

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

IURC CAUSE NO. 44429-TDSIC-14

**DIRECT TESTIMONY
OF
JASON R. MATHEWS
MANAGER, REGULATORY REPORTING**

ON

**PROPOSED CSIA REVENUE REQUIREMENT
THROUGH DECEMBER 31, 2020**

**SPONSORING PETITIONER'S EXHIBIT NO. 3,
ATTACHMENTS JRM-1 THROUGH JRM-3**

DIRECT TESTIMONY OF JASON R. MATHEWS

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Jason R. Mathews. My business address is 211 NW Riverside Drive, Evansville, IN 47708.

Q. By whom are you employed?

A. I am employed by CenterPoint Energy, Inc. ("CenterPoint"), Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("CEI South"), "the Company" or "Petitioner") is an indirect subsidiary of CenterPoint.

Q. What position do you hold with Petitioner CEI South?

A. I am Manager, Regulatory Reporting for CenterPoint, the immediate parent company of CEI South. I hold the same position with two other utility subsidiaries of CenterPoint – Indiana Gas Company, Inc. d/b/a CenterPoint Energy Indiana South ("CEI South") and Vectren Energy Delivery of Ohio, Inc. d/b/a CenterPoint Energy Ohio ("CEOH").

Q. Please describe your educational background.

A. I hold a Bachelor of Business Administration in Finance and a Bachelor of Business Administration in Economics from the University of Iowa. I completed my Masters of Business Administration (M.B.A.) with a concentration in Accounting in 2016 at DePaul University in Chicago.

Q. Please describe your professional experience.

A. From 2012 to 2020, I was employed by Nicor Gas Company, a subsidiary of the Southern Company, in various roles within the Rates and Regulatory department while most recently serving as Manager, Regulatory Affairs. I transitioned to CenterPoint Energy in October 2020. My current role is Manager, Regulatory Reporting.

Q. What are your present duties and responsibilities as Manager, Regulatory Reporting?

A. I am responsible for the financial analysis and implementation of regulatory initiatives for CenterPoint's regulated utility operations covering Indiana and Ohio. These duties include

1 preparation of accounting exhibits submitted in various regulatory proceedings for these
2 operations, including CEI South.

3
4 **Q. Are you familiar with the books, records, and accounting procedures of CEI South?**

5 A. Yes, I am.

6
7 **Q. Are CEI South's books and records maintained in accordance with the Federal Energy
8 Regulatory Commission ("FERC") Uniform System of Accounts ("USOA") and
9 generally accepted accounting principles ("GAAP")?**

10 A. Yes.

11
12 **Q. Have you ever testified before any state regulatory commission?**

13 A. Yes. I have testified before the Illinois Commerce Commission on behalf of Northern Illinois
14 Gas Company d/b/a Nicor Gas Company ("Nicor Gas") in its 2018 Rate Case Filing, Docket
15 No. 18-1775. I have also testified on behalf of Nicor Gas in connection with its Rider 6 –
16 Purchased Gas Adjustment ("PGA"), Rider 26 – Uncollectible Expense Adjustment ("UEA"),
17 and Certificate of Public Convenience and Necessity ("CPCN") filings. Additionally, I testified
18 in the dockets approving Nicor Gas' Rider 36 – Variable Income Tax Adjustment ("VITA") and
19 Rider 38 – Volume Balancing Adjustment ("VBA") mechanisms.

20
21 **Q. What is the purpose of your testimony in this proceeding?**

22 A. I will support CEI South's request to implement a Compliance and System Improvement
23 Adjustment ("CSIA") as previously approved by the Commission on August 27, 2014 in Cause
24 No. 44429 ("44429 Order" or "Order"), which will include both a Compliance Component
25 ("Compliance Component") under Ind. Code Ch. 8-1-8.4 ("Compliance Statute") and a TDSIC
26 Component ("TDSIC Component") under Ind. Code Ch. 8-1-39 ("TDSIC Statute"). I will
27 explain and support the Compliance and TDSIC Components revenue requirement
28 calculations for costs incurred through December 31, 2020. I will support certain aspects of
29 CEI South's request to (1) recover 80% of the calculated combined revenue requirements of
30 the Compliance and TDSIC Components, and (2) defer 20% of the calculated combined
31 revenue requirements of the Compliance and TDSIC Components for recovery in CEI South's
32 pending base rate case, Cause No. 45447.

33

1 Additionally, I will support the approved adjustment to the authorized return amount utilized
2 in the GCA net operating income ("NOI") earnings tests (Ind. Code § 8-1-2-42(g) and § 8-1-
3 2-42.3) as a result of the proposed CSIA, consistent with the 44429 Order.
4

5 **Q. Are you sponsoring any exhibits in this proceeding?**

6 A. Yes. I am sponsoring the following exhibits in this proceeding:

- 7 • Petitioner's Exhibit No. 3, Attachment JRM-1: CSIA Total Annual Revenue Requirement,
8 Schedules 1-4.
- 9 • Petitioner's Exhibit No. 3, Attachment JRM-2: Compliance Component Annual Revenue
10 Requirement, Schedules 1-9.
- 11 • Petitioner's Exhibit No. 3, Attachment JRM-3: TDSIC Component Annual Revenue
12 Requirement, Schedules 1-9.

13
14 **Q. Were these exhibits prepared by you or under your supervision?**

15 A. Yes, they were.
16
17

18 **II. ACCOUNTING TREATMENT**
19

20 **Q. Please explain the specific accounting treatment CEI South is requesting in this case.**

21 A. CEI South is proposing the following accounting treatment in accordance with the Order:

- 22 1. Authorization of the eligible revenue requirement amounts as of December 31, 2020,
23 inclusive of the Compliance and TDSIC Component amounts associated with:
 - 24 a. capital investment in eligible projects, both completed and under construction
 - 25 b. financing costs incurred on projects during construction
 - 26 c. post-in-service carrying costs ("PISCC") on eligible complete projects
 - 27 d. deferred Compliance Project-related O&M expenses, projected incremental
28 depreciation, and property tax expenses
- 29 2. Recovery, via the CSIA, of 80% of the eligible revenue requirement amounts as of
30 December 31, 2020
31 Deferral of 20% of the eligible revenue requirement amounts as of December 31, 2020 for
32 recovery in CEI South's pending base rate case

1 **III. REVENUE REQUIREMENT**

2
3 **Q. Please generally explain how the Compliance and TDSIC Component revenue**
4 **requirements were calculated in this filing.**

5 A. CEI South calculated a revenue requirement for the Compliance and TDSIC Components
6 separately for costs incurred through December 31, 2020. Petitioner's Exhibit No. 3,
7 Attachment JRM-2 provides schedules 1-9 for the Compliance Component and Petitioner's
8 Exhibit No. 3, Attachment JRM-3 provides schedules 1-9 for the TDSIC Component, with both
9 summarized on Petitioner's Exhibit No. 3, Attachment JRM-1 as the total CSIA revenue
10 requirement. The revenue requirement for both the Compliance and TDSIC Components,
11 shown on Schedule 1, includes the return on new capital investments, incremental property
12 tax and depreciation expenses, as well as recovery of the regulatory assets recorded through
13 the deferral of O&M expense, the interim deferral of depreciation expense, and PISCC. CEI
14 South then multiplied the total annual revenue requirement by 80% to achieve the recoverable
15 portion of the revenue requirement on Schedule 4, line 16, for TDSIC-14. The total
16 recoverable amounts are utilized to derive semi-annual CSIA rates based on annualized
17 billing determinants, as described by Witness Tieken.

18
19 **Q. Please describe Petitioner's Exhibit No. 3, Attachment JRM-1, Schedule 1.**

20 A. Petitioner's Exhibit No. 3, Attachment JRM-1, Schedule 1 includes the combined CSIA
21 revenue requirement. Schedule 1 includes the total, 20% deferred, and 80% recoverable
22 revenue requirement for each of the Compliance and TDSIC Components, as calculated on
23 Schedule 1 of Petitioner's Exhibit No. 3, Attachments JRM-2 and JRM-3, respectively. The
24 components are added together to derive a CSIA revenue requirement subtotal. For TDSIC-
25 14, the total revenue requirement, prior to the inclusion of past variances, is \$31,918,197, of
26 which \$25,534,557 (80%) will be included for recovery in the CSIA, and \$6,383,640 (20%) will
27 be deferred for recovery in CEI South's pending base rate case, Cause No. 45447.

28
29 The total on line 3, column C of Schedule 1 is used to derive CSIA rates and charges.

30
31 **Q. Are there any variances in this TDSIC-14 filing?**

32 A. Yes. The reconciliation period for TDSIC-14 is July through December 2020 (TDSIC-12).
33 Petitioner's Exhibit No. 3, Attachment JRM-1, Schedule 2 reflects the calculation of variances

1 for this period. The total under-recovery variance included for recovery in TDSIC-14 is
2 \$708,503.
3

4 **Q. Please describe Petitioner's Exhibit No. 3, Attachment JRM-1, Schedule 2.**

5 A. Page 1 of Schedule 2 calculates the over or under-recovery variance by comparing actual
6 recoveries, exclusive of Indiana Utility Receipts Tax ("IURT"), to the approved recoveries from
7 TDSIC-12 for the same time period. Actual recoveries represent billed CSIA revenues from
8 the Company's customer billing system by month and by Rate Schedule for this period. For
9 TDSIC-14, the reconciliation and approved recovery period is July through December 2020,
10 as indicated in Petitioner's Exhibit No. 3 in TDSIC-12¹. The over or under-recovery variance
11 is determined by month and by Rate Schedule. The specific identification of the variance by
12 Rate Schedule ensures that customers are paying for only the costs allocated to and approved
13 for recovery from that Rate Schedule. Specifically, for Rate 110 (Residential Sales Service),
14 which has a fixed CSIA charge per month as approved in the 44429 Order, the variance
15 attributed to non-residential Rate Schedules due to fluctuations in sales should not be the
16 responsibility of Residential customers.
17

18 As explained in greater detail by Witness Tieken, the specific variance by Rate Schedule will
19 be included in the rate derivation for each Rate Schedule and recovered over the six-month
20 period July through December 2021.
21

22 **Q. How were the approved recoveries calculated for the TDSIC-14 reconciliation period**
23 **(July 2020 through December 2020)?**

24 A. As reflected on page 2 of Schedule 2, the approved recoveries for July through December
25 2020 represent the TDSIC-12 approved amounts as noted in TDSIC-12 Attachment JCS-4,
26 Schedule 3.
27

28 **Q. Please describe Petitioner's Exhibit No. 3, Attachment JRM-1, Schedule 4.**

29 A. Schedule 4 shows the cumulative revenue requirement calculation used for the CSIA,
30 summing the Compliance Component from Attachment JRM-2, Schedule 1 and the TDSIC
31 Component on Attachment JRM-3, Schedule 1. This schedule captures how the \$25,534,557

¹ Cause No. 44429-TDSIC-12, Petitioner's Exhibit No. 3, Attachment JCS-4, Schedule 3, Page 1

proposed for recovery in the CSIA will be prioritized, with the first dollar representing the full return (line 8) and the remaining amounts covering a portion of the incremental expenses (line 14).

Q. Why is the Company including Attachment JRM-1, Schedule 4 with its exhibits?

A. As explained in the Company's TDSIC-1 rebuttal testimony, this schedule is being included to explain the accounting that will result with the implementation of the CSIA rates and charges, which is required to ensure the Company receives the return on its investments as granted by the applicable Compliance and TDSIC Statutes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 980. This exhibit has been a recurring schedule in each of the Company's TDSIC filings.

Q. Does the accounting prioritization presented on this schedule impact the amount recoverable in the Company's CSIA or the amount deferred for future base rate recovery?

A. No. The amounts included for recovery in the CSIA are and will continue to represent an amount equal to 80% of the total annual revenue requirement. The remaining amount equal to 20% of the total annual revenue requirement is the amount deferred for recovery in the pending base rate case, Cause No. 45447. The manner of recovery set forth in the schedule is required by accounting rules to recognize the full return on investment.

Q. Please describe Schedule 1 (Revenue Requirement) of Petitioner's Exhibit No. 3, Attachments JRM-2 and JRM-3.

A. This schedule is the calculation of the proposed revenue requirement CEI South seeks to recover in this TDSIC-14 filing. The revenue requirement calculation is divided on this schedule between the "Return on New Capital Investment", which calculates the pre-tax return on total net new investment (lines 1 through 8), the "Incremental Expenses", which calculates the recoverable expenses, both projected and amortized from previously deferred balances (lines 9 through 14). All items on this schedule are supported by the following schedules and are recoverable as eligible costs under the Order.

Q. Please describe Schedule 2 (New Capital Investment) of Petitioner's Exhibit No. 3, Attachments JRM-2 and JRM-3.

1 A. This schedule supports the Gross New Capital Investment (line 18), Accumulated
2 Depreciation attributed to the new capital investment (line 42), and Construction Work in
3 Progress ("CWIP") balances related to new capital investments as of December 31, 2020 (line
4 48). The cumulative amount is reflected on lines 1-4 on Attachments JRM-2 and JRM-3,
5 Schedule 1, and is the basis for calculating the Annualized Return on New Capital Investment
6 (line 8 of Schedule 1). Detail is provided to show these balances by FERC Class of Plant, to
7 allow for linkage directly to approved depreciation rates.
8

9 **Q. Has CEI South prepared work paper schedules showing the work order details that**
10 **support these summarized amounts?**

11 A. Yes, TDSIC-14 includes work paper support by work order, which will agree to the
12 summarized amounts listed on this schedule. A working model of the CSIA Revenue
13 Requirement calculations, including work paper support, will be provided to the Indiana Office
14 of Utility Consumer Counselor ("OUCC") and the Commission with each semi-annual filing.
15

16 **Q. What is included in "new capital investment"?**

17 A. New capital investment includes gross plant, both in-Service and CWIP, specific to
18 investments under the Plan. The accumulated depreciation on these new capital investments,
19 net of any cost of removal or salvage related to the disposal of assets retired and replaced as
20 a result of these investments, is included as a reduction to the gross plant balance. All of
21 these amounts represent actual balances as of December 31, 2020.
22

23 **Q. Please explain the process that is used to segregate and record the capital costs of the**
24 **Plan during and at completion of construction.**

25 A. To ensure proper accumulation of construction costs related to the Plan investments, a unique
26 project number was assigned to the capital work order. All project construction costs were
27 recorded as incurred to the assigned project number and maintained in the Company's
28 Financial Information System ("FIS") Projects Accounting module. The project number is
29 required for the recording of all project construction costs into any of the FIS feeder systems.
30 Each of the feeder systems, which include payroll, accounts payable, and material inventory,
31 interface with the Projects Accounting module. Total incurred project construction costs are
32 accurately reported by the project number throughout the life cycle of the project. Each project
33 has been sub-categorized in the system as recoverable pursuant to the applicable

(Compliance or TDSIC) revenue requirement component, to both differentiate the treatment between components of the CSIA, and to help exclude any capital investment made that did not qualify for recovery under the approved mechanism.

Q. Were the requirements of the FERC USOA followed in recording of project construction costs?

A. Yes. Costs incurred during the construction phase were reflected in FERC Account 107, CWIP. When each project was completed, meaning the assets are now used and useful in providing utility service, the costs were moved to FERC Account 106, Completed Construction Not Classified ("CCNC"). At the point where the final project costs were captured and the project manager formally defines the assets installed and removed, the costs were transferred to FERC Account 101, Gas Plant In-Service. Any existing assets retired as a result of the projects resulted in a reduction to FERC Account 101, with an offsetting entry to FERC Account 108, Accumulated Provision for Depreciation of Gas Utility Plant.

Q. What types of costs have been included as eligible utility plant?

A. Eligible utility plant includes the construction costs of the projects, including engineering and project management, permitting, contractor costs, site preparation, equipment and installation, and other costs approved by the Commission.

Q. What capitalized overheads have been included in the construction costs?

A. An allocation for general oversight, management and administrative costs has been included, consistent with Company policy. Costs associated with accounting, legal services, human resource management, insurance and other similar costs are included as overhead costs that are allocated to construction projects. Within the supporting work papers, the Company has broken out the construction costs into categories to identify both direct and indirect costs.

Q. Has allowance for funds used during construction ("AFUDC") been recorded on the project construction costs?

A. Yes, CEI South has recorded AFUDC in accordance with GAAP requirements, under the formula specified by FERC accounting procedures. On those projects that have been completed, AFUDC ceased at the date the project was placed in service. On those projects that are still in CWIP and included for recovery in TDSIC-14, AFUDC will cease on the effective

1 date of CSIA rates in TDSIC-14.
2

3 **Q. Please describe Schedule 3 (Post In-Service Carrying Costs (PISCC)) of Petitioner's**
4 **Exhibit No. 3, Attachments JRM-2 and JRM-3.**

5 A. This schedule summarizes the calculation of the PISCC balance on investments placed in
6 service but not yet captured for recovery under previous CSIA filings. This schedule supports
7 Attachments JRM-2 and JRM-3, Schedule 1, line 5, and is utilized in the return on new capital
8 investment calculation. In addition, Schedule 3 determines the recoverable amortization
9 expense on the cumulative deferred PISCC balance, included on line 13 of Schedule 1. The
10 rates utilized to calculate PISCC on eligible investments will be discussed below.
11

12 **Q. Please describe Schedule 4 (Rate of Return) of Petitioner's Exhibit No. 3, Attachment**
13 **JRM-2 (Compliance Component).**

14 A. Attachment JRM-2, Schedule 4 contains two pages. Page 1 calculates the Pre-Tax return
15 used in the return on calculation on line 7 of Schedule 1 for the Compliance Component. Page
16 2 calculates the After-Tax return used in the PISCC calculation on eligible investments
17 applicable to the Compliance Component from July 1, 2020 through December 31, 2020.
18

19 Page 1 calculates the Pre-Tax return used in the return on calculation on line 7 of Schedule 1
20 for the Compliance Component. As approved in the TDSIC-2 Order, the Compliance
21 Component will utilize the WACC most recently approved by the Commission in TDSIC-13
22 (as of June 30, 2020). This after-tax rate, 6.28%, includes all components of the typical rate
23 base cost of capital, including investor provided capital and cost-free capital. The equity
24 component is grossed up for recovery of income taxes, both state and federal, at current
25 statutory tax rates. Lines 6 through 12 of Schedule 4 show the detailed calculation of the pre-
26 tax equity rate.
27

28 Page 2 reflects the WACC based upon the December 31, 2019 capital structure as approved
29 in TDSIC-13 (Attachment JCS-3, Schedule 4, Page 2 of 2). This rate is used on Schedule 3
30 to calculate the PISCC on eligible Compliance Component investments for July 2020 through
31 December 2020.
32

33 **Q. Please explain what Rate of Return is used for the PISCC calculation on eligible**

Compliance Component investments.

- A. The rate used for the Compliance Component PISCC calculation for the period July 1, 2020 through December 31, 2020 is the WACC rate (after-tax) approved in TDSIC-13 (6.36%).

Q. Please describe Schedule 4 (Rate of Return) of Petitioner's Exhibit No. 3, Attachment JRM-3 (TDSIC Component).

- A. Attachment JRM-3, Schedule 4 contains two pages. Page 1 calculates the Pre-Tax return used in the return on calculation on line 7 of Schedule 1 for the TDSIC Component. Page 2 calculates the After-Tax return used in the PISCC calculation on eligible investments applicable to the TDSIC Component from July 1, 2020 through December 31, 2020.

Page 1 reflects the current WACC based upon the actual December 31, 2020 capital structure, inclusive of the items captured in the Company's base rate case capital structure: (1) long-term debt, (2) common equity, (3) customer deposits, (4) cost free capital, including deferred income taxes, and (5) investment tax credits. Consistent with the Order, the balances and cost of debt are based on the actual amounts as of December 31, 2020, and the cost of equity has been set at 10.15% as determined in CEI South's most recently approved base rate proceeding, Cause No. 43112. The equity component is grossed up for recovery of income taxes, both state and federal, at current statutory tax rates. In addition, the December 31, 2020 weighted average cost of capital will be utilized to calculate PISCC for January 2021 through June 2021.

Page 2 reflects the WACC based upon the actual June 30, 2020 capital structure as approved in TDSIC-13 (Attachment JCS-3, Schedule 4, Page 1 of 2). This rate is used on Schedule 3 to calculate the PISCC on eligible TDSIC Component investments for July 2020 through December 2020.

Q. Has CEI South adjusted the Compliance and TDSIC Components schedules to reflect the lower Federal tax rate of 21% as a result of the TCJA?

- A. Yes. On Schedule 4, page 1 of 2, of Attachment JRM-2 and Attachment JRM-3, the pre-tax return has been calculated using the 21% Federal statutory rate.

Q. Please describe Schedule 5 (Annualized Depreciation Expense on New Capital

Investment) of Petitioner's Exhibit No. 3, Attachments JRM-2 and JRM-3.

- A. This schedule supports the annualized depreciation expense utilized on line 10 of Schedule 1. It is calculated by multiplying the gross new capital investment balance as of December 31, 2020 from Schedule 2, net of retirements, by the depreciation rate applicable to the respective classes of plant. The weighted average depreciation rates applicable to the respective classes of plant are based on actual costs incurred through December 31, 2020 multiplied by the individual depreciation rate applicable to each FERC utility plant account. Supporting work papers for the calculated weighted average depreciation rates will be provided in each filing to the OUCC.

Q. Please describe Schedule 6 (Amortization of Deferred Depreciation) of Petitioner's Exhibit No. 3, Attachments JRM-2 and JRM-3.

- A. This schedule calculates the annualized level of deferred depreciation amortization expense included for recovery on line 12 of Schedule 1. It is calculated by multiplying the cumulative deferred depreciation balance as of December 31, 2020 by the annual depreciation rate applicable to the respective classes of plant. This rate is based on the remaining amortization life of plant, in years, as of December 31, 2013. CEI South will continue to utilize these same annual depreciation rates in future filings. As approved in the Order, depreciation will be deferred on any in-Service work order not yet included for recovery in a CSIA filing.

Q. Please describe Schedule 7 (Deferred Revenue Requirement (20%)) of Petitioner's Exhibit No. 3, Attachments JRM-2 and JRM-3.

- A. This schedule captures a summary of the amounts which have been deferred in accordance with the Statutes. As previously discussed, 20% of the revenue requirement calculated on Attachments JRM-2 and JRM-3, Schedule 1 will be deferred until such time as the costs can be recovered as part of CEI South's pending base rate case, Cause No. 45447. Line 17 of Schedule 1 calculates the 20% deferral for the current filing which is allocated by month on Attachment KJT-1, Schedule 3. The total allocated to the semi-annual period which the current filing is recovered is multiplied by the respective component's revenue requirement ratio to total CSIA revenue requirement, to derive the current deferred revenue requirement. CEI South will defer \$2,772,537 for the Compliance Component and \$257,528 for the TDSIC Component during the semi-annual period (July through December 2021), as reflected on line 14 of Schedule 7.

1
2 **Q. What is the balance of the 20% Deferred Revenue Requirement recorded through**
3 **December 31, 2020?**

4 A. As noted on Schedule 7, lines 1 through 12, the total deferred revenue requirement through
5 December 31, 2020 is \$17,809,596 for the Compliance Component and \$1,883,124 for the
6 TDSIC Component, with an additional \$3,112,798 (line 13) for the Compliance Component
7 and \$297,946 (line 13) for the TDSIC Component to be recorded for January through June
8 2021 (TDSIC-13 Rate Effective Period), and an additional \$2,772,537 (line 14) for the
9 Compliance Component and \$257,528 (line 14) for the TDSIC Component to be recorded for
10 July through December 2021 (TDSIC-14 Rate Effective Period).
11

12 **Q. Please describe Schedule 8 (Amortization of Deferred Incremental O&M Expense) of**
13 **Petitioner's Exhibit No. 3, Attachment JRM-2.**

14 A. This schedule calculates the amortization of deferred O&M expense included for recovery in
15 the Compliance Component revenue requirement. As approved in the Order, the deferred
16 O&M expense balance represents the cumulative expenses incurred through December 31,
17 2020 but not yet recovered or approved to be recovered in the CSIA. The deferred balance,
18 less amounts directly amortized for recovery in prior CSIA filings, will be amortized and
19 recovered over twelve (12) months.
20

21 Line 1 reflects the balance of deferred incremental O&M expenses from prior TDSIC filings².
22 Line 2 supports the deferred incremental O&M expenses for the current TDSIC period of July
23 through December 2020 (from Petitioner's Exhibit No. 2, Attachment SJV-2). Line 3 reflects
24 the calculated ending deferred balance as of December 31, 2020, before the inclusion of the
25 expected recoveries from TDSIC-13. Line 4 reflects the expected recoveries minus the
26 variance from TDSIC-13 for the period January through June 2021. This schedule, specifically
27 the total on line 5, supports line 11 of the revenue requirement calculation on Schedule 1.
28

29 **Q. Please describe Schedule 8 (2% TDSIC Annual Retail Revenue Cap Test) of Petitioner's**

² As approved in Cause No. 44429, any remaining over or under recovery variance from the Pipeline Safety Adjustment (once discontinued) would be recoverable in the Compliance Component of the CSIA (Cause No. 44430, Petitioner's Exhibit No. SEA-1). The total deferred balance includes this adjustment, effective with TDSIC-7.

Exhibit No. 3, Attachment JRM-3.

A. Schedule 8 compares the increase in the TDSIC Component revenue requirement to the prior 12-month retail revenues for CEI South, to ensure that the amounts included for recovery in the CSIA adhere to the statutory requirements. As defined in the TDSIC Statute, "the commission may not approve a TDSIC that would result in an average aggregate increase in a public utility's total retail revenues of more than two percent (2%) in a twelve (12) month period." (Ind. Code § 8-1-39-14(a)). The increase in the TDSIC Component revenue requirement is calculated by taking the recoverable TDSIC Component revenue requirement (line 16 of Attachment JRM-3, Schedule 1) in the current CSIA, less the prior recoverable portion of the TDSIC Component revenue requirement in the prior CSIA. This amount is compared to 2% of the retail revenues from the prior 12-month period. "Retail revenues" used in this calculation are calculated consistent with CEI South's Operating Revenues, inclusive of CSIA revenues, from the GCA NOI earnings test. The TDSIC Component revenue requirement reflected on Schedule 8 does not exceed 2% of retail revenues during the previous 12 months.

Q. Please describe Schedule 9 (NOI Adjusted for GCA Earnings Test) of Petitioner's Exhibit No. 3, Attachments JRM-2 and JRM-3.

A. In accordance with the Order, CEI South will adjust its statutory NOI earnings test by increasing its authorized NOI by incremental earnings from approved CSIA filings. This calculates the after-tax return on investment that will be added to the authorized NOI by multiplying the net new capital investment from line 6 of Attachments JRM-2 and JRM-3, Schedule 1 by the after-tax WACC on line 5 of Schedule 4, Page 1. Effective with the approved rates in this Cause, CEI South will adjust its authorized NOI by \$12,500,034 for the Compliance Component and \$1,506,313 for the TDSIC Component, as denoted on line 3 of Schedule 9 of Petitioner's Exhibit No. 3, Attachments JRM-2 and JRM-3, respectively.

IV. CONCLUSION

Q. Does this conclude your prepared direct testimony?

A. Yes, it does.

VERIFICATION

The undersigned, Jason R. Mathews, affirms under the penalties of perjury that the answers in the foregoing Direct Testimony in Cause No. 44429-TDSIC-14 are true to the best of his knowledge, information and belief.



Jason R. Mathews

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TOTAL ANNUAL REVENUE REQUIREMENT THROUGH DECEMBER 31, 2020

Line	Description	A = B + C Revenue Requirement Total	B Revenue Requirement 20% Deferred	C Revenue Requirement 80% Recoverable	Reference
1	Compliance Component - Revenue Requirement	\$ 29,205,437	\$ 5,841,087	\$ 23,364,350 (A)	Attachment JRM-2, Schedule 1, Line 16 & 17
2	TDSIC Component - Revenue Requirement	\$ 2,712,759	\$ 542,552	\$ 2,170,207 (B)	Attachment JRM-3, Schedule 1, Line 16 & 17 (C)
3	CSIA Revenue Requirement Subtotal	\$ 31,918,197	\$ 6,383,640	\$ 25,534,557	Line 1 + Line 2

Notes:

(A) To Attachment KJT-1, Schedule 2, Line 1

(B) To Attachment KJT-1, Schedule 2, Line 2

(C) Pending results from 2% TDSIC Annual Retail Revenue Cap Test from Attachment JRM-3, Schedule 8, amounts shown in Column B and C may vary.

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
ACTUAL VARIANCES BY RATE SCHEDULE THROUGH DECEMBER 31, 2020

Line	Description	Rate Schedule				Total	Reference
		A	B	C	D	E	F
	Actual Recoveries (Inclusive of IURT)	110	120/125/129/145	160	170		
1	Jul-20	\$ 1,317,111	\$ 171,353	\$ 139,804	\$ 25,964	\$ 1,654,231	(A)
2	Aug-20	\$ 1,406,844	\$ 219,311	\$ 129,195	\$ 35,654	\$ 1,791,005	(A)
3	Sep-20	\$ 1,450,497	\$ 235,359	\$ 118,668	\$ 41,748	\$ 1,846,271	(A)
4	Oct-20	\$ 1,449,715	\$ 354,162	\$ 150,253	\$ 25,635	\$ 1,979,765	(A)
5	Nov-20	\$ 1,443,648	\$ 396,253	\$ 140,615	\$ 25,394	\$ 2,005,910	(A)
6	Dec-20	\$ 1,458,703	\$ 633,603	\$ 155,490	\$ 33,702	\$ 2,281,498	(A)
7	Total Actual Recoveries Inclusive of IURT	\$ 8,526,518	\$ 2,010,041	\$ 834,024	\$ 188,097	\$ 11,558,680	Sum Lines 1-6
	Actual Recoveries (Exclusive of IURT)	110	120/125/ 129/145	160	170		
8	Jul-20	\$ 1,297,618	\$ 168,817	\$ 137,735	\$ 25,579	\$ 1,629,748	Line 1 x 0.9852
9	Aug-20	\$ 1,386,023	\$ 216,066	\$ 127,283	\$ 35,126	\$ 1,764,498	Line 2 x 0.9852
10	Sep-20	\$ 1,429,029	\$ 231,875	\$ 116,912	\$ 41,130	\$ 1,818,946	Line 3 x 0.9852
11	Oct-20	\$ 1,428,260	\$ 348,921	\$ 148,029	\$ 25,256	\$ 1,950,465	Line 4 x 0.9852
12	Nov-20	\$ 1,422,282	\$ 390,388	\$ 138,534	\$ 25,019	\$ 1,976,223	Line 5 x 0.9852
13	Dec-20	\$ 1,437,114	\$ 624,225	\$ 153,189	\$ 33,203	\$ 2,247,732	Line 6 x 0.9852
14	Total Actual Recoveries Exclusive of IURT	\$ 8,400,326	\$ 1,980,292	\$ 821,681	\$ 185,313	\$ 11,387,612	Sum Lines 8-13
	Approved Recoveries (Exclusive of IURT)	110	120/125/ 129/145	160	170		
15	Jul-20	\$ 1,415,978	\$ 208,725	\$ 142,897	\$ 19,977	\$ 1,787,577	(B)
16	Aug-20	\$ 1,413,592	\$ 213,560	\$ 150,809	\$ 24,190	\$ 1,802,151	(B)
17	Sep-20	\$ 1,412,016	\$ 243,977	\$ 158,871	\$ 30,564	\$ 1,845,428	(B)
18	Oct-20	\$ 1,415,004	\$ 310,606	\$ 145,552	\$ 31,695	\$ 1,902,856	(B)
19	Nov-20	\$ 1,425,493	\$ 575,931	\$ 169,402	\$ 39,745	\$ 2,210,571	(B)
20	Dec-20	\$ 1,432,646	\$ 937,472	\$ 157,706	\$ 19,708	\$ 2,547,532	(B)
21	Total Approved Recoveries Exclusive of IURT	\$ 8,514,728	\$ 2,490,271	\$ 925,237	\$ 165,879	\$ 12,096,115	Sum Lines 15-20
22	Total Variance (C)	\$ 114,402	\$ 509,979	\$ 103,556	\$ (19,434)	\$ 708,503	Line 21 - Line 14
	Under/(Over) Recovery						

Notes:

(A) Actual Recoveries represent billed CSIA revenues from the Company's customer billing system by month and by Rate Schedule.

(B) See Attachment JRM-1, Schedule 2, Page 2.

Based on prior CSIA approvals

(C) To Attachment KJT-1, Schedule 1, Lines 16-19

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
ADJUSTMENTS TO APPROVED RECOVERIES BY RATE SCHEDULE THROUGH DECEMBER 31, 2020

Line	Description	Rate Schedule				Total	Reference
		A	B	C	D		
	Approved Recoveries (Exclusive of IURT)	110	120/125/129/145	160	170		
1	Jul-20	\$ 1,415,978	\$ 208,725	\$ 142,897	\$ 19,977	\$ 1,787,577	(A)
2	Aug-20	\$ 1,413,592	\$ 213,560	\$ 150,809	\$ 24,190	\$ 1,802,151	(A)
3	Sep-20	\$ 1,412,016	\$ 243,977	\$ 158,871	\$ 30,564	\$ 1,845,428	(A)
4	Oct-20	\$ 1,415,004	\$ 310,606	\$ 145,552	\$ 31,695	\$ 1,902,856	(A)
5	Nov-20	\$ 1,425,493	\$ 575,931	\$ 169,402	\$ 39,745	\$ 2,210,571	(A)
6	Dec-20	\$ 1,432,646	\$ 937,472	\$ 157,706	\$ 19,708	\$ 2,547,532	(A)
7	Total Approved Recoveries (Exclusive of IURT)	\$ 8,514,728	\$ 2,490,271	\$ 925,237	\$ 165,879	\$ 12,096,115	Sum Lines 1-6

Notes:

(A) Based on prior CSIA approvals - TDSIC-12, Attachment JCS-4, Schedule 3

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
REVISED EXCESS ACCUMULATED DEFERRED INCOME TAX ("EADIT") LIABILITY
As of December 31, 2017

Line	Component	Originating FERC Account		Vectren South - Gas
1	Unbilled Revenue	190	\$	39,360
2	Property Taxes	190	\$	93,746
3	Bad Debts	190	\$	64,617
4	Accrued Vacation	190	\$	-
5	Capitalized Gas Inventory in Lines	190	\$	5,996
6	Record Sec. 263A CAP Costs	190	\$	140,209
7	Refund Gas Costs Collected under GCA & FAC	283	\$	(577,830)
8	Coal Inventory	283	\$	-
9	Prepaid Insurance	283	\$	(19,231)
10	Construction Deposits	190	\$	100,447
11	FASB 106 Costs	190	\$	311,880
12	MGP Reserve Net of Insurance	190	\$	131,732
13	Reverse Exec Restr Stock Accr	190	\$	160,447
14	Deferred Comp/Long-term Incentive Plan	190	\$	311,822
15	Prepaid Ohio Excise Tax	190	\$	-
16	Amortization of Debt Expense	283	\$	(99,068)
17	Amortization of Premium on Reacquired Debt	283	\$	(513)
18	Amortization of Rate Case Expense	283	\$	-
19	Def Debits/Reg Assets	283	\$	(1,023,942)
20	Amortization of Hedging Costs/Losses	283	\$	(127,489)
21	Interest on prepaid OH Excise	283	\$	-
22	Pension Expense in Excess of Tax	283	\$	(760,782)
23	Cap Interest- CWIP	190	\$	2,578
24	AFUDC CWIP (non-protected)	282	\$	(348,995)
25	Depreciation Related (protected)	282	\$	(20,883,087)
26	Repairs (non-protected)	282	\$	(3,278,800)
27	Total		\$	(25,756,906)
28	FERC 190	190	\$	1,362,833
29	FERC 282	282	\$	(24,510,882)
30	FERC 283	283	\$	(2,608,856)
31	Total		\$	(25,756,906)
32	Protected	[Line 25]	\$	(20,883,087)
33	Unprotected	[Line 27 - Line 32]	\$	(4,873,818)
34	Total		\$	(25,756,906)

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
REVISED EXCESS ACCUMULATED DEFERRED INCOME TAX ("EADIT") LIABILITY AMORTIZATION
As of December 31, 2017

Line	Amortization Period Year	ARAM Defined Protected	10-Years Unprotected	Total Excess Deferred Credit
1	2018	\$ (326,907)	\$ (487,382)	\$ (814,289)
2	2019	\$ (277,417)	\$ (487,382)	\$ (764,799)
3	2020	\$ (251,828)	\$ (487,382)	\$ (739,210)
4	2021	\$ (255,583)	\$ (487,382)	\$ (742,965)
5	2022	\$ (256,731)	\$ (487,382)	\$ (744,112)
6	2023	\$ (255,579)	\$ (487,382)	\$ (742,961)
7	2024	\$ (909,412)	\$ (487,382)	\$ (1,396,794)
8	2025	\$ (174,611)	\$ (487,382)	\$ (661,992)
9	2026	\$ (991,757)	\$ (487,382)	\$ (1,479,139)
10	2027	\$ (998,793)	\$ (487,382)	\$ (1,486,175)
11	2028	\$ (267,572)	\$	\$ (267,572)
12	2029	\$ (372,185)	\$	\$ (372,185)
13	2030	\$ (222,388)	\$	\$ (222,388)
14	2031	\$ (249,778)	\$	\$ (249,778)
15	2032	\$ (316,929)	\$	\$ (316,929)
16	2033	\$ (320,311)	\$	\$ (320,311)
17	2034	\$ (323,678)	\$	\$ (323,678)
18	2035	\$ (327,268)	\$	\$ (327,268)
19	2036	\$ (330,905)	\$	\$ (330,905)
20	2037	\$ (334,717)	\$	\$ (334,717)
21	2038	\$ (337,716)	\$	\$ (337,716)
22	2039	\$ (1,245,129)	\$	\$ (1,245,129)
23	2040	\$ (1,241,473)	\$	\$ (1,241,473)
24	2041	\$ (1,217,532)	\$	\$ (1,217,532)
25	2042	\$ (893,622)	\$	\$ (893,622)
26	2043	\$ (827,959)	\$	\$ (827,959)
27	2044	\$ (804,829)	\$	\$ (804,829)
28	2045	\$ (786,025)	\$	\$ (786,025)
29	2046	\$ (772,088)	\$	\$ (772,088)
30	2047	\$ (741,346)	\$	\$ (741,346)
31	2048	\$ (759,212)	\$	\$ (759,212)
32	2049	\$ (1,045,193)	\$	\$ (1,045,193)
33	2050	\$ (1,038,230)	\$	\$ (1,038,230)
34	2051	\$ (1,408,382)	\$	\$ (1,408,382)
35	2052	\$ -	\$	\$ -
36	2053	\$ -	\$	\$ -
37	2054	\$ -	\$	\$ -
38	2055	\$ -	\$	\$ -
39	Total	\$ (20,883,087)	\$ (4,873,818)	\$ (25,756,905)

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMBINED COMPLIANCE AND TDSIC COMPONENT
ANNUAL REVENUE REQUIREMENT THROUGH DECEMBER 31, 2020

Line	Description	Compliance Component	TDSIC Component	Total Amount	
	<u>Return on New Capital Investment:</u>				
1	Gross New Capital Investment - As of End of Period	\$ 196,082,625	\$ 22,718,339	\$ 218,800,964	
2	Accumulated Depreciation - As of End of Period	\$ (8,668,805)	\$ 1,307,396	\$ (7,361,410)	
3	Net New Capital Investment - As of End of Period	\$ 187,413,820	\$ 24,025,734	\$ 211,439,554	
4	New Capital Investment CWIP - As of End of Period	\$ 3,578,476	\$ 513	\$ 3,578,989	
5	PISCC Deferred Balance - As of End of Period	\$ 8,052,827	\$ 1,078,970	\$ 9,131,797	
6	Total New Capital Investment - As of End of Period	\$ 199,045,122	\$ 25,105,218	\$ 224,150,340	
7	Pre-Tax Rate of Return	7.92%	7.55%		
8	Annualized Return on New Capital Investment	\$ 15,764,374	\$ 1,895,444	\$ 17,659,818	(B)
	<u>Incremental Expenses:</u>				
9	Property Tax Expense - Annualized	\$ 1,242,835	\$ 143,127	\$ 1,385,962	
10	Depreciation Expense - Annualized	\$ 5,877,449	\$ 619,805	\$ 6,497,254	
11	Amortization Expense - Deferred Incremental O&M Expense	\$ 5,953,276	\$ -	\$ 5,953,276	
12	Amortization Expense - Deferred Depreciation	\$ 113,732	\$ 15,444	\$ 129,177	
13	Amortization Expense - Deferred PISCC	\$ 253,772	\$ 38,939	\$ 292,711	
14	Total Incremental Expenses	\$ 13,441,064	\$ 817,315	\$ 14,258,379	
15	Annual Revenue Requirement - Compliance and TDSIC Components	\$ 29,205,437	\$ 2,712,759	\$ 31,918,197	
16	Recoverable Compliance and TDSIC Components within CSIA (80%)	\$ 23,364,350	\$ 2,170,207	\$ 25,534,557	(A)
17	To Be Deferred (20%)	\$ 5,841,087	\$ 542,552	\$ 6,383,640	
	<u>Notes:</u>				
(A)	For accounting purposes only, the collection of 80% of the revenue requirement will cover in order of priority the full return on the investments [Line 8 - \$17,659,818], including the full equity and debt return, and then eligible operating expenses [Line 16 less Line 8 - \$7,874,739]. The collection priority will not impact the total amount authorized by the Commission for immediate recovery in the CSIA [Line 16 - \$25,534,557], nor the amount deferred and authorized for future recovery in a base rate proceeding [Line 17 - \$6,383,640].				
(B)	Equity Return - Compliance Component	\$ 13,077,265			
	Equity Return - TDSIC Component	\$ 1,556,524			
	Total Equity Return - Pre-Tax	\$ 14,633,789			
	Debt Return - Compliance Component	\$ 2,687,109			
	Debt Return - TDSIC Component	\$ 338,920			
	Total Debt Return	\$ 3,026,029			

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
ANNUAL REVENUE REQUIREMENT THROUGH DECEMBER 31, 2020

Line	Description	Total Amount	Reference
	<u>Return on New Capital Investment:</u>		
1	Gross New Capital Investment - As of End of Period	\$ 196,082,625	Schedule 2, Line 18, Col. G
2	Accumulated Depreciation - As of End of Period	\$ (8,668,805)	Schedule 2, Line 42, Col. G
3	Net New Capital Investment - As of End of Period	\$ 187,413,820	Line 1 + Line 2
4	New Capital Investment CWIP - As of End of Period	\$ 3,578,476	Schedule 2, Line 48, Col. G
5	PISCC Deferred Balance - As of End of Period	\$ 8,052,827	Schedule 3, Line 28, Col. G
6	Total New Capital Investment - As of End of Period	\$ 199,045,122	Line 3 + Line 4 + Line 5
7	Pre-Tax Rate of Return	7.92%	Schedule 4, Page 1, Line 17
8	Annualized Return on New Capital Investment	\$ 15,764,374	Line 6 x Line 7
	<u>Incremental Expenses:</u>		
9	Property Tax Expense - Annualized	\$ 1,242,835	(Line 1 x 0.63%) + (Line 4 x 0.21%) (A)
10	Depreciation Expense - Annualized	\$ 5,877,449	Schedule 5, Line 17
11	Amortization Expense - Deferred Incremental O&M Expense	\$ 5,953,276	Schedule 8, Line 5
12	Amortization Expense - Deferred Depreciation	\$ 113,732	Schedule 6, Line 18
13	Amortization Expense - Deferred PISCC	\$ 253,772	Schedule 3, Line 34
14	Total Incremental Expenses	\$ 13,441,064	Sum Lines 9-13
15	Annual Revenue Requirement - Compliance Component	\$ 29,205,437	Line 8 + Line 14
16	Recoverable Compliance Component of CSIA (80%)	\$ 23,364,350	Line 15 x 80% (B)
17	To Be Deferred (20%)	\$ 5,841,087	Line 15 x 20% (B)

Notes:

- (A) The annualized level of property taxes is calculated using an estimated CEI South rate of 2.11% multiplied by the tax basis of the: (1) plant, estimated to be 30% of the gross new capital investment amount, and (2) CWIP, estimated to be 10% of the new capital investment CWIP amount.
- (B) To Attachment JRM-1, Schedule 1, Line 1

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
NEW CAPITAL INVESTMENT

		A	B	C	D	E	F	G
		Balance at 6/30/2020	7/31/2020	8/31/2020	9/30/2020	10/31/2020	11/30/2020	Balance at 12/31/2020
Line	Gross New Capital Investment							
	Gross Assets							
1	Transmission	\$ 58,997,658	\$ 58,988,926	\$ 62,412,579	\$ 62,885,400	\$ 62,961,578	\$ 63,001,224	\$ 65,484,090
2	Distribution	\$ 124,822,875	\$ 125,479,172	\$ 126,500,730	\$ 127,550,786	\$ 127,884,831	\$ 128,152,656	\$ 134,802,842
3	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Underground Storage	\$ 1,848,957	\$ 1,868,876	\$ 1,877,367	\$ 1,909,230	\$ 1,932,908	\$ 1,909,234	\$ 2,264,330
5	General	\$ 55,394	\$ 55,394	\$ 55,394	\$ 55,394	\$ 55,394	\$ 55,394	\$ 55,394
6	Total Gross Assets	\$ 185,724,885	\$ 186,392,369	\$ 190,846,070	\$ 192,400,810	\$ 192,834,711	\$ 193,118,509	\$ 202,606,657
	Retirements							
7	Transmission	\$ (204,860)	\$ (204,860)	\$ (205,568)	\$ (205,568)	\$ (206,682)	\$ (206,682)	\$ (221,937)
8	Distribution	\$ (5,917,090)	\$ (5,919,902)	\$ (5,922,205)	\$ (5,970,359)	\$ (5,970,546)	\$ (5,971,638)	\$ (6,244,607)
9	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Underground Storage	\$ (57,488)	\$ (57,488)	\$ (57,488)	\$ (57,488)	\$ (57,488)	\$ (57,488)	\$ (57,488)
11	General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Total Retirements	\$ (6,179,438)	\$ (6,182,250)	\$ (6,185,261)	\$ (6,233,416)	\$ (6,234,715)	\$ (6,235,807)	\$ (6,524,032)
	Gross New Capital Investment							
13	Transmission	\$ 58,792,798	\$ 58,784,066	\$ 62,207,010	\$ 62,679,832	\$ 62,754,896	\$ 62,794,543	\$ 65,262,154
14	Distribution	\$ 118,905,785	\$ 119,559,270	\$ 120,578,525	\$ 121,580,427	\$ 121,914,285	\$ 122,181,019	\$ 128,558,234
15	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Underground Storage	\$ 1,791,469	\$ 1,811,388	\$ 1,819,880	\$ 1,851,742	\$ 1,875,420	\$ 1,851,747	\$ 2,206,842
17	General	\$ 55,394	\$ 55,394	\$ 55,394	\$ 55,394	\$ 55,394	\$ 55,394	\$ 55,394
18	Total Gross New Capital Investment	\$ 179,545,447	\$ 180,210,119	\$ 184,660,809	\$ 186,167,395	\$ 186,599,996	\$ 186,882,703	\$ 196,082,625
	= (Gross Assets + Retirements)							To Schedule 1, Line 1

		Balance At 6/30/2020	7/31/2020	8/31/2020	9/30/2020	10/31/2020	11/30/2020	Balance At 12/31/2020
Line	Accumulated Depreciation Balance							
	Depreciation Expense							
19	Transmission	\$ 5,638,818	\$ 5,784,890	\$ 5,937,930	\$ 6,098,535	\$ 6,260,026	\$ 6,421,676	\$ 6,587,665
20	Distribution	\$ 10,897,734	\$ 11,206,224	\$ 11,516,796	\$ 11,829,964	\$ 12,144,889	\$ 12,460,601	\$ 12,784,757
21	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Underground Storage	\$ 36,180	\$ 39,479	\$ 42,804	\$ 46,165	\$ 49,574	\$ 52,984	\$ 56,641
23	General	\$ 7,348	\$ 7,534	\$ 7,720	\$ 7,906	\$ 8,092	\$ 8,278	\$ 8,465
24	Total Depreciation Expense	\$ 16,580,079	\$ 17,038,128	\$ 17,505,250	\$ 17,982,570	\$ 18,462,581	\$ 18,943,540	\$ 19,437,528
	Retirements							
25	Transmission	\$ (204,860)	\$ (204,860)	\$ (205,568)	\$ (205,568)	\$ (206,682)	\$ (206,682)	\$ (221,937)
26	Distribution	\$ (5,917,090)	\$ (5,919,902)	\$ (5,922,205)	\$ (5,970,359)	\$ (5,970,546)	\$ (5,971,638)	\$ (6,244,607)
27	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Underground Storage	\$ (57,488)	\$ (57,488)	\$ (57,488)	\$ (57,488)	\$ (57,488)	\$ (57,488)	\$ (57,488)
29	General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	Total Retirements	\$ (6,179,438)	\$ (6,182,250)	\$ (6,185,261)	\$ (6,233,416)	\$ (6,234,715)	\$ (6,235,807)	\$ (6,524,032)
	Cost of Removal							
31	Transmission	\$ (53,030)	\$ (53,760)	\$ (56,240)	\$ (55,889)	\$ (55,236)	\$ (55,236)	\$ (55,208)
32	Distribution	\$ 2,715,054	\$ 2,739,978	\$ 2,788,456	\$ 2,815,344	\$ 2,839,583	\$ 2,877,291	\$ 2,918,170
33	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Underground Storage	\$ 1,162,830	\$ 775,536	\$ 876,258	\$ 1,278,027	\$ 1,296,352	\$ 1,304,209	\$ 1,381,729
35	General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36	Total Cost of Removal	\$ 3,824,855	\$ 3,461,754	\$ 3,608,474	\$ 4,037,482	\$ 4,080,699	\$ 4,126,264	\$ 4,244,691
	Total Accumulated Depreciation Balance							
37	Transmission	\$ (5,486,987)	\$ (5,633,790)	\$ (5,788,601)	\$ (5,948,855)	\$ (6,108,580)	\$ (6,270,230)	\$ (6,420,937)
38	Distribution	\$ (2,265,589)	\$ (2,546,344)	\$ (2,806,135)	\$ (3,044,261)	\$ (3,334,760)	\$ (3,611,673)	\$ (3,621,979)
39	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	Underground Storage	\$ 1,184,138	\$ 793,544	\$ 890,942	\$ 1,289,350	\$ 1,304,266	\$ 1,308,713	\$ 1,382,576
41	General	\$ (7,348)	\$ (7,534)	\$ (7,720)	\$ (7,906)	\$ (8,092)	\$ (8,278)	\$ (8,465)
42	Total Accumulated Depreciation Balance	\$ (6,575,787)	\$ (7,394,124)	\$ (7,711,515)	\$ (7,711,672)	\$ (8,147,167)	\$ (8,581,469)	\$ (8,668,805)
	= - Depreciation Expense - Retirements + Cost of Removal							To Schedule 1, Line 2

		Balance at 12/31/2020
Line	CWIP Balance	
43	Transmission	\$ 1,173,168
44	Distribution	\$ 1,034,040
45	Distribution - IEDC	\$ -
46	Underground Storage	\$ 1,371,268
47	General	\$ -
48	Total CWIP Balance	\$ 3,578,476
		To Schedule 1, Line 4

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
POST IN-SERVICE CARRYING COSTS (PISCC)

Line	Description	Reference	A	B	C	D	E	F	G
1	PISCC Rate - Monthly	Schedule 4, Page 2, Line 5 / 12		0.53%	0.53%	0.53%	0.53%	0.53%	0.53%
2	Debt - PISCC Rate - Monthly	Schedule 4, Page 2, Lines 1,3-4 / 12		0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
3	Equity - PISCC Rate - Monthly	Schedule 4, Page 2, Line 2 / 12		0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
4	Transmission Amortization Rate - Monthly (A)	Schedule 6, Line 8 / 12		0.24%	0.24%	0.24%	0.24%	0.24%	0.24%
5	Distribution Amortization Rate - Monthly (A)	Schedule 6, Line 9 / 12		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
6	Distribution - IEDC Amortization Rate - Monthly (A)	Schedule 6, Line 10 / 12		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
7	Underground Storage Amortization Rate - Monthly (A)	Schedule 6, Line 11 / 12		0.36%	0.36%	0.36%	0.36%	0.36%	0.36%
8	General Amortization Rate - Monthly (A)	Schedule 6, Line 12 / 12		0.31%	0.31%	0.31%	0.31%	0.31%	0.31%
PISCC Cumulative Deferred Balance - DEBT			Balance at 6/30/2020	7/31/2020	8/31/2020	9/30/2020	10/31/2020	11/30/2020	Balance at 12/31/2020
9	Transmission	(B)	\$ 772,680	\$ 773,212	\$ 775,892	\$ 781,024	\$ 786,502	\$ 792,052	\$ 799,189
10	Distribution	(B)	\$ 1,447,467	\$ 1,466,010	\$ 1,485,608	\$ 1,506,510	\$ 1,528,283	\$ 1,550,434	\$ 1,576,938
11	Distribution - IEDC	(B)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Underground Storage	(B)	\$ 18,538	\$ 18,738	\$ 18,955	\$ 19,197	\$ 19,474	\$ 19,752	\$ 20,237
13	General	(B)	\$ 727	\$ 727	\$ 727	\$ 727	\$ 727	\$ 727	\$ 727
14	PISCC Deferred Balance		\$ 2,239,413	\$ 2,258,686	\$ 2,281,182	\$ 2,307,458	\$ 2,334,985	\$ 2,362,964	\$ 2,397,091
PISCC Cumulative Deferred Balance - EQUITY			Balance at 6/30/2020	7/31/2020	8/31/2020	9/30/2020	10/31/2020	11/30/2020	Balance at 12/31/2020
15	Transmission	(B)	\$ 1,976,002	\$ 1,977,710	\$ 1,986,319	\$ 2,002,802	\$ 2,020,394	\$ 2,038,221	\$ 2,061,145
16	Distribution	(B)	\$ 3,732,350	\$ 3,791,908	\$ 3,854,857	\$ 3,921,992	\$ 3,991,924	\$ 4,063,072	\$ 4,148,200
17	Distribution - IEDC	(B)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Underground Storage	(B)	\$ 56,229	\$ 56,869	\$ 57,566	\$ 58,344	\$ 59,235	\$ 60,125	\$ 61,686
19	General	(B)	\$ 1,966	\$ 1,966	\$ 1,966	\$ 1,966	\$ 1,966	\$ 1,966	\$ 1,966
20	PISCC Deferred Balance		\$ 5,766,547	\$ 5,828,452	\$ 5,900,707	\$ 5,985,103	\$ 6,073,519	\$ 6,163,384	\$ 6,272,997
PISCC Cumulative Deferred Balance - DEBT + EQUITY			Balance at 6/30/2020	7/31/2020	8/31/2020	9/30/2020	10/31/2020	11/30/2020	Balance at 12/31/2020
21	Transmission	Line 9 + Line 15	\$ 2,748,682	\$ 2,750,922	\$ 2,762,211	\$ 2,783,826	\$ 2,806,896	\$ 2,830,273	\$ 2,860,334
22	Distribution	Line 10 + Line 16	\$ 5,179,817	\$ 5,257,918	\$ 5,340,465	\$ 5,428,502	\$ 5,520,206	\$ 5,613,506	\$ 5,725,138
23	Distribution - IEDC	Line 11 + Line 17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Underground Storage	Line 12 + Line 18	\$ 74,768	\$ 75,606	\$ 76,520	\$ 77,541	\$ 78,709	\$ 79,877	\$ 81,923
25	General	Line 13 + Line 19	\$ 2,693	\$ 2,693	\$ 2,693	\$ 2,693	\$ 2,693	\$ 2,693	\$ 2,693
26	PISCC Deferred Balance	Sum Lines 21-25	\$ 8,005,959	\$ 8,087,138	\$ 8,181,889	\$ 8,292,561	\$ 8,408,504	\$ 8,526,348	\$ 8,670,088
27	Less: Amortization of PISCC	(C)	\$ (511,302)	\$ (528,962)	\$ (546,622)	\$ (564,282)	\$ (581,942)	\$ (599,602)	\$ (617,262)
28	Total PISCC Deferred Balance	Line 26 + Line 27	\$ 7,494,657	\$ 7,558,176	\$ 7,635,267	\$ 7,728,279	\$ 7,826,562	\$ 7,926,746	\$ 8,052,827
To Schedule 1, Line 5									
Annualized Amortization Expense									
29	Transmission	Line 4 x Line 21 x 12							\$ 81,724
30	Distribution	Line 5 x Line 22 x 12							\$ 168,386
31	Distribution - IEDC	Line 6 x Line 23 x 12							\$ -
32	Underground Storage	Line 7 x Line 24 x 12							\$ 3,562
33	General	Line 8 x Line 25 x 12							\$ 100
34	Total Amortization Expense	Sum Lines 29-33							\$ 253,772
To Schedule 1, Line 13									

(A) Based on Amortization Life of Plant as of December 31, 2013. Annual depreciation rate is 1 divided by Number of Years, as shown on Attachment JRM-2, Schedule 6.

(B) Calculated as the PISCC rates (lines 2 & 3) multiplied by the monthly PISCC eligible balances. PISCC eligible balances are based on the gross plant placed in service not yet captured for recovery in the CSIA.

(C) Amortization of approximately \$17,660 per month beginning in July 2020 is based on annualized amortization expense of \$211,919 from TDSIC-12, Attachment JCS-2, Schedule 3, Line 34.

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
PRE-TAX RATE OF RETURN AND AFTER TAX PISCC RATE AT JUNE 30, 2020

Line	After-Tax (A)	A Amount (\$000's)	B Weighting	C Cost	D = B x C WACC
1	Debt	\$ 781,168	33.10%	3.99%	1.32%
2	Equity	\$ 1,146,523	48.58%	10.15%	4.93%
3	Cost Free Capital	\$ 419,469	17.77%	0.00%	0.00%
4	Other	\$ 13,056	0.55%	4.77%	0.03%
5	Total	\$ 2,360,216			6.28%

(B)
To Schedule 9, Line 2

Pre-Tax Equity Component Calculation

6	After-Tax Cost of Equity per Line 2	4.93%		Line 2, Col. D
7	One		100.00%	
8	Less: Current State Tax Rate		5.075%	(C)
9	Federal Taxable		94.93%	Line 7 - Line 8
10	One Less Federal Income Tax		79.00%	1 - 21%
11	Effective Gross-Up Factor		74.99%	Line 9 x Line 10
12	Pre-Tax Equity	6.57%		Line 6 / Line 11

Forecast - Adjusted ROR (fixed ROE)

13	Debt		1.32%	from Line 1
14	Equity		6.57%	from Line 12
15	Cost Free Capital		0.00%	from Line 3
16	Other		0.03%	from Line 4
17	Total Pre-Tax Rate of Return		7.92%	Sum Lines 13-16

To Schedule 1, Line 7

(A) All data in Lines 1 through 5 are per Order in most recent TDSIC Case, Cause No. 44429-TDSIC-13

(B)	Proof	Equity	Debt and Other	Total	
18	Total New Capital Investment	\$ 199,045,122	\$ 199,045,122		from Schedule 1, Line 6
19	Pre-Tax Return	6.57%	1.35%		from Lines 13-16
20	Return	\$ 13,085,513	\$ 2,687,109		Line 18 x Line 19
21	State Tax	\$ 664,090			5.075% x Line 20
22	Federal Taxable Return	\$ 12,421,423	\$ 2,687,109		Line 20 - Line 21
23	Federal Tax	\$ 2,608,499			Line 22 x 21%
24	After Tax Return \$	\$ 9,812,925	\$ 2,687,109	\$ 12,500,034	Line 20 - Lines 21 and 23
25	After-Tax Rate of Return			6.28%	Line 24 / Line 18
				equals Line 5	

(C) Represents a blended State Tax Rate:
- January 1, 2021 - December 31, 2021 @ 5.075%
- Based on 5.250% @ January 1, 2021 and 4.900% @ July 1, 2021

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
AFTER TAX PISCC RATE AT DECEMBER 31, 2019

<u>Line</u>	<u>After-Tax (A)</u>	<u>A</u> <u>Amount (\$000's)</u>	<u>B</u> <u>Weighting</u>	<u>C</u> <u>Cost</u>	<u>D = B x C</u> <u>WACC</u>
1	Debt	\$ 780,624	33.71%	4.38%	1.48%
2	Equity	\$ 1,106,555	47.79%	10.15%	4.85%
3	Cost Free Capital	\$ 414,992	17.92%	0.00%	0.00%
4	Other	\$ 13,428	0.58%	4.86%	0.03%
5	Total	\$ 2,315,599			6.36%

(A) All data in Lines 1 through 5 represent the actual balances as of December 31, 2019 (as presented in TDSIC-13 filing on JCS-3, Sch 4, Pg 2).

**SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
ANNUALIZED DEPRECIATION EXPENSE ON NEW CAPITAL INVESTMENT**

Line	Description	Balance at 12/31/2020	Reference
<u>Depreciable In-Service Balance</u>			
1	Transmission	\$ 65,262,154	Schedule 2, Line 13, Col. G
2	Distribution	\$ 128,558,234	Schedule 2, Line 14, Col. G
3	Distribution - IEDC	\$ -	Schedule 2, Line 15, Col. G
4	Underground Storage	\$ 2,206,842	Schedule 2, Line 16, Col. G
5	General	\$ 55,394	Schedule 2, Line 17, Col. G
6	Total	\$ 196,082,625	Sum Lines 1-5
<u>Monthly Depreciation Rates</u>			
7	Transmission	0.26%	(A)
8	Distribution	0.25%	(A)
9	Distribution - IEDC	0.00%	(B)
10	Underground Storage	0.17%	(A)
11	General	0.34%	(A)
<u>Annualized Depreciation Expense</u>			
12	Transmission	\$ 2,035,697	Line 1 x Line 7 x 12
13	Distribution	\$ 3,793,641	Line 2 x Line 8 x 12
14	Distribution - IEDC	\$ -	Line 3 x Line 9 x 12
15	Underground Storage	\$ 45,878	Line 4 x Line 10 x 12
16	General	\$ 2,232	Line 5 x Line 11 x 12
17	Total Annualized Depreciation Expense	\$ 5,877,449	Sum Lines 12-16
To Schedule 1, Line 10			

- (A) Current average of authorized depreciation rates. Supporting work papers will show a detailed calculation of depreciation rates by class of plant.
- (B) Reflects no plant additions through current period for class of plant.

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
AMORTIZATION OF DEFERRED DEPRECIATION

Line	Description	A Balance at 6/30/2020	B 7/31/2020	C 8/31/2020	D 9/30/2020	E 10/31/2020	F 11/30/2020	G Balance at 12/31/2020
Deferred Depreciation Balance (A)								
1	Transmission	\$ 1,255,432	\$ 1,257,752	\$ 1,267,036	\$ 1,283,885	\$ 1,301,617	\$ 1,319,506	\$ 1,341,717
2	Distribution	\$ 2,283,316	\$ 2,317,169	\$ 2,353,096	\$ 2,391,551	\$ 2,431,695	\$ 2,472,626	\$ 2,521,656
3	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Underground Storage	\$ 24,542	\$ 24,810	\$ 25,102	\$ 25,431	\$ 25,808	\$ 26,186	\$ 26,811
5	General	\$ 1,767	\$ 1,767	\$ 1,767	\$ 1,767	\$ 1,767	\$ 1,767	\$ 1,767
6	Less: Amortization of Deferrals (B)	\$ (220,819)	\$ (228,727)	\$ (236,635)	\$ (244,542)	\$ (252,450)	\$ (260,358)	\$ (268,266)
7	Total Deferred Depreciation Balance	\$ 3,344,239	\$ 3,372,770	\$ 3,410,367	\$ 3,458,091	\$ 3,508,438	\$ 3,559,728	\$ 3,623,686
Depreciation Rates (C)								
8	Transmission							2.86%
9	Distribution							2.94%
10	Distribution - IEDC							2.94%
11	Underground Storage							4.35%
12	General							3.70%
Deferred Depreciation Amortization Expense								
13	Transmission					Line 1 x Line 8	\$	38,335
14	Distribution					Line 2 x Line 9	\$	74,166
15	Distribution - IEDC					Line 3 x Line 10	\$	-
16	Underground Storage					Line 4 x Line 11	\$	1,166
17	General					Line 5 x Line 12	\$	65
18	Total Deferred Depreciation Amortization Expense					Sum Lines 13-17	\$	113,732

To Schedule 1, Line 12

- (A) Calculated by taking the gross new plant investment, less retirements, placed in-service but not yet included in CSIA recovery.
- (B) Amortization of approximately \$7,908 per month beginning in July 2020 is based on annualized amortization expense of \$94,893 from TDSIC-12, Attachment JCS-2, Schedule 6, Line 18.
- (C) Based on Amortization Life of Plant as of December 31, 2013. Annual depreciation rate is 1 divided by Number of Years.
- Transmission - 35 years
 - Distribution - 34 years
 - Distribution - IEDC - 34 years
 - Underground Storage - 23 years
 - General - 27 years

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
DEFERRED REVENUE REQUIREMENT (20%)

Line	Description	Amount	Reference
1	TDSIC-1, Compliance Component - through 06/30/2014	\$ 146,324	TDSIC-1, JCS-2, Sch 7, Line 1
2	TDSIC-2, Compliance Component - through 12/31/2014	\$ 537,445	TDSIC-2, JCS-2, Sch 7, Line 2
3	TDSIC-3, Compliance Component - through 06/30/2015	\$ 790,730	TDSIC-3, JCS-2, Sch 7, Line 3
4	TDSIC-4, Compliance Component - through 12/31/2015	\$ 948,050	TDSIC-4, JCS-2, Sch 7, Line 4
5	TDSIC-5, Compliance Component - through 06/30/2016	\$ 1,120,319	TDSIC-5, JCS-2, Sch 7, Line 5
6	TDSIC-6, Compliance Component - through 12/31/2016	\$ 1,387,824	TDSIC-6, JCS-R2, Sch 7, Line 6
7	TDSIC-7, Compliance Component - through 06/30/2017	\$ 1,433,702	TDSIC-7, JCS-2, Sch 7, Line 7 (B)
8	TDSIC-8, Compliance Component - through 12/31/2017	\$ 1,649,806	TDSIC-8, JCS-2 (Revised), Sch 7, Line 8
9	TDSIC-9, Compliance Component - through 06/30/2018	\$ 2,024,386	TDSIC-9, JCS-2, Sch 7, Line 9
10	TDSIC-10, Compliance Component - through 12/31/2018	\$ 2,316,631	TDSIC-10 JCS-2, Sch 7, Line 10 (C)
11	TDSIC-11, Compliance Component - through 06/30/2019	\$ 2,842,072	TDSIC-11 JCS-2, Sch 7, Line 11
12	TDSIC-12, Compliance Component - through 12/31/2019	\$ 2,612,307	TDSIC-12 JCS-2, Sch 7, Line 12
13	TDSIC-13, Compliance Component - through 06/30/2020	\$ 3,112,798	TDSIC-13 JCS-2, Sch 7, Line 13
14	TDSIC-14, Compliance Component - through 12/31/2020	\$ 2,772,537	(A)
15	Total Deferred Revenue Requirement	\$ 23,694,931	

Notes:

- (A)** Attachment KJT-1, Schedule 3, Line 14, Sum of Jul-Dec 2021 x Allocation of Compliance Component Revenue Requirement from Attachment JRM-1, Schedule 1
- (B)** Adjusted to reflect the lower pre-tax rate of return using a 21% Federal Tax Rate - no other changes made to authorized amounts.
- (C)** TDSIC-10 deferred revenues have been adjusted to reflect the corrected allocation previously described in Witness Swiz's TDSIC-11 testimony (Page 18).

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
AMORTIZATION OF DEFERRED INCREMENTAL O&M EXPENSE

Line	Description	Amount	Reference
1	Balance - at end of previous reconciliation period [06/30/2020]	\$ 7,932,356	TDSIC-13, JCS-2, Sch 8, Line 5 (A)
2	Deferral - current reconciliation period [Jul-Dec 2020]	\$ 2,176,410	Petitioner's Exhibit No. 2, Attachment SJV-2
3	Balance - at end of current reconciliation period [12/31/2020]	\$ 10,108,766	Sum Lines 1-3
4	Less: Expected Recoveries	\$ (4,155,490)	(B)
5	Balance - to be recovered in current effective period	\$ 5,953,276	Sum Lines 4-5
To Schedule 1, Line 11			

Notes:

- (A)** Includes remaining South PSA balance at 12/19/16 as shown in TDSIC-6
(B) Expected recoveries attributable to O&M from TDSIC-13

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
COMPLIANCE COMPONENT
NOI ADJUSTED FOR GCA EARNINGS TEST

<u>Line</u>	<u>Description</u>	<u>Total Amount</u>	<u>Reference</u>
1	Total New Statutory Investment - As of End of Period	\$ 199,045,122	From Schedule 1, Line 6
2	After-Tax Rate of Return	6.28%	From Schedule 4, Page 1, Line 5
3	NOI Adjustment for GCA Earnings Test - TDSIC-14, Compliance Component	\$ 12,500,034	Line 1 x Line 2

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TDSIC COMPONENT
ANNUAL REVENUE REQUIREMENT THROUGH DECEMBER 31, 2020

Line	Description	Total Amount	Reference
	<u>Return on New Capital Investment:</u>		
1	Gross New Capital Investment - As of End of Period	\$ 22,718,339	Schedule 2, Line 18, Col. G
2	Accumulated Depreciation - As of End of Period	\$ 1,307,396	Schedule 2, Line 42, Col. G
3	Net New Capital Investment - As of End of Period	\$ 24,025,734	Line 1 + Line 2
4	New Capital Investment CWIP - As of End of Period	\$ 513	Schedule 2, Line 48, Col. G
5	PISCC Deferred Balance - As of End of Period	\$ 1,078,970	Schedule 3, Line 28, Col. G
6	Total New Capital Investment - As of End of Period	\$ 25,105,218	Line 3 + Line 4 + Line 5
7	Pre-Tax Rate of Return	7.55%	Schedule 4, Page 1, Line 17
8	Annualized Return on New Capital Investment	\$ 1,895,444	Line 6 x Line 7
	<u>Incremental Expenses</u>		
9	Property Tax Expense - Annualized	\$ 143,127	(Line 1 x 0.63%) + (Line 4 x 0.21%) (A)
10	Depreciation Expense - Annualized	\$ 619,805	Schedule 5, Line 17
11	Amortization Expense - Deferred Incremental O&M Expense	\$ -	N/A for TDSIC Component
12	Amortization Expense - Deferred Depreciation	\$ 15,444	Schedule 6, Line 18
13	Amortization Expense - Deferred PISCC	\$ 38,939	Schedule 3, Line 34
14	Total Incremental Expenses	\$ 817,315	Sum Lines 9-13
15	Annual Revenue Requirement - TDSIC Component	\$ 2,712,759	Line 8 + Line 14
16	Recoverable TDSIC Component of CSIA (80%)	\$ 2,170,207	Line 15 x 80% (B)
17	To Be Deferred (20%)	\$ 542,552	Line 15 x 20% (B)

Notes:

- (A) The annualized level of property taxes is calculated using an estimated CEI South rate of 2.11% multiplied by the tax basis of the: (1) plant, estimated to be 30% of the gross new capital investment amount, and (2) CWIP, estimated to be 10% of the new capital investment CWIP amount.
- (B) To Attachment JRM-1, Schedule 1, Line 2

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TDSIC COMPONENT
NEW CAPITAL INVESTMENT

		A	B	C	D	E	F	G
Line	Gross New Capital Investment Balance	Balance at 6/30/2020	7/31/2020	8/31/2020	9/30/2020	10/31/2020	11/30/2020	Balance at 12/31/2020
	Gross Assets							
1	Transmission	\$ 124,550	\$ 124,550	\$ 124,550	\$ 124,550	\$ 124,550	\$ 124,550	\$ 124,550
2	Distribution	\$ 17,348,052	\$ 17,365,045	\$ 17,366,268	\$ 17,372,266	\$ 17,372,266	\$ 17,372,266	\$ 17,372,266
3	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Underground Storage	\$ 6,685,981	\$ 6,685,981	\$ 6,685,981	\$ 6,685,981	\$ 6,685,981	\$ 6,685,981	\$ 6,685,981
5	General	\$ 23,575	\$ 23,575	\$ 23,575	\$ 23,575	\$ 23,575	\$ 23,575	\$ 23,575
6	Total Gross Assets	\$ 24,182,158	\$ 24,199,151	\$ 24,200,374	\$ 24,206,373	\$ 24,206,373	\$ 24,206,373	\$ 24,206,373
	Retirements							
7	Transmission	\$ (213)	\$ (213)	\$ (213)	\$ (213)	\$ (213)	\$ (213)	\$ (213)
8	Distribution	\$ (1,272,534)	\$ (1,272,826)	\$ (1,272,826)	\$ (1,272,826)	\$ (1,272,826)	\$ (1,272,826)	\$ (1,272,826)
9	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Underground Storage	\$ (214,996)	\$ (214,996)	\$ (214,996)	\$ (214,996)	\$ (214,996)	\$ (214,996)	\$ (214,996)
11	General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Total Retirements	\$ (1,487,742)	\$ (1,488,034)	\$ (1,488,034)	\$ (1,488,034)	\$ (1,488,034)	\$ (1,488,034)	\$ (1,488,034)
	Gross New Capital Investment Balance							
13	Transmission	\$ 124,337	\$ 124,337	\$ 124,337	\$ 124,337	\$ 124,337	\$ 124,337	\$ 124,337
14	Distribution	\$ 16,075,518	\$ 16,092,219	\$ 16,093,442	\$ 16,099,440	\$ 16,099,440	\$ 16,099,440	\$ 16,099,440
15	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Underground Storage	\$ 6,470,986	\$ 6,470,986	\$ 6,470,986	\$ 6,470,986	\$ 6,470,986	\$ 6,470,986	\$ 6,470,986
17	General	\$ 23,575	\$ 23,575	\$ 23,575	\$ 23,575	\$ 23,575	\$ 23,575	\$ 23,575
18	Total Gross New Capital Investment	\$ 22,694,416	\$ 22,711,117	\$ 22,712,340	\$ 22,718,339	\$ 22,718,339	\$ 22,718,339	\$ 22,718,339
	= (Gross Assets + Retirements)							To Schedule 1, Line 1

Line	Accumulated Depreciation Balance	Balance at 6/30/2020	7/31/2020	8/31/2020	9/30/2020	10/31/2020	11/30/2020	Balance at 12/31/2020
	Depreciation Expense							
19	Transmission	\$ 20,358	\$ 20,874	\$ 21,390	\$ 21,906	\$ 22,421	\$ 22,937	\$ 23,453
20	Distribution	\$ 1,812,675	\$ 1,854,338	\$ 1,896,024	\$ 1,937,717	\$ 1,979,418	\$ 2,021,119	\$ 2,062,820
21	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Underground Storage	\$ 234,475	\$ 247,580	\$ 260,685	\$ 273,791	\$ 286,896	\$ 300,001	\$ 313,106
23	General	\$ 10,404	\$ 10,505	\$ 10,605	\$ 10,706	\$ 10,807	\$ 10,908	\$ 11,008
24	Total Depreciation Expense	\$ 2,077,912	\$ 2,133,297	\$ 2,188,704	\$ 2,244,120	\$ 2,299,542	\$ 2,354,965	\$ 2,410,388
	Retirements							
25	Transmission	\$ (213)	\$ (213)	\$ (213)	\$ (213)	\$ (213)	\$ (213)	\$ (213)
26	Distribution	\$ (1,272,534)	\$ (1,272,826)	\$ (1,272,826)	\$ (1,272,826)	\$ (1,272,826)	\$ (1,272,826)	\$ (1,272,826)
27	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Underground Storage	\$ (214,996)	\$ (214,996)	\$ (214,996)	\$ (214,996)	\$ (214,996)	\$ (214,996)	\$ (214,996)
29	General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	Total Retirements	\$ (1,487,742)	\$ (1,488,034)	\$ (1,488,034)	\$ (1,488,034)	\$ (1,488,034)	\$ (1,488,034)	\$ (1,488,034)
	Cost of Removal							
31	Transmission	\$ 817	\$ 817	\$ 817	\$ 817	\$ 817	\$ 817	\$ 817
32	Distribution	\$ 2,146,619	\$ 2,146,716	\$ 2,146,725	\$ 2,146,746	\$ 2,146,746	\$ 2,146,746	\$ 2,146,746
33	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	Underground Storage	\$ 71,692	\$ 71,692	\$ 71,692	\$ 71,692	\$ 71,692	\$ 71,692	\$ 71,692
35	General	\$ 10,495	\$ 10,495	\$ 10,495	\$ 10,495	\$ 10,495	\$ 10,495	\$ 10,495
36	Total Cost of Removal	\$ 2,229,623	\$ 2,229,720	\$ 2,229,729	\$ 2,229,749	\$ 2,229,749	\$ 2,229,749	\$ 2,229,749
	Total Accumulated Depreciation Balance							
37	Transmission	\$ (19,329)	\$ (19,845)	\$ (20,361)	\$ (20,876)	\$ (21,392)	\$ (21,908)	\$ (22,424)
38	Distribution	\$ 1,606,478	\$ 1,565,204	\$ 1,523,527	\$ 1,481,854	\$ 1,440,153	\$ 1,398,452	\$ 1,356,751
39	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	Underground Storage	\$ 52,212	\$ 39,107	\$ 26,002	\$ 12,897	\$ (209)	\$ (13,314)	\$ (26,419)
41	General	\$ 92	\$ (9)	\$ (110)	\$ (211)	\$ (311)	\$ (412)	\$ (513)
42	Total Accumulated Depreciation Balance	\$ 1,639,453	\$ 1,584,457	\$ 1,529,059	\$ 1,473,664	\$ 1,418,241	\$ 1,362,818	\$ 1,307,396
	= - Depreciation Expense - Retirements + Cost of Removal							To Schedule 1, Line 2

Line	CWIP Balance	Balance at 12/31/2020
43	Transmission	\$ -
44	Distribution	\$ 5,945
45	Distribution - IEDC	\$ -
46	Underground Storage	\$ (5,432)
47	General	\$ -
48	Total CWIP Balance	\$ 513
		To Schedule 1, Line 4

(A) Based on Amortization Life of Plant as of December 31, 2013. Annual depreciation rate is 1 divided by Number of Years, as shown on Attachment JRM-3, Schedule 6.
(B) Calculated as the PISCC rates (lines 2 & 3) multiplied by the monthly PISCC eligible balances. PISCC eligible balances are based on the gross plant placed in-service not yet captured for recovery in the CSIA.
(C) Amortization of approximately \$2,479 per month beginning in July 2020 is based on annualized amortization expense of \$29,752 from TDSIC-12, Attachment JCS-3, Schedule 3, Line 34.

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TDSIC COMPONENT
PRE-TAX RATE OF RETURN AT DECEMBER 31, 2020

Line	After-Tax (A)	A Amount (\$000's)	B Weighting	C Cost	D = B x C WACC
1	Debt	\$ 862,168	35.10%	3.78%	1.33%
2	Equity	\$ 1,125,478	45.82%	10.15%	4.65%
3	Cost Free Capital	\$ 456,401	18.58%	0.00%	0.00%
4	Other	\$ 12,008	0.50%	4.69%	0.02%
5	Total	\$ 2,456,055			6.00% (B)

To Schedule 9, Line 2

Pre-Tax Equity Component Calculation

6	After-Tax Cost of Equity per Line 2	4.65%		Line 2, Col. D
7	One		100.00%	
8	Less State Taxes		5.075%	(C)
9	Federal Taxable		94.93%	Line 7 - Line 8
10	One Less Federal Income Tax		79.00%	1 - 21%
11	Effective Gross-Up Factor		74.99%	Line 9 x Line 10
12	Pre-Tax Equity	6.20%		Line 6 / Line 11

Forecast - Adjusted ROR (fixed ROE)

13	Debt		1.33%	from Line 1
14	Equity		6.20%	from Line 12
15	Cost Free Capital		0.00%	from Line 3
16	Other		0.02%	from Line 4
17	Total Pre-Tax Rate of Return		7.55%	Sum Lines 13-16

To Schedule 1, Line 7

(A) All data in Lines 1 through 5 represent the actual balances as of December 31, 2020.

(B)	Proof	Equity	Debt and Other	Total	
18	Total New Capital Investment	\$ 25,105,218	\$ 25,105,218		from Schedule 1, Line 6
19	Pre-Tax Return	6.20%	1.35%		from Lines 13-16
20	Return	\$ 1,556,716	\$ 338,920		Line 18 x Line 19
21	State Tax	\$ 79,003			5.075% x Line 20
22	Federal Taxable Return	\$ 1,477,712	\$ 338,920		Line 20 - Line 21
23	Federal Tax	\$ 310,320			Line 22 x 21%
24	After Tax Return \$	\$ 1,167,393	\$ 338,920	\$ 1,506,313	Line 20 - Lines 21 and 23

25	After Tax Return %		6.00%	Line 24 / Line 18
			equals Line 5	

(C) Represents a blended State Tax Rate:

- January 1, 2021 - December 31, 2021 @ 5.075%
- Based on 5.250% @ January 1, 2021 and 4.900% @ July 1, 2021

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TDSIC COMPONENT
AFTER TAX PISCC RATE AT JUNE 30, 2020

<u>Line</u>	<u>After-Tax (A)</u>	<u>A</u> <u>Amount (\$000's)</u>	<u>B</u> <u>Weighting</u>	<u>C</u> <u>Cost</u>	<u>D = B x C</u> <u>WACC</u>
1	Debt	\$ 781,168	33.10%	3.99%	1.32%
2	Equity	\$ 1,146,523	48.58%	10.15%	4.93%
3	Cost Free Capital	\$ 419,469	17.77%	0.00%	0.00%
4	Other	\$ 13,056	0.55%	4.77%	0.03%
5	Total	\$ 2,360,216			6.28%

(A) All data in Lines 1 through 5 represent the actual balances as of June 30, 2020 (as presented in TDSIC-13 filing on JCS-3, Sch 4, Pg 1).

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TDSIC COMPONENT
ANNUALIZED DEPRECIATION EXPENSE - ON NEW CAPITAL INVESTMENT

Line	Description	Balance at 12/31/2020	Reference
<u>Depreciable In-Service Balance</u>			
1	Transmission	\$ 124,337	Schedule 2, Line 13, Col. G
2	Distribution	\$ 16,099,440	Schedule 2, Line 14, Col. G
3	Distribution - IEDC	\$ -	Schedule 2, Line 15, Col. G
4	Underground Storage	\$ 6,470,986	Schedule 2, Line 16, Col. G
5	General	\$ 23,575	Schedule 2, Line 17, Col. G
6	Total	\$ 22,718,339	Sum Lines 1-5
<u>Monthly Depreciation Rates</u>			
7	Transmission	0.41%	(A)
8	Distribution	0.24%	(A)
9	Distribution - IEDC	0.00%	(B)
10	Underground Storage	0.20%	(A)
11	General	0.43%	(A)
<u>Annualized Depreciation Expense</u>			
12	Transmission	\$ 6,180	Line 1 x Line 7 x 12
13	Distribution	\$ 459,004	Line 2 x Line 8 x 12
14	Distribution - IEDC	\$ -	Line 3 x Line 9 x 12
15	Underground Storage	\$ 153,413	Line 4 x Line 10 x 12
16	General	\$ 1,209	Line 5 x Line 11 x 12
17	Total Annualized Depreciation Expense	\$ 619,805	Sum Lines 12-16
To Schedule 1, Line 10			

- (A)** Current average of authorized depreciation rates. Supporting work papers will show a detailed calculation of depreciation rates by class of plant.
- (B)** Reflects no plant additions through current period for class of plant.

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TDSIC COMPONENT
AMORTIZATION OF DEFERRED DEPRECIATION

Line	Description	A Balance at 6/30/2020	B 7/31/2020	C 8/31/2020	D 9/30/2020	E 10/31/2020	F 11/30/2020	G Balance at 12/31/2020
Deferred Depreciation Balance (A)								
1	Transmission	\$ 4,474	\$ 4,474	\$ 4,474	\$ 4,474	\$ 4,474	\$ 4,474	\$ 4,474
2	Distribution	\$ 341,134	\$ 344,962	\$ 348,813	\$ 352,671	\$ 356,537	\$ 360,403	\$ 364,269
3	Distribution - IEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Underground Storage	\$ 79,216	\$ 83,353	\$ 87,490	\$ 91,626	\$ 95,763	\$ 99,900	\$ 104,037
5	General	\$ 2,147	\$ 2,147	\$ 2,147	\$ 2,147	\$ 2,147	\$ 2,147	\$ 2,147
6	Less: Amortization of Deferrals (B)	\$ (34,006)	\$ (34,974)	\$ (35,943)	\$ (36,912)	\$ (37,880)	\$ (38,849)	\$ (39,817)
7	Total Deferred Depreciation Balance	\$ 392,965	\$ 399,962	\$ 406,980	\$ 414,007	\$ 421,042	\$ 428,076	\$ 435,110
Depreciation Rates (C)								
8	Transmission							2.86%
9	Distribution							2.94%
10	Distribution - IEDC							2.94%
11	Underground Storage							4.35%
12	General							3.70%
Deferred Depreciation Amortization Expense								
13	Transmission					Line 1 x Line 8	\$	128
14	Distribution					Line 2 x Line 9	\$	10,714
15	Distribution - IEDC					Line 3 x Line 10	\$	-
16	Underground Storage					Line 4 x Line 11	\$	4,523
17	General					Line 5 x Line 12	\$	80
18	Deferred Depreciation Amortization Expense					Sum Lines 13-17	\$	15,444

To Schedule 1, Line 12

- (A) Calculated by taking the gross new plant investment, less retirements, placed in-service but not yet included in CSIA recovery.
(B) Amortization of approximately \$969 per month beginning in July 2020 is based on annualized amortization expense of \$11,623 from TDSIC-12, Attachment JCS-3, Schedule 6, Line 18.
(C) Based on Amortization Life of Plant as of December 31, 2013. Annual depreciation rate is 1 divided by Number of Years.
Transmission - 35 years
Distribution - 34 years
Distribution - IEDC - 34 years
Underground Storage - 23 years
General - 27 years

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TDSIC COMPONENT
DEFERRED REVENUE REQUIREMENT (20%)

Line	Description	Amount (A)	Reference
1	TDSIC-1, TDSIC Component - through 06/30/2014	\$ 46,223	TDSIC-1, JCS-3, Sch 7, Line 1
2	TDSIC-2, TDSIC Component - through 12/31/2014	\$ 45,445	TDSIC-2, JCS-3, Sch 7, Line 2
3	TDSIC-3, TDSIC Component - through 06/30/2015	\$ 107,273	TDSIC-3, JCS-3, Sch 7, Line 3
4	TDSIC-4, TDSIC Component - through 12/31/2015	\$ 119,950	TDSIC-4, JCS-3, Sch 7, Line 4
5	TDSIC-5, TDSIC Component - through 06/30/2016	\$ 139,933	TDSIC-5, JCS-3, Sch 7, Line 5
6	TDSIC-6, TDSIC Component - through 12/31/2016	\$ 152,770	TDSIC-6, JCS-3, Sch 7, Line 6
7	TDSIC-7, TDSIC Component - through 06/30/2017	\$ 165,007	TDSIC-7, JCS-3, Sch 7, Line 7 (C)
8	TDSIC-8, TDSIC Component - through 12/31/2017	\$ 181,014	TDSIC-8, JCS-3 (Revised), Sch 7, Line 8
9	TDSIC-9, TDSIC Component - through 06/30/2018	\$ 195,947	TDSIC-9, JCS-3, Sch 7, Line 9
10	TDSIC-10, TDSIC Component - through 12/31/2018	\$ 217,531	TDSIC-10 JCS-3, Sch 7, Line 10 (D)
11	TDSIC-11, TDSIC Component - through 06/30/2019	\$ 258,870	TDSIC-11 JCS-3, Sch 7, Line 11
12	TDSIC-12, TDSIC Component - through 12/31/2019	\$ 253,161	TDSIC-12 JCS-3, Sch 7, Line 12
13	TDSIC-13, TDSIC Component - through 06/30/2020	\$ 297,946	TDSIC-13 JCS-3, Sch 7, Line 13
14	TDSIC-14, TDSIC Component - through 12/31/2020	\$ 257,528	(B)
15	Total Deferred Revenue Requirement	\$ 2,438,598	

Notes:

- (A) Pending results from 2% TDSIC Annual Retail Revenue Cap Test from Attachment JRM-3, Schedule 8, additional information may be provided for TDSIC Deferred in Excess of 2% Cap.
- (B) Attachment KJT-1, Schedule 3, Line 14, Sum of Jul-Dec 2021 x Allocation of TDSIC Component Revenue Requirement from Attachment JRM-1, Schedule 1
- (C) Adjusted to reflect the lower pre-tax rate of return using a 21% Federal Tax Rate - no other changes made to authorized amounts.
- (D) TDSIC-10 deferred revenues have been adjusted to reflect the corrected allocation previously described in Witness Swiz's TDSIC-11 testimony (Page 18).

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
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CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TDSIC COMPONENT
2% TDSIC ANNUAL RETAIL REVENUE CAP TEST

Line	Description	Total Amount	Reference
1	Current TDSIC Recoverable Portion	\$ 2,170,207	Schedule 1, Line 16
2	Prior TDSIC Recoverable Portion	\$ 2,274,979	TDSIC-13, JCS-3, Schedule 1, Line 16
3	Increase in TDSIC Recoverable Portion	\$ (104,772)	Line 1 - Line 2
4	Total Retail Revenues	\$ 100,181,824	12 Months Ended As of End of Period
5	TDSIC Cap	2%	[Ind. Code § 8-1-39-14(a)]
6	TDSIC Cap - 2% of Retail Revenues	\$ 2,003,636	Line 4 x Line 5
7	Does Increase in TDSIC Exceed 2% Cap?	No	If Line 3 > Line 6, Yes; If not, No
<u>If Yes:</u>			
8	TDSIC Cap - 2% of Retail Revenues	\$ -	If Yes - Line 6; If No, \$0
9	Plus: Prior TDSIC Recoverable Portion	\$ -	If Yes - Line 2; If No, \$0
10	Total TDSIC Recoverable in CSIA	\$ -	Line 8 + Line 9
11	Current TDSIC Recoverable Portion	\$ -	If Yes - Line 1; If No, \$0
12	TDSIC Deferred in Excess of 2% Cap	\$ -	Line 11 - Line 10
<u>If No:</u>			
13	Current TDSIC Recoverable Portion - CSIA	\$ 2,170,207	If No, Line 1; If Yes, \$0

SOUTHERN INDIANA GAS & ELECTRIC COMPANY
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CEI SOUTH
COMPLIANCE AND SYSTEM IMPROVEMENT ADJUSTMENT (CSIA)
TDSIC COMPONENT
NOI ADJUSTED FOR GCA EARNINGS TEST

<u>Line</u>	<u>Description</u>	<u>Total Amount</u>	<u>Reference</u>
1	Total New Capital Investment - As of End of Period	\$ 25,105,218	From Schedule 1, Line 6
2	After-Tax Rate of Return	6.00%	From Schedule 4, Page 1, Line 5
3	NOI Adjustment for GCA Earnings Test - TDSIC-14, TDSIC Component	\$ 1,506,313	Line 1 x Line 2