

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

**DIRECT TESTIMONY**  
**OF**  
**RICHARD C. LEGER**  
**SENIOR VICE PRESIDENT, INDIANA ELECTRIC**

**ON**

**OVERVIEW OF PETITIONER'S GENERATION TRANSITION PLAN AND PROPOSED  
RENEWABLE PROJECT**

**SPONSORING PETITIONER'S EXHIBIT NO. 1 (PUBLIC),**  
**ATTACHMENT RCL-1**

**DIRECT TESTIMONY OF RICHARD C. LEGER**

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Richard C. Leger. My business address is 211 NW Riverside Drive,  
4 Evansville, Indiana, 47708.

5 **Q. BY WHOM ARE YOU EMPLOYED?**

6 A. I am employed by Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy  
7 Indiana South (“Petitioner”, “CEI South” or “Company”), which is an indirect subsidiary of  
8 CenterPoint Energy, Inc.

9 **Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS DIRECT TESTIMONY?**

10 A. I am submitting testimony on behalf of CEI South.

11 **Q. WHAT IS YOUR ROLE WITH RESPECT TO PETITIONER CEI SOUTH?**

12 A. I am the Senior Vice President, Indiana Electric.

13 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

14 A. I graduated in December 2000 from McNeese State University with a Bachelor of Science  
15 degree in Marketing and a Bachelor of Science degree in Accounting.

16 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

17 A. I began my career with CenterPoint Energy, Inc. in January 2001 as a Marketing  
18 Consultant in New Iberia, LA. Over the years, I have worked in six of CenterPoint Energy,  
19 Inc.’s natural gas service territories in a variety of progressing roles, including Manager of  
20 Marketing & Sales and Conservation Improvement Program Manager for Louisiana,  
21 Mississippi, Arkansas, and Oklahoma; Director of Regulatory Affairs for Louisiana and  
22 Mississippi; and District Director for Central Arkansas operations. In February 2019, I was  
23 promoted to Vice President of Operations for Indiana and Ohio. In January 2022, I was  
24 promoted to my current position as Senior Vice President, Indiana Electric.

25 **Q. WHAT ARE YOUR PRESENT DUTIES AND RESPONSIBILITIES AS SENIOR VICE**  
26 **PRESIDENT INDIANA ELECTRIC?**

1 A. I am responsible for all aspects of CEI South’s electric utility operations in Indiana in  
2 addition to . all aspects of the Company’s Generation Transition Plan as set forth in its  
3 2019/2020 Integrated Resource Plan (“IRP”) submitted on June 29, 2020. My direct  
4 responsibilities include execution and oversight of operations and maintenance (“O&M”)  
5 and capital budgets, transmission and distribution operations, engineering, and  
6 generation; as well as the development, execution, and oversight of new renewable  
7 projects; and project development and construction of natural gas generation to  
8 complement the renewables in the portfolio. I also oversee Power Supply Services, which  
9 includes Market Settlements and Wholesale Power Marketing.

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE INDIANA UTILITY**  
11 **REGULATORY COMMISSION (THE “COMMISSION”)?**

12 A. Yes. I have testified on behalf of CEI South and Indiana Gas Company, Inc. d/b/a  
13 CenterPoint Energy Indiana North (“CEI North”) in various cases, including Cause Nos.  
14 45401 (alternative regulatory plan related to gas meter replacement), 45447 and 45468  
15 (gas base rates cases), and 45611 and 45612 (gas CSIA). In addition, I provided  
16 testimony before the Commission in Cause No. 45722 in support of Petitioner’s request  
17 for authorization to issue Securitization Bonds in accordance with Ind. Code ch. 8-1-40.5.

18 **II. PURPOSE AND SCOPE**

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

20 A. My testimony provides an overview of CEI South’s Generation Transition Plan (the “Plan”)  
21 and summarizes the benefits of adding wind energy to the Company’s existing portfolio of  
22 generation assets. Specifically, I support CEI South’s request for an Order in this Cause  
23 issuing CEI South a CPCN to purchase and acquire, indirectly through a BTA, a wind  
24 facility in ██████████, that will have an aggregate nameplate capacity of  
25 approximately █████ MW (the “Wind Project” or “Project”) pursuant to Ind. Code ch. 8-1-8.5.  
26 I also support the request for a finding that the Project constitutes a “clean energy project”  
27 pursuant to Ind. Code ch. 8-1-8.8. I note that approval of the Wind Project is critical to  
28 ensuring CEI South is able to meet its capacity and energy needs; and describe the need  
29 to obtain expedited relief in this proceeding in order for the parties to meet their obligations  
30 under the BTA. Finally, my testimony provides references to the other witnesses who  
31 provide more in-depth discussion of the topics.

1 **Q. ARE YOU SPONSORING ANY ATTACHMENTS IN THIS PROCEEDING?**

2 A. Yes. I am sponsoring the following attachments in this proceeding:

- 3 • Petitioner's Exhibit No. 1, Attachment RCL-1: Verified Petition

4 **Q. WERE THESE ATTACHMENTS PREPARED BY YOU OR UNDER YOUR**  
5 **SUPERVISION?**

6 A. Yes, and I verified the factual content of the Petition on behalf of the Company.

7 **Q. PLEASE BRIEFLY INTRODUCE THE OTHER WITNESSES TESTIFYING ON BEHALF**  
8 **OF PETITIONER.**

9 A. In addition to my testimony, the Company offers the testimony of the following witnesses:

10 Mr. F. Shane Bradford, Director of Power Supply Services, describes CEI South's decision  
11 to pursue the Wind Project; the benefits of integrating this project into CEI South's  
12 Generation Transition Plan; the Company's utilization of a competitive process to identify  
13 and select this Project and how the Wind Project compares to the recent results of the  
14 2022 All-Source Request For Proposal ("RFP"). He then provides a high-level overview  
15 of the significant terms being negotiated in the BTA; and outlines CEI South's plan for  
16 construction oversight and for operation upon its completion. Mr. Bradford also shares  
17 how the Project is necessary for CEI South to meet its Midcontinent Independent System  
18 Operator ("MISO") Planning Reserve Margin Requirements ("PRMR").

19 Mr. Matthew A. Rice, Director, Indiana Electric Rates & Regulatory, describes the analysis  
20 and results of the Company's 2019/2020 IRP, including the process leading to its  
21 development; and benefits of the Preferred Portfolio. In addition, he describes the  
22 proposed ratemaking treatment, specifically how the cost of the Wind Project will likely be  
23 included within rate base in the Company's next general rate case or could be recovered  
24 via the Clean Energy Cost Adjustment ("CECA") mechanism, depending on which  
25 provides more timely recovery. Mr. Rice describes how customer rates will be impacted  
26 by the Project in addition to explaining why the Wind Project qualifies as a clean energy  
27 project under Indiana law and supports the request for issuance of a CPCN for the Project.  
28 Finally, he supports the Company's request for approval of an Alternative Regulatory Plan  
29 ("ARP"), to the extent one is needed.

30 Ms. Chrissy M. Behme, Manager, Regulatory Reporting explains the proposed accounting  
31 treatment for the Wind Project. In particular, she describes how the cost of the Project will

1 be recovered, in all likelihood, through base rates in the Company’s next general rate  
2 case, or through the Company’s CECA mechanism, depending on which provides more  
3 timely recovery. Ms. Behme supports the projected revenue requirement for the Wind  
4 Project using the assumption that it is recovered through CEI South’s CECA; discusses  
5 how CEI South proposes to calculate the revenue requirement for the Wind Project; and  
6 proposes the initial depreciation accrual rate for the Project. Lastly, she details the  
7 adjustment to the authorized net operating income (“NOI”) utilized in the FAC earnings  
8 tests, in accordance with Ind. Code § 8-1-2-42(d) and § 8-1-2-42.3, to the extent the  
9 Company recovers the return on the Project through the CECA mechanism.

10 Ms. Jennifer K. Story, Vice President, Tax for CenterPoint Energy, Inc., first explains the  
11 federal production tax credit (“PTC”) for wind systems and changes resulting from the  
12 enacted Inflation Reduction Act (“IRA”). Next, Ms. Story then describes how CenterPoint  
13 Energy, Inc.’s tax capacity and the transferability option allow it to directly realize  
14 applicable tax incentives without the added cost of a tax equity partner. Then, MS. Story  
15 describe the customer benefits resulting from the CenterPoint Energy, Inc.’s ability to  
16 monetize the PTC. Finally, she discusses how traditional cost-of-service, rate-of-return  
17 ratemaking allows CEI South to quickly pass that benefit through to customers.

### 18 **III. OVERVIEW OF COMPANY’S GENERATION TRANSITION PLAN**

#### 19 **Q. PLEASE PROVIDE AN OVERVIEW OF CEI SOUTH’S PLAN.**

20 A. Consistent with the Company’s 2019/2020 IRP findings, CEI South developed the Plan  
21 focused on implementation of the Preferred Portfolio in its IRP. The Preferred Portfolio  
22 calls for the timely retirement of certain identified existing generation assets and  
23 replacement of those assets with new generation resources. The 2019/2020 IRP  
24 concludes that implementation of the Preferred Portfolio provides a lower cost and  
25 reduced risk future for CEI South’s customers as compared to a business as usual  
26 approach.

27 The Plan required an initial step of identifying and selecting approximately 700-1,000  
28 MWac of solar generation, 300 MW of wind generation, and approximately 460 MW of  
29 natural gas Combustion Turbine generation. CEI South has begun making filings to  
30 implement this Plan. With Cause Nos. 45501, 45564, 45600 and 45754, which CEI South  
31 filed in February 2021, June 2021, August 2021, and July 2022, respectively, CEI South

1 took important steps to implement the Plan by seeking approval of three solar PPAs, two  
 2 solar BTAs, and two natural gas CTs. This proceeding represents the next necessary step  
 3 in the Plan.

4 **Q. PLEASE PROVIDE AN OVERVIEW OF CEI SOUTH’S EXISTING GENERATION**  
 5 **RESOURCES.**

6 A. The table below shows Petitioner’s generating units. Petitioner’s current generation mix  
 7 consists of approximately 1,329 megawatts (“MW”) of installed capacity. With respect to  
 8 wind, currently, Petitioner has entered into two wind PPAs: (1) a 20-year PPA for 30 MW  
 9 from a wind facility in Benton County, Indiana in accordance with the Commission’s Order  
 10 in Cause No. 43259 (the “Benton County PPA”); and (2) a 20-year PPA for 50 MW from a  
 11 wind facility in Benton and Tippecanoe Counties (the “Fowler Ridge PPA”), Indiana in  
 12 accordance with the Commission’s Order in Cause No. 43635.

**Table 1: Generating Units**

Unit	Installed Capacity ICAP (MW)	Primary Fuel	Year in Service
A.B. Brown 1	245	Coal	1979
A.B. Brown 2	245	Coal	1986
F.B. Culley 2	90	Coal	1966
F.B. Culley 3	270	Coal	1973
Warrick Unit 4	150	Coal	1970
OVEC	≈32	Coal	1950s – 1960s
A.B. Brown 3	80	Gas	1991
A.B. Brown 4	80	Gas	2002
Blackfoot	3	Landfill Gas	2009
Benton County	30	Wind PPA	2008
Fowler Ridge	50	Wind PPA	2009
Oak Hill	2	Solar	2018
Volkman Rd	2	Solar	2018
Troy	50	Solar	2021

13 **Q. PLEASE EXPLAIN HOW THE RELIEF OBTAINED IN CAUSE NOS. 45501, 45564,**  
 14 **45600, AND 45754 WILL IMPACT CEI SOUTH’S EXISTING GENERATION MIX.**

15 A. The relief the Commission granted in Cause No. 45501 was the first step in CEI South’s  
 16 Plan. Pursuant to the Commission’s October 27, 2021 Final Order, CEI South was granted

1 authority to acquire through a BTA an approximately 300 MWac solar facility in Posey  
2 County, Indiana (the “Posey County Solar Project”) as well as to purchase energy and  
3 capacity from a 100 MW solar project in Warrick County, Indiana (the “Warrick County  
4 Solar PPA”), during the second half of 2023 (collectively, the “45501 Solar Projects”). As  
5 further discussed by Petitioner’s Witness Bradford, due to escalating commodity costs and  
6 industry wide supply chain pressures that have impacted pricing and schedules, the Posey  
7 County Solar Project has now been downsized to approximately 191 MWac.

8 The relief approved in Cause No. 45600 was another step in CEI South’s Plan. Pursuant  
9 to the Commission’s May 4, 2022 Final Order, CEI South was authorized to enter into  
10 PPAs for energy, capacity, and RECs from a 185 MW solar project in Vermillion County,  
11 Indiana (the “Vermillion County PPA”), and from a 150 MW solar project in Knox County,  
12 Indiana (the “Knox County PPA”; or collectively the “45600 PPAs”).

13 Another step in CEI South’s Plan was the relief approved in Cause No. 45564. Pursuant  
14 to the Commission’s June 28, 2022 Final Order, CEI South was issued a CPCN to  
15 construct two natural gas CTs providing approximately 460 MW of capacity to complement  
16 CEI South’s renewable resources.

17 Most recently, CEI South has sought a CPCN in Cause No. 45754 to purchase and  
18 acquire, indirectly through a BTA, a solar facility in Pike County, Indiana, that will have an  
19 aggregate nameplate capacity of approximately 130 MWac (the “Pike County Solar  
20 Project” or “45754 Solar Project”). That proceeding is pending.

21 **Q. ARE ANY OF THE RENEWABLE PROJECTS APPROVED IN CAUSE NO. 45501 OR**  
22 **CAUSE NO. 45600 IN SERVICE?**

23 A. No. CEI South has made real progress getting projects approved. However, getting the  
24 projects in service and available to meet the Company’s capacity needs has been more  
25 challenging. First, as mentioned above, the Posey County Solar Project is downsizing  
26 from 300 MWac to approximately 191 MWac; and its Commercial Operation Date (“COD”)  
27 has been extended to second half of 2024. This decision was based in large part on  
28 supply chain issues across the energy industry, as well as escalating commodity costs  
29 that have impacted the project schedule and timeline. As further discussed by CEI South  
30 Witness Bradford, the global supply chain issues and escalating commodity costs have  
31 substantially pushed up the price of completing renewable projects. Negotiating the terms

1 of BTAs and PPAs has become much more difficult given the cost increases that the  
2 industry is facing. Nonetheless, it is crucial that CEI South continue to work to bring these  
3 projects online and to identify new projects to meet system needs. Obtaining approval of  
4 the Wind Project is critical in that regard.

5 **Q. WHY DO YOU BELIEVE THAT APPROVAL OF THE WIND PROJECT IS CRITICAL?**

6 A. The Wind Project is part of the first phase of the Company's Generation Transition Plan,  
7 which as I mentioned earlier, required an initial step of identifying and selecting  
8 approximately 300 MW of wind generation. As Witnesses Bradford and Rice explain, if  
9 approved, the Wind Project will fulfill a portion of the capacity and energy needs identified  
10 in the 2019/2020 IRP. In addition, the Wind Project is an important component of CEI  
11 South's transition to a clean energy future and necessary for CEI South to provide  
12 adequate and reliable service to its customers. Not only is wind a carbon free energy  
13 resource; but the Project promotes reliability by mitigating risk through diversification of  
14 CEI South's generation mix. Further, not only are wind resources proven technology that  
15 will help CEI South continue to meet PRMR; but as Witness Rice explains, wind resources  
16 are well suited to provide a source of energy in the winter when solar energy output is at  
17 its lowest and customer usage is at its second highest annual level. Wind resources  
18 inherently complement solar resources – meaning the resources hit their peaks at different  
19 times of the day as well as different seasons of the year. Thus, the Project is a reasonable  
20 addition to Petitioner's generation resource portfolio, that in the aggregate, serves to  
21 increase reliability and efficiency. This Project also offers the advantages of ownership  
22 and a life expectancy that can be combined with CEI South's current solar BTAs and its  
23 wind and solar PPAs to optimize off-ramp flexibility for our customers.

24 CEI South cannot delay seeking to add capacity from the Wind Project. With the  
25 retirement of A.B. Brown Units 1 & 2, F.B. Culley 2, and anticipated exit of the Joint  
26 Operating Agreement for Warrick Unit 4, the Wind Project is needed to support CEI  
27 South's PRMR position and ensure the required capacity in each season is met, especially  
28 in the near terms (2024/2025) and in 2028 and beyond as explained in greater detail by  
29 Witness Bradford. CEI South's objective is to reduce reliance on the MISO Planning  
30 Resource Auction ("PRA"). As Witness Bradford further explains, over-reliance on the  
31 MISO PRA would increase costs for our customers and is contrary to Indiana House Bill  
32 1520, which has been codified as Ind. Code § 8-1-8.5-13 and essentially precludes each  
33 public utility from acquiring more than 30% of its PRMR from the PRA.



1 **Q. IN YOUR OPINION WOULD NOT PURSUING THE WIND PROJECT HAVE ADVERSE**  
2 **CONSEQUENCES FOR CEI SOUTH’S CUSTOMERS?**

3 A. Yes. Without the capacity provided by the projects approved to date and the Wind Project,  
4 CEI South could be at risk of having to make high priced purchases from the PRA. Worse  
5 yet, as discussed by Mr. Bradford, MISO indicated in its 2022 PRA results that “auction  
6 results indicate that MISO North/Central Regions have a slightly increased risk of needing  
7 to implement temporary controlled load sheds.”<sup>1</sup> The Wind Project will help mitigate these  
8 risks. In addition, as Mr. Bradford explains, wind resources are scarce within Indiana  
9 including CEI South’s service territory; and a demand-supply imbalance could emerge as  
10 other nearby utilities move toward implementing wind resources thereby possibly  
11 intensifying the pricing for wind projects. If CEI South were to pass on the Wind Project,  
12 it could be exposed to higher pricing for wind projects due to a competitive market  
13 especially starting the 3.5+ year process all over again including the MISO Generator  
14 Interconnection Queue process that continues to be delayed.

15 **Q. ASIDE FROM MEETING CEI SOUTH’S CAPACITY NEEDS, PLEASE EXPLAIN HOW**  
16 **THE RELIEF REQUESTED IS CONSISTENT WITH THE 2019/2020 IRP AND**  
17 **GENERATION TRANSITION PLAN.**

18 A. The Wind Project is consistent with the needs identified in the Preferred Portfolio to add  
19 wind resources and to diversify CEI South’s resource mix. Wind resources help diversify  
20 CEI South’s resource mix with clean renewable energy, consistent with the Preferred  
21 Portfolio and CEI South’s Generation Transition Plan. With Petitioner’s existing coal-fired  
22 units near retirement and utility-scale wind emerging as an efficient energy source that  
23 complements other generation alternatives, the Company’s Plan, and relief sought in this  
24 proceeding, represent a step towards diversifying its generation assets while ensuring  
25 reliable service to its customers in a cost-effective manner.

26 The Company began its 2019/2020 IRP evaluation and analysis process in April 2019. In  
27 developing its Plan, the Company selected a Preferred Portfolio that offers a balanced  
28 and prudently diverse mix of traditional and emerging generation resources (wind, solar,  
29 storage, energy efficiency, natural gas, coal) with flexibility to hedge against risk, and  
30 opportunity to pivot and react to changing circumstances as opposed to placing too much  
31 emphasis on a few large resources or uneconomic investments. In addition to the Plan

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<sup>1</sup> See <https://cdn.misoenergy.org/2022%20PRA%20Results624053.pdf>

1 both containing a more diverse mix of resources, the Company’s proposed renewable  
2 projects (those approved as well as the Pike County Solar Project, currently pending in  
3 Cause No. 45754, and the Wind Project subject of this Cause) offer diversity and flexibility  
4 in relation to the type of investment (ownership and power purchase agreements) as well  
5 as duration – varying PPA terms providing additional options and/or off-ramps. The  
6 2019/2020 Preferred Portfolio is also reliable and resilient, offering a transition to a cleaner  
7 energy future while complementing renewable energy resources with flexible and  
8 controllable resources – fast start and fast ramping capability – to ensure sufficient  
9 capacity to cover the Company’s load in the winter when there is less solar output.

10 A significant amount of wind resources was selected in all portfolios included within the  
11 2019/2020 IRP, including the Preferred Portfolio. Together, the capacity attributable to  
12 this Project, along with the capacity attributable to the 45501 Solar Projects, the 45600  
13 PPAs, the 45754 Solar Project, and CTs approved in Cause No. 45564, will help fill a  
14 portion of the capacity necessary to meet Petitioner’s retail electric load and adequate  
15 reserve margins. Further, as mentioned earlier, the Wind Project would represent a  
16 reasonable addition to Petitioner’s generation resource portfolio that, in the aggregate,  
17 serves to increase reliability and efficiency as well as mitigate risk through diversification,  
18 not only of resource mix but asset type, and fosters an economic mix of capacity  
19 resources, consistent with Commission guidance in previous generation filings.

#### 20 **IV. OVERVIEW OF THE WIND PROJECT**

##### 21 **Q. HOW WAS THE WIND PROJECT SELECTED?**

22 A. As Petitioner’s Witness Bradford explains, the Wind Project was not submitted into any of  
23 CEI South’s three RFPs but rather identified through a competitive bid process that sought  
24 to identify wind projects that either had been submitted in other utility RFPs or had entered  
25 into the MISO Generator Interconnection Queue process (the “2021 Wind Bids”). Mr.  
26 Bradford describes the 2021 Wind Bids, and how the Company narrowed the selection  
27 from 8 unique wind projects (resulting in 10 proposals) to the Wind Project that is the  
28 subject of this Cause.

##### 29 **Q. PLEASE PROVIDE AN OVERVIEW OF THE WIND PROJECT.**

30 A. The Wind Project is a proposed wind generation facility that is anticipated to have the  
31 capability of generating approximately ■■■ MWs of electricity. The Project is located

1 outside the state of Indiana in MISO's Central Region; and in the 2020 MISO  
2 Interconnection Queue. The Project is expected to have a signed Generator  
3 Interconnection Agreement in late 2023; and as Ms. Story explains, expected to qualify  
4 for 100% PTC. CEI South and the Developer have executed a comprehensive, non-  
5 binding, term sheet and are negotiating a BTA under which CEI South will purchase and  
6 acquire the Wind Project, subject to fulfillment of the conditions precedent to closing. The  
7 parties anticipate having the BTA executed by March 31, 2023.

8 **Q. PLEASE DESCRIBE THE TRANSACTION STRUCTURE FOR THE WIND PROJECT.**

9 A. The Wind Project will be fully developed, engineered, procured, and constructed by the  
10 Developer and then acquired by CEI South in a transfer of the Project Company, which is  
11 a special purpose entity established to facilitate ownership transfer of the Project. Under  
12 the BTA, the Project Company will own the Project until it achieves substantial completion,  
13 upon which time, CEI South will acquire the Project and all its attributes, which are being  
14 held in the subsidiary limited liability company. At or about that same time, the separate  
15 corporate structure will be collapsed and CEI South will then own the generating facility  
16 directly. The BTA will set forth the Developer's obligations to bring the Wind Project to final  
17 completion after the transaction closing occurs. The BTA will be structured that in the  
18 event approvals requested in this proceeding are not granted by the Commission, the BTA  
19 will be terminated. In addition, the BTA, as explained by Mr. Bradford, will set forth the  
20 payment schedule and holdbacks, performance security, liquidated damages, and other  
21 typical attributes designed to minimize risk to CEI South's customers.

22 **Q. BRIEFLY DESCRIBE THE BEST COST ESTIMATE FOR THE WIND PROJECT.**

23 A. As Mr. Bradford describes, the best cost estimate to construct and purchase the Project  
24 is approximately \$636 million, and primarily consists of Project Development,  
25 Interconnection Costs, Owner's Costs to include project management, owner's engineer,  
26 and regulatory or permitting costs, among other costs.

27 **Q. PLEASE DESCRIBE THE STATUS OF THE CONSTRUCTION OF THE WIND  
28 PROJECT.**

29 A. The Wind Project is in the pre-construction phase with the construction phase expected  
30 to start during the second half of 2023 to achieve a target COD by January 1, 2025. The  
31 Wind Project has obtained 100% site control for the wind turbine, approximately 70% site  
32 control for transmission tie-line and [REDACTED].

1 The Developer is currently seeking out necessary permits, completing micro-siting and  
2 finalizing the interconnection path.

3 **Q. YOU MENTIONED THE WIND PROJECT IS LOCATED OUTSIDE INDIANA. PLEASE**  
4 **DESCRIBE HOW CEI SOUTH WILL OPERATE THE WIND PROJECT, GIVEN ITS**  
5 **GEOGRAPHICAL LOCATION OUTSIDE CEI SOUTH’S SERVICE TERRITORY.**

6 A. Mr. Bradford explains that CEI South is in the process of finalizing its operation plan for  
7 the Wind Project; however, CEI South plans to enter into a service agreement with the  
8 turbine original equipment manufacturer (“OEM”) for the operation and maintenance  
9 (“O&M”) of the wind turbines. CEI South also plans to enter a separate balance of plant  
10 O&M contract for the maintenance of roads and vegetation management; and an  
11 additional contract for electrical system maintenance outside of the turbines, such as the  
12 AC collection system. CEI South will then assign an in-house project manager to actively  
13 manage the contractors, spare parts, and the administrative components of the Project.

14 **Q. PLEASE EXPLAIN HOW PETITIONER’S PROPOSAL TO PURCHASE THE WIND**  
15 **PROJECT IS RESPONSIVE TO THE COMPANY’S CUSTOMERS OR COMMUNITIES**  
16 **IN WHICH IT SERVES.**

17 A. The Wind Project represents one component of a balanced mix of generation resources  
18 (wind, solar, gas, coal, and energy efficiency) to serve customers; and fills a portion of the  
19 capacity necessary to meet Petitioner’s retail electric load and adequate reserve margins.  
20 Wind also plays a critical role in balancing the customers’ increasing desires for the utility  
21 to provide renewable energy options to serve their needs and satisfy sustainability goals  
22 while ensuring safe, reliable, and affordable provision of electric service to meet  
23 customers’ demand and reliability needs. As Mr. Rice testifies, several of CEI South’s  
24 large customers have expressed interest in potentially entering a contract to purchase  
25 renewable energy from CEI South or receiving power under a Green Power rate. CEI  
26 South is working to develop a Green Power tariff that would be available to customers that  
27 are interested in purchasing energy generated from renewable and/or environmentally  
28 friendly sources.

29 **V. REQUESTED RELIEF**

30 **Q. PLEASE DESCRIBE THE RELIEF BEING SOUGHT IN THIS CAUSE.**

1 A. CEI South is requesting an Order in this Cause issuing CEI South a CPCN to purchase  
2 and acquire, indirectly through a BTA, a wind facility, outside the state of Indiana, that will  
3 have an aggregate nameplate capacity of approximately [REDACTED] MW pursuant to Ind. Code  
4 ch. 8-1-8.5. In addition, CEI South is requesting a finding, in the Order, that the Wind  
5 Project constitutes a “clean energy project” under Ind. Code ch. 8-1-8.8; a finding of the  
6 best estimate of costs for the Wind Project; and approval and authorization to timely  
7 recover costs incurred during the construction and operation of the Project in accordance  
8 with Ind. Code § 8-1-8.5. CEI South is also requesting ongoing review of the Wind Project  
9 under Ind. Code § 8-1-8.5-6.

10 **Q. PLEASE SUMMARIZE CEI SOUTH’S RATEMAKING PROPOSAL FOR TIMELY**  
11 **RECOVERY OF COSTS AND EXPENSES ASSOCIATED WITH THE WIND PROJECT**  
12 **AND THE STATUTORY SUPPORT FOR THIS PROPOSAL?**

13 A. As Witnesses Rice and Behme explain, Indiana Code ch. 8-1-8.8 provides for financial  
14 incentives including the timely recovery of costs and expenses incurred during the  
15 construction and operation of clean energy projects. While ordinarily the Company would  
16 use the CECA mechanism to recover the cost of the Project, given the timing of this Project  
17 in relation to Petitioner’s next general rate case, in all likelihood, Petitioner expects to  
18 recover the cost of the Project through base rates in the Company’s next general rate  
19 case. If, for whatever reason, this Project is not included in rate base in the upcoming  
20 general rate case, the Company would propose to use the CECA for timely recovery.

21 **Q. IS THE COMPANY SEEKING EXPEDITED RELIEF IN THIS PROCEEDING?**

22 A. Yes, as mentioned above, this Wind Project is contingent upon the approval of the  
23 Commission. Specifically, the BTA allows either party to terminate the agreement if all  
24 conditions precedent to closing have not been met by July 8, 2023, and Commission  
25 approval through the issuance of a final Order is one of those conditions. As a practical  
26 matter the Developer will likely minimize its time investment until Commission approval  
27 has been issued. As such, expedited relief will help ensure all conditions precedent to  
28 closing are met in a timely manner.

29 **Q. GIVEN THE FOREGOING CONSTRAINTS, WHEN DOES PETITIONER NEED AN**  
30 **ORDER IN THIS PROCEEDING TO BE ISSUED?**

31 A. Petitioner developed the schedule set forth in the Verified Petition with a goal of obtaining  
32 a final Order before July 8, 2023. This schedule was designed to align with Ind. Code §

1 8-1-8.8-11(d), which provides for expedited approval of a clean energy project and  
2 provides: “The commission shall, after notice and hearing, issue a determination of a  
3 project’s eligibility for the financial incentives described in subsection (a) not later than one  
4 hundred twenty (120) days after the date of the application, unless the commission finds  
5 that the applicant has not cooperated fully in the proceeding.” Given the importance of  
6 this Project, CEI South intends to cooperate fully in the proceeding and work to get all  
7 stakeholders information they need to review the request as soon as possible.

8 **Q. WHY DID CEI SOUTH NOT NEGOTIATE FOR A LONGER COMMISSION REVIEW**  
9 **PERIOD?**

10 A. CEI South made efforts to do so, but unfortunately, the quick review period is driven by  
11 the time it takes to negotiate terms to bring a new generation resource on-line coupled  
12 with inflationary pressures and long lead times across the renewables industry. As  
13 previously mentioned, developers generally will minimize investment until Commission  
14 approval has been obtained; therefore, the schedule was developed based on when  
15 construction would need to begin (post-order) to achieve the target commercial operation  
16 date of on or before January 1, 2025.

17 **Q. HAS THE COMPANY DISCUSSED THE EXPEDITED RELIEF REQUEST WITH**  
18 **STAKEHOLDERS?**

19 A. Yes. Petitioner provided the schedule set forth in the Verified Petition to the Indiana Office  
20 of Utility Consumer Counselor (the “OUCC”). The OUCC has agreed to the schedule set  
21 forth in the Petition.

22 **VI. STAKEHOLDER ENGAGEMENT**

23 **Q. PLEASE DESCRIBE ANY STEPS CEI SOUTH HAS TAKEN TO MEET WITH**  
24 **INTERESTED STAKEHOLDERS TO DISCUSS THIS FILING.**

25 A. CEI South met with the Commission on November 30, 2022; with the Indiana Office of the  
26 Utility Consumer Counselor on December 16, 2022; the CEI South Industrial Group on  
27 December 15, 2022; and Citizens Action Coalition of Indiana, Inc. on December 15, 2022.

28 **VII. CONCLUSION**

1 **Q. IN YOUR OPINION, DOES PUBLIC CONVENIENCE AND NECESSITY REQUIRE THE**  
2 **CONSTRUCTION OF THE WIND PROJECT?**

3 A. Yes. Investing in wind energy resources continues to be reasonable and appropriate and  
4 will benefit CEI South’s customers. The Wind Project adds diversity to the Company’s  
5 generation portfolio, which reduces risk; is consistent with the Preferred Portfolio in  
6 Petitioner’s 2019/2020 IRP; fills a portion of the capacity and energy need identified in the  
7 2019/2020 IRP; and meets our customers’ increasing desire to have renewable energy  
8 options available to serve their needs in addition to help satisfying some customer’s  
9 renewable energy goals. Commission approval of the Wind Project and associated relief  
10 sought within the subject Cause is in the public interest, will enhance or maintain the  
11 reliability and efficiency of service provided by the Company, and is otherwise consistent  
12 with Ind. Code § 8-1-8.8-11. Accordingly, Petitioner respectfully requests that the  
13 Commission approve CEI South’s proposed Wind Project and requested ratemaking and  
14 accounting relief.

15 **Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

16 A. Yes, it does.

**VERIFICATION**

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

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



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Richard C. Leger  
Senior Vice President of Indiana Electric

January 10, 2023  
Date



**FILED**  
January 10, 2023  
INDIANA UTILITY  
REGULATORY COMMISSION

**STATE OF INDIANA**  
**INDIANA UTILITY REGULATORY COMMISSION**

**VERIFIED PETITION OF SOUTHERN INDIANA GAS AND )  
ELECTRIC COMPANY d/b/a CENTERPOINT ENERGY INDIANA )  
SOUTH (“CEI SOUTH”) FOR AN ORDER: (1) GRANTING CEI )  
SOUTH A CERTIFICATE OF PUBLIC CONVENIENCE AND )  
NECESSITY, PURSUANT TO IND. CODE CH. 8-1-8.5, TO )  
PURCHASE AND ACQUIRE, THROUGH A BUILD TRANSFER )  
AGREEMENT (“BTA”), A WIND ENERGY GENERATING )  
FACILITY (THE “WIND PROJECT”); (2) FINDING THE WIND )  
PROJECT CONSTITUTES A CLEAN ENERGY PROJECT )  
UNDER IND. CODE CH. 8-1-8.8; (3) APPROVING ASSOCIATED )  
RATEMAKING AND ACCOUNTING TREATMENT FOR THE )  
WIND PROJECT PURSUANT TO IND. CODE CH. 8-1-8.5 AND § )  
8-1-8.8-11; (4) AUTHORIZING CEI SOUTH TO ACCRUE POST- )  
IN-SERVICE CARRYING COSTS (“PISCC”) AND DEFER )  
DEPRECIATION, OPERATIONS AND MAINTENANCE (“O&M”) )  
AND PROPERTY TAX EXPENSES ASSOCIATED WITH THE )  
WIND PROJECT; (5) IN THE EVENT THE CPCN IS NOT )  
GRANTED OR THE WIND PROJECT OTHERWISE IS NOT )  
PLACED IN SERVICE, GRANTING AUTHORITY TO DEFER, AS )  
A REGULATORY ASSET, COSTS ASSOCIATED WITH THE )  
WIND PROJECT FOR FUTURE RECOVERY THROUGH RETAIL )  
ELECTRIC RATES; (6) PROVIDING FOR ONGOING REVIEW OF )  
THE WIND PROJECT; (7) AUTHORIZING THE )  
ESTABLISHMENT OF DEPRECIATION RATES FOR THE WIND )  
PROJECT; (8) APPROVING, TO THE EXTENT NECESSARY, AN )  
ALTERNATIVE REGULATORY PLAN (“ARP”) WITH RESPECT )  
TO THE WIND PROJECT UNDER IND. CODE CH. 8-1-2.5; AND )  
(9) APPROVING CONFIDENTIAL TREATMENT OF THE BTA )  
PRICING AND OTHER NEGOTIATED COMMERCIAL TERMS )  
AND RELATED CONFIDENTIAL INFORMATION. )**

**CAUSE NO.** 45836

**VERIFIED PETITION**

Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South (“Petitioner” or “CEI South”) respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) for an Order: (1) granting CEI South a certificate of public convenience and necessity (“CPCN”) to purchase and acquire a wind energy generating facility through a Build Transfer Agreement (“BTA”) (the “Wind Project”) pursuant to Ind. Code ch. 8-1-8.5; (2) finding the Wind Project constitutes a clean energy project under Ind. Code ch. 8-1-8.8; (3) approving associated ratemaking and accounting treatment for the Wind Project pursuant to Ind. Code ch.

8-1-8.5 and § 8-1-8.8-11; (4) authorizing CEI South to accrue post-in-service carry costs (“PISCC”) and defer depreciation, operations and maintenance (“O&M”) and property tax expenses associated with the Wind Project; (5) in the event the CPCN is not granted or the Wind Project otherwise is not placed in service, granting authority to defer, as a regulatory asset, costs associated with the Wind Project for future recovery through retail electric rates; (6) providing for ongoing review of the Wind Project; (7) authorizing the establishment of depreciation rates for the Wind Project; (8) approving, to the extent necessary, an alternative regulatory plan (“ARP”) with respect to the Wind Project under Ind. Code ch. 8-1-2.5; and (9) approving confidential treatment of pricing and other negotiated commercial terms of the BTA and related confidential information. In support of this Verified Petition, Petitioner submits the following:

**1. CEI South’s Characteristics.** CEI South is an operating public utility incorporated under the laws of the State of Indiana and has its principal office at 211 NW Riverside Drive, Evansville, Indiana. CEI South has charter power and authority to engage in, and is engaged in, the business of, rendering retail electric service solely within the State of Indiana under indeterminate permits, franchises, and necessity certificates heretofore duly acquired. CEI South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities which are used and useful for the production, storage, transmission, distribution, and furnishing of electric service to approximately 150,000 electric consumers in southwestern Indiana. Its service territory is spread throughout seven counties: Pike, Gibson, Dubois, Posey, Vanderburgh, Warrick, and Spencer counties.

CEI South is a “public utility” within the meaning of Ind. Code § 8-1-2-1 and Ind. Code ch. 8-1-8.5 and an “energy utility” within the meaning of Ind. Code § 8-1-2.5-2. CEI South is an “eligible business” as defined in Ind. Code § 8-1-8.8-6. Petitioner is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana.

**2. CEI South’s 2019/2020 IRP and RFPs.** On June 30, 2020, CEI South submitted

an Integrated Resource Plan (the “2019/2020 IRP”) to the Commission. The 2019/2020 IRP identifies a need for the addition of 700 to 1,000 MWs of solar resources (some solar paired with storage) and 300 MWs of wind resources as part of the “Preferred Portfolio” to meet capacity and energy requirements. The additional renewable resources will replace approximately 730 MWs of coal generation. The renewable additions are complemented by dispatchable generation that consists of two new gas combustion turbines (“CTs”) and maintaining F.B. Culley 3 (coal unit). In accordance with the 2019/2020 IRP, CEI South plans to close its smallest, most inefficient coal unit, F.B. Culley Unit 2 (90 MWs) by December 31, 2025. In addition, CEI South’s ability to rely on the joint operation of Warrick Unit #4 (150 MW) in the future is uncertain. Based on the retirement or exit of energy provided by F.B. Culley Unit 2 and Warrick Unit #4, the “Preferred Portfolio” set forth in the 2019/2020 IRP calls for CEI South to make changes to its generation portfolio in the next three years. Pursuing renewable projects during that timeframe has the added benefit of allowing CEI South customers to take advantage of renewable tax incentives before they expire.

Consistent with the short-term plan identified in the 2019/2020 IRP, CEI South issued an all-source request for proposals (“2019 All-Source RFP”) on June 12, 2019. Each proposal was evaluated and scored independently by CEI South, forming the basis for selection of the initial projects for CEI South’s Generation Transition Plan (the “Plan”). The projects scoring the highest were short-listed and proceeded to negotiation of definitive agreements. A second RFP (the “2020 Renewable RFP”) was issued on August 12, 2020 seeking a combination of wind, solar, and solar + storage resources to meet the need identified in the Plan. The 2020 Renewable RFP was used to help identify replacement generation capacity beginning in 2023. Most recently, on May 11, 2022, CEI South announced a new all-source RFP (the “2022 All-Source RFP”) seeking a combination of resources including renewables, thermal and demand-side resources, and short-term capacity. The 2022 All-Source RFP will assist Petitioner in identifying additional generation technologies that can provide fully accredited capacity no later than March 1, 2027 and will inform

CEI South's 2022/2023 IRP process. CEI South engaged 1898 and Company, a Burns and McDonnell company ("1898 & Company") to evaluate, score, and rank each complete proposal based on established quantitative and qualitative scoring criteria assessing reliability, cost and certainty.

The Wind Project, which is described in greater detail below, was identified through collaboration with 1898 & Company from among 8 unique wind projects identified in May 2021 (the "2021 Wind Bids") after wind proposals received in response to the 2020 Renewable RFP were determined not to be viable. The 2021 Wind Bids were evaluated, scored, and ranked based on established quantitative and qualitative scoring criteria similar to the scoring process used for the 2020 Renewable RFP. The Wind Project was selected based on its scoring in relation to the other viable proposals. While the Wind Project was not submitted as part of the 2022 All-Source RFP due to negotiations having already commenced, the Wind Project pricing is competitive with the wind proposals submitted in the 2022 All-Source RFP. The Project is consistent with CEI South's 2019/2020 IRP and is an important component to fulfilling CEI South's diversified Generation Transition Plan. The Project is a reasonable addition to a portfolio of capacity resources that in the aggregate serve to mitigate risk through diversification and provides the advantages of ownership and a life expectancy that can be combined with CEI South's other solar and wind resources to optimize off-ramp flexibility for CEI South's customers. Commission approval of the Project and associated relief sought herein is in the public interest, will enhance or maintain the reliability and efficiency of service provided by CEI South, and is otherwise consistent with Ind. Code § 8-1-8.8-11.

**3. The Wind Project and BTA.** The Wind Project is located outside of Indiana in Midcontinent Independent System Operator, Inc.'s ("MISO's") Central Region and is in the 2020 MISO Interconnection Queue Cycle with an expected Generator Interconnection Agreement in late 2023. The construction phase is expected to commence during the second half of 2023 to achieve commercial operation by January 1, 2025. It is anticipated that the Wind Project will

qualify for the federal production tax credit (“PTC”) as described in the Direct Testimony of Jennifer K. Story. The Wind Project is a clean energy resource under Ind. Code § 8-1-37-4 and a renewable energy resource under Ind. Code § 8-1-8.8-10 and a clean energy project as defined in Ind. Code § 8-1-8.8-2(2).

The Wind Project will be fully developed, engineered, procured, and constructed by a Developer and then acquired by CEI South through transfer of a special purpose entity (the “Project Company”) established to facilitate ownership transfer of the Project. The Project Company is a wholly-owned subsidiary of the Developer, which is in turn a wholly-owned subsidiary of an entity specializing in the development of large-scale renewable and other clean energy generation worldwide. The Project Company will own the Project until it achieves substantial completion, at which time CEI South will acquire 100% of the ownership interests in the Project Company, subsequently collapsing of the separate corporate structure such that CEI South will own the generating facility directly.

Following CEI South’s selection of the Wind Project, negotiations with the Developer began in June of 2021, with a comprehensive, non-binding term sheet executed in October 2022. The negotiations of a definitive agreement are ongoing and the parties anticipate signing the BTA by March 31, 2023. If the relief requested in this proceeding is not granted, the BTA will terminate. Specific terms of the BTA and a more detailed description of the Wind Project and the Developer are provided in the confidential portions of the Direct Testimony of F. Shane Bradford (Petitioner’s Exhibit No. 2) and his confidential Attachment FSB-2.

The estimated capital cost of the Wind Project is reasonable and is estimated to be \$ 636 million. This is the best estimate of the total cost of the Wind Project.

#### **4. Relief Requested.**

##### **a. Certificate of Public Convenience and Necessity (“CPCN”)**

Indiana Code § 8-1-8.5-2 requires that a public utility must obtain a CPCN prior to constructing, purchasing or leasing a facility for the generation of electricity. A request for

approval under Ind. Code § 8-1-8.8-1 does not relieve a public utility of the obligation to obtain a CPCN under Ind. Code ch. 8-1-8.5. Accordingly, and in accordance with Ind. Code § 8-1-8.5-2, CEI South requests that the Commission grant to CEI South a CPCN to purchase and acquire, indirectly through a BTA, the Wind Project pursuant to Ind. Code ch. 8-1-8.5. CEI South is also requesting ongoing review under Ind. Code § 8-1-8.5-6 and ratemaking treatment consistent therewith.

Petitioner's case-in-chief presents the best estimate of the total cost of the Wind Project. Petitioner's evidence also presents how it has taken into account (1) current and potential arrangements with other electric utilities including the interchange of power, pooling of facilities, purchase of power, and joint ownership of facilities; and (2) other methods for providing reliable, efficient, and economical electric service, including the refurbishment of existing facilities, conservation, load management, cogeneration and renewable energy sources. Petitioner solicited bids to obtain purchased power capacity and energy from alternative suppliers through its all-source request for proposals.

The Wind Project is consistent with Petitioner's 2019/202 IRP, and so the request is consistent with a utility specific proposal under Ind. Code § 8-1-8.5-4(e) and submitted for approval under Ind. Code § 8-1-8.5-5(d). The Wind Project is also consistent with the Commission's analysis for expansion of electric generating capacity under Ind. Code § 8-1-8.5-3. Petitioner has the managerial and technical expertise to construct the proposed Wind Project.

b. Ratemaking and Accounting Treatment

In accordance with Ind. Code § 8-1-8.5-6.5 and Ind. Code § 8-1-8.8-11, CEI South requests that the Commission approve timely recovery of costs and expenses incurred during the construction and operation of the Wind Project. CEI South proposes approval and recovery of the eligible revenue requirement amounts associated with the Wind Project to be included either in CEI South's Clean Energy Cost Adjustment ("CECA") mechanism, which the Commission approved on August 16, 2017, in Cause No. 44909 for renewable energy projects or through base

rates in CEI South's next general rate case. CEI South's requested ratemaking and accounting treatment is described in greater detail in the Direct Testimony of Matthew A. Rice and Chrissy M. Behme. The costs CEI South proposes to include for timely recovery include costs associated with (1) Capital investment to complete the acquisition; (2) Deferred post-in-service carrying costs ("PISCC"); (3) Deferred depreciation expense; (4) Deferred operations and maintenance ("O&M") expense; (5) O&M expenses, depreciation, property tax, and income taxes; and (6) Credits related to Renewable Energy Certificates ("RECs"). To the extent the Wind Project is not included in rate base in the next rate case and the revenue requirement is recovered through the CECA, annual updates to the Wind Project revenue requirement will be filed as a sub-docket of Cause No. 44909. CEI South proposes to use CECA to reflect the PTC and RECs generated by the Wind Project to the extent PTC and RECs differ from amounts reflected in base rates. To the extent the Wind Project is included in the CECA, CEI South proposes to adjust for purposes of the earnings test under Ind. Code § 8-1-2-42(d)(3) its statutory net operating income ("NOI") by including the operating income associated with the Wind Project as part of its authorized NOI, consistent with the treatment of earnings associated with CEI South's CECA mechanism from Cause No. 44909.

CEI South proposes to accrue PISCC at the Company's pre-tax weighed average cost of capital ("WACC") on capital investment for the Wind Project beginning with the month after the investment is placed in service until the date the investment is included for recovery in CECA rates or base rates, as the case may be. CEI South also proposes to defer depreciation expense associated with the Wind Project until such expense is included for recovery in the CECA or base rates. CEI South also proposes to defer O&M expenses incurred pursuant to an O&M contract with a third party, as well as other O&M expense incurred or property tax expense accrued before such expenses are recovered through base rates or the CECA. CEI South proposes to record the accrued PISCC and deferred depreciation expense as regulatory assets until such time as they can be included for recovery in rates and amortize the balances over the life of the assets that generated the amounts, expected to be approximately 30 years, with the unamortized portion

included in rate base upon which CEI South is authorized to earn a return. CEI South also requests the Commission approve an annual depreciation rate of approximately 3.33% for the Wind Project. CEI South proposes that deferred O&M be recovered through the CECA, similar to the recovery of deferred O&M and any deferred property tax expense in connection with the TDSIC.

In the event the requested CPCN is not granted, or the Wind Project assets are otherwise not placed in-service, CEI South requests authority to defer costs associated with the Wind Project in a regulatory asset for recovery in a future general rate case or to be capitalized as part of an alternative generation project.

Clean energy projects are specifically encouraged by Ind. Code ch. 8-1-8.8. Indiana Code § 8-1-8.8-11 authorizes the Commission to create financial incentives for the development of alternative resources. Therefore, approval of the relief CEI South seeks is consistent with Indiana energy and regulatory policy.

c. Alternative Regulatory Plan

Pursuant to Ind. Code § 8-1-2.5-6, CEI South may propose alternative regulatory practices, procedures and mechanisms. CEI South elects to become subject to Ind. Code § 8-1-2.5-6 and is requesting, to the extent necessary, approval of an alternative regulatory plan ("ARP") under Ind. Code § 8-1-2.5-6(a)(1). The ARP is proposed, to the extent the Commission finds it necessary, to allow CEI South's requested ratemaking treatment even though the asset is located outside of the State of Indiana and also to relieve CEI South of the obligations under Ind. Code § 8-1-8.5-5(e) to the extent they are applicable. CEI South's proposed ARP is discussed in the Direct Testimony of Matthew A. Rice (Petitioner's Exhibit No. 3). CEI South is publishing the legal notice required under Ind. Code § 8-1-2.5-6(d) and proofs of publication of the legal notice will be late-filed as Petitioner's Exhibit No. 3, Attachment MAR-5.

d. Confidential Treatment

CEI South further requests confidential treatment of the pricing and other commercial



terms of the BTA, as well as certain other confidential, proprietary and competitively sensitive information, since that information is properly considered “trade secrets” under Ind. Code § 5-14-3-4(a)(4). A separate motion under 170 IAC 1-1.1-4 is being filed in this Cause to make this request.

**5. Applicable Law.** Petitioner considers the provisions of the Public Service Commission Act, as amended, including Ind. Code §§ 8-1-2-10, -12, -14, and -42(a), Ind. Code chs. 8-1-2.5, 8-1-8.5 and 8-1-8.8, among others, to be applicable to the subject matter of this proceeding and believes that such statutes provide the Commission authority to approve the requested relief.

**6. CEI South’s Counsel.** CEI South’s counsel of record, duly authorized to accept service of papers in this Cause are:

Jason Stephenson, Atty. No. 21839-49  
Heather Watts, Atty. No. 35482-82  
Jeffery Earl, Atty. No. 27821-64  
CenterPoint Energy Indiana South  
211 NW Riverside Drive  
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7. **Procedural Matters.** To facilitate Petitioner's ability to proceed with the Wind Project under the BTA, Petitioner requests that the Commission approve a procedural schedule agreed to by Petitioner and the OUCC and dispense with conducting a prehearing conference. The agreed upon schedule set forth below is designed to align with the 120-day procedural schedule provided in Ind. Code § 8-1-8.8-11(d), which provides for expedited approval of a clean energy project:

<b>Date</b>	<b>Event</b>
February 27, 2023	OUCC/Intervenors File Cases-in-Chief
March 10, 2023	Petitioner's Rebuttal Testimony
March 27, 2023	Hearing (Single Day)
April 6, 2023	Petitioner's Proposed Order
April 10, 2023	OUCC/Intervenors Proposed Order
April 14, 2023	Reply/Exceptions (Simultaneous)

Discovery will be conducted on an informal basis with responses due within ten (10) calendar days until the OUCC/Intervenors file their respective cases-in-chief.. Thereafter, responses will be due within five (5) business days. Discovery served after noon on Friday or the day preceding a legal holiday will be deemed served the following business day.

WHEREFORE, Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South respectfully requests that the Commission promptly publish notice, make such investigation and hold hearings as are necessary or advisable and thereafter, make and enter appropriate orders in this Cause:

- (a) making findings as to the best estimate for the cost of the Wind Project;
- (b) finding that the purchase and acquisition of the Wind Project is consistent with the Commission's plan for expansion of electric generating capacity and/or CEI South's 2019/2020 Integrated Resource Plan;
- (c) finding that public convenience and necessity require or will require the purchase and acquisition of the Wind Project pursuant to the BTA as proposed herein;

- (d) granting to CEI South a CPCN to purchase and acquire, indirectly through the BTA, the Wind Project pursuant to Ind. Code ch. 8-1-8.5;
- (e) finding the Wind Project constitutes a clean energy project under Ind. Code ch. 8-1-8.8;
- (f) approving associated ratemaking and accounting treatment for the Wind Project pursuant to Ind. Code § 8-1-8.5-6.5 and § 8-1-8.8-11;
- (g) authorizing CEI South to accrue PISCC at CEI South's weighted average cost of capital on its investments in the Wind Project and defer depreciation, O&M and property tax expenses associated with the Wind Project, with such amounts recorded in Account 182.3, included in CEI South's rate base, and amortized over the remaining life of the Wind Project;
- (h) in the event the CPCN for the Wind Project is not granted or the Wind Project otherwise is not placed in service, authorizing Petitioner to defer, as a regulatory asset, costs associated with the Wind Project, for future recovery through retail electric rates;
- (i) providing for ongoing review of the Wind Project;
- (j) approving depreciation rates for CEI South's investments in the Wind Project;
- (k) approving confidential treatment of pricing and other negotiated commercial terms in the PPA and BTA, as well as other related confidential information;
- (l) approving the procedural schedule agreed to among Petitioner and the OUCC; and
- (m) granting to Petitioner such additional and further relief as may be deemed necessary or appropriate.

Dated this 10<sup>th</sup> day of January 2023.

SOUTHERN INDIANA GAS AND ELECTRIC  
COMPANY d/b/a CENTERPOINT ENERGY INDIANA  
SOUTH



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Richard C. Leger  
Senior Vice President - Indiana Electric

**VERIFICATION**

I, Richard C. Leger, under penalty of perjury, affirm that the foregoing representations are true and correct to the best of my knowledge, information and belief.

SOUTHERN INDIANA GAS AND ELECTRIC  
COMPANY d/b/a CENTERPOINT ENERGY  
INDIANA SOUTH



---

Richard C. Leger  
Senior Vice President - Indiana Electric

Dated: January 10, 2023

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that the foregoing Verified Petition was served this 10<sup>th</sup> day of January, 2023 by electronic mail to:

Jason Haas  
Indiana Office of Utility Consumer Counselor  
PNC Center  
115 West Washington Street, Suite 1500 South  
Indianapolis, Indiana 46204  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)  
[Thaas@oucc.in.gov](mailto:Thaas@oucc.in.gov)



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Hillary J. Close

**Southern Indiana Gas and Electric Company  
d/b/a CenterPoint Indiana South  
Wind Project CPCN**

**Index of Issues, Requests, and Supporting Witnesses<sup>1</sup>**

Subject	Request	Supporting Witness
CPCN for Wind Project	<ul style="list-style-type: none"> <li>• Certificate of Public Convenience and Necessity (“CPCN”) pursuant to Ind. Code ch. 8-1-8.5 to purchase and acquire, indirectly through a Build Transfer Agreement (“BTA”), a wind generating facility (“Wind Project”)</li> <li>• Ongoing review under Ind. Code § 8-1-8.5-6</li> </ul>	<ul style="list-style-type: none"> <li>• Leger (No. 1) (overview).</li> <li>• Bradford (No. 2) (requests for proposal, cost and project description).</li> <li>• Rice (No. 3) (2019/2020 IRP and rates).</li> <li>• Behme (No. 4) (accounting treatment).</li> <li>• Story (No. 5) (tax).</li> </ul>
“Clean Energy Project”	<ul style="list-style-type: none"> <li>• Approval as a “clean energy project” under Ind. Code ch. 8-1-8.8 and associated financial incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Leger (No. 1) (overview).</li> <li>• Bradford (No. 2) (project description).</li> <li>• Rice (No. 3) (rates)</li> <li>• Behme (No. 4) (accounting and ratemaking treatment)</li> <li>• Story (No. 5) (tax).</li> </ul>
Alternative Regulatory Plan	<ul style="list-style-type: none"> <li>• Approval, to the extent necessary, of an alternative regulatory plan pursuant to Ind. Code ch. 8-1-2.5 for relief with respect to location of Wind Project and competitive procurement provisions of Ind. Code § 8-1-8.5-5(e)</li> </ul>	<ul style="list-style-type: none"> <li>• Rice (No. 3) (alternative regulatory plan)</li> </ul>

<sup>1</sup> This Index of the Company’s case-in-chief is intended to highlight issues and is not an exhaustive list of the requests in this proceeding. A complete account of the requested relief can be found in the case-in-chief, including but not limited to petition, testimony, attachments and workpapers.

Subject	Request	Supporting Witness
Accounting Treatment – Wind Project	<ul style="list-style-type: none"> <li>• Timely recovery of costs and expenses incurred during construction and operation of the Wind Project; eligible revenue requirement amounts associated with the Wind <b>Project to be included either in CEI South’s Clean Energy Cost Adjustment (“CECA”) mechanism approved</b> by the Commission in Cause No. 44909 or through base rates in CEI South’s next general rate case. <b>Costs</b> proposed to be included for timely recovery include (1) capital investment to complete the acquisition; (2) Deferred post-in-<b>service carrying costs (“PISCC”)</b>; (3) Deferred depreciation expense; (4) Deferred Operations <b>and maintenance (“O&amp;M”) expense</b>; (5) <b>O&amp;M expenses</b>, depreciation, property tax, and income taxes; and (6) Credits related to Renewable Energy Certificates (“RECs”)</li> <li>• Proposal to use CECA to reflect the production tax credit (“PTC”) and RECs generated by the Wind Project to the extent the PTC and RECs differ from amounts reflected in base rates</li> <li>• To the extent the Wind Project is included in CECA, authority to adjust for purposes of the earnings test under Code § 8-1-2-42(d)(3) its statutory net operating <b>income (“NOI”) by including the operating income</b> associated with the Wind Project as part of its authorized NOI</li> <li>• Authority to accrue PISCC at <b>the Company’s pre-tax weighted average cost of capital (“WACC”) on capital</b> investment for the Wind Project beginning the month after the investment is placed in service until the date the investment is included for recovery in CECA rates or base rates, as the case may be.</li> <li>• Authority to defer depreciation expense associated with the Wind Project until such expense is included for recovery in the CECA or base rates</li> <li>• Authority to defer O&amp;M expenses incurred or property tax expense accrued before such expenses are recovered through base rates or the CECA</li> <li>• Approval of annual depreciation rate of approximately 3.33% for the Wind Project.</li> </ul>	<ul style="list-style-type: none"> <li>• Rice (No. 3) (rates)</li> <li>• Behme (No. 4) (accounting and ratemaking treatment)</li> </ul>
Accounting Treatment – Alternative Deferral Authority	<ul style="list-style-type: none"> <li>• In the event the CPCN is not granted or the Wind Project is not placed in service, authority to defer, as a regulatory asset, all costs associated with the Wind Project, until such costs are reflected in retail electric rates.</li> </ul>	<ul style="list-style-type: none"> <li>• Behme (No. 4) (accounting treatment).</li> </ul>