FILED May 29, 2025 INDIANA UTILITY REGULATORY COMMISSION

PETITIONER'S EXHIBIT 8

IURC CAUSE NO. 46193 REBUTTAL TESTIMONY OF STAN C. PINEGAR FILED MAY 29, 2025

REBUTTAL TESTIMONY OF STAN C. PINEGAR PRESIDENT, DUKE ENERGY INDIANA, LLC CAUSE NO. 46193 BEFORE THE INDIANA UTILITY REGULATORY COMMISSION

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

- 2 A. My name is Stan C. Pinegar, and my business address is 1000 East Main Street,
- 3 Plainfield, Indiana 46168.
- 4 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?
- 5 A. I am President of Duke Energy Indiana, LLC ("Duke Energy Indiana," or "Company"), a
- 6 wholly owned subsidiary of Duke Energy Indiana Holdco, LLC and an affiliate of Duke
- 7 Energy Corporation ("Duke Energy").
- 8 Q. ARE YOU THE SAME STAN C. PINEGAR THAT PRESENTED DIRECT
- 9 **TESTIMONY IN THIS PROCEEDING?**
- 10 A. Yes.
- 11 Q. PLEASE IDENTIFY THE OTHER WITNESSES TESTIFYING ON REBUTTAL
- 12 IN SUPPORT OF DUKE ENERGY INDIANA'S PETITION IN THIS CAUSE
- 13 WITH AN OVERVIEW OF EACH'S REBUTTAL TESTIMONY.
- 14 A. The following witnesses are testifying on rebuttal in support of the Company's request:

Witness:	Overview of Testimony:
Kelley A. Karn	• Explains the benefits of adding natural gas combined cycle ("CC") generation to the Duke Energy Indiana system.
	• Addresses issues raised by the parties regarding environmental compliance, the potential for future environmental rule changes, and how the

	 Company's proposal to construct the Cayuga CC Project is directionally in line with more recent governmental announcements regarding the importance of dispatchable generation and of adding generation to the grid. Reiterates how the Cayuga CC Project is well situated to withstand future environmental compliance rule changes. Responds to the parties' arguments regarding the viability of continuing to operate the Cayuga coal units. Addresses issues raised by the parties regarding the Company's Request for Proposal ("RFP") process, the transmission interconnection for the Cayuga CC Project, and the Company's investment in energy efficiency, demand response and distributed energy renewable generation ("DERS"). Updates the Commission on HEA 1007 and its continued applicability to this proceeding
	continued applicability to this proceeding.
John Robert Smith, Jr.	 Addresses the measures taken by the Company to address what several witnesses refer to as "unprecedented uncertainty" in the industry, as well as provides an update as to the current status of the Company's cost estimate for the Cayuga CC Project. Addresses several points regarding the cost estimate raised by the Indiana Office of Utility Consumer Counselor ("OUCC") witness Kelley and explains why the cost estimate is neither "overstated" nor "faulty," as he alleges. Addresses OUCC witness Sanka's criticisms regarding the selection of the Company's EPC contractor for the Cayuga CC Project.
James J. McClay III	• Responds to comments, critiques, and recommendations offered by OUCC witness Hoff, Duke Industrial Group ("IG") witness Fitzhenry, and Citizens Action Coalition and Vote Solar ("CAC/Vote Solar") witness Inskeep regarding the Company's transportation and natural gas supply strategy.

IURC CAUSE NO. 46193 REBUTTAL TESTIMONY OF STAN C. PINEGAR FILED MAY 29, 2025

Robert J. Lee Charles River Associates	•	Responds to certain testimony submitted by OUCC and CAC/Vote Solar witnesses regarding the Company's competitive RFP
		process.
Nathan D. Gagnon	•	Responds to certain testimony submitted by the OUCC, IG, and CAC/Vote Solar regarding the Company's IRP process.
Justin G. Sufan	•	 Responds to various ratemaking issues and recommendations included in the testimony of OUCC witness Baker, IG witness Fitzhenry, and CAC/Vote Solar witness Inskeep regarding: o The requested ratemaking and accounting treatment related to the Company's construction and operation of the Cayuga CC Project, specifically construction work in progress ("CWIP") ratemaking treatment and the Company's proposed Generation Cost Adjustment ("GCA") tracking mechanism; o Depreciation rates; o Duke Energy Indiana's requested ratemaking for plan development costs related to the Cayuga CC Project; o Retirement of the Cayuga coal generating units; o The estimated retail rate impact of the Cayuga CC Project; and o
William C. (Bill) Luke	•	Addresses the OUCC's suggestions that Duke Energy Indiana not build the proposed Cayuga CC Project but instead maintain operations of the existing coal units even as those units approach sixty years of operations.

1

1	Q.	PLEASE SUMMARIZE THE POSITIONS TAKEN BY THE OTHER PARTIES.
2	A.	Citizens Action Coalition of Indiana, Inc. and Vote Solar (collectively "CAC") oppose
3		the proposed Cayuga CC Project and recommend the retirement of the existing coal units.
4		The Indiana Office of Utility Consumer Counselor ("OUCC") likewise opposes the
5		project but suggests the Company reevaluate and continue to operate the existing coal
6		units or possibly convert those units to run on natural gas. The Duke Industrial Group
7		("Industrial Group" or "IG") takes no position on the certificate of public convenience
8		and necessity ("CPCN") but offers adjustments to the proposed ratemaking should the
9		CPCN be granted.
10	Q.	WHAT IS YOUR OVERALL REACTION TO THOSE POSITIONS?
11	A.	Neither the CAC's call to retire the Cayuga coal units without adequate replacement nor
12		the OUCC's proposal to prolong coal operations (or convert to gas) offers a viable
13		solution for fulfilling our fundamental obligation as a regulated utility to provide safe and
14		reliable service at just and reasonable rates. In contrast, our proposal to construct two
15		highly efficient natural gas combined cycle units, which will produce a net additive
16		capacity of 471 MW, to replace the aging coal units at Cayuga serves that obligation.
17		Since 2018, the Company's integrated resource planning has consistently
18		reflected both the retirement of the aging Cayuga coal units and the addition of a
19		combined cycle facility. Replacing the two existing coal units with two larger gas units
20		would not only ensure our customers have the electricity they need, but also add

1		dispatchable generation to the grid, which is highly valued as accredited capacity by the
2		Midcontinent Independent System Operator, Inc. ("MISO").
3		CAC's proposal to retire the Cayuga coal units without replacing them with
4		dispatchable generation overlooks the importance of firm capacity in a diversified
5		portfolio. Our proposed Cayuga CC Project is a necessary step towards adding highly
6		efficient, natural gas units to a diversifying portfolio, which also includes coal units at
7		Gibson Station, gasification at Edwardsport, hydroelectric at Markland, as well as solar,
8		wind, and natural gas units.
9		Furthermore, the OUCC's recommendation to continue operating the coal units or
10		to convert them to natural gas falls short. Doing so would not provide the incremental
11		generation needed to meet our load obligations nor would it serve to improve reliability
12		and resiliency at the Cayuga site. As such, continued operation of the existing coal units
13		past 2030 as a stand-alone option or conversion to natural gas is not the best option for
14		customers.
15	Q.	CAN YOU PLEASE TALK MORE ABOUT THE OUCC'S PROPOSAL FOR THE
16		COMPANY TO EVALUATE CONTINUING TO RUN THE COAL-FIRED UNITS
17		FOR AT LEAST 15 MORE YEARS?
18	A.	Yes. Duke Energy Indiana has carefully considered its options for maintaining reliability
19		of its system, as well as our emerging energy and capacity needs, while also adding
20		incremental generation. The existing coal units will be approaching 60 years of service at
21		our proposed transition dates. These units have served the Company and its customers
22		very well; however, they have reached the end of their useful lives from the Company's

1		perspective. The OUCC's testimony suggests that customer rate impact may be lower by
2		simply making the additional capital and environmental investments needed to maintain
3		operations of the coal units. However, as discussed in Company witness Luke's rebuttal
4		testimony, while the initial capital investment from continuing to operate on coal may
5		seem cheaper today than investing in state-of-the-art CCs, this argument overlooks the
6		additional maintenance required and increased reliability issues experienced by aging
7		generating units. Adding 471 MW of generation to Duke Energy Indiana's system will
8		help to reduce the Company's need to purchase capacity and energy from what appears to
9		us to be a shrinking bilateral marketplace, to meet customer demands, and will to help
10		serve the growing demands seen from some of our new and expanding customers.
11	Q.	WHAT IS THE NEED FOR ADDITIVE CAPACITY AND ENERGY THAT YOU
11 12	Q.	WHAT IS THE NEED FOR ADDITIVE CAPACITY AND ENERGY THAT YOU REFERENCE?
11 12 13	Q. A.	WHAT IS THE NEED FOR ADDITIVE CAPACITY AND ENERGY THAT YOU REFERENCE? Governor Braun was recently quoted in the Indianapolis Business Journal as stating, "we
11 12 13 14	Q. A.	WHAT IS THE NEED FOR ADDITIVE CAPACITY AND ENERGY THAT YOU REFERENCE? Governor Braun was recently quoted in the Indianapolis Business Journal as stating, "we clearly don't have enough electricity." ¹ This observation is consistent with his Executive
 11 12 13 14 15 	Q. A.	WHAT IS THE NEED FOR ADDITIVE CAPACITY AND ENERGY THAT YOUREFERENCE?Governor Braun was recently quoted in the Indianapolis Business Journal as stating, "weclearly don't have enough electricity." ¹ This observation is consistent with his ExecutiveOrder 25-50, which directs the Secretary of Energy and Natural Resources to
 11 12 13 14 15 16 	Q. A.	WHAT IS THE NEED FOR ADDITIVE CAPACITY AND ENERGY THAT YOU REFERENCE? Governor Braun was recently quoted in the Indianapolis Business Journal as stating, "we clearly don't have enough electricity." ¹ This observation is consistent with his Executive Order 25-50, which directs the Secretary of Energy and Natural Resources to "[e]ncourage an additive energy strategy, rather than just replacing energy generation."
 11 12 13 14 15 16 17 	Q. A.	WHAT IS THE NEED FOR ADDITIVE CAPACITY AND ENERGY THAT YOUREFERENCE?Governor Braun was recently quoted in the Indianapolis Business Journal as stating, "weclearly don't have enough electricity." ¹ This observation is consistent with his ExecutiveOrder 25-50, which directs the Secretary of Energy and Natural Resources to"[e]ncourage an additive energy strategy, rather than just replacing energy generation."This is a point that neither the OUCC nor the CAC appear to consider or acknowledge.
 11 12 13 14 15 16 17 18 	Q. A.	WHAT IS THE NEED FOR ADDITIVE CAPACITY AND ENERGY THAT YOU REFERENCE? Governor Braun was recently quoted in the <i>Indianapolis Business Journal</i> as stating, "we clearly don't have enough electricity." ¹ This observation is consistent with his Executive Order 25-50, which directs the Secretary of Energy and Natural Resources to "[e]ncourage an additive energy strategy, rather than just replacing energy generation." This is a point that neither the OUCC nor the CAC appear to consider or acknowledge. As the Governor has indicated, Indiana needs additional capacity and energy to
 11 12 13 14 15 16 17 18 19 	Q. A.	WHAT IS THE NEED FOR ADDITIVE CAPACITY AND ENERGY THAT YOU REFERENCE? Governor Braun was recently quoted in the Indianapolis Business Journal as stating, "we clearly don't have enough electricity." ¹ This observation is consistent with his Executive Order 25-50, which directs the Secretary of Energy and Natural Resources to "[e]ncourage an additive energy strategy, rather than just replacing energy generation." This is a point that neither the OUCC nor the CAC appear to consider or acknowledge. As the Governor has indicated, Indiana needs additional capacity and energy to meet growing demand. Since the deployment of our most recent baseload plant in 2013,

¹ "As Indiana manufacturing grows, 'we clearly don't have enough electricity,' Braun warns," *Indianapolis Business Journal* (May 14, 2025).

1		continue with strong residential growth and committed economic development projects
2		underway in our service territory. Our most active economic development pipeline list
3		currently totals about 2,000 MW, with almost 300 MW on the short list. What is needed
4		is not just replacement of existing resources, but additional dispatchable base load
5		capacity.
6		Duke Energy Indiana is not alone in planning for additive capacity and energy.
7		MISO is forecasting capacity shortfalls across its entire footprint in the coming years. ² As
8		was explained by Ms. Karn in her direct testimony, the Cayuga coal units have been and
9		remain at risk of being derated due to operational constraints. Planning for additive
10		capacity and energy is not optional; it is a necessary step to ensure long-term reliability
11		for our customers and the communities we serve.
12	Q.	IS CONVERSION OF THE CAYUGA COAL UNITS TO RUNNING ON
13		NATURAL GAS A FEASIBLE OPTION FOR DUKE ENERGY INDIANA?
14	A.	Not in my opinion, and Company witness Gagnon has testified that the IRP modeling
15		does not support this. As I mentioned above, Duke Energy Indiana requires both capacity
16		and energy from a reliability perspective - Cayuga coal units converted to run on natural
17		gas provide capacity but are not expected to be dispatched frequently by MISO. The units
18		would still have long start and ramp times such that they would not be the type of
19		dispatchable generation that Duke Energy Indiana and MISO need. This would leave the

² MISO-OMS Survey,

https://cdn.misoenergy.org/20240620%20OMS%20MISO%20Survey%20Results%20Workshop%20Presentation63 5585.pdf

1		We need the full capacity and energy that will come from the highly efficient combined
2		cycle units, which is why we have not proposed a natural gas conversion for Cayuga. I
3		understand that this option may work for other utilities or even, possibly, at other Duke
4		Energy Indiana sites, but for our situation today, the Cayuga CC Project is the best
5		option. In addition, I would note that the OUCC's proposed refueling would be subject to
6		HEA 1007 (a subject I will address further later).
7	Q.	THE OUCC DISCUSSES BOTH GOVERNOR BRAUN'S EXECUTIVE ORDER
8		25-48 REGARDING ENCOURAGEMENT OF EMERGING ENERGY
9		ALTERNATIVES AND THE POSSIBILITY OF THE DEVELOPMENT OF NEW
10		TECHNOLOGIES SUCH AS SMALL MODULAR NUCLEAR REACTORS. DO
11		SMALL MODULAR NUCLEAR REACTORS PROVIDE A VIABLE
12		ALTERNATIVE TO THE PROPOSED CAYUGA CC PROJECT?
13	A.	Not on the timeline we are on. It is important to recognize that small modular nuclear
14		reactors remain an emerging technology that is still being explored. While it will likely
15		become a part of a future resource portfolio, there are still substantial uncertainties
16		surrounding cost and deployment timelines, and these must be resolved before it becomes
17		a viable option. The Company is taking reasonable steps to investigate and ensure nuclear
18		can be an option for us in the future, as described in Ms. Karn's testimony. As I
19		indicated, I expect in the future we may be deploying such technology, but, for today,
20		small modular nuclear is not a viable replacement for the Cayuga CC Project. The bottom
21		line is we need the energy and capacity the CC Project will bring within the timelines
22		proposed and no other option fulfills that need.

1	Q.	WITNESS ARMSTRONG SUGGESTS A SHIFT IN FEDERAL POLICY
2		INDICATES A REDUCTION IN REGULATORY REQUIREMENTS FOR THE
3		ENERGY INDUSTRY. DOES THIS SHIFT MEAN THAT DUKE ENERGY
4		INDIANA SHOULD NOT PROCEED WITH THE CAYUGA CC PROJECT?
5	A.	No, quite the opposite. As explained by Ms. Karn, the expectation is that the Greenhouse
6		Gas New Source Performance Standards ("111 Rule") will be rescinded. However, the
7		rescission of this rule will benefit the performance of the Cayuga CC Project. The 111
8		Rule currently limits the capacity factor of these new gas units to 40%. If this rule is
9		rescinded as expected, those limits would no longer apply, removing operational
10		constraints. Elimination of these artificial operating limits actually strengthens the case
11		for proceeding with the Cayuga CC Project.
12	Q.	WHAT ABOUT INDIANA STATE POLICY AS REFLECTED IN GOVERNOR
13		BRAUN'S EXECUTIVE ORDER 25-50?
14	A.	Duke Energy Indiana is paying close attention to the Governor's Executive Orders, and
15		statements of policy like this from the Governor will be an important consideration for
16		the Company's decisions and planning. While Executive Order 25-50 ("EO 25-50") was
17		signed after Duke Energy Indiana filed its case-in-chief, it is harmonious with the
18		Company's proposal. EO 25-50 directs the Secretary of Energy and Natural Resources to
19		lead an evaluation of the extension of life for each of Indiana's remaining coal units.
20		Although this evaluation has, understandably, not been completed with respect to the
21		Cayuga coal units, the Company has evaluated the useful lives of the Cayuga coal units.

1	When originally constructed, the Cayuga coal units were estimated to have a 30-year life,
2	and they have already operated for nearly double those originally expected lives.
3	It is also important to remember that the Cayuga units are not the last coal plants
4	on Duke Energy Indiana's system. The Company still has over 3,423 Winter Net MW of
5	coal at Gibson and dual fuel capability at Edwardsport. As discussed in our 2024 IRP, the
6	Company needs to re-evaluate the plans at Gibson Station given the changing regulatory
7	landscape ³ and to take into account advancements in technology that may occur over the
8	next decade. And this re-evaluation is something that we plan to do. Gibson station units
9	are approximately 10 years younger than Cayuga and do not have the same problem with
10	derates based upon river water temperature. But our decision to re-evaluate the
11	Company's plans with respect to the retirement of Gibson Station does not change the
12	need to move forward with the Cayuga CC Project and retire the Cayuga coal units.
13	Moreover, it is important to note that this proceeding is not necessarily about the
14	retirement of the Cayuga coal units, even though the Company is prudently planning to
15	reuse substantial infrastructure at the Cayuga site. Duke Energy Indiana is here today
16	with a proposal for two new, highly efficient natural gas combined cycle units, which
17	provide an incremental 471 MW to our system. That proposal aligns with EO 25-50's
18	encouragement of additive generation proposals. To be clear, granting the Company its

³ "In the event of any changes to compliance requirements or deadlines under the rule, the Company could delay taking action to co-fire Gibson units 1 and 2 until regulatory requirements were finalized. If the rule is overturned, the Company could continue to operate Gibson units 1 and 2 on coal through 2035, consistent with the 2021 IRP's moderately paced clean energy transition and the "No 111" Portfolio evaluated as part of the 2024 IRP. Similarly, the Company could delay action on Gibson units 3 and 4 if deadlines for compliance with CAA Section 111(d) requirements are delayed." Duke Energy Indiana, 2024 IRP, Attachment 6-A (NDG), p. 17.

1		requested CPCN for the Cayuga CC Project does not necessarily mean the coal units
2		must cease operations by the dates we are presently forecasting. Executive Order 25-50
3		expressly calls for an evaluation of whether Indiana's remaining coal units should
4		continue operating, an inquiry that could prompt interest from other parties in utilizing
5		those resources.
6	Q.	PLEASE EXPLAIN WHAT YOU MEAN.
7	A.	As EO 25-50 notes, electricity demand in Indiana is increasing significantly, driven by
8		data centers, reshoring of manufacturing, and greater consumer electrification. Given this
9		increase in demand – which is largely base load demand – there could be interest from a
10		third party in continuing to operate the Cayuga coal units. Should that occur, it could
11		further extend the lives of the Cayuga coal units, consistent with what the Governor is
12		encouraging through his Executive Order.
13	Q.	WOULD SUCH AN OCCURRENCE BE CONSISTENT WITH THE
14		COMPANY'S REQUEST FOR THE REQUIRED FINDINGS UNDER HEA 1007?
15	A.	Yes, I believe it would be. When Duke Energy Indiana filed its case-in-chief, HEA 1007
16		had not yet been enacted or signed by the Governor. However, Duke Energy Indiana
17		anticipated its passage and sought to frame its request in a manner intended to align with
18		the policy direction reflected in the then-pending legislation.
19		The Company asked for and still seeks the findings under Ind. Code § 8-1-8.5-
20		13(u), which applies when new generation is intended to replace generation that is
21		"planned for retirement." "Retirement" in the statute is defined as a "planned permanent
22		ceasing of electric generation operations by a public utility." From Duke Energy

IURC CAUSE NO. 46193 REBUTTAL TESTIMONY OF STAN C. PINEGAR FILED MAY 29, 2025

1		Indiana's perspective, the planned retirement of the Cayuga coal units qualifies under
2		HEA 1007 as a "retirement," as the Company, acting as a public utility, would
3		permanently cease generating electricity from the units. Recall that in order to make the
4		Cayuga CC Project as cost effective as possible for customers, Duke Energy Indiana is
5		repurposing many of the coal plant assets that customers have invested in over the years,
6		such as the transmission switchyard, MISO interconnection rights, and air permit netting,
7		among others. We believe retirement of the units is in the best interest of our customers.
8		That Duke Energy Indiana plans to permanently cease generating electricity from the
9		Cayuga coal units, however, does not necessarily mean these units must cease operations
10		altogether.
11	Q.	IF THE COMMISSION AGREES THAT THE CAYUGA CC PROJECT IS
12		NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THE
12 13		NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THE COAL UNITS FIVE YEARS BEFORE THEY ARE SLATED FOR
12 13 14		NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THE COAL UNITS FIVE YEARS BEFORE THEY ARE SLATED FOR RETIREMENT, DOES HEA 1007 ALLOW ANOTHER PATH FORWARD?
12 13 14 15	А.	NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THECOAL UNITS FIVE YEARS BEFORE THEY ARE SLATED FORRETIREMENT, DOES HEA 1007 ALLOW ANOTHER PATH FORWARD?Yes, I believe so. The Cayuga coal units are not scheduled to be retired for another five
12 13 14 15 16	А.	NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THECOAL UNITS FIVE YEARS BEFORE THEY ARE SLATED FORRETIREMENT, DOES HEA 1007 ALLOW ANOTHER PATH FORWARD?Yes, I believe so. The Cayuga coal units are not scheduled to be retired for another fiveyears. If the Commission is concerned that Indiana will not have adequate dispatchable
12 13 14 15 16 17	A.	NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THECOAL UNITS FIVE YEARS BEFORE THEY ARE SLATED FORRETIREMENT, DOES HEA 1007 ALLOW ANOTHER PATH FORWARD?Yes, I believe so. The Cayuga coal units are not scheduled to be retired for another fiveyears. If the Commission is concerned that Indiana will not have adequate dispatchablebase load generation, the proper course is not to deny the CPCN as urged by the OUCC
12 13 14 15 16 17 18	A.	NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THECOAL UNITS FIVE YEARS BEFORE THEY ARE SLATED FORRETIREMENT, DOES HEA 1007 ALLOW ANOTHER PATH FORWARD?Yes, I believe so. The Cayuga coal units are not scheduled to be retired for another fiveyears. If the Commission is concerned that Indiana will not have adequate dispatchablebase load generation, the proper course is not to deny the CPCN as urged by the OUCCand CAC; rather the Commission could decide to decline to make the requested findings
12 13 14 15 16 17 18 19	A.	NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THECOAL UNITS FIVE YEARS BEFORE THEY ARE SLATED FORRETIREMENT, DOES HEA 1007 ALLOW ANOTHER PATH FORWARD?Yes, I believe so. The Cayuga coal units are not scheduled to be retired for another fiveyears. If the Commission is concerned that Indiana will not have adequate dispatchablebase load generation, the proper course is not to deny the CPCN as urged by the OUCCand CAC; rather the Commission could decide to decline to make the requested findingsestablished by HEA 1007 and codified under Ind. Code § 8-1-8.5-13(u) at this time.
12 13 14 15 16 17 18 19 20	A.	NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THECOAL UNITS FIVE YEARS BEFORE THEY ARE SLATED FORRETIREMENT, DOES HEA 1007 ALLOW ANOTHER PATH FORWARD?Yes, I believe so. The Cayuga coal units are not scheduled to be retired for another fiveyears. If the Commission is concerned that Indiana will not have adequate dispatchablebase load generation, the proper course is not to deny the CPCN as urged by the OUCCand CAC; rather the Commission could decide to decline to make the requested findingsestablished by HEA 1007 and codified under Ind. Code § 8-1-8.5-13(u) at this time.Subsection 13(u) sets forth a process for the Commission to commence investigations
12 13 14 15 16 17 18 19 20 21	A.	NEEDED BUT IS CONCERNED ABOUT APPROVING RETIREMENT OF THECOAL UNITS FIVE YEARS BEFORE THEY ARE SLATED FORRETIREMENT, DOES HEA 1007 ALLOW ANOTHER PATH FORWARD?Yes, I believe so. The Cayuga coal units are not scheduled to be retired for another fiveyears. If the Commission is concerned that Indiana will not have adequate dispatchablebase load generation, the proper course is not to deny the CPCN as urged by the OUCCCand CAC; rather the Commission could decide to decline to make the requested findingsestablished by HEA 1007 and codified under Ind. Code § 8-1-8.5-13(u) at this time.Subsection 13(u) sets forth a process for the Commission to commence investigationsregarding planned generation retirements. It provides somewhat of a safe harbor "[i]f a

STAN C. PINEGAR -12-

1		findings" under Subsection (u). Under those circumstances, "the certificate constitutes
2		approval by the commission for purposes of an investigation required by this subsection."
3		Certainly, the Cayuga CC Project satisfies those findings and that is why we have
4		requested the findings to be made; however, nothing in HEA 1007 requires the
5		Commission to provide that safe harbor in this Cause in order to grant the CPCN. If the
6		Commission is concerned that growth in future load might warrant leaving the coal units
7		online for even longer than we have planned, it can choose not to make the findings that
8		would constitute "approval" of the retirement for purposes of subsection 13(u). I believe
9		the language of HEA 1007 is clear enough already that if there were such growth in load
10		or change in circumstances, the Commission still would have the power to initiate the
11		subsection 13(u) investigation; however, the Commission is authorized under the statute
12		to delay any decision on retirement of the coal units until later.
13	Q.	WOULDN'T A FUTURE WHERE THE CAYUGA CC PROJECT IS
14		CONSTRUCTED AND THE RETIREMENT OF THE COAL UNITS IS
15		DELAYED BE MORE COSTLY FOR RATEPAYERS?
16	A.	No. Our plan, based upon current load projections, is to retire the Cayuga coal units in
17		conjunction with the completion of the Cayuga CC Project. As such, we have planned to
18		repurpose many of the coal assets to reduce costs for customers. Our IRP analysis has
19		shown this is a cost effective outcome for customers. However, if we envision a future
20		where there is load growth, particularly as a result of a large load customer, and there is
21		interest from other parties in continuing to utilizing the coal units, the third party would
22		be responsible for procuring the interconnection, air permit, and other assets required to

IURC CAUSE NO. 46193 REBUTTAL TESTIMONY OF STAN C. PINEGAR FILED MAY 29, 2025

1 continue or restart the coal units. This can and should be done without impacting 2 affordability for our existing retail customers. 3 UNDER THESE SCENARIOS, WHERE EITHER A THIRD PARTY HAS THE **Q**. 4 POTENTIAL TO TAKE OVER OWNERSHIP OF THE COAL UNITS OR THE 5 **COMMISSION DOES NOT MAKE THE FINDINGS UNDER IND. CODE § 8-1-**6 8.5-13(U), WOULD THE CAYUGA CC PROJECT STILL QUALIFY FOR THE 7 **CONSTRUCTION WORK IN PROGRESS ("CWIP") TRACKER UNDER IND.** 8 CODE § 8-1-8.8-11? 9 A. Yes. The Cayuga CC Project is a "clean energy project" under Ind. Code § 8-1-8.8-2. 10 Such projects include "[p]rojects to construct or repower a facility described in IC 8-1-11 37-4(a)(21)." These are projects for "[e]lectricity that is generated from a natural gas 12 facility constructed or repowered in Indiana after July 1, 2011, which displaces electricity 13 generation from an existing coal fired generation facility." Under Duke Energy Indiana's 14 plan, the proposed Cayuga CC Project would displace energy currently generated by the 15 Cayuga coal plants because those coal plants will be retired coincident with bringing the 16 proposed CC units online. Whether the Commission chooses to delay its findings under 17 HEA 1007 or a third party decides to restart the coal units in the future is of no 18 consequence; the plan being approved in this proceeding still results in the displacement 19 of electricity generated by coal units.

IURC CAUSE NO. 46193 REBUTTAL TESTIMONY OF STAN C. PINEGAR FILED MAY 29, 2025

Q. CAN YOU DISCUSS THE FIVE PILLARS AS THEY RELATE TO THE POSITIONS TAKEN BY THE CAC?

A. Yes. I testified about the Five Pillars in my direct testimony. Our current environment,
marked by prospects of load growth across Indiana and potential generation shortfalls
across the MISO footprint, juxtaposed with governmental encouragement to evaluate
planned retirement of coal units, confirms that the Five Pillars must be viewed as a
balance. There is no one pillar more important than the others. Instead, they act in concert
to challenge and shape the overall decision-making regarding generation.

9 The CAC has focused narrowly on affordability, but the Five Pillars require a 10 broader view. It is not enough, as witness Inskeep urges, to isolate the anticipated rate 11 impact of a particular decision and claim that it challenges affordability. The more 12 appropriate question is how that impact compares to other options and how those options 13 perform across all Five Pillars. When the Five Pillars are analyzed from a relative 14 standpoint, as they should be, Duke Energy Indiana's proposed CPCN produces the best 15 balance among the Five Pillars. Witness Inskeep does not provide an alternative course 16 for us to consider the Five Pillars. Retiring the Cayuga coal units, while also not 17 replacing that generation with the dispatchable generation from the Cayuga CC Project, is 18 untenable. The CAC's proposal cannot be reconciled with a balanced application of all 19 Five Pillars, and in fact, failure to achieve that balance only negatively impacts 20 affordability for customers over the long-term.

IURC CAUSE NO. 46193 REBUTTAL TESTIMONY OF STAN C. PINEGAR FILED MAY 29, 2025

1Q.HOW DOES THE OUCC'S RECOMMENDATION TO CONVERT THE UNITS2TO NATURAL GAS FARE UNDER A FIVE PILLARS ANALYSIS?

3 A. Not very well. It is true that conversion to natural gas could be accomplished at lower 4 upfront capital cost. But, as Mr. Gagnon direct testimony explained, the overall revenue 5 requirements of a conversion alternative for Cayuga are nearly \$400M more expensive 6 than the Company's proposal. And conversion to gas fails to address Duke Energy 7 Indiana's needs for additive, dispatchable baseload generation. This option would leave 8 the Company having made this smaller initial investment, but we would still have the 9 need for baseload generation and the capacity and energy the Cayuga CC Project 10 provides. As such, the reliability pillar suffers under this suggestion, both in terms of 11 missing an opportunity to increase the capacity on the grid and because a converted gas 12 unit is not as flexible and reliable as an energy resource, as discussed more below.

13 Q. DOES EXTENDING THE LIFE OF THE COAL UNITS ADVANCE THE FIVE

14 **PILLARS**?

15 A. No. Denying the Cayuga CC Project CPCN and continuing to invest in and operate the 16 existing Cayuga coal units would leave us in the same place as a natural gas conversion – 17 without the additional capacity and energy being provided by the Cayuga CC Project. 18 And, in both instances, the Company and our customers would be bearing the risk of 19 aging infrastructure – a risk that could impact the Five Pillars. Finally, continued 20 investment in these plants is inconsistent with the affordability pillar. As explained by 21 Mr. Sufan, the remaining net book value for the station is made up completely of investment since 2008. Witness Sufan explains that this investment consists almost 22

1		exclusively of environmental compliance controls and maintenance capital. The original
2		station is essentially fully depreciated, as it is nearly 60 years old. Now the OUCC asks
3		us to invest another \$430 million (at least) ⁴ to go along with the existing \$400 million of
4		remaining net book value. There would be at least \$830 million in net book value
5		invested in a plant that even Ms. Armstrong cannot see lasting beyond 2040. This
6		increased cost to customers would be in addition to the cost of additive baseload capacity
7		that Duke Energy Indiana would still need to pursue.
8	Q.	IS THERE A FIVE PILLAR IMPACT FROM SIMPLY DENYING THE
9		REQUESTED CPCN SO THAT MORE STUDY CAN BE CONDUCTED, AS
10		SUGGESTED BY THE OUCC?
10 11	A.	SUGGESTED BY THE OUCC? Absolutely. As is being explained by Ms. Karn, denial of the CPCN so that more study
10 11 12	A.	SUGGESTED BY THE OUCC? Absolutely. As is being explained by Ms. Karn, denial of the CPCN so that more study can be conducted would result in a delay of the placement in service by approximately
10 11 12 13	A.	SUGGESTED BY THE OUCC? Absolutely. As is being explained by Ms. Karn, denial of the CPCN so that more study can be conducted would result in a delay of the placement in service by approximately three years. Duke Energy Indiana needs the additive baseload capacity today; MISO
10 11 12 13 14	A.	SUGGESTED BY THE OUCC? Absolutely. As is being explained by Ms. Karn, denial of the CPCN so that more study can be conducted would result in a delay of the placement in service by approximately three years. Duke Energy Indiana needs the additive baseload capacity today; MISO badly needs the energy and capacity the project will provide; and the Governor has
10 11 12 13 14 15	A.	SUGGESTED BY THE OUCC? Absolutely. As is being explained by Ms. Karn, denial of the CPCN so that more study can be conducted would result in a delay of the placement in service by approximately three years. Duke Energy Indiana needs the additive baseload capacity today; MISO badly needs the energy and capacity the project will provide; and the Governor has recognized the State of Indiana needs additive generation, as has the Indiana General
10 11 12 13 14 15 16	A.	SUGGESTED BY THE OUCC? Absolutely. As is being explained by Ms. Karn, denial of the CPCN so that more study can be conducted would result in a delay of the placement in service by approximately three years. Duke Energy Indiana needs the additive baseload capacity today; MISO badly needs the energy and capacity the project will provide; and the Governor has recognized the State of Indiana needs additive generation, as has the Indiana General Assembly. ⁵ Delaying the Cayuga CC Project for more study would be a terrible result for
10 11 12 13 14 15 16 17	A.	SUGGESTED BY THE OUCC? Absolutely. As is being explained by Ms. Karn, denial of the CPCN so that more study can be conducted would result in a delay of the placement in service by approximately three years. Duke Energy Indiana needs the additive baseload capacity today; MISO badly needs the energy and capacity the project will provide; and the Governor has recognized the State of Indiana needs additive generation, as has the Indiana General Assembly. ⁵ Delaying the Cayuga CC Project for more study would be a terrible result for reliability, resiliency, and stability. In addition, and as is also discussed by Ms. Karn, the

⁴ Note that Company witness Mr. Luke provides rebuttal testimony detailing the likely additional capital maintenance expenditures of approximately \$200 M that would be required to run the Cayuga units on coal until the 2040 timeframe as proposed by the OUCC.

⁵ See HCR 3, 2025, Petitioner's Rebuttal Exhibit 9, Attachment 9-A (KAK).

IURC CAUSE NO. 46193 REBUTTAL TESTIMONY OF STAN C. PINEGAR FILED MAY 29, 2025

1		proposed so that additional dispatchable generation can be added the system by 2030;
2		waiting is not a reasonable option.
3	Q.	IN CONCLUSION, HOW SHOULD THE COMMISSION VIEW DUKE ENERGY
4		INDIANA'S PROPOSAL AND THE DECISIONS BEFORE IT IN THIS
5		PROCEEDING?
6	A.	Duke Energy Indiana is preparing to meet the evolving needs of the customers and
7		communities we serve at a pivotal time. Load growth is accelerating across our service
8		territory and in Indiana, capacity shortfalls are emerging across the MISO region, and
9		there is clear policy support for the development of additive generation to meet rising
10		demand and maintain reliability.
11		The Cayuga CC Project reflects a careful balance of the Five Pillars, alignment
12		with policy signals, and is a deliberate, future-focused step toward ensuring that we have
13		the right resources in place. It is not merely a replacement for existing units; it is a
14		flexible, dispatchable resource designed to support reliability, system resilience, and the
15		demands of a growing state. The Cayuga CC Project is the right project, at the right time,
16		and for the right reasons.
17	Q.	DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

18 A. Yes.

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

megu Signed 2 Stan C. Pinegar

Dated: <u>5-29-25</u>