

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”) REQUESTING THE INDIANA UTILITY)
REGULATORY COMMISSION TO APPROVE)
CERTAIN DEMAND SIDE MANAGEMENT) CAUSE NO. 46100
PROGRAMS AND GRANT COMPANY)
AUTHORITY TO RECOVER COSTS, INCLUDING)
PROGRAM COSTS, INCENTIVES AND LOST)
MARGINS, ASSOCIATED WITH THE DEMAND)
SIDE MANAGEMENT PROGRAMS VIA THE)
COMPANY’S DEMAND SIDE MANAGEMENT)
ADJUSTMENT)

STIPULATION AND SETTLEMENT AGREEMENT AMONG
CEI SOUTH, INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR, AND
CITIZENS ACTION COALITION OF INDIANA, INC.

This Stipulation and Settlement Agreement (the “Settlement Agreement”) is entered into by and among Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South (“Company” or “CEI South”), the Indiana Office of Utility Consumer Counselor (“OUCC”), and Citizens Action Coalition of Indiana, Inc. (“CAC”) (collectively the “Settling Parties” and individually “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 in this Settlement Agreement represent a fair, just, and reasonable resolution of all matters raised in this proceeding, subject to their incorporation by the Indiana Utility Regulatory Commission (“Commission”) into a final, non-appealable order without modification or further condition that is unacceptable to any Settling Party (“Final Order”). The Settling Parties agree that this Settlement Agreement resolves all disputes, claims, and issues arising from the Commission

proceeding currently pending in Cause No. 46100 as between the Settling Parties. The Settling Parties agree that CEI South's requested relief in this Cause should be granted in its entirety except as expressly modified herein.

I. TERMS AND CONDITIONS. The Settling Parties agree to Commission approval of the Company's 2025 – 2027 Demand Side Management ("DSM") Plan ("2025 – 2027 Plan" or "Plan") and associated accounting and ratemaking treatment modified as follows:

A. Lost Revenues. In consideration for the terms in paragraph I.B.2.c with respect to performance incentives, given CEI South's next planned electric base rate case is required to be filed on or before December 31, 2028, the Settling Parties agree to Commission approval of the recovery of lost revenues for measures installed during the 2025 – 2027 DSM Plan Period through CEI South's Demand Side Management Adjustment ("DSMA") Rider over whichever of the following periods occurs first: (a) the expiration of the life of the measure; (b) beginning with calendar year 2026, four (4) years after the date of implementation of any measure installed; or (c) until implementation of new electric base rates reflecting the test year rate base in CEI South's next electric rate case. Subsequent to approval of new base rates in CEI South's next base rate case proceeding, CEI South will zero out, in its DSMA Rider, all lost revenue recovery approved for the DSM Program years up to, and including, the test year adopted for the setting of base rates in CEI South's next base rate case proceeding.

B. Performance Incentives.

1. Spending Flexibility, Emerging Technology, and Rollover.

a. Spending Flexibility. The Settling Parties agree that the Company's Oversight Board ("OSB") will be authorized to pursue additional reasonably achievable, cost-effective energy savings by exercising spending flexibility (i.e., flex funding),

except that income-qualified programs are not required to be cost-effective. More specifically, the Settling Parties agree that CEI South will be permitted to apply spending flexibility of up to 10% (inclusive) of the total portfolio costs for the 2025 – 2027 DSM Plan towards programs with a Utility Cost Test (“UCT”) score greater than 1.0, except that income-qualified programs are not required to be cost-effective.

b. Emerging Technology. The Settling Parties agree that the OSB will be authorized to pursue emerging technology using funds of up to 10% (inclusive) of the total portfolio costs for the 2025 – 2027 DSM Plan.

c. Rollover. The Settling Parties explicitly agree that all spending flexibility and emerging technology amounts included within this 2025 – 2027 DSM Plan are specific to this 2025 – 2027 Plan and are not eligible for transfer or “rollover” from any prior DSM Plan or to any subsequent DSM Plan except as needed to pay out costs for measures installed within one program year but not paid until the subsequent program year.

2. Opportunity to Earn Performance Incentive.

a. The Settling Parties agree to associate additional energy and/or demand savings to any spending flexibility utilized for flex funding (pursuant to paragraph I.B.1.a) or emerging technology (pursuant to paragraph I.B.1.b). The level of spending flexibility and associated additional energy and/or demand savings will be agreed upon by the OSB and is outside of (i.e., in addition to) the savings goal in the 2025 – 2027 Plan. The Settling Parties further agree CEI South will have an opportunity to earn a performance incentive on those additional energy and/or demand savings using the same, but separately calculated, performance incentive mechanism.

b. The Settling Parties agree that for purposes of the Fuel

Adjustment Clause (“FAC”), CEI South’s authorized net operating income will not be adjusted by the actual amount of DSM financial incentives earned for the 2025 – 2027 DSM Plan.

c. The Settling Parties agree that CEI South’s proposed financial incentive shall be approved with the following modification. The Settling Parties further agree CEI South will apply the following modified performance incentive achievement level and incentive level matrix to calculate the performance incentive mechanism for portfolio savings for the filed 2025 – 2027 DSM Plan, and, as separately calculated, all spending flexibility, and emerging technology amounts.

Performance Incentives	
Achievement Level (kWh)	Incentive Level (NPV of net benefits of UCT)
110%	13.0%
100 - 109.99%	10.0%
90 - 99.99%	9.0%
80 - 89.99%	8.0%
70 - 79.99%	6.0%
60 - 69.99%	4.0%
<60%	0.0%

C. DSM Programs, Savings Goals, and Implementation.

1. **Increase Portfolio Savings in Line with IRP.** The Settling Parties agree that CEI South will increase the DSM portfolio savings by an additional +6,600 MWh Gross over 2025 – 2027 to bring the Residential Behavioral program savings more in line with CEI South’s most recently filed Integrated Resource Plan (IRP). The additional Residential Behavioral savings will be achieved through the Online Energy Analyzer tool and evaluated by the Evaluation Measurement & Verification (“EM&V”) vendor.

2. **Costs.** The Settling Parties agree that CEI South will increase Residential Behavioral savings as described in paragraph I.C.1 above, to bring Residential Behavior program levelized costs more in line with (\$0.06612/kWh gross).

3. **Removal of LED Nightlights.** The Settling Parties agree that CEI South will remove LED nightlights from the Community Connections program in 2025 to keep the In-Service-Rate higher in year 2026 or 2027. The LED nightlights will be replaced with other measures to achieve 2025 savings. If the savings cannot be backfilled at the same costs for 2025, then the cost and savings will be adjusted accordingly. The direct install programs (IQW, Multi-Family, HEA), Marketplace, and School Education programs, where no savings are claimed in the Schools Education program, will remain as proposed.

4. **In Store Discount Program.** The Settling Parties agree that the EM&V for this program will include analysis of non-customer free-ridership consistent with EM&V protocols recommended by the EM&V vendor.

5. **Residential Online Marketplace.** As the contract with the Marketplace vendor has been executed to launch in 2024, CEI South has worked with the online marketplace vendor to complete User Acceptance Testing to ensure data integrity and data security. The Settling Parties agree that CEI South will provide the following for 2025:

- a. Annual EM&V to verify data integrity and data security.
- b. Performance savings goals by measure that will provide more transparency for the Company's OSB. CEI South will share implementation strategies, promotions, and a marketing plan that includes filed plan savings goals to be achieved and specific dates for those filed plan savings goals.

D. Other Matters.

1. Any matters not addressed by this Settlement Agreement will be adopted as proposed by CEI South in its direct and rebuttal cases in this Cause.

2. The Settling Parties agree to work cooperatively to seek Commission approval of this Settlement Agreement so that CEI South may implement its 2025 – 2027 DSM Plan (as modified herein) effective January 1, 2025, or upon the Indiana Utility Regulatory Commission’s approval, if later. The Settling Parties further agree CEI South’s current DSM Plan will remain in place (pending the Commission’s interim order) until a final order is issued in this Cause.

II. EFFECT OF SETTLEMENT AND PROCEDURAL MATTERS.

A. Scope and Effect of Settlement.

1. Neither the making of this Settlement Agreement nor any of its provisions shall constitute in any respect an admission by any Settling Party in this or any other litigation or proceeding. Neither the making 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.

2. This Settlement Agreement shall not constitute nor be cited as precedent by any person or deemed an admission by any Settling Party in any other proceeding except as necessary to enforce its terms before the Commission, or any tribunal of competent jurisdiction. 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 of the Settling Parties may take with respect to any or all of the issues

resolved herein in any future regulatory or other proceedings.

3. The Settling Parties' entry into this Settlement Agreement shall not be construed as a limitation on any position they may take or relief they may seek in pending or future Commission proceedings not specifically addressed in this Settlement Agreement.

B. Authority to Enter Settlement. The undersigned have represented and agreed that they are fully authorized to execute this Settlement Agreement on behalf of their designated clients, and their successors and assigns, who will be bound thereby, subject to the agreement of the Settling Parties on the provisions contained herein.

C. Privileged Settlement Communications. The communications and discussions during the negotiations and conferences have been conducted based on the explicit understanding that said communications and discussions are or relate to offers of settlement and therefore are privileged. All prior drafts of this Settlement Agreement and any settlement proposals and counterproposals also are or relate to offers of settlement and are privileged.

D. Conditions of Settlement. This Settlement Agreement is conditioned upon and subject to Commission acceptance and approval of its terms in their entirety, without any change or condition that is unacceptable to any Settling Party.

E. Evidence in Support of Settlement. The Settling Parties may offer their respective direct, rebuttal, and supplemental testimonies supporting the Commission's approval of this Settlement Agreement and will request that the Commission issue a Final Order incorporating the agreed proposed language of the Settling Parties and accepting and approving the same in accordance with its terms without any modification. Such supportive testimony will be offered into evidence without objection by any Settling Party. The Settling Parties hereby waive cross-examination of each other's witnesses.

F. Commission Approval. The Settling Parties will support this Settlement Agreement before the Commission and request that the Commission accept and approve the Settlement Agreement. This Settlement Agreement is a complete, interrelated package and is not severable, and shall be accepted or rejected in its entirety without modification or further condition(s) that may be unacceptable to any Settling Party. If the Commission does not approve the Settlement Agreement in its entirety, the Settlement Agreement shall be null and void and deemed withdrawn, upon notice in writing by any Settling Party within fifteen (15) business days after the date of the Final Order that any modifications made by the Commission are unacceptable to it. In the event the Settlement Agreement is withdrawn, the Settling Parties will request that an Attorneys' Conference be convened to establish a procedural schedule for the continued litigation of this proceeding.

G. Proposed Order. The Settling Parties will work together to prepare an agreed-upon proposed order to be submitted in this Cause. The Settling Parties will request Commission acceptance and approval of this Settlement Agreement in its entirety, without any change or condition that is unacceptable to any party to this Settlement Agreement.

H. Publicity. The Settling Parties also will work cooperatively on news releases or other announcements to the public, if any, about this Settlement Agreement.

I. Waiver of Opposition. The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of any Final Order entered by the Commission approving the Settlement Agreement in its entirety without changes or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically and exclusively implementing the provisions hereof) and shall not oppose this Settlement Agreement in the event of any appeal or a request for rehearing, reconsideration or a stay by any person not a

party hereto.

J. Counterparts. 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 on this 12th day of December, 2024.

(signature pages follow)

CAUSE NO. 46100

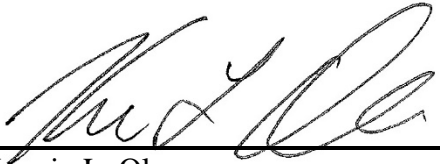
JOINT EX. NO. 1
SETTLEMENT AGREEMENT

SOUTHERN INDIANA GAS AND ELECTRIC
COMPANY D/B/A CENTERPOINT ENERGY
INDIANA SOUTH



Natalie Hedde
VP Strategic Business Growth & Engagement
Southern Indiana Gas and Electric Company
d/b/a CenterPoint Energy Indiana South

CITIZENS ACTION COALITION OF INDIANA,
INC.

A handwritten signature in black ink, appearing to read "Kerwin L. Olson", is written over a solid horizontal line.

Kerwin L. Olson
Executive Director
Citizens Action Coalition of Indiana, Inc.

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



Thomas R. Harper
Deputy Consumer Counselor