

OFFICIAL  
EXHIBITS

FILED  
September 1, 2022  
INDIANA UTILITY  
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

APPLICATION OF DUKE ENERGY INDIANA, LLC )  
FOR APPROVAL OF A CHANGE IN ITS FUEL COST )  
ADJUSTMENT FOR ELECTRIC SERVICE AND FOR )  
APPROVAL OF A CHANGE IN ITS FUEL COST )  
ADJUSTMENT FOR HIGH PRESSURE STEAM )  
SERVICE, IN ACCORDANCE WITH INDIANA CODE )  
§8-1-2-42, INDIANA CODE §8-1-2-42.3 AND VARIOUS )  
ORDERS OF THE INDIANA UTILITY )  
REGULATORY COMMISSION )

CAUSE NO. 38707

FAC-133

IURC  
PUBLIC'S

EXHIBIT NO.

DATE

REPORTER

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 2

TESTIMONY OF OUCC WITNESS MICHAEL D. ECKERT

SEPTEMBER 1, 2022

*Lorraine Hitz*

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Deputy Consumer Counselor

**TESTIMONY OF OUCC WITNESS MICHAEL D. ECKERT**  
**CAUSE NO. 38707 FAC-133**  
**DUKE ENERGY INDIANA, LLC.**

**I. INTRODUCTION**

1   **Q:   Please state your name, business address and employment capacity.**

2   A:   My name is Michael D. Eckert, and my business address is 115 W. Washington St.,  
3       Suite 1500 South, Indianapolis, Indiana 46204. I am employed by the Indiana Office of  
4       Utility Consumer Counselor ("OUCC") as Director of the Electric Division. My  
5       qualifications are set forth in Appendix A of this document.

6   **Q:   Have you previously testified before the Indiana Utility Regulatory Commission**  
7       **("Commission")?**

8   A:   Yes.

9   **Q:   What is the purpose of your testimony?**

10  A:   I address Duke Energy Indiana, LLC's ("DEI"): (1) purchased power over the  
11       benchmark; (2) Ancillary Services Market ("ASM") Order; (3) hedging transactions;  
12       (4) monthly average regulation, spinning, and supplemental reserves; (5) Benton  
13       County Wind Farm ("Benton County"); (6) coal inventory; (7) coal  
14       increment/decrement pricing; (8) coal inventory impacts; (9) bill analysis; (10) actual  
15       cost of fuel (Mills/kWh) comparison; (11) net operating income analysis; and (12)  
16       commitment status. Ultimately, the OUCC recommends the Commission require  
17       DEI to provide the actual and forecasted 2022-23 projected coal burns; the inputs to  
18       its calculation of the coal price increment/decrement; reasons for any use of  
19       increment/decrement pricing, and to update the Commission in its next FAC filing  
20       on its coal inventory and transportation situation (as further described in my

1 testimony below). The OUCC further recommends the Commission approve the  
2 OUCC's revisions to DEI's proposed fuel cost factors as recalculated by OUCC  
3 witness Gregory T. Guerrettaz. The revised factor will spread out DEI's "current"  
4 large variance over a period of four (4) quarters, rather than two (2) quarters.

5 **Q: Is this the first time the OUCC has requested that the Commission spread DEI's**  
6 **variance over four FAC periods?**

7 A: No. The OUCC previously requested DEI's variance be spread over four periods in  
8 Duke's FAC 132 proceeding, but the Commission denied that request.

9 **Q: Given that the Commission has previously denied the OUCC's request to spread**  
10 **the variance over four FAC periods in FAC 132, why is the OUCC again asking**  
11 **for this relief?**

12 A: The OUCC respectfully requests that the Commission reconsider its denial when  
13 assessing the impact of variance in this FAC. The OUCC is aware that increasing  
14 electricity prices are already negatively impacting ratepayers and seeks this relief to  
15 mitigate the impact of DEI's large variance by spreading it over four FAC periods.  
16 While this may have the effect of lengthening the period of DEI's recovery, the  
17 OUCC is concerned that absent this relief, customers will be burdened by extremely  
18 large bills.

19 **Q: To the extent you do not address a specific item in your testimony, should it be**  
20 **construed to mean you agree with Petitioners' proposals?**

21 A: No. My silence on any topics, issues, or items Petitioner proposes does not indicate  
22 my approval of these topics, issues, or items. Rather, the scope of my testimony is  
23 limited to the specific topics discussed herein.

24 **Q: Please describe the review and analysis you conducted in order to prepare your**  
25 **testimony.**

26 A: I read DEI's prefiled testimony and petition in this proceeding as well as relevant

1 Commission Orders. I reviewed DEI's workpapers and responses to the OUCC's  
2 data requests, pertinent sections of Title 8 of Indiana Code, and Title 170 of the  
3 Indiana Administrative Code. Additionally, the OUCC performed its field audit  
4 remotely via conference call and Microsoft Teams on Friday August 19, 2022 and  
5 Thursday, August 25, 2022. I also participated in meetings with other OUCC staff  
6 members and DEI personnel in developing issues identified in this Cause.

## **II. ANCILLARY SERVICES MARKET**

7 **Q: Does DEI's treatment of ASM charges follow the treatment ordered by the**  
8 **Commission in its Phase II Order in Cause No. 43426, dated June 30, 2009?**

9 A: Yes.

## **III. HEDGING TRANSACTIONS**

10 **Q: Do you have any concerns related to hedging transactions in this FAC?**

11 A: Yes. DEI incurred a large hedging loss of \$16,424,598. Mr. Guerrettaz's testimony  
12 provides more information and analysis on the hedging transactions.

13 **Q: How were DEI's hedging programs impacted by coal supply issues?**

14 A: In 2021, DEI began experiencing coal supply and coal transportation issues, while  
15 natural gas and power prices were increasing significantly, and those prices still  
16 remain high. Thus, DEI's coal units were deliberately priced higher going into the  
17 MISO market because DEI implemented a coal "adder" (or increment) to the unit  
18 price. The increment was added because DEI's coal inventories were below target  
19 levels due to rail and labor constraints.

20 **Q: Have you reviewed the purchased power and natural gas hedges since**  
21 **December 2013?**

22 A: Yes. I have attached the purchased power and natural gas hedging gains/losses, by

1 month for the period December 2013 through May 2022 as Attachment MDE-3. The  
2 data shows that in general, hedging gains and losses for the period December 2013  
3 through January 2021 were relatively consistent. Beginning in February 2021, DEI  
4 experienced its largest hedging gain of \$17,524,071, and with the exception of March  
5 2021, continued to experience large gains through November 2021. Then in  
6 December 2021, DEI experienced its largest hedging loss ever, followed by its 2<sup>nd</sup>  
7 and 3<sup>rd</sup> largest hedging losses in January 2022 and February 2022. In this FAC period  
8 (March 2022 through May 2022), DEI experienced a small loss in March and gains  
9 in April and May.

10 **Q: Is DEI currently reviewing its hedging practices?**

11 A: Yes.

12 **Q: Has the OUCC asked DEI to provide the results of its informal review?**

13 A: Yes. The OUCC asked DEI to update the OUCC and Commission on the findings of  
14 this internal review and recommends DEI file testimony on the results of this  
15 informal review in its next FAC.

#### **IV. REGULATION, SPINNING, AND SUPPLEMENTAL RESERVES CHARGES**

16 **Q: Did DEI report the monthly average ASM cost distribution amounts for**  
17 **regulation, spinning, and supplemental reserves it paid for each of the ancillary**  
18 **service products?**

19 A: Yes. Per the Commission's Order,<sup>1</sup> DEI reported<sup>2</sup> the average monthly ASM cost  
20 distribution amounts for regulation, spinning, and supplemental reserves charge  
21 types.

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<sup>1</sup> See the Commission's Order in Cause No. 43426, Phase II, p. 41.

<sup>2</sup> See DEI Witness Scott Burnside's testimony, p. 7.

**V. BENTON COUNTY WIND FARM**

1 **Q: Were there any new developments related to the Benton County Wind Farm?**

2 A: No.

**VI. COAL INVENTORY**

3 **Q: How has DEI's coal inventory changed since its last FAC petition?**

4 A: DEI witness Brett Phipps<sup>3</sup> testified that since February 28, 2022, DEI's coal  
5 inventory at its generating stations has increased from approximately 1,561,002 tons  
6 (30 days) to 1,961,923 tons (38 days) as of May 31, 2022. DEI's is actively trying to  
7 maintain a minimum inventory through the next FAC period.<sup>4</sup>

8 **Q: Why is DEI struggling to maintain its coal supply inventory at target levels?**

9 A: DEI's coal inventory is below target levels because DEI has experienced coal supply  
10 and transportation issues over the last year. In addition, projected coal burns for  
11 calendar year 2021 were significantly lower than the actual coal burn for 2021. This  
12 occurred because natural gas prices increased significantly during the summer of  
13 2021, making coal generation more competitive and/or cheaper than natural gas fired  
14 generation.

15 **Q: Did DEI explain its coal supply issues?**

16 A: Yes. Mr. Phipps confirmed the on-going problems with "significant delivery  
17 constraints due to labor shortages from COVID-19 and other railroad resource  
18 constraints which moved the Company's impacted coal deliveries into the future.  
19 The Company remains concerned and continues to monitor the viability of future

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<sup>3</sup> On August 9, 2022, DEI filed a motion notifying the Commission that Shawn D. Shultz will adopt the case-in-chief testimony of Brett Phipps.

<sup>4</sup> See DEI Witness Brett Phipps' testimony, p. 12.

1 supply due to the financial and labor constraints facing its suppliers and rail  
2 transportation providers.”<sup>5</sup>

3 **Q: Is DEI actively trying to manage its coal purchases and coal inventory?**

4 A: Yes. DEI indicated through its prefiled testimony and discussions with the OUCC  
5 that it is actively looking into options to manage its coal inventory. DEI has been  
6 able to secure additional coal for 2022-2023 but is still struggling to acquire and  
7 maintain adequate transportation to get the coal to its stations.

8 **Q: Is DEI in contact with its coal transportation providers in an attempt to increase**  
9 **transportation (number of trains)?**

10 A: Yes.

11 **Q: Has DEI filed a complaint with the Service Transportation Board?**

12 A: Not to my knowledge.

13 **Q: Has DEI tried to enforce any non-compliance options in its rail contracts?**

14 A: Not to my knowledge.

15 **Q: Does DEI have any coal at its interim coal storage sites or Gallagher Station?**

16 A: Yes. DEI has a total of 166,546<sup>6</sup> tons of coal at one interim coal storage site as of  
17 May 31, 2022.

18 **Q: How have DEI's coal inventory levels changed since January 2019?**

19 A: The following table depicts DEI's coal inventory levels,<sup>7</sup> including interim coal  
20 storage sites, since January 2019.

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<sup>5</sup> See Phipps, p. 10.

<sup>6</sup> See DEI's Witness Mr. Brett Phipps' testimony, page 13-14.

<sup>7</sup> Amount including interim off-site storage.

Month/Year	Amount (Tons)	Month/Year	Amount (Tons)
January 2019	2,287,084	November 2020	4,069,248
February 2019	2,205,048	December 2020	3,816,974
March 2019	2,388,139	January 2021	3,324,146
April 2019	2,501,786	February 2021	2,740,955
May 2019	2,775,470	March 2021	2,732,008
June 2019	2,877,755	April 2021	2,736,182
July 2019	2,931,160	May 2021	2,655,615
August 2019	3,014,727	June 2021	2,294,261
September 2019	3,253,250	July 2021	1,324,997
October 2019	3,573,122	August 2021	970,858
November 2019	3,988,798	September 2021	1,208,424
December 2019	4,349,934	October 2021	1,496,386
January 2020	4,561,990	November 2021	1,665,175
February 2020	4,878,345	December 2021	1,946,528
March 2020	4,902,847	January 2022	1,856,258
April 2020	5,028,141	February 2022	1,727,549
May 2020	5,127,370	March 2022	1,932,194
June 2020	5,324,271	April 2022	2,073,592
July 2020	5,095,264	May 2022	2,128,469
August 2020	4,708,754	June 2022	2,038,627
September 2020	4,455,434	July 2022	1,865,856
October 2020	4,331,538		

- 1 **Q: Should DEI continue to update the Commission on its coal inventory?**
- 2 **A:** Yes. As ordered by the Commission in Cause No. 38707 FAC-96 and subsequent
- 3 FAC proceedings, DEI should continue to provide information regarding its coal
- 4 inventory. DEI should also update the Commission on its 2022 projected coal burn
- 5 and coal purchases. In addition, DEI should update the Commission on how it is



addressing its coal transportation issues. The OUCC will continue to review and monitor DEI's projected burns and purchases for reasonableness.

## VII. COAL INCREMENT PRICING

**Q: Is DEI utilizing coal supply offer adjustment ("increment") pricing?**

**A:** Yes. DEI continued to implement a supply offer adjustment ("increment") on a per MWh during this FAC period, which was applied to the Gibson and Cayuga Stations.

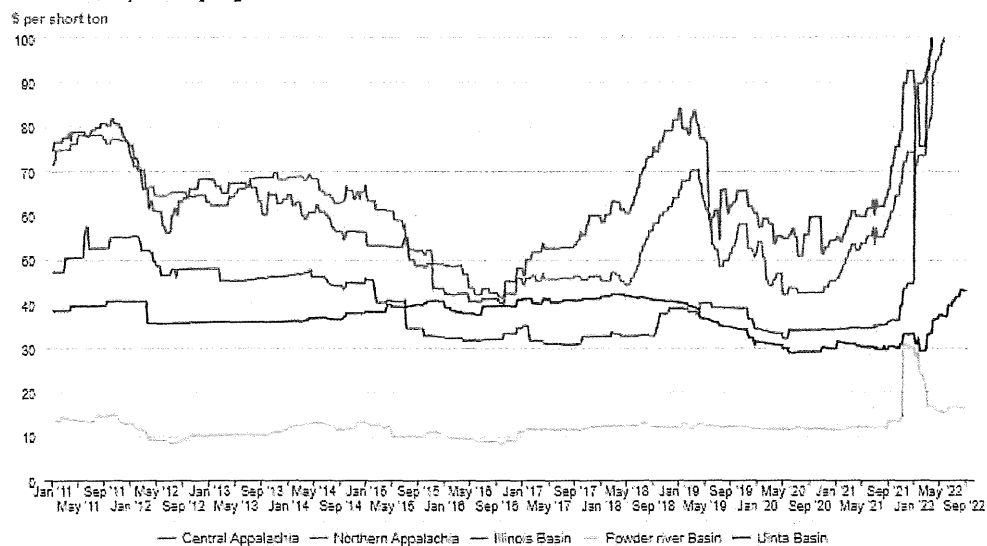
**Q: Did coal generation demand increase during the calendar year 2021?**

**A:** Yes. Projected coal burns for calendar year 2021 were significantly lower than the actual coal burn for 2021. This occurred because natural gas prices increased significantly during the summer of 2021, making coal generation more competitive and/or cheaper than natural gas fired generation.

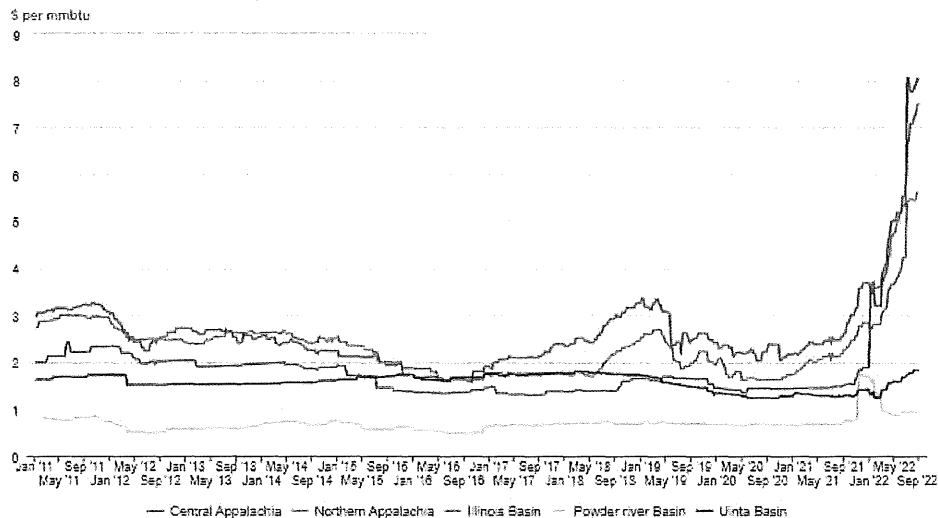
**Q: At this same time, did coal prices increase dramatically over the last 12 months?**

**A:** Yes. I have enclosed two charts from EIA that shows historical coal prices by region, by dollars per short ton, and by dollars per mmbtu.

Historic coal prices by region, 2011 - current data



Historic coal prices by region, 2011 - current data



Source: U.S. Energy Information Administration, based on BNL Energy

1 **Q: Were coal mines and railroads able to meet the increased coal demand that the**  
2 **electric utilities needed?**

3 **A:** No. As noted above, coal mines that had previously cut back production during  
4 COVID then had trouble increasing production to meet demand. Railroad  
5 transportation providers also had trouble increasing service to meet the increased  
6 demand. In addition, coal mines and railroads have experienced labor shortage  
7 constraints. As a result, several coal mines have sold all their coal for 2021 and/or  
8 2022.

9 **Q: Does DEI expect a distressed coal supply chain to continue through 2022?**

10 **A:** Yes. Even though DEI has been able to secure additional coal for 2022-2023, it is  
11 still struggling to acquire and maintain adequate transportation to get the coal to its  
12 stations. Thus, OUCC witness Guerrettaz has additional recommendations regarding  
13 this issue.

14 **Q: As a result of these coal supply chain issues, has DEI altered its Day-Ahead**  
15 **Offer price?**

16 **A:** Yes. DEI used an increment/adder adjustment to its supply offers to MISO to reduce

1 the dispatch frequency of its coal generation (Gibson and Cayuga). Even though the  
2 OUCC does not like the use of a coal increment, the OUCC understands that DEI  
3 needed to have a reasonable level of coal inventory for the winter peaking season to  
4 meet the reliability concerns in MISO. The increment has the effect of making the  
5 offered units more expensive, thus reducing the likelihood that certain units will be  
6 “picked up” to run by MISO.

7 **Q: Why did DEI use the increment?**

8 A: DEI used the increment to deal with the fact that it had a lower-than-average coal  
9 inventory. By raising the offer price, DEI’s incremented units were less likely to be  
10 picked up and coal inventory would not be depleted. DEI wanted to maintain the  
11 ability to run the units if needed for reliability during periods of high demand.

12 **Q: How does use of the coal increment/decrement impact DEI’s customers?**

13 A: If DEI implements the coal decrement and puts its units into the market below cost,  
14 DEI then seeks recovery from customers of the entire cost. If DEI implements the  
15 coal increment and puts its units into the market above cost, DEI then seeks recovery  
16 from customers of the entire cost. Under either scenario, Duke seeks recovery of the  
17 actual cost incurred; under a coal increment, DEI’s units run less and under a coal  
18 decrement, DEI’s units run more. DEI requests recovery of the actual cost of running  
19 the unit, not the cost at which DEI put the units into the market.

20 **Q: What does the OUCC recommend?**

21 A: The OUCC recommends DEI file testimony, schedules, and workpapers to justify  
22 any actual need for, or use of, coal increment/decrement pricing in its next FAC  
23 filing.

24 **Q: How did DEI’s coal inventory issues impact its operations and fuel cost?**

1 A: In addition to implementing a significant fuel increment (adder), DEI's coal  
2 inventory issues caused DEI to 1) divert coal from Edwardsport to Cayuga; and 2)  
3 increase its hedge position resulting in hedging gains which decreased the cost of  
4 fuel.

### VIII. BILL ANALYSIS

5 **Q: Have you calculated the bill impact on a typical residential customer's bill using**  
6 **500, 1,000, 1,500, and 2,000 kWhs at DEI's proposed rate of \$0.045948 and**  
7 **compared that to the same typical customer's bill using the currently approved**  
8 **rate?**

9 A: Yes, I did, as reflected in the table below.

	<u>Consumption</u>	<u>Dollar Inc/(Dec)</u>
10	500	\$5.85
11	1,000	\$11.71
12	1,500	\$17.56
13	2,000	\$23.41

14 **Q: Have you calculated the bill impact on a typical residential customer's bill using**  
15 **500, 1,000, 1,500, and 2,000 kWhs at the OUCC's proposed rate of \$0.041897**  
16 **and compared that to the same typical customer's bill using the currently**  
17 **approved rate?**

18 A: Yes, I did, as reflected in the table below.

	<u>Consumption</u>	<u>Dollar Inc/(Dec)</u>
19	500	\$3.83
20	1,000	\$7.65
21	1,500	\$11.48
22	2,000	\$15.31

23 **Q: What assumptions did you make in this calculation?**

24 A: In making this calculation, I did not include any dollar amount for base rates, other  
25 trackers, and taxes. Therefore, this calculation reflects only the proposed change to  
26 the FAC factor.

27 **Q: Have you provided a calculation of a typical customer's bill using 1,000 kWh in**  
28 **August 2022, using DEI's online tariffs as of August 31, 2022?**

1 A: Yes. See Attachment MDE-2. A typical residential customer using 1,000 kWh in  
2 August 2022 will pay \$162.60 excluding taxes. This amount consists of \$130.99 in  
3 base charges that were set in DEI's last rate case (Cause No. 45253), \$34.24 in fuel  
4 adjustment clause charges, and (\$2.63) in non-FAC trackers and riders.

**IX. ACTUAL COST OF FUEL (MILLS/KWH) COMPARISON**

5 **Q: Did you do a comparison of the actual monthly cost of fuel (Mills/kWh) for the**  
6 **five large Indiana investor owned utilities ("IOUs")?**

7 A: Yes. I did. DEI's actual cost of fuel is higher than the other IOUs in the State of  
8 Indiana (See Attachment MDE-1).

**X. NET OPERATING INCOME ANALYSIS**

9 **Q: Have you reviewed DEI's calculation of the authorized net operating income**  
10 **amount for earnings test purposes?**

11 A: Yes, I have. DEI calculates its authorized net operating income for earnings test  
12 purposes by adding the authorized jurisdictional return on fair value and original cost  
13 depreciated rate base to the tracked amounts attributable to its Construction Work in  
14 Progress ("CWIP"), Environmental Compliance Rider ("ECR") and Renewable  
15 Energy Projects ("REP") projects. The table below reflects DEI's calculation of the  
16 authorized net operating income for earnings test purposes.

Proceeding	Earnings Amount	Phase-In Total
45253 Base Rate Case Phase 1 <sup>8</sup>	\$568,728,000	\$95,034,000
45253 Base Rate Case Phase 2 <sup>9</sup>	579,310,000	482,507,000
42061 ECR-34 <sup>10</sup>	283,000	45,000
42061 ECR-35 Phase 1 <sup>11</sup>	166,000	1,000

<sup>8</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 2 of 4, Column C and D.

<sup>9</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 3 of 4, Columns C and D.

<sup>10</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 2 of 4, Column E and F.

<sup>11</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 2 of 4, Column G and H.

42061 ECR-35 Phase 2 <sup>12</sup>	166,000	75,000
42061 ECR-36 Phase 2 <sup>13</sup>	83,000	31,000
44932 REP-2 <sup>14</sup>	1,171,000	96,000
44932 REP-3 Phase 1 <sup>15</sup>	1,543,000	131,000
44932 REP-3 Phase 2 <sup>16</sup>	1,543,000	1,285,000
Total (June 1, 2021 through May 31, 2022)		\$579,205,000
Actual Jurisdictional Earned Return <sup>17</sup>		505,690,000
Over-Earning/ (Under-Earning)		(\$73,515,000)

- 1 **Q: Did DEI over-earn during the 12-month period covered by this Petition?**  
2 A: No. DEI did not over-earn during the 12-month period covered by this Petition.

**XI. UNIT COMMITMENT STATUS**

- 3 **Q: Does the OUCC review DEI's unit commitment status during its FAC audit?**  
4 A: Yes. The OUCC generally reviews DEI's unit commitment status and Mr.  
5 Guerrettaz's testimony details some of the analysis done by the OUCC during its  
6 FAC audit. In general, the OUCC's FAC audit process has focused more on the cost  
7 of fuel and the cost of purchased power.

**XII. OUCC RECOMMENDATIONS**

- 8 **Q: Please summarize your recommendations to the Commission in this cause.**  
9 A: The OUCC recommends the Commission require DEI to provide the following  
10 information:  
11 1) Update the Commission on DEI's current coal inventory situation and 2022-23  
12 projected coal burn and coal purchases;  
13 2) Update the Commission on the coal transportation issues;

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<sup>12</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 3 of 4, Column E and F.  
<sup>13</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 3 of 4, Column G and H.  
<sup>14</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 2 of 4, Columns I and J.  
<sup>15</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 2 of 4, Columns K and L.  
<sup>16</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 3 of 4, Column I and J.  
<sup>17</sup> Cause No. 38707 FAC 133, Exhibit 6-B (SES), page 4 of 4, Column D, Line 20.

- 1           3) Update the Commission on DEI's coal hedging policy; and
- 2           4) As ordered in Cause No. 38707 FAC-96 and subsequent FAC proceedings,
- 3           continue to provide the inputs to its calculation of and the reasons for any use of
- 4           the coal price increment/decrement.
- 5           The OUCC recommends the Commission approve DEI's proposed fuel cost factors,
- 6           as calculated by Mr. Guerrettaz spreading the current FAC-133 variance over four
- 7           FAC periods, subject to any further action in this docket.
- 8   **Q:   Does this conclude your testimony?**
- 9   **A:   Yes, it does.**

**APPENDIX A – QUALIFICATIONS OF MICHAEL D. ECKERT**

1   **Q:   Please describe your educational background and experience.**

2   A:   I graduated from Purdue University in West Lafayette, Indiana in December 1986,  
3       with a Bachelor of Science degree, majoring in Accounting. I am licensed in the State  
4       of Indiana as a Certified Public Accountant. Upon graduation, I worked as a Field  
5       Auditor with the Audit Bureau of Circulation in Schaumburg, Illinois until October  
6       1987. In December 1987, I accepted a position as a Staff Accountant with the OUCC.  
7       In May 1995, I was promoted to Principal Accountant and in December 1997, I was  
8       promoted to Assistant Chief Accountant. As part of the OUCC's reorganization, I  
9       accepted the position of Assistant Director of its Telecommunications Division in  
10      July 1999. From January 2000 through May 2000, I was the Acting Director of the  
11      Telecommunications Division. During an OUCC reorganization, I accepted a  
12      position as a Senior Utility Analyst and in September 2017, I was promoted to  
13      Assistant Director of the Electric Division. In February 2022, I was promoted to the  
14      Director of the Electric Division. As part of my continuing education, I have attended  
15      the National Association of Regulatory Utility Commissioner's ("NARUC") two-  
16      week seminar in Lansing, Michigan. I attended NARUC's Spring 1993 and 1996  
17      seminar on system of accounts. In addition, I attended several CPA sponsored  
18      courses and the Institute of Public Utilities Annual Conference in December 1994  
19      and December 2000.



Duke Energy Indiana, LLC  
Cause No. 38707 FAC - 133

Actual Cost of Fuel (Million\$/Wh) Comparison

Attachment MDE-1  
Page 1 of 1

Month	Year	Duke Energy	FAC #	Indiana Michigan Power	FAC #	Indiana Light	FAC #	NIPSCO	FAC #	Consolidated	FAC #	Month	Year	Duke Energy	FAC #	Indiana Michigan Power	FAC #	Indiana Light	FAC #	NIPSCO	FAC #	Consolidated	FAC #
January	2007	18,174	75	18,174	75	18,174	75	18,174	75	18,174	75	January	2007	18,174	75	18,174	75	18,174	75	18,174	75	18,174	75
February	2007	26,226	72	11,853	59	18,436	76	33,278	75	22,609	75	February	2007	26,226	72	11,853	59	18,436	76	33,278	75	22,609	75
March	2007	16,663	73	11,358	59	18,436	76	26,336	75	25,221	76	March	2007	16,663	73	11,358	59	18,436	76	26,336	75	25,221	76
April	2007	20,748	73	10,022	59	17,626	76	25,998	76	23,808	76	April	2007	20,748	73	10,022	59	17,626	76	25,998	76	23,808	76
May	2007	21,811	73	11,227	59	17,647	76	25,998	76	23,808	76	May	2007	21,811	73	11,227	59	17,647	76	25,998	76	23,808	76
June	2007	17,618	74	11,898	60	15,499	77	25,663	76	18,822	77	June	2007	17,618	74	11,898	60	15,499	77	25,663	76	18,822	77
July	2007	21,455	74	11,843	60	17,772	77	35,423	77	24,456	77	July	2007	21,455	74	11,843	60	17,772	77	35,423	77	24,456	77
August	2007	26,428	74	12,544	61	21,676	78	35,453	77	29,769	77	August	2007	26,428	74	12,544	61	21,676	78	35,453	77	29,769	77
September	2007	18,147	75	13,893	60	18,446	78	26,007	77	25,208	78	September	2007	18,147	75	13,893	60	18,446	78	26,007	77	25,208	78
October	2007	21,620	75	14,564	60	21,142	78	24,304	78	25,574	78	October	2007	21,620	75	14,564	60	21,142	78	24,304	78	25,574	78
November	2007	16,620	75	13,773	60	17,260	79	24,781	78	19,194	78	November	2007	16,620	75	13,773	60	17,260	79	24,781	78	19,194	78
December	2007	18,545	76	11,854	61	17,212	79	40,363	78	23,509	79	December	2007	18,545	76	11,854	61	17,212	79	40,363	78	23,509	79
January	2008	21,946	76	12,156	61	18,146	79	38,207	79	23,349	79	January	2008	21,946	76	12,156	61	18,146	79	38,207	79	23,349	79
February	2008	22,533	76	12,413	61	18,902	80	25,997	79	25,212	79	February	2008	22,533	76	12,413	61	18,902	80	25,997	79	25,212	79
March	2008	26,699	77	14,211	61	19,380	80	33,271	79	27,444	80	March	2008	26,699	77	14,211	61	19,380	80	33,271	79	27,444	80
April	2008	21,034	77	16,394	61	18,572	80	28,639	80	27,651	80	April	2008	21,034	77	16,394	61	18,572	80	28,639	80	27,651	80
May	2008	20,159	77	14,692	61	16,364	81	28,679	80	21,578	80	May	2008	20,159	77	14,692	61	16,364	81	28,679	80	21,578	80
June	2008	20,286	78	15,185	62	23,136	81	33,815	80	32,526	81	June	2008	20,286	78	15,185	62	23,136	81	33,815	80	32,526	81
July	2008	25,596	78	15,569	62	24,771	81	32,511	81	26,389	81	July	2008	25,596	78	15,569	62	24,771	81	32,511	81	26,389	81
August	2008	25,728	78	15,520	62	20,497	82	28,791	81	23,701	81	August	2008	25,728	78	15,520	62	20,497	82	28,791	81	23,701	81
September	2008	24,964	79	18,509	62	20,428	82	28,252	81	25,788	82	September	2008	24,964	79	18,509	62	20,428	82	28,252	81	25,788	82
October	2008	24,546	79	20,793	62	20,681	82	26,999	82	26,726	82	October	2008	24,546	79	20,793	62	20,681	82	26,999	82	26,726	82
November	2008	24,104	79	20,375	62	19,596	83	23,281	82	22,083	82	November	2008	24,104	79	20,375	62	19,596	83	23,281	82	22,083	82
December	2008	23,536	80	18,696	63	19,337	83	25,457	82	21,687	83	December	2008	23,536	80	18,696	63	19,337	83	25,457	82	21,687	83
January	2009	27,448	80	17,482	63	20,615	83	30,382	83	30,813	83	January	2009	27,448	80	17,482	63	20,615	83	30,382	83	30,813	83
February	2009	24,644	80	17,523	63	19,347	84	29,775	83	26,921	83	February	2009	24,644	80	17,523	63	19,347	84	29,775	83	26,921	83
March	2009	24,600	81	15,505	63	18,499	84	27,107	83	31,381	84	March	2009	24,600	81	15,505	63	18,499	84	27,107	83	31,381	84
April	2009	24,759	81	19,811	63	18,739	84	29,287	84	34,003	84	April	2009	24,759	81	19,811	63	18,739	84	29,287	84	34,003	84
May	2009	22,899	81	16,454	63	20,020	85	27,833	84	30,723	84	May	2009	22,899	81	16,454	63	20,020	85	27,833	84	30,723	84
June	2009	27,240	82	16,643	64	18,440	85	29,152	84	31,568	85	June	2009	27,240	82	16,643	64	18,440	85	29,152	84	31,568	85
July	2009	26,289	82	15,337	64	18,446	85	27,887	85	35,710	85	July	2009	26,289	82	15,337	64	18,446	85	27,887	85	35,710	85
August	2009	23,600	82	15,642	64	18,198	86	27,312	85	29,665	85	August	2009	23,600	82	15,642	64	18,198	86	27,312	85	29,665	85
September	2009	22,959	83	14,644	64	18,497	86	26,006	85	32,274	85	September	2009	22,959	83	14,644	64	18,497	86	26,006	85	32,274	85
October	2009	24,637	83	14,412	64	17,674	86	26,106	86	35,583	86	October	2009	24,637	83	14,412	64	17,674	86	26,106	86	35,583	86
November	2009	23,365	83	14,499	64	18,699	87	26,335	86	29,872	86	November	2009	23,365	83	14,499	64	18,699	87	26,335	86	29,872	86
December	2009	19,885	84	16,327	64	18,429	87	30,148	86	33,634	87	December	2009	19,885	84	16,327	64	18,429	87	30,148	86	33,634	87
January	2010	28,065	84	16,338	65	19,473	87	26,790	87	36,151	87	January	2010	28,065	84	16,338	65	19,473	87	26,790	87	36,151	87
February	2010	25,727	84	16,056	65	21,275	88	28,179	87	31,462	87	February	2010	25,727	84	16,056	65	21,275	88	28,179	87	31,462	87
March	2010	24,621	85	18,985	65	22,269	88	26,411	87	33,092	88	March	2010	24,621	85	18,985	65	22,269	88	26,411	87	33,092	88
April	2010	25,886	85	17,165	65	22,762	88	31,716	88	36,423	88	April	2010	25,886	85	17,165	65	22,762	88	31,716	88	36,423	88
May	2010	25,666	85	18,897	65	25,530	89	32,865	88	32,577	88	May	2010	25,666	85	18,897	65	25,530	89	32,865	88	32,577	88
June	2010	26,448	86	17,106	66	24,690	89	31,766	88	35,331	89	June	2010	26,448	86	17,106	66	24,690	89	31,766	88	35,331	89
July	2010	26,217	86	18,788	66	25,969	90	31,762	89	36,798	89	July	2010	26,217	86	18,788	66	25,969	90	31,762	89	36,798	89
August	2010	27,218	86	18,703	66	26,035	90	28,523	89	31,924	89	August	2010	27,218	86	18,703	66	26,035	90	28,523	89	31,924	89
September	2010	24,990	87	19,171	66	24,232	90	24,429	89	35,523	90	September	2010	24,990	87	19,171	66	24,232	90	24,429	89	35,523	90
October	2010	26,407	87	19,687	66	24,893	90	27,117	90	37,169	90	October	2010	26,407	87	19,687	66	24,893	90	27,117	90	37,169	90
November	2010	26,466	87	21,777	66	25,345	91	26,278	90	34,053	90	November	2010	26,466	87	21,777	66	25,345	91	26,278	90	34,053	90
December	2010	27,822	88	19,572	67	25,083	91	29,331	90	34,433	91	December	2010	27,822	88	19,572	67	25,083	91	29,331	90	34,433	91
January	2011	29,136	88	16,796	67	27,082	91	28,619	91	40,515	91	January	2011	29,136	88	16,796	67	27,082	91	28,619	91	40,515	91
February	2011	25,918	88	16,740	67	27,010	92	28,461	91	34,433	91	February	2011	25,918	88	16,740	67	27,010	92	28,461	91	34,433	91
March	2011	29,682	89	17,141	67	26,476	92	30,915	91	36,973	92	March	2011	29,682	89	17,141	67	26,476	92	30,915	91	36,973	92
April	2011	29,259	89	15,517	67	26,946	92	30,774	92	43,478	92	April	2011	29,259	89	15,517	67	26,946	92	30,774	92	43,478	92
May	2011	26,250	89	16,240	67	24,645	93	31,881	92	34,593	92	May	2011	26,250	89	16,240	67	24,645	93	31,881	92	34,593	92
June	2011	27,832	90	17,305	68	29,536	93	31,557	92	36,617	93	June	2011	27,832	90	17,305	68	29,536	93	31,557	92	36,617	93
July	2011	31,451	90	17,588	68	29,255	93	36,825	93	37,860	93	July	2011	31,451	90	17,588	68	29,255	93	36,825	93	37,860	93
August	2011	28,949	90	17,986	68	28,442	94	31,252	93	35,610	93	August	2011	28,949	90	1							

**Duke Energy Indiana**  
Cause No. 38707 FAC-133

**Residential Customer Bill using 1,000 kWh**

Description:	Rider	kWh	Rate	\$	% of Bill
Customer Charge	Base			\$10.54	6.48%
Energy Charge	Base	300 *	\$0.148799	44.64	27.45%
Energy Charge	Base	700	\$0.108297	75.81	46.62%
Coal Gasification Adj.	61	1,000	\$0.000000	0.00	0.00%
Pollution Control Adj.	62	1,000 *	(\$0.001697)	(1.70)	-1.05%
Emission Allowance Adj.	63	1,000 *	\$0.000000	0.00	0.00%
Transmission and Distribution Infrastructure Improvement	65	1,000	\$0.001554	1.55	0.95%
Energy Efficiency Adj.	66	1,000 *	\$0.001772	1.77	1.09%
Credit Adjustment	67	1,000	(\$0.004591)	(4.59)	-2.82%
Regional Transmission Operator Adj	68	1,000	\$0.000172	0.17	0.10%
Reliability Adj..	70	1,000 *	(\$0.000094)	(0.09)	-0.06%
Clean Coal Adj.	71	1,000 *	\$0.000000	0.00	0.00%
Federal Mandate Rider Adj.	72	1,000 *	\$0.000106	0.11	0.07%
Renewable Energy Rider	73	1,000	\$0.000153	0.15	0.09%
Sub-Total				128.36	78.94%
FAC Charge	60	1,000 **	\$0.034243	34.24	21.06%
Total Billing Amount				<u>\$162.60</u>	<u>100.00%</u>
Base and Energy Charge				\$130.99	80.56%
Other Trackers				(2.63)	-1.62%
FAC				34.24	21.06%
Total				<u>\$162.60</u>	<u>100.00%</u>

\* Online tariffs as of August 31, 2022, (<http://www.duke-energy.com/rates/indiana/tariff.asp>)


Duke Energy Indiana  
Cause No. 38707 FAC-132

## Power and Natural Gas Hedging Gains and Losses

FAC	Month/Year	Power Hedging	Gas Hedging	Total Hedging	FAC	Month/Year	Power Hedging	Gas Hedging	Total Hedging
FAC 100	Dec-13	(53,333,153.00)	\$0.00	(53,333,153.00)	FAC 117	Mar-18	3,188	253	3,441
	Jan-14	(108,989)	-	(108,989)		Apr-18	(72,267)	409	(71,858)
	Feb-14	(308,100)	-	(308,100)		May-18	(740,842)	112	(740,830)
FAC 101	Mar-14	(111,103)	-	(111,103)	FAC 118	Jun-18	(169,656)	(164,636)	(334,292)
	Apr-14	(49,453)	-	(49,453)		Jul-18	(35,435)	(257,240)	(292,675)
	May-14	(528,710)	-	(528,710)		Aug-18	57,469	(394,533)	(337,064)
FAC 102	Jun-14	(253,055)	-	(253,055)	FAC 119	Sep-18	(30,448)	126	(30,322)
	Jul-14	197,851	-	197,851		Oct-18	(12,043)	65	(11,978)
	Aug-14	363,164	-	363,164		Nov-18	32,466	34	32,500
FAC 103	Sep-14	217,552	-	217,552	FAC 120	Dec-18	41,750	176	41,926
	Oct-14	17,310	-	17,310		Jan-19	(155,302)	84,552	(70,750)
	Nov-14	(561,498)	-	(561,498)		Feb-19	25,645	246,216	271,861
FAC 104	Dec-14	733,946	240	734,182	FAC 121	Mar-19	31,590	-	31,590
	Jan-15	352,388	33	352,421		Apr-19	201,283	459	201,742
	Feb-15	(5,797)	134,680	128,883		May-19	1,178,491	393	1,178,884
FAC 105	Mar-15	364,197	46,345	410,542	FAC 122	Jun-19	826,977	160,121	987,098
	Apr-15	423,421	-	423,421		Jul-19	(20,558)	588,387	567,829
	May-15	337,407	281	337,668		Aug-19	354,299	908,478	1,262,777
FAC 106	Jun-15	795,375	-	795,375	FAC 123	Sep-19	(155,046)	(315,641)	(470,687)
	Jul-15	187,312	33	187,345		Oct-19	(63,336)	92,149	28,813
	Aug-15	245,335	(68,045)	177,291		Nov-19	(127,797)	(178,009)	(304,606)
FAC 107	Sep-15	306,660	9,675	316,335	FAC 124	Dec-19	55,128	268,706	343,834
	Oct-15	122,895	-	122,895		Jan-20	8,124	822,164	830,288
	Nov-15	(11,189)	86	(11,133)		Feb-20	167,028	734,375	901,403
FAC 108	Dec-15	107,750	275	108,025	FAC 125	Mar-20	478,268	142,803	621,071
	Jan-16	4,008	(158,971)	(154,963)		Apr-20	(27,412)	(91,798)	(119,210)
	Feb-16	42,303	99,879	142,182		May-20	13,649	98,195	111,844
FAC 109	Mar-16	(10,943)	-	(10,943)	FAC 126	Jun-20	(190,687)	207,075	16,388
	Apr-16	(73,104)	-	(73,104)		Jul-20	145,347	439,678	585,025
	May-16	210,381	206	210,587		Aug-20	(139,093)	102,727	(36,366)
FAC 110	Jun-16	(522,768)	344	(522,424)	FAC 127	Sep-20	17,764	148,875	166,639
	Jul-16	39,637	(380,631)	(340,994)		Oct-20	28,555	40,767	70,322
	Aug-16	(49,953)	(319,320)	(369,276)		Nov-20	29,142	77,356	106,498
FAC 111	Sep-16	(530,972)	-	(530,972)	FAC 128	Dec-20	39,209	277,476	316,685
	Oct-16	(590,638)	-	(590,638)		Jan-21	(66,730)	278,001	211,271
	Nov-16	362,017	-	362,017		Feb-21	(793,928)	(16,730,143)	(17,524,071)
FAC 112	Dec-16	(402,267)	275	(401,992)	FAC 129	Mar-21	597,524	394	597,918
	Jan-17	171,977	138,618	310,595		Apr-21	(1,260,987)	(54,713)	(1,315,700)
	Feb-17	96,778	260,250	357,028		May-21	(131,366)	(189,882)	(321,248)
FAC 113	Mar-17	274,890	-	274,890	FAC 130	Jun-21	(612,947)	(313,050)	(925,997)
	Apr-17	(132,532)	-	(132,532)		Jul-21	5,581	(945,164)	(939,583)
	May-17	(235,223)	183	(235,040)		Aug-21	(32,084)	(1,163,393)	(1,215,477)
FAC 114	Jun-17	177,532	379	177,911	FAC 131	Sep-21	(200,546)	(1,486,458)	(1,687,004)
	Jul-17	(112,188)	270,432	158,244		Oct-21	(4,830,659)	(1,587,611)	(6,418,270)
	Aug-17	68,662	295,767	364,429		Nov-21	(6,746,354)	(673,721)	(7,422,085)
FAC 115	Sep-17	(1,890,041)	131	(1,889,910)	FAC 132	Dec-21	22,063,830	2,417,780	24,481,610
	Oct-17	50,357	54	50,411		Jan-22	2,369,910	4,395,114	6,765,024
	Nov-17	17,121	242	17,363		Feb-22	3,470,198	991,498	4,461,654
FAC 116	Dec-17	5,769	183	5,952	FAC 133	Mar-22	(294,580)	480,977	192,397
	Jan-18	(33,934)	(242,387)	(276,321)		Apr-22	(2,428,064)	(1,564,423)	(3,992,487)
	Feb-18	(77,500)	145,739	68,239		May-22	(9,608,784)	(3,027,533)	(12,636,327)
Total		\$2,149,220	(\$14,869,960)	(\$12,740,740)					

**AFFIRMATION**

I affirm, under the penalties for perjury, that the foregoing representations are true.

A handwritten signature in black ink, appearing to read "Michael D. Eckert", is written over a horizontal line.

By: Michael D. Eckert  
Director of the Electric Division  
Indiana Office of Utility Consumer Counselor

Cause No. 38707 FAC-133  
DEI, LLC

Date: September 1, 2022

## **CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 2 Testimony of OUCC Witness Michael D. Eckert* has been served upon the following counsel of record in the captioned proceeding by electronic service on September 1, 2022.

### **DEI**

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### **Steel Dynamics, Inc.**

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### **IG-Duke**

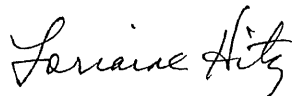
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Lorraine Hitz

Deputy Consumer Counselor

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