

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF DUKE ENERGY INDIANA, LLC
(“DUKE ENERGY INDIANA”) PURSUANT TO IND. CODE
CHS. 8-1-8.5, 8-1-8.8, AND IND. CODE §§ 8-1-2-0.6 AND 8-1-
2-23 FOR (1) ISSUANCE OF A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY (“CPCN”) PURSUANT
TO IND. CODE CH. 8-1-8.5 TO CONSTRUCT TWO
COMBINED CYCLE (“CC”) NATURAL GAS UNITS, AT
APPROXIMATELY 738 MEGAWATTS (WINTER
RATING) EACH, AT THE EXISTING CAYUGA
GENERATING STATION (“CAYUGA CC PROJECT”); (2)
APPROVAL OF THE CAYUGA CC PROJECT AS A
CLEAN ENERGY PROJECT AND AUTHORIZATION FOR
FINANCIAL INCENTIVES INCLUDING TIMELY COST
RECOVERY THROUGH CONSTRUCTION WORK IN
PROGRESS (“CWIP”) RATEMAKING THROUGH A
GENERATION COST ADJUSTMENT (“GCA”) TRACKER
MECHANISM UNDER IND. CODE CH. 8-1-8.8; (3)
AUTHORITY TO RECOVER COSTS INCURRED IN
CONNECTION WITH THE CAYUGA CC PROJECT; (4)
APPROVAL OF THE BEST ESTIMATE OF COSTS OF
CONSTRUCTION ASSOCIATED WITH THE CAYUGA CC
PROJECT; (5) APPROVAL OF CHANGES TO DUKE
ENERGY INDIANA'S ELECTRIC SERVICE TARIFF
RELATING TO THE PROPOSED GCA TRACKER
MECHANISM; (6) APPROVAL OF SPECIFIC
RATEMAKING AND ACCOUNTING TREATMENT; AND
(7) ONGOING REVIEW OF THE CAYUGA CC PROJECT.

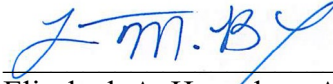
CAUSE NO. 46193

**PETITIONER'S SUBMISSION OF SETTLEMENT AGREEMENT AND REQUEST
FOR SETTLEMENT HEARING**

Petitioner, Duke Energy Indiana, LLC, by counsel, hereby submits to the Indiana Utility Regulatory Commission (“Commission”) a Settlement Agreement reached between itself and Reliable Energy, Inc. (“REI”), (together, the “Settling Parties”). With this Settlement Agreement, the Settling Parties request a Settlement Procedural Schedule that contemplates the Commission maintaining its ability to issue a Final Order within 240 days of the Petition initiating this Cause.

Respectfully submitted,

DUKE ENERGY INDIANA, LLC



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was electronically delivered this 17th day of June, 2025 to the following:

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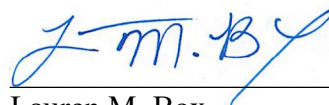
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(7) ONGOING REVIEW OF THE CAYUGA CC PROJECT)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement Agreement”) is entered into as of this 17th day of June, 2025, by and between Duke Energy Indiana, LLC (“Duke Energy Indiana”) and Reliable Energy, Inc. (“REI”) (together, the “Settling Parties” and each individually, a “Settling Party”). The Settling Parties, solely for purposes of compromise and settlement and having been duly

advised by their respective staff, experts, and counsel, stipulate and agree that the terms and conditions set forth below represent a fair, just, and reasonable resolution of the issues in this Cause, subject to their incorporation by the Indiana Utility Regulatory Commission (“Commission”) into a final, non-appealable order (“Final Order”) without any modification or further condition that is not acceptable to any Settling Party. If the Commission does not approve this Agreement, in its entirety, the entire Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

SETTLEMENT TERMS AND CONDITIONS

1. Subject to the settlement provisions below, REI will support the relief Duke Energy Indiana requested in this proceeding, including:
 - A. Granting a certificate of public convenience and necessity (“CPCN”) for the Cayuga Natural Gas Combined Cycle Project (1476 MW, winter rating) (the “CC Project” or “Cayuga CC Project”) as Duke Energy Indiana has proposed, including its best estimate of costs and schedule.
 - B. Duke Energy Indiana’s ratemaking request should be approved, including forward looking construction work in progress (“CWIP”).
 - C. Duke Energy Indiana’s requested relief in its case in chief (as modified by its rebuttal testimony, if applicable) should be approved as proposed subject to the following provisions.
2. The Settling Parties agree Duke Energy Indiana’s request for findings that the CC Project will result in at least equivalent accredited capacity and will provide economic benefit to ratepayers as compared to the continued operation of the existing coal generating units to be retired by Duke Energy Indiana shall be approved, and acts as the investigation required by HEA 1007 (2025), subject to the following conditions:
 - A. Duke Energy Indiana agrees that as a condition of Commission approval of this Settlement Agreement, it will perform an engineering study (“Feasibility Study”) to evaluate the technical feasibility of extending the lives of the Cayuga units as coal units, for the benefit of third parties that may be interested in purchasing the Cayuga coal unit(s). Thereafter, Duke Energy Indiana will conduct a request for proposal (“RFP”) process, using an independent third-party administrator (the “RFP Process”). The Settling Parties agree that that this Feasibility Study and RFP

Process will not negatively impact Duke Energy Indiana's construction schedule, cost, or future operations of the Cayuga CC Project, but will be explored in tandem with the CC Project with the goal of taking advantage of any efficiencies and synergies that could result from a parallel process.

- B. **The Feasibility Study.** Duke Energy Indiana agrees to engage a qualified, external engineering firm to perform an engineering study to determine the technical feasibility of simultaneous operation of the Cayuga coal unit(s) and the Cayuga CC Project, including the potential for full decoupling of the coal facility from the CC Project. The Feasibility Study shall begin upon Commission Order in this Cause approving this Settlement and shall be completed in no later than eight months. The Settling Parties recognize the efficiency of performing the Feasibility Study in tandem with work on the CC Project may help guide any decisions that may be made to preserve both coal-fired and natural gas-fired generation at the site as the CC Project moves forward. The Feasibility Study will help inform the terms of the RFP Process.

The Feasibility Study will include at least the following:

1. An assessment of primary assets associated with the electrical generation facility, including real property, equipment, water rights, mineral rights, and any other associated assets;
2. An analysis of any encumbrances on the coal generating units;
3. Whether the air permitting process for the CC Project can be conducted to enable permitting of the CC Project so that the CC Project is able to stay on its current construction and in-service schedule, without operating restrictions, while also allowing the coal unit(s) to continue to operate or restart;
4. Preliminary review of permitting, regulatory compliance, and CC Project construction impacts with potential continued operation of the coal generation facilities;
5. Review of coal combustion residual landfill location, management, and liability allocation;
6. How the following existing assets or facilities are planned to be used, reconstructed, or otherwise utilized for the Cayuga CC Project (and additional issues or assets as may be identified by the Feasibility Study):

- a. existing transmission switch yard;
 - b. transmission interconnection;
 - c. the MISO replacement generation process for interconnection to the grid for 1040 MW;
 - d. air permit emissions netting for one coal unit;
 - e. water rights, water intake, and discharge; and
 - f. land and land rights at the Cayuga site needed for the Cayuga CC Project's current and future operations.
- 7. The purpose of the Feasibility Study shall be to review and update the list in Section 2.B.6 above. Duke Energy Indiana agrees to document its review of the scope of existing facilities intended to be reused such that it could enable the continued operation of the coal units and also would not unreasonably interfere with the proposed cost, construction, or in-service date of the CC Project;
- 8. Detail the MISO process and estimated timeline for determining available transmission interconnection capacity at the Cayuga site that would be necessary to operate the Cayuga CC Project and one or both coal units simultaneously, including a review of transmission congestion.
- C. Duke Energy Indiana agrees that after the Feasibility Study is completed and before the RFP is issued, Duke Energy Indiana will enter into 30 calendar days of discussion and information sharing among interested stakeholders.
- D. **The Request for Proposal:** The Settling Parties agree that 60 days after the conclusion of the Feasibility Study and subsequent 30 calendar day review period, Duke Energy Indiana will begin the RFP Process. It is anticipated the RFP bidding window will be approximately 90 days. The RFP shall include at least the following:
 - 1. A summary report of the Feasibility Study.

2. The procedures and timelines for potential purchasers to submit purchase offers for the coal generation assets;
3. Details of historical operating metrics for the Cayuga coal unit(s);
4. Details for allocation of environmental and other liabilities for the Cayuga site;
5. Draft purchase and sale agreement terms and conditions;
6. Objective selection criteria including financial and non-financial criteria, and a process to evaluate qualifying purchase offers submitted for the coal generation assets and determine the best purchase offer. Such criteria may include, but not be limited to:
 - Purchase price, including investment required to achieve commitments provided in Section 2.F.3 of this agreement;
 - Benefits that will accrue to Duke Energy Indiana retail customers;
 - Financial capability of a potential purchaser, including experience raising capital, access to capital, financial stability, and ability to provide security for obligations related to decommissioning, remediation, and other liabilities;
 - Operational experience and capability of a potential purchaser, including experience operating electrical generation facilities, contracting history;
 - Acceptance of purchase and sale agreement terms and conditions;
 - A demonstration of how continued operation of the coal generation facility would impact electrical capacity in the state;
 - Alternative business models for continued operation of the facility, including special contract structures or purchased power agreement alternatives to serving new potential large load customers;
 - Plans for permitting and regulatory compliance for continued operation of the coal generation facilities;
 - Environmental stewardship;
 - Potential community and regional impacts resulting from continued operation of the facility.
7. The process and timing for gaining Commission approval of the sale of the coal generation assets to the purchaser that has submitted the best purchase offer.

- E. After a review period of approximately 90 days after the bidding window closes, Duke Energy agrees to enter into a due diligence period, including access to an electronic data room, and negotiate in good faith with applicants submitting qualified proposal(s) to the RFP for at least 180 days, whereupon Duke Energy Indiana's duty to continue negotiations will cease, and the RFP Process will conclude unless agreed to otherwise by Duke Energy Indiana. Nothing in this Settlement Agreement requires Duke Energy Indiana to enter into a purchase and sale agreement related to one or both of the Cayuga coal units. The Settling Parties recognize that any potential sale would be contingent upon the successful in-service of both Cayuga CC Projects.

F. Other Commitments:

1. Duke Energy Indiana agrees to keep the Commission and stakeholders informed of the Feasibility Study and RFP Process in reports included in the semi-annual ongoing review dockets for the Cayuga CC CPCN or at least every six months, with, the first report being due 30 days after the Final Order is issued in this Cause.
2. Duke Energy Indiana agrees to pause demolition activity on the Cayuga coal units as necessary to accommodate the RFP Process, and to not restart any demolition activity until the RFP Process is complete and the Commission approves continuation of the demolition through an entry in this docket, or other order.
3. Duke Energy Indiana agrees not to retire or cease commercial operation of the Cayuga coal units before December 31, 2028, unless continued operation becomes unlawful, infeasible, or impractical due to governmental, environmental, or regulatory mandates, orders or rules, catastrophic failure, force majeure, or other events beyond its control. In such cases, Duke Energy Indiana will provide timely notice to the Commission and parties with supporting documentation.

Subject to these same limitations, Duke Energy Indiana intends to operate the Cayuga coal units through their currently forecasted retirement dates in 2029 and 2030 in accordance with good utility practice. In the event the RFP winner requests additional investments, such additional investments should be included in the purchase price.

4. Subject to Section 2.F.3 above, Duke Energy Indiana agrees to continue operating the Cayuga coal units while the RFP Process is pending. The Company retains the right to make capital investments it deems prudent to maintain safe and reliable operation of the coal units in accordance with good utility practice, and to seek retail rate recovery of such expenditures. Nothing in this Settlement Agreement shall require or guarantee any specific level of dispatch, run time, or capacity utilization. The Cayuga coal units will be dispatched based on economic, reliability, and system needs, in accordance with applicable MISO rules and protocols.
5. Duke Energy Indiana should be authorized to defer and recover the costs associated with the Feasibility Study and RFP Process, including any additional costs for the Cayuga CC Project that are attributable to the Feasibility Study and/or the RFP Process. Such recovery shall occur in the ongoing review proceedings for the Cayuga CC Project and shall include carrying costs at Duke Energy Indiana's then currently approved weighted average cost of capital (WACC).
6. Duke Energy Indiana may (but shall not be compelled to) purchase capacity or energy from potential RFP third party purchasers, subject to demonstrating need and future Commission approval.
7. Duke Energy Indiana agrees that if the RFP Process results in the sale of the Cayuga coal unit(s), including any change to the scope of existing facilities intended to be reused (as listed in Section 2.B.6 above), Duke Energy Indiana will make a compliance filing in an ongoing review proceeding for the Cayuga CC Project itemizing those facilities and costs.
8. Duke Energy Indiana agrees any realized net proceeds from the potential sale of the Cayuga coal units will flow to Duke Energy Indiana customers, which will be reviewed in a subsequent Commission filing. For the avoidance of doubt, realized net proceeds shall mean the gross proceeds received by Duke Energy Indiana from any sale of the Cayuga coal unit(s), less any remaining net book value, site remediation costs, demolition costs, transaction costs, and other reasonable and prudently incurred expenses associated with the sale. The Settling Parties acknowledge that realized net proceeds may reflect a gain or a loss and agree that Duke Energy Indiana shall recover its remaining investment and reasonably incurred costs prior to providing any net proceeds to customers.

9. Settling Parties agree that Duke Energy Indiana's plan, as proposed in this proceeding and as modified by this Settlement Agreement, is a reasonable plan consistent with Governor Braun's Executive Order 25-50, Ensuring Economic Opportunity and Indiana's Energy Future by Supporting Life Extensions for Coal Energy Generation and Assessing Natural Gas Supplies.
10. Duke Energy Indiana agrees to act in good faith and shall diligently complete the Feasibility Study and RFP Process and its commitments under this Agreement, including seeking or maintaining any necessary documentation, consents, permits, or approvals within its control, as may be reasonably required to evaluate the potential for continued operations of one or both coal units by a third party.

G. Presentation of the Settlement Agreement to the Commission and the Public.

1. The Settling Parties agree to file a Notice of Settlement that requests the Commission continue the Evidentiary Hearing scheduled to begin on June 19, 2025, and request a settlement procedural schedule which will still permit the Commission to issue a Final Order in this Cause within 240-days (by October 11, 2025).
2. The Settling Parties shall file testimony specifically supporting the Settlement Agreement. The Settling Parties agree to provide each other with an opportunity to review drafts of testimony supporting the Settlement Agreement and to consider the input of the other Settling Parties. Such evidence, together with the evidence previously pre-filed in this Cause, will be offered into evidence without objection and the Settling Parties hereby waive cross-examination of each other's witnesses. The Settling Parties submit this Settlement Agreement and related evidence conditionally, and if the Commission fails to approve this Settlement Agreement in its entirety without any change or condition(s) unacceptable to any Settling Party, the Settlement and supporting evidence shall be withdrawn, and the Commission will continue to hear Cause No. 46193 with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.
3. A Commission Order approving this Settlement Agreement shall be effective immediately, and the agreements contained herein shall be unconditional, effective, and binding on all Settling Parties upon incorporation and approval in a Final Order of the Commission.

4. Each Settling Party will submit public news releases and social media statements, in any, related to the Settlement Agreement to all Settling Parties for prior approval.

H. Effect and Use of Settlement Agreement.

1. It is understood that this Settlement Agreement is reflective of a negotiated settlement, and neither the making of this Settlement Agreement nor any of its provisions shall constitute an admission by any Settling Party in this or any other litigation or proceeding except to the extent necessary to implement and enforce its terms. It is also understood that each and every term of this Settlement Agreement is in consideration and support of each and every other term.
2. Neither the making of this Settlement Agreement (nor the execution of any of the other documents or pleadings required to effectuate the provisions of this Settlement Agreement), nor the provisions thereof, nor the entry by the Commission of a Final Order approving this Settlement Agreement, shall establish any principles or legal precedent applicable to Commission proceedings other than those resolved herein.
3. This Settlement Agreement shall not constitute and shall not be used as precedent by any person or entity in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce this Settlement Agreement.
4. This Settlement Agreement is solely the result of compromise in the settlement process and except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any Settling Party may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.
5. The Settling Parties agree the evidence in support of this Settlement Agreement constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Settlement Agreement, as filed. The Settling Parties shall prepare and file an agreed proposed order with the Commission as soon as reasonably possible after the filing of this Settlement Agreement and the final evidentiary hearing.
6. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be confidential, without prejudice to the position of any Settling Party, and

are not to be used in any manner in connection with any other proceeding or otherwise.

7. The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their respective clients, and their successor and assigns, which will be bound thereby.
8. The Settling Parties shall not appeal or seek rehearing, reconsideration, or a stay of the Commission Order approving this Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement).
9. The provisions of this Settlement Agreement shall be enforceable by any Settling Party upon approval and incorporation into a Final Order first before the Commission and thereafter in any state court of competent jurisdiction, as necessary.
10. This Settlement Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

ACCEPTED AND AGREED this 17th day of June, 2025.

[SIGNATURE PAGES FOLLOW]

RELIABLE ENERGY, INC.

A handwritten signature in blue ink, reading "Kristina Kern Wheeler".

Kristina Wheeler

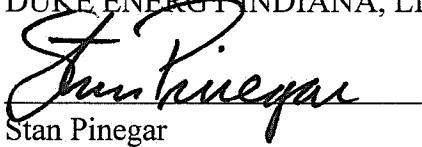
Bose McKinney & Evans LLP

Counsel for Reliable Energy, Inc.

A faint, handwritten signature in blue ink, possibly reading "Approved".

[This is a signature page to the June 17, 2025 Settlement Agreement in Indiana Utility
Regulatory Commission Cause No. 46193.]

DUKE ENERGY INDIANA, LLC

A handwritten signature in black ink, appearing to read "Stan Pinegar", written over a horizontal line.

Stan Pinegar

President

Duke Energy Indiana, LLC

[This is a signature page to the June 17, 2025 Settlement Agreement in Indiana Utility
Regulatory Commission Cause No. 46193.]