

**FILED**  
June 17, 2021  
INDIANA UTILITY  
REGULATORY COMMISSION

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

**IURC CAUSE NO. 45564**

**DIRECT TESTIMONY  
OF  
PAULA J. GRIZZLE  
DIRECTOR OF GAS SUPPLY AND PORTFOLIO OPTIMIZATION**

**ON**

**GAS TRANSPORTATION CONTRACT AND PIPELINE LATERAL FOR THE COMBUSTION  
TURBINES**

**SPONSORING PETITIONER'S EXHIBIT NO. 8 (PUBLIC)  
ATTACHMENT PJG-1**

**DIRECT TESTIMONY OF PAULA J. GRIZZLE**

1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Paula J. Grizzle. My business address is 1111 Louisiana, Houston, Texas  
5 77002.

6

7 **Q. On whose behalf are you submitting this direct testimony?**

8 A. I am submitting testimony on behalf of Southern Indiana Gas and Electric Company d/b/a  
9 CenterPoint Energy Indiana South ("Petitioner", "CenterPoint Indiana South", "CEI South",  
10 or "Company"), which is an indirect subsidiary of CenterPoint Energy, Inc.

11

12 **Q. What is your role with respect to Petitioner?**

13 A. I am the Director of Gas Supply and Portfolio Optimization for CenterPoint Energy  
14 Resources Corp. ("CERC"), a wholly owned subsidiary of CenterPoint Energy, Inc.

15

16 **Q. What are your current responsibilities?**

17 A. As the Director of Gas Supply, I'm responsible for overseeing the procurement of the  
18 company's gas supply and upstream pipeline delivery services in Arkansas, Louisiana,  
19 Minnesota, Mississippi, Oklahoma, Texas, Indiana and Ohio. I lead and develop a group  
20 of managers and employees engaged in the procurement of gas supply, scheduling of gas  
21 transported on upstream pipelines, gas price hedging/risk management, gas storage  
22 management, usage analysis, and gas cost estimates. I also have a broad responsibility  
23 for long-term planning of gas purchase strategies, negotiating contracts for gas supply  
24 and pipeline services, and communication of those plans to state public service  
25 commissions.

26

27 **Q. Please describe your educational background, as well as your business experience  
28 and professional affiliations.**

29 A. I earned a Bachelor of Science degree from University of Houston – Clear Lake in 1999.  
30 While I have been employed by CERC since 2005, my entire professional career, 21  
31 years, has been focused in the energy industry. I started my career performing gas

1 accounting functions and through a combination of mergers and acquisitions, my initial job  
2 at Engage Energy led me to work at EnCana Energy Services, Kinder Morgan, and  
3 Cinergy Marketing. During each transition, my responsibilities increased from gas  
4 accounting to gas scheduling to my current position, managing gas supply and  
5 transportation covering all CenterPoint Energy, Inc. utilities, two of which include Petitioner  
6 and Indiana Gas Company, Inc. d/b/a CenterPoint Energy Indiana North ("CenterPoint  
7 Indiana North").

8  
9 **Q. Have you previously testified before the Indiana Utility Regulatory Commission**  
10 **("IURC" or "Commission")?**

11 A. Yes, I have testified before the Commission on behalf of Petitioner in its Gas Cost  
12 Adjustment ("GCA") proceedings, Cause No. 37366, beginning in GCA 149; as well as  
13 CenterPoint Indiana North's GCA proceeding, Cause No. 37394, beginning in GCA 149.  
14 In addition, I have presented testimony to FERC in Northern Natural Gas Company's rate  
15 proceeding.

16  
17 **Q. What is the purpose of your testimony?**

18 A. I will discuss CenterPoint Indiana South's gas transportation and pipeline lateral contract  
19 with Texas Gas Transmission, LLC ("TGT") regarding the construction, installation,  
20 maintenance, and ownership of certain interconnecting facilities to deliver natural gas from  
21 TGT's system to CenterPoint Indiana South's A.B. Brown delivery location in Section 14,  
22 Township 7 South, Range 12 West Posey County, Indiana (the "TGT Project" or "Project").  
23 As described in the direct testimony of multiple CenterPoint Indiana South Witnesses,  
24 Petitioner is seeking a certificate of public convenience and necessity ("CPCN") to  
25 construct two new combustion turbines ("CTs") in southwestern Indiana at the A.B. Brown  
26 power generation facility. During the planning for such construction, CenterPoint Indiana  
27 South began conversations with potential pipelines in the area. I will discuss the process  
28 that CenterPoint Indiana South undertook in its study of the upstream pipeline services  
29 required to provide reliable natural gas service to the A.B. Brown delivery location. In  
30 addition, I also discuss the negotiations between CenterPoint Indiana South and TGT and  
31 describe the agreement reached with TGT.

32  
33

1 **Q. Are you sponsoring any attachments to your direct testimony in this proceeding?**

2 A. Yes. I am sponsoring the following attachment:

- 3 • Petitioner's Exhibit No. 8, Attachment PJG-1 (CONFIDENTIAL): Binding  
4 Precedent Agreement for Robards-Evansville Lateral Expansion Project  
5  
6

7 **II. LATERAL EXPANSION PROJECT**  
8

9 **Q. Are you attaching a copy of the agreement reached with TGT as an exhibit to your  
10 testimony?**

11 A. Yes. CenterPoint Indiana South and TGT have executed an agreement included with my  
12 testimony as Petitioner's Exhibit No. 8, Attachment PJG-1 (CONFIDENTIAL): Binding  
13 Precedent Agreement for Robards-Evansville Lateral Expansion Project.  
14

15 **Q. Please describe the Precedent Agreement of the Robards-Evansville Lateral  
16 Expansion Project and the transportation service between CenterPoint Indiana  
17 South and TGT.**

18 A. CenterPoint Indiana South desired to purchase no-notice and firm transportation service  
19 from TGT, pursuant to TGT FERC gas tariff, that will be created by the installation of a 20"  
20 pipeline lateral approximately 24 miles in length, a customer meter station, upgrades at  
21 the TGT-REX Franklin meter facility, and the addition of compression and upgrades at the  
22 Texas Gas Slaughters Compressor Station in order to accommodate services to  
23 CenterPoint Indiana South.  
24

25 No-notice service is typically a firm service that is used to cover unpredictable operational  
26 variances in hourly and daily demand. This no-notice service also allows for quick start  
27 capability that does not require an immediate corresponding upstream nomination of  
28 natural gas supply.  
29

30 This Precedent Agreement includes executed agreements for the following: (i) Zone SL-3  
31 Winter No-Notice ("SL-3 WNS") service agreement and associated negotiated rate letter  
32 agreement; (ii) Zone 3-3 Winter No-Notice ("3-3 WNS") service agreement and associated  
33 negotiated rate letter agreement; (iii) Zone SL-3 Summer No-Notice ("SL-3 SNS") service

1 agreement and associated negotiated rate letter agreement; (iv) Zone 3-3 Summer No-  
2 Notice ("3-3 SNS") service agreement and associated negotiated rate letter agreement;  
3 and (v) Firm Lateral Service ("FLS-FT") service agreement and associated negotiated rate  
4 letter agreement (collectively the "Firm Agreements").  
5

6 **Q. What is the primary term of the agreement?**

7 A. The primary term of the Firm Agreements shall be effective beginning upon the first day  
8 of the month following the date on which TGT's Project is capable of delivering the  
9 Maximum Contract Quantities from Petitioner's Primary Receipt Points to Petitioner's  
10 Primary Delivery Points and the Project has been placed into service, as determined in  
11 TGT's sole discretion ("Service Commencement Date") and shall continue in full force and  
12 effect for a primary term of twenty (20) years.  
13  
14

15 **III. GAS TRANSPORTATION AND LATERAL OPTIONS**

16  
17 **Q. Please describe the process that CenterPoint Indiana South undertook to engage  
18 pipeline companies and the desired pipeline services.**

19 A. Through a formal Request for Proposal ("RFP"), CenterPoint Indiana South engaged  
20 pipeline companies seeking proposals for the following desired pipeline services:

- 21 • Desire to replace coal-fired power plant with a natural gas turbine power plant.
- 22 • May require new pipeline construction if upstream pipeline does not have available  
23 capacity.
- 24 • Need quick start up options (20 minutes or less) and non-ratable gas flow options.
- 25 • No-Notice firm supply is highly desired since no nomination is needed for quick start  
26 up.
- 27 • Diverse Supply – ability to provide flexible receipt points from both the North and South  
28 on pipeline system.
- 29 • Long term agreement – 20 years.
- 30 • Firm mainline capacity to meet full requirements up to 5,417 MMBTU/hour.
- 31 • Ability to finish build out with first flow in early 2024.  
32

1 **Q. Explain non-ratable transportation service or quick start up and quick shut-down**  
2 **service.**

3 A: Quick start up service allows for transporter to start taking gas without a nomination in  
4 place using storage as supply. Quick shut-down service allows for transporter to quit  
5 taking gas without a nomination change. Supply is injected into storage.

6  
7 **Q. How many and which pipelines were engaged in the RFP?**

8 A: Petitioner engaged the following four pipeline companies as potential pipelines in the  
9 Indiana market: TGT, [REDACTED]

10 [REDACTED]  
11  
12 **Q. Please describe your interactions with potential pipeline companies.**

13 A. Our first formal meetings with pipeline companies were in September 2020, during which  
14 Petitioner shared initial indications of the level of services CenterPoint Indiana South  
15 would likely be requesting from the pipeline companies.

- 16 • TGT indicated capability to serve Western Evansville and offered flexible capacity  
17 needed for quick start-up and quick shut-down.  
18 • [REDACTED]  
19 [REDACTED]  
20 • [REDACTED]  
21 [REDACTED]  
22 • [REDACTED]  
23 [REDACTED]

24  
25 **Q. When did pipeline companies formally respond to the request?**

26 A. Both TGT and [REDACTED] made formal proposals in October 2020.

27  
28 **Q. Briefly describe the TGT proposal to build the Robards-Evansville Lateral.**

29 A. TGT's proposal addressed all necessary requirements for the lateral and gas  
30 transportation:

- 31 • Ability to build lateral to A.B. Brown Site on the west side of Evansville, Indiana.  
32 • Ability to construct 24 miles, 20" pipeline lateral.  
33 • In-service date of 2024.

- 1 • Ability to offer Firm No-Notice Service giving operational flexibility with quick start up
- 2 and quick shut down.
- 3 • Meet full requirements up to 5,417 MMBTU/hour at the required delivery pressure.
- 4 • Offered 20-year agreement, February 1, 2024 through March 31, 2044.
- 5 • Negotiated rates protected from any upward rate adjustments.
- 6 • Environmental Partnership – agreement to collaborate on a strategic partnership to
- 7 develop project that promotes environmental stewardship.

8

9 **Q. Briefly describe the [REDACTED] proposal to build the [REDACTED]**

10 A. [REDACTED] proposal met some of the requirements to supply the proposed combustion turbine  
11 generating facility; however, the proposal did not [REDACTED]  
12 [REDACTED]  
13 [REDACTED]

14 Items included in the [REDACTED] proposal included:

- 15 • [REDACTED]
- 16 • [REDACTED]
- 17 • [REDACTED]
- 18 [REDACTED]
- 19 [REDACTED]
- 20 • [REDACTED]
- 21 [REDACTED]
- 22 [REDACTED]
- 23 [REDACTED]
- 24 • [REDACTED]

25

26

27 **IV. AWARDING OF ROBARDS-EVANVILLE LATERAL EXPANSION PROJECT**

28

29 **Q. What pipeline company was awarded the Robards-Evanville Lateral?**

30 A. TGT was awarded due to operational flexibility with quick start up and quick shut down  
31 and the desired location on the west side of Evansville, Indiana. [REDACTED] was not selected  
32 due to [REDACTED]

33

1 **Q. What is the annual cost to CenterPoint Indiana South of service from TGT?**

2 A. Based on anticipated throughput, the annual fixed demand and estimated variable cost of  
3 service to CenterPoint Indiana South from TGT is an estimated \$27.3 Million, which  
4 includes mainline upgrades and lateral construction by TGT. Services and costs are  
5 targeted to start in 2024 once the project is complete. The calculation of this estimated  
6 cost is included in my confidential workpapers.

7

8 **Q. Does the estimated \$27.3 Million annual cost include the physical natural gas  
9 supply?**

10 A. No. Supply will be purchased close to the time of utilization of each individual dispatch.  
11 The supply will be purchased through a competitive process and at a price reflective of  
12 the market conditions at the time.

13

14 **Q. How does no-notice service compare to rateable pipeline capacity?**

15 A. No-notice service is much more flexible. As described earlier, no-notice is typically a firm  
16 service that is used to cover unpredictable operational variances in hourly and daily  
17 demand. This no-notice service also allows for quick start capability that does not require  
18 an immediate corresponding upstream nomination of natural gas supply.

19

20

21 **V. CONCLUSION**

22

23 **Q. Does this conclude your direct testimony?**

24 A. Yes.



**VERIFICATION**

I, Paula J. Grizzle, Director, Gas Supply Portfolio Optimization, under the penalty of perjury, affirm that the answers in the foregoing Direct Testimony are true to the best of my knowledge, information and belief.

*Paula J. Grizzle*

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Paula J. Grizzle

Director, Gas Supply Portfolio Optimization

Dated: June 15, 2021

Attachment PJG-1 (CONFIDENTIAL) provided separately