolution



Note: First Call Resolution (FCR) denotes the average percent of the time the call is resolved without the need for subsequent follow-up.



				Cente	rPoint Ene	ergy Indiana	Sou	th (Reside	ntial)		
		а		Ь	c	d		e	f	g	h
					Total	Number of					
					Balance	Accounts on					
		Number of	Numberof	# Accounts	with 60+	Active	Tot	al Balance of			Number of
		Gas	Electric	with 60+ Day	Days	Payment	Act	ive Payment	Numberof	Number of	Disconnect
Yea	r Month	Accounts	Accounts	Arrears	Arrears	Arrangements	Ar	range me nts	Disconnections	Reconnections	Notices
202	27	103, 382	131,727	6,607	\$2,928,256	1,221	\$	898,656	712	252	18,426
202	28	103, 283	131,777	6, 128	\$2,739,898	1,661	\$	1, 214, 191	829	311	19,876
202	29	103, 238	131,780	5,877	\$2,731,743	1,173	\$	889,134	263	187	18,598
202	2 10	103, 518	131,885	5,575	\$2,671,136	1,248	\$	887,328	100	221	19,127
202	2 11	104,036	132, 126	5,733	\$2,759,278	1,191	\$	749,139	67	127	19,123
202	2 12	104, 366	132, 269	5, 789	\$2,695,658	1,044	\$	615,960	346	213	18,842
202	31	104, 541	132,404	5,080	\$2,252,769	1,251	\$	841,923	360	194	20,071
202	32	104,558	132, 381	4,492	\$2,095,536	1,260	\$	922,320	865	401	22,141
202	3 3	104,461	132,404	4,590	\$2,285,332	1,433	\$	1,093,379	655	340	21,799

• Figure 13: CEIS Residential and Non-Residential Disconnections

CenterPoint Energy Indiana South (Non-Residential)										
	a b			b	c	d	e	f	g	h
					Total	Number of				
					Balance	Accounts on				
		Number of	Numberof	# Accounts	with 60+	Active	Total Balance of			Number of
		Gas	Electric	with 60+ Day	Days	Payment	Active Payment	Numberof	Number of	Disconnect
Year	Month	Accounts	Accounts	Arrears	Arrears	Arrangements	Arrangements	Disconnections	Reconnections	Notices
2022	7	10,567	19,308	309	\$ 302,113			29	15	1,325
2022	8	10,553	19,251	321	\$ 231,625			26	5	1,257
2022	9	10,554	19,254	357	\$ 449,562			5	8	1,253
2022	10	10,581	19,269	480	\$ 503,904			2	5	1,498
2022	11	10,602	19,249	491	\$ 340,819			4	6	1,628
2022	12	10,631	19,238	352	\$ 388,212			10	10	1,665
2023	1	10,652	19,247	341	\$ 373,092			15	9	1,946
2023	2	10,643	19,222	319	\$ 451,135			25	10	2,219
2023	3	10,626	19,207	297	\$ 494,027			18	6	1,801

* Note: Electric only reporting is not available. Reporting includes IN South gas & electric.

• Data prior to July 2022 is unavailable due to system constraints. After July 2023, CenterPoint may provide year-over-year and trend comparisons.



Operations Metrics

In this section, CenterPoint's operations and maintenance expenses and capital investments are reflected on cost per metric basis. Where possible, the data used for the comparison is per the FERC Form 1. The primary metrics used to present O&M and capital costs are per number of retail customers and MWh sales.

Customers and Sales



Figure 14: CenterPoint Energy Indiana Total Retail Customers

• Average number of retail customers per month from FERC Form 1, pages 300-301, Line 10



Figure 15: CenterPoint Energy Indiana Total Retail Customers by Class



- Average number of customers per month in major customer classes (Residential, Commercial, Industrial, etc.) from FERC Form 1, pages 300-301, lines 2, 4, 5, 6 and 9
- Other classification includes public street lighting and interdepartmental sales
- Customer growth is driven by both residential and commercial customer classes with a CAGR of 1.03% over the periods reflected



Figure 16: CenterPoint Energy Indiana Energy Sales (MWh)



- Retail and wholesale sales per FERC Form 1, pages 300-301, lines 10 and 11
- Retail sales remain relatively flat during the periods reflected
- Wholesale MWh sales are per FERC Account 447 (Sales for Resale), FERC Form 1 page 310-311, line 1
- Wholesale MWh sales fluctuate year-to-year based on MISO market prices, MISO generator dispatch, availability of CEIS's generators, fuel costs, and other factors



Figure 17: CenterPoint Energy Indiana Total Retails MWh Sales per Customer Class



• Total MWhs sold in major customer classes (Residential, Commercial, Industrial, etc.) from FERC Form 1, pages 300-301, lines 2, 4, 5, 6 and 9



Figure 18: CenterPoint Energy Indiana Residential Sales Indices (Total and Weather Normalized)



 Weather-normalized residential customer usage is flat and slightly declining over the periods reflected



Operations and Maintenance Expenses

Operations and maintenance (O&M) expenses consist of non-capitalized costs of operating and maintaining the utility's assets. These period expenses are functionalized as prescribed in the FERC Chart of Accounts and are categorized as electrical production, transmission, distribution, customer and administrative, and general.

For comparison purposes, CenterPoint's O&M expenses are reported with and without fuel costs. The "non-fuel" view excludes FERC Accounts 501 (steam fuel), 547 (other generation fuel), 555 (purchased power), and 557 (other power supply).



Figure 19: CenterPoint Energy Indiana Total O&M per Retail Customer

• Total O&M and non-fuel O&M per FERC Form 1, pages 320-323



Figure 20: CenterPoint Energy Indiana Total O&M per MWh Sold



- Total O&M and non-fuel O&M per FERC Form 1, pages 320-323
- Total MWh Sales include Retail and Wholesale



Figure 21: CenterPoint Energy Indiana Non-Fuel Production O&M per MWh Sold and per MWh Generated



- Non-fuel O&M per FERC Form 1, pages 320-323
- Total MWh Sales include Retail and Wholesale



Figure 22: CenterPoint Energy Indiana Transmission and Distribution O&M Expense





Figure 23: CenterPoint Energy Indiana Customer-Related O&M Expense





Figure 24: CenterPoint Energy Indiana Administrative and General (A&G) Expense per Retail Customer



- Administrative and General (A&G) refers to the cost of labor, benefits, and expenses that are not chargeable directly to particular operating functions. A&G expenses include employee labor and expenses, employee pensions and benefits, outside services, insurance, office supplies, and office maintenance costs.
- For comparison, CenterPoint A&G expenses are reported with and without employee pensions and benefits (FERC Account 926)



Figure 25: CenterPoint Energy Indiana Administrative and General (A&G) Expense per MWh Sold





Operations Metrics (Continued) Capital Investments – T&D

Figure 26: CenterPoint Energy Indiana T&D Capital Investment



- CenterPoint's TDSIC investment first began in 2017
- Non-TDSIC capital spending varies year-to-year based on the level of new business, public improvement, storm restoration, and other activities



Figure 27: CenterPoint Energy Indiana T&D Capital Investment by Retail Customer and MWhs Sold





Customer-Owned Generation

Figure 28: Customer-Owned Generation Cumulative Meters by Customer Class



- Majority of customer-owned distributed generation consists of residential roof-top solar
- To date, CenterPoint has not received a customer request to interconnect a battery energy storage system (BESS)
- No customers take service under CenterPoint's Cogeneration and Small Power Production (CSP) rate



Customer-Owned Generation (Continued)

Figure 29A: Customer Owned Generation Connected MW and % of Peak Load



- At the end of 2022, customer-owned generation connected to the system was approaching 2.9% of the annual peak load
- At current penetration levels, CenterPoint's hosting capacity on individual distribution circuits does not present planning and operational challenges



Customer-Owned Generation (Continued)

Figure 29B: Customer Owned Generation Connected MW – Net Meter vs EDG Rate





Customer-Owned Generation (Continued)

Figure 30: Customer-Owned Generation Applications and Cycle Times



- Rate Excess Distributed Generation (EDG) was implemented in 2021 based on the Net Meter cap being met
- Processing time for interconnection requests has averaged less than eight days over the past five years



Affordability

CEIS residential bills have remained relatively flat over the last 10 years, growing at 0.5% per year on average. As shown in the table below, the Compound Annual Growth Rate (CAGR) for the US Consumer Price Index, a common measure of inflation, has grown by 2.8% per year. In December 2017, the Tax Cuts and Jobs Act was passed, and benefits began flowing back to customers in late 2018, resulting in a significant decrease in customer bills beginning in 2019. The introduction of trackers began in late 2017, which has helped to offset the need for a rate case. Recovery of TDSIC costs began near the end of 2017. Recovery of CECA and ECA began in mid-2019 to collect costs associated with renewable energy projects and Federal compliance projects, respectively. The decrease in 2023 is due to the repeal of the Indiana Utility Receipts Tax (IURT) and the significant credit customers receive through the RCRA mechanism, reflecting the benefit of wholesale sales. These impacts had similar effects on each rate class, as shown in the graphs below.

Year	Т	Total Bill % Change		CPI-U ¹	CPI-U ¹	
2013	\$	152.88	N/A	230.28	N/A	
2014	\$	156.51	2.37%	233.92	1.60%	
2015	\$	157.39	0.56%	233.71	-0.10%	
2016	\$	155.77	-1.03%	236.92	1.40%	
2017	\$	157.04	0.82%	242.84	2.50%	
2018	\$	158.75	1.09%	247.87	2.10%	
2019	\$	148.01	-6.77%	251.71	1.60%	
2020	\$	155.77	5.24%	257.97	2.50%	
2021	\$	162.53	4.34%	261.58	1.40%	
2022	\$	170.63	4.98%	281.15	7.50%	
2023	\$	164.09	-3.83%	299.17	6.40%	
10 Year CAGR		0.5%		2.8%		

EEI Residential Bill Survey at 1,000 kWh (Winter)

¹ BLS Consumer Price Index (not seasonally adjusted - January)



Affordability (Continued)





Figure 32: Winter Commercial





Affordability (Continued)

Figure 33: Winter Industrial





Staffing

Indiana Electric direct labor represents approximately 4% of CenterPoint Energy's total employee population. CenterPoint has approximately 8,765 employees throughout the corporate-wide footprint. Indiana Electric is made up of employees in the following areas with an average age of 44 years old in 2022:

- Transmission System Operations
- MISO Affairs
- Meter Solutions
- Distribution Systems
- Field Operations

- Engineering
- Power Generation Operations
- Generation Development
- Power Supply



Figure 34: Direct Labor Headcount

Note: Indiana Electric is a small part of CenterPoint Energy. As a result of the merger between Southern Indiana Electric and CenterPoint Energy, employee data was loaded into CenterPoint's HR system in July 2021. Therefore, 2022 is the first full year of employee information that is available.



Staffing (Continued)

In addition to the direct labor for Indiana Electric, there are also Shared Services that support Indiana Electric, but they are included in the total company-wide headcount. Some of the Shared Services support include:

- Billing
- Customer Service
- Finance/Accounting
- Facilities
- Human Resources
- Information Technology
- Learning & Organizational Development
- Technical Training

Voluntary turnover for Indiana Electric was less than 9% in 2022 with 58% of these representing retirements.





Note: Annual termination data prior to 2022 is not available for Indiana Electric due to the merger and transition of HR systems.



Staffing (Continued)

At CenterPoint Energy, we are committed to advancing diversity, equity, and inclusion to support our colleagues, customers, contractors, suppliers, and community members, regardless of race, gender, color, sexual orientation, age, religion, or physical or mental disability, so they have an equal opportunity to thrive.

Diversity, equity, and inclusion are core to who we are, what we do, and how we do it. We believe that diversity, equity, and inclusion are critical components of our long-term business strategy, serving as cornerstones of our service, performance, and growth.

We strive to mirror our workforce to the communities in which we serve. In the past, CEIS has been challenged with getting diverse candidates. However, we continue to look for opportunities to improve our candidate pool from a diverse perspective.

While we have continued opportunities, CEIS did make small strides in 2022 in both ethnicity and gender given the low turnover rate. Organizationally, we continue to meet and exceed the company-wide D&I initiatives.



Figure 36: Demographics - Ethnicity



Staffing (Continued)

Figure 37: Demographics - Gender

