

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 (1) AUTHORITY TO )  
MODIFY ITS RATES AND CHARGES FOR ELECTRIC )  
UTILITY SERVICE THROUGH A PHASE-IN OF RATES, (2) )  
APPROVAL OF NEW SCHEDULES OF RATES AND )  
CHARGES, AND NEW AND REVISED RIDERS, )  
INCLUDING BUT NOT LIMITED TO A NEW TAX )  
ADJUSTMENT RIDER AND A NEW GREEN POWER )  
RIDER (3) APPROVAL OF A CRITICAL PEAK PRICING )  
 (“CPP”) PILOT PROGRAM, (4) APPROVAL OF REVISED )  
DEPRECIATION RATES APPLICABLE TO ELECTRIC )  
AND COMMON PLANT IN SERVICE, (5) APPROVAL OF )  
NECESSARY AND APPROPRIATE ACCOUNTING RELIEF, )  
INCLUDING AUTHORITY TO CAPITALIZE AS RATE )  
BASE ALL CLOUD COMPUTING COSTS AND DEFER TO )  
A REGULATORY ASSET AMOUNTS NOT ALREADY )  
INCLUDED IN BASE RATES THAT ARE INCURRED FOR )  
THIRD-PARTY CLOUD COMPUTING ARRANGEMENTS, )  
AND (6) APPROVAL OF AN ALTERNATIVE )  
REGULATORY PLAN GRANTING CEI SOUTH A WAIVER )  
FROM 170 IAC 4-1-16(f) TO ALLOW FOR REMOTE )  
DISCONNECTION FOR NON-PAYMENT )

CAUSE NO. 45990

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

REDACTED PUBLIC’S EXHIBIT NO. 1

PUBLIC TESTIMONY OF OUCC WITNESS MICHAEL D. ECKERT

MARCH 12, 2024

Respectfully submitted,



T. Jason Haas  
Deputy Consumer Counselor  
Attorney No. 34983-29

**TESTIMONY OF OUCC WITNESS MICHAEL D. ECKERT  
CAUSE NO. 45990  
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A  
CENTERPOINT ENERGY INDIANA SOUTH**

**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 West Washington  
3 Street, Suite 1500 South, Indianapolis, Indiana, 46204. I am the Director of the  
4 Electric Division for the Indiana Office of Utility Consumer Counselor ("OUCC").  
5 My qualifications are set forth in Appendix A of this document.

**II. PURPOSE OF TESTIMONY**

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

7 A: I testify regarding the OUCC's evaluation and analyses of Southern Indiana Gas  
8 and Electric Company d/b/a CenterPoint Energy Indiana South's ("Petitioner,"  
9 "CEI South," or "Company") revenue requirement requests contained in its case-  
10 in-chief. I identify and address the OUCC's concerns related to affordability, risk  
11 assessment, and storm response. I also address the "Five Pillars" of affordability,  
12 reliability, resiliency, stability, and environmental sustainability and explain how  
13 cost trackers are shifting the risk of operating expense increases and capital  
14 expenditures from the Company to ratepayers. Additionally, I introduce the  
15 OUCC's witnesses and provide an overview of their testimony. I also explain and  
16 support specific adjustments and recommendations regarding certain CEI South

1 requests for fuel cost, fuel inventory, Culley 3 outage capital expenditures,  
2 securitization expense, and amortization expense.

3 The OUCC recommends the Indiana Utility Regulatory Commission (“IURC”  
4 or “Commission”):

5 1) Reject CEI South’s requested annual rate increase of \$118.757 million. As  
6 explained by OUCC witness Brian Latham, the OUCC’s analysis shows  
7 Petitioner has justified an increase of \$33.120 million. This is largely due to  
8 capital projects that have received IURC preapproval as allowed by state law;

9 2) Reject Petitioner’s requested 10.4% authorized return on equity (“ROE”), and  
10 approve a 9.00% ROE as set forth by OUCC witness Shawn Dellinger and  
11 modified in my testimony below;

12 3) Reduce Mr. Dellinger’s 9.00% ROE by an additional 20 basis points due to  
13 continued issues with CEI South’s reliability, customer satisfaction, and  
14 challenges the OUCC has faced in conducting its analysis of Petitioner’s  
15 requests, as I will explain;

16 4) Deny Petitioner’s proposed increases to its monthly customer charges for  
17 residential and small business customers, as explained by OUCC witness David  
18 Dismukes.

19 5) Continue the current agreement which allows the OUCC and intervenors to file  
20 Fuel Adjustment Charge (“FAC”) testimony 35 days after CEI South files its  
21 petition and testimony;

22 6) Approve modifications to certain depreciation rates as recommended by OUCC  
23 witness David Garrett; and

24 7) Approve the recommendations and proposals of the OUCC’s additional  
25 witnesses.

26 **Q: Please describe the review and analysis you conducted to prepare your**  
27 **testimony.**

28 A: I reviewed CEI South’s petition and prefiled testimony in this proceeding. I also  
29 read relevant Commission Orders and reviewed Petitioner’s workpapers and its  
30 Minimum Standard Filing Requirements. I submitted data requests (“DR”) and  
31 reviewed Petitioner’s responses to the OUCC’s and Intervenors’ DRs. I examined

1           pertinent sections of Title 8 of the Indiana Code and Title 170 of the Indiana  
2           Administrative Code.

3                       In addition, I reviewed the consumer comments submitted in this Cause and  
4           attended the Commission's February 29, 2024, public field hearing in Evansville,  
5           Indiana.

6   **Q:   To the extent you do not address a specific issue, item or adjustment, should**  
7   **that be construed to mean you agree with CEI South's proposal for that item?**

8   A:   No. Excluding any specific issues, items, adjustments, or amounts regarding CEI  
9       South's proposal from my or any other OUCC witness's testimony is not an  
10      indication of approval. Rather, the scope of my and other OUCC witnesses'  
11      testimony is limited to the specific items addressed.

### **III.     OUCC WITNESSES**

12   **Q:   Please introduce the OUCC's witnesses in this Cause.**

13   A:   The following OUCC witnesses provide testimony on the following issues:

14       Mr. Brian Latham sponsors the OUCC's overall revenue requirement  
15       recommendation and testifies regarding revenue requirement adjustments. Mr.  
16       Latham incorporates the impact of the other OUCC witnesses' recommendations  
17       in his revenue requirement calculations. Mr. Latham presents the OUCC's capital  
18       structure analysis and recommends a 6.29% weighted average cost of capital  
19       ("WACC") that includes the ROE OUCC witness Dellinger recommends. In  
20       addition, he calculates the OUCC's depreciation expense and recommended

1 accumulated depreciation using Mr. Garrett's proposed depreciation rates.  
2 **(Public's Exhibit No. 2)**

3 **Mr. Kaleb Lantrip** addresses CEI South's request to embed in base rates  
4 Petitioner's Clean Energy Cost Allocation ("CECA"); Transmission, Distribution,  
5 and Storage System Improvement Charge ("TDSIC"); and Reliability Cost and  
6 Revenue Adjustment ("RCRA") investments. Mr. Lantrip also recommends the  
7 Commission deny Petitioner's request to include approximately \$219,000 of costs  
8 related to the CECA's Urban Living Research Center ("ULRC"). In addition, he  
9 recommends Petitioner's TDSIC project costs placed in rate base be limited to the  
10 amounts approved in the TDSIC rider plan updates. The OUCC recommends  
11 Petitioner's TDSIC recovery be limited to the projects' actual investment costs  
12 when compared to Petitioner's current projected estimates. Mr. Lantrip also  
13 discusses CEI South's affiliate company arrangements with CenterPoint Energy  
14 Service Company, LLC ("CenterPoint Shared Services") and Vectren Utility  
15 Holdings, Inc ("VUH"). **(Public's Exhibit No. 3)**

16 **Ms. Brittany Baker** addresses Petitioner's adjustments to payroll expenses,  
17 including incentive benefits, and deferred Medicare tax liability. She recommends  
18 the Commission: 1) deny Petitioner's requested competitive pay adjustment; and 2)  
19 deny Petitioner's requested \$1,737,007 in deferred Medicare tax liability. **(Public's**  
20 **Exhibit No. 4)**

21 **Mr. Jason Compton** recommends: 1) rate case expense be shared equitably  
22 between shareholders and ratepayers because shareholders will benefit from new  
23 rates; 2) an adjustment to sponsorship expense; 3) removal of CEI South's  
24 Information Technology investment from and related O&M expenses from the  
25 revenue requirement; and 4) denial of CEI South's requested accounting treatment  
26 for cloud computing arrangement costs. In addition, Mr. Compton provides insight  
27 into his experience reviewing CEI South's case-in-chief. **(Public's Exhibit No. 5)**

28 **Ms. Margaret Stull** addresses CEI South's proposals regarding: 1) a Tax  
29 Adjustment Rider ("TAR"); 2) recovery of a return on any increase or decrease to  
30 the balance of the tax regulatory asset related to corporate alternative minimum  
31 taxes ("CAMT") occurring between rate cases; 3) rate increase implementation  
32 before the start of the Company's forward-looking test year; 4) implementation of  
33 interim rate increases between Phases 2 and 3 to reflect projected rate base  
34 additions; and 5) process for implementing rates in each phase of the proposed rate  
35 increase. Ms. Stull discusses the OUCC's concerns regarding CEI South's  
36 presentation of its accounting schedules and revenue requirement in its case-in-  
37 chief, including the lack of evidence provided to support Petitioner's requests and

1 CEI South's non-compliance with Commission General Administrative Orders  
2 ("GAO") 2013-05 and 2015-05. **(Public's Exhibit No. 6)**

3 **Ms. Cindy Armstrong** addresses several environmental-compliance-cost-related  
4 rate base items and operation and maintenance ("O&M") expenses CEI South  
5 includes in its rate request, including 1) emission allowance inventory; 2) test year  
6 emission allowance expense; 3) the Culley East Ash Pond Closure by Removal  
7 ("CBR") Project costs; 4) additional costs CEI South incurred with respect to the  
8 Urban Living Research Center ("ULRC"); 5) unexplained land acquisitions around  
9 the A.B. Brown Generating Plant; 6) and CEI South's adjustment to decrease test  
10 year Integrated Resource Planning ("IRP") expense. **(Public's Exhibit No. 7)**

11 **Mr. Brian Wright** discusses CEI South's Green Energy Rider ("Rider GE") and  
12 Aggregation Demand Response Rider ("Rider ADR") proposals and recommended  
13 changes to Rider GE and associated tariff language that are needed to ensure the  
14 program does not negatively affect affordability for ratepayers. Mr. Wright  
15 recommends the denial of Rider ADR based on the lack of basic, critical  
16 information on how the program will function. **(Public's Exhibit No. 8)**

17 **Mr. Greg Krieger** analyzes CEI South's capital investment request and discusses  
18 how project managers and project engineers distinguish between capital investment  
19 and maintenance costs. Mr. Krieger explains how an approved prudent capital  
20 investment may not be prudent in practice and recommends a \$169.4 reduction to  
21 the Steam Production Plant costs. **(Public's Exhibit No. 9)**

22 **Mr. Shawn Dellinger** recommends a return on equity of 9.00% for the Company.  
23 **(Public's Exhibit No. 10)**

24 **Mr. David Garrett** applies his professional expert judgment to his actuarial plant  
25 analysis to statistically analyze CEI South's depreciable assets and develop  
26 reasonable depreciation rates and annual accruals. Specifically, Mr. Garrett  
27 recommends the Commission: 1) remove \$1.6 million in contingency costs; 2)  
28 adjust Transmission and Distribution ("T&D") service lives which reduces  
29 depreciation expense by \$2.1 million; and 3) adjust net salvage rates for several  
30 T&D accounts by \$1.4 million. **(Public's Exhibit No. 11)**

31 **Dr. David Dismukes** addresses Petitioner's proposed allocated cost of service  
32 study, revenue distribution, rate design, rate adjustment proposals, critical peak  
33 pricing, and related tracker mechanisms. He recommends CEI South's current  
34 residential and small commercial customer charges remain unchanged. **(Public's  
35 Exhibit No. 12)**

36 **Ms. April Paronish** discusses CEI South's remote disconnection proposal, bill  
37 issues, and certain aspects of Petitioner's critical peak pricing proposal. **(Public's  
38 Exhibit No. 13)**

1        **Customer Comments.** The OUCC is submitting more than 2,300 written customer  
2        comments that were received conveying outrage and concerns about this  
3        proceeding as Public's Exhibit No. 14. These include letters and resolutions from  
4        elected officials and local governmental entities within Petitioner's electric service  
5        territory.

#### IV.        **FIVE PILLARS**

6        **Q:        What are the "Five Pillars" as they relate to utility service?**

7        A:        The Five Pillars were identified by the Indiana 21st Century Energy Policy  
8        Development Task Force and codified at Ind. Code § 8-1-2-0.6. The Five Pillars  
9        are reliability, affordability, resiliency, stability, and environmental sustainability.

10       **Q:        How does Indiana state policy on the "Five Pillars" apply to this request?**

11       A:        The Indiana General Assembly enacted two separate policy statements regarding  
12       utility service in Indiana. The first policy was passed in 2016 recognizing  
13       affordability and encouraged investment in infrastructure "while protecting the  
14       affordability of utility services for present and future generations of Indiana  
15       citizens."<sup>1</sup> This was codified as Ind. Code § 8-1-2-0.5. In the midst of many rate  
16       increases (*See* Table MDE-1), the Indiana General Assembly passed an additional  
17       policy statement in 2023. Ind. Code § 8-1-2-0.6 requires that decisions concerning  
18       Indiana's electric generation resource mix, energy infrastructure, and electric  
19       service ratemaking constructs consider reliability, affordability, resiliency,

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<sup>1</sup> Ind. Code § 8-1-2-0.5: The general assembly declares that it is the continuing policy of the state, in cooperation with local governments and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to create and maintain conditions under which utilities plan for and invest in infrastructure necessary for operation and maintenance **while protecting the affordability of utility services for present and future generations of Indiana citizens. (emphasis added)**

1 stability, and environmental sustainability, referred to as the “Five Pillars of  
2 Electric Utility Service.” One of those Pillars is affordability.

3 Increased utility costs and investments continue to place upward pressure  
4 on customer bills. It is, therefore, imperative the Commission carefully scrutinize  
5 utility requests to approve only what is justifiable as reasonably necessary, at a  
6 prudent cost, and at a level of service quality providing a reasonable value to the  
7 customer. It is also critical to factor customer affordability into the accounting  
8 treatment a utility seeks, the timing of rate increases and project requests, and  
9 prioritization of projects and expenses.

10 **Q: Did CEI South address the “Five Pillars” in its testimony?**

11 A: Yes. CEI South witnesses Richard C. Leger, Matthew A. Rice, F. Shane Bradford,  
12 and Stephen R. Rawlinson addressed various attributes of the Five Pillars, although  
13 the Company does not consistently balance them in its decision making.

14 **Q: Does Witness Leger discuss all Five Pillars?**

15 A: Yes. Witness Leger discusses the Five Pillars but also asserts this case presents a  
16 “perfect example” of how the Five Pillars can “conflict” with one another. He  
17 states: “the financial driver in this case is nearly \$1 billion in additional rate base  
18 during the test year; more than 75% (CT [combustion turbine] Project of \$334  
19 million and Posey Solar of \$429 million) of that investment is represented by these  
20 two projects.”<sup>2</sup>

21 **Q. Do you agree there is a conflict?**

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<sup>2</sup> Petitioner’s Exhibit No. 1, Direct Testimony of Richard C. Leger, p. 13, ll. 24 - 30.



1 A. No. The pillars are each independently and equally important and not mutually  
2 inconsistent. Recognizing this, the General Assembly directed the IURC to balance  
3 them in its decisions. Mr. Leger seems to be characterizing it as a conflict to argue  
4 it is impossible to honor the other four pillars and try to stay affordable. Rather, we  
5 need to temper the other four with attention to affordability. Otherwise, there is no  
6 limit on what a utility can spend to satisfy the four other pillars. An analogous  
7 question would be when is insurance a reasonable expense and when does it become  
8 unaffordable?

9 The implementation of the Five Pillars does not exist in isolation limited to  
10 a siloed, independent analysis of each utility petition. The entire customer bill must  
11 be taken into account throughout the ratemaking process so that the necessary  
12 balancing of the pillars considers all charges. While preapproved investments may  
13 be recoverable as priorities, what the Petitioner seeks in this rate case remains  
14 subject to adjustments that take into account the cumulative impact of all  
15 components of revenue (including trackers) so that the Commission's final order  
16 complies with the Five Pillars.

## V. AFFORDABILITY

17 **Q: Does the OUCC have concerns about the affordability of CEI South's rate**  
18 **request?**

19 A: Yes. These concerns are consistent with the Indiana General Assembly's declared  
20 policy.

21 **Q: How must affordability be considered?**

22 A: In Ind. Code § 8-1-2-0.5, the Indiana General Assembly declared it to be the State's  
23 policy to recognize the importance of utility service affordability for present and

1 future generations.<sup>3</sup> Consistent with this statute, affordability should be protected  
2 as utilities invest in the infrastructure necessary for system operations,  
3 maintenance, and reliability. While federal environmental regulations have  
4 increased certain generation costs in the last decade, and independent system  
5 operator requirements have been added, affordability is an issue that must be  
6 considered in balancing all investment decisions to assure approved spending  
7 parameters are affordable and remain affordable.

8 In recognizing affordability, the Commission is charged with examining all  
9 aspects of ratemaking related to cost recovery, revenue requirements, and  
10 accounting treatments, without losing sight of the financial impact upon ratepayers  
11 while continuing to provide safe, compliant, and reliable utility systems. The  
12 Commission has been given statutory discretion that may be exercised to alleviate  
13 the financial burdens on ratepayers without impacting the utility's ability to  
14 maintain safe and compliant systems and earn a reasonable profit.

15 Consistent with the General Assembly's stated policy, the Commission  
16 should only approve necessary and reasonable requests for CEI South to provide  
17 service at reasonable prices and take steps to moderate the imposition of higher  
18 rates, including rates that will unreasonably escalate over time. In recognizing the

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<sup>3</sup> IC 8-1-2-0.5 Operation and maintenance; affordability of utility services (Indiana State policy to promote utility investment in infrastructure while protecting affordability of utility service).

Sec. 0.5. The general assembly declares that it is the continuing policy of the state, in cooperation with local governments and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to create and maintain conditions under which utilities plan for and invest in infrastructure necessary for operation and maintenance while protecting the affordability of utility services for present and future generations of Indiana citizens. As added by P.L.104-2016, SEC.1.

1 importance of affordability, examining cost allocation, prioritization, and spreading  
2 cost recovery over longer periods of time could help address the financial impacts  
3 upon customers.

4 **Q: Has the Commission addressed affordability in recent orders?**

5 A: Yes. The Commission's most recent order in a major rate case was issued on  
6 February 14, 2024, in approving new base rates and charges for Indiana American  
7 Water Company. The Order states:

8 Affordability is always an important consideration for the  
9 Commission when establishing just and reasonable rates.  
10 Affordability is an ongoing concern for all consumers in the State of  
11 Indiana. However, our role in addressing this concern is not to reach  
12 a conclusion as to whether the rates approved herein are  
13 "affordable" for each and every customer, particularly given the  
14 difficulty in defining affordability in general and for the many  
15 diverse customers and communities Indiana American serves.<sup>4</sup>

16 **Q: Does Mr. Bradford testify that CenterPoint's Generation Transition Plan is**  
17 **consistent with affordability?**

18 A: Mr. Bradford identifies operating expense savings.<sup>5</sup> He does not address the impact  
19 of capital investment earnings and operating revenues upon affordability.

20 **Q: Does CEI South's case-in-chief include proposals under the guise of trying to**  
21 **minimize the impact on affordability that do not advance this objective?**

22 A: Yes. Mr. Leger testifies CEI South intends to implement measures<sup>6</sup> to address  
23 affordability and minimize costs. However, upon examination, these items ring  
24 hollow and are insufficient to minimize costs, especially when considering prior  
25 Commission rulings, other utilities' treatment of these issues, and Petitioner's long-

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<sup>4</sup> Cause No. 45870, Commission Order, dated February 14, 2024, p. 105.

<sup>5</sup> Petitioner's Exhibit No. 7, Direct Testimony of F. Shane Bradford, p. 11, l. 13 – p. 12, l. 15.

<sup>6</sup> Leger Direct, p. 14, l. 21 – p. 16, l. 1.

1 time status as the state's most expensive regulated electric utility for customers. Mr.

2 Leger's list includes:

- 3 • Requesting an ROE of 10.4%, with its ROE expert recommending 10.6%;
- 4 • Using the Average Service Life depreciation method to lower the revenue  
5 requirement by approximately \$12.5 million, as opposed to the Equal Life  
6 Group methodology;
- 7 • Crediting 100% of the sales margins from the Wholesale Power Market to  
8 customers;
- 9 • Operating savings from new wind and solar projects since they do not require a  
10 purchased fuel source to generate electricity and require lower O&M.  
11 Additionally, customers will benefit from various tax credits and renewable  
12 energy credits generated by the solar and wind resources; and
- 13 • Operating, maintenance, and fuel cost savings from the retirements of A.B.  
14 Brown and Warrick Unit 4.

15 **Q: Why are CEI South's proposals requesting an ROE of 10.40% and**  
16 **implementing the ALG depreciation methodology insufficient?**

17 A: In recent electric investor owned utility ("IOU") cases, the Commission in  
18 contested cases and settlement agreements has either authorized or approved  
19 agreements authorizing electric IOUs to utilize return on equity rates in the range  
20 of 9.70% to 9.90%. Regarding the ALG depreciation methodology, CEI South  
21 proposed and implemented depreciation rates utilizing ALG in its last electric rate  
22 case (Cause No. 43839). In addition, in Duke Energy Indiana's ("DEI") last rate  
23 case (Cause No. 45235), the Commission ordered DEI to utilize the ALG  
24 depreciation method and has accepted agreements allowing utilities to utilize the  
25 ALG methodology.

26 **Q: Why is CEI South's proposal to credit 100% of the sales margins from the**  
27 **Wholesale Power Market to customers insufficient?**

1 A: Midcontinent Independent System Operator (“MISO”) plays the primary role in  
2 conducting off-system sales of CEI South’s excess generation, with CEI South’s  
3 retail ratepayers paying the MISO administrative fees for this service. As a MISO  
4 market participant, CEI South is required to offer all of its available electricity  
5 produced by its generating facilities into the MISO Market. An Off System Sale  
6 (“OSS”) automatically occurs when the amount of CEI South generation for an  
7 hour exceeds the amount of system power consumed by its retail customers.  
8 Therefore, CEI South’s OSS transactions are completed solely by MISO. In  
9 addition, CEI South is the only electric IOU in Indiana that does not flow 100% of  
10 the credit back to consumers.

11 **Q. Do any factors limit the OUCC’s ability to review certain aspects of**  
12 **Petitioner’s request?**

13 A. Yes. The CT Project and Posey Solar Project have been preapproved in previous  
14 Commission cases as allowed by statute. Ind. Code § 8-1-8.8-12(d) states the  
15 Commission “shall” allow a regulated utility to recover costs for these projects if  
16 the utility provides “substantial documentation” showing the costs to be reasonable  
17 and necessary.

18 **Q: Why are the proposed fuel savings from the implementation of new wind and**  
19 **solar projects and the exclusion of operating, maintenance, and fuel cost from**  
20 **the retirements of A.B. Brown and Warrick Unit 4 insufficient?**

21 A: These cost savings would be implemented regardless of whether this rate case was  
22 filed. When a utility retires a plant and/or places a new plant in service, operating  
23 expenses, including fuel, will be adjusted to reflect the new costs including any cost  
24 decreases and/or increases.

25 **Q: How does the issue of affordability tie into CEI South’s current rate request?**

1 A: CEI South is requesting an annual revenue increase of \$118.757 million after all  
2 three phases.<sup>7</sup> After rates are increased in this Cause, CEI South will continue to  
3 also implement rider rates that may or may not change rates quarterly, bi-annually,  
4 and annually through the FAC (Rider A), Demand Side Management Adjustment  
5 (Rider B) (“DSMA”), CECA (Rider C), Environmental Cost Adjustment (“ECR”)  
6 (Rider E), Securitization of Coal Plants (“SCP”) (Rider F), Securitization Rate  
7 Reduction (“SRR”) (Rider G), Securitization ADIT Credit (“SAC”) (Rider H),  
8 MISO Cost and Revenue Adjustment (“MCRA”) (Rider I), Reliability Cost and  
9 Revenue (“RCRA”) (Rider J), TDSIC (Rider K), and CEI South’s proposed Tax  
10 Rider. I further discuss the impact of the current riders below in Section IX,  
11 “Current Rider Impact.”

12 In addition, CEI South recently requested and received Commission  
13 approval for three new generation projects, a securitization request, and  
14 amendments to Purchase Power Agreements (“PPA”) in five separately docketed  
15 proceedings. More specifically, CEI South received approval for the following  
16 projects and agreements: 1) A.B. Brown CT (Cause No. 45564); 2) Pike County  
17 Solar Project (Cause No. 45754); 3) New Wind Generation (Cause No. 45836); 4)  
18 Vermillion Solar and Warrick Solar PPAs (Cause No. 45839); and 5) Securitization  
19 (Cause No. 45722), and the cumulative residential impact is \$49.16 to a monthly  
20 residential bill for customers using 1,000 kWh identified in Table MDE -1. All but  
21 the cost of the CPCN for New Wind Generation (Cause No. 45836) are being

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<sup>7</sup> CEI South Financial Exhibit No. 20, Schedule A-1, Line 8.

1 considered in this rate case.

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**TABLE MDE-1**

<b><u>Cause No.</u></b>	<b><u>Date Approved</u></b>	<b><u>Description of Request</u></b>	<b><u>Estimated Monthly Bill Impact (1,000 kWh/mo.)</u></b>
45564	June 28, 2022	CPCN for A.B. Brown Combustion Turbines	\$23.00
45722	January 4, 2023	Securitization	(\$5.00)
45754	January 11, 2023	CPCN for Pike County Solar Project	\$6.00
45839	May 30, 2023	Amendments to Vermillion Solar and Warrick Solar PPAs	\$5.30
		Subtotal	\$29.30
45836	June 6, 2023	CPCN for New Wind Generation	\$19.86
		Total	\$49.16

3 **Q: Does the OUCC have specific overarching concerns about this particular rate**  
4 **request?**

5 A: Yes. Individual OUCC witnesses make recommendations on CEI South's specific  
6 issues or requests. The OUCC and the comments received from more than 2,300  
7 ratepayers raise serious concerns about the immediate financial impacts of these  
8 requests.

9 A major, additional concern is CEI South's ranking among regulated  
10 Indiana electric utilities for the magnitude of its monthly residential bills. In the  
11 Commission's most recent "Electricity Residential Bill Survey," CEI South ranks  
12 highest for a monthly bill at 1,000 kWh. Unfortunately for ratepayers, CEI South

1 or Vectren has ranked highest for this metric for 13 consecutive years, with each  
2 survey from 2011 to 2023 showing Petitioner had the highest such bill among all  
3 electric utilities under the Commission's jurisdiction.<sup>8</sup>

4 The Commission is charged with the task of balancing the interests of the  
5 utilities with the interests of ratepayers. The OUCC understands the critical need  
6 for Indiana to have financially sound utilities that can provide reliable and resilient  
7 services at reasonable prices. It is also crucial the Commission balance the Five  
8 Pillars. Reliability and resilience are vitally important, and I would argue they have  
9 been since the inception of regulation. The same applies to replacement of aging  
10 infrastructure. Rates have always been set with these core principles in mind, and  
11 in the last decade, state policy has been updated to ensure these principles continue.  
12 However, the Indiana General Assembly has set parameters demonstrating it did  
13 not intend for regulated utilities to receive blank checks. The OUCC has presented  
14 testimony outlining ways the utilities' requests can be tempered without  
15 compromising the Five Pillars.

16 The requested relief in this docket would undoubtedly reduce risks for  
17 Petitioner and its shareholders, yet there is no recognition of this reduced risk in a  
18 lower proposed ROE.<sup>9</sup> The Commission has an opportunity to review CEI South's

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<sup>8</sup> <https://www.in.gov/iurc/energy-division/electricity-industry/electricity-residential-bill-survey/>

<sup>9</sup> See *PSI Energy, Inc.*, 2004 Ind. PUC LEXIS 150, at \*145. See also *In re S. Ind. Gas & Elec. Co.*, Cause No. 43839, 289 P.U.R.4th 9 (Apr. 27, 2011), where the Commission denied Vectren's proposed increased ROE. "We do consider the effect tracking mechanisms have in reducing risk in order to ensure that these reduced risks are properly reflected in Vectren South's cost of equity."



1 requests in whole, to say “no” to some, and to limit others while making clear the  
2 standards CEI South should meet.

## VI. RELIABILITY, RESILIENCY, AND STABILITY

3 **Q: Has CEI South made investments in its infrastructure in an attempt to**  
4 **improve and ensure its reliability, resiliency, and stability?**

5 A: Yes. Reliability, resiliency, and stability are three of the Five Pillars which must be  
6 considered. Mr. Rawlinson attempts to address these issues in his testimony. As  
7 part of his discussion, Mr. Rawlinson talks about CEI South’s two TDSIC plans  
8 and how investments under these plans address reliability and resiliency.<sup>10</sup>

9 **Q: Has CEI South implemented two TDSIC plans?**

10 A: Yes. CEI South’s first TDSIC plan was approved by the Commission in Cause  
11 Number 44910 and was a seven-year plan (2017-2023) at a projected cost of \$446.5  
12 million.<sup>11</sup> CEI South’s second TDSIC plan was approved by the Commission in  
13 Cause Number 45894 and is a five-year plan (2024–2028) at a projected cost of  
14 \$454 million.<sup>12</sup> It is important to note that the TDSIC statute (Ind. Code ch 8-1-39)  
15 allows tracker recovery for 80% of these costs and expenses, while allowing the  
16 remaining 20% to be recovered through base rates.

17 **Q: Has CEI South’s reliability improved over the last five years?**

18 A: No. Mr. Rawlinson provides a chart (Figure SRR-4)<sup>13</sup> in his testimony showing  
19 Reliability Indices (SAIFI, SAIDI, and CAIDI<sup>14</sup>) without Major Event Days for the

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<sup>10</sup> Petitioner’s Exhibit No. 4, Direct Testimony of Stephen R. Rawlinson, pp. 17-20.

<sup>11</sup> Rawlinson Direct, p. 5.

<sup>12</sup> Rawlinson Direct, p. 6.

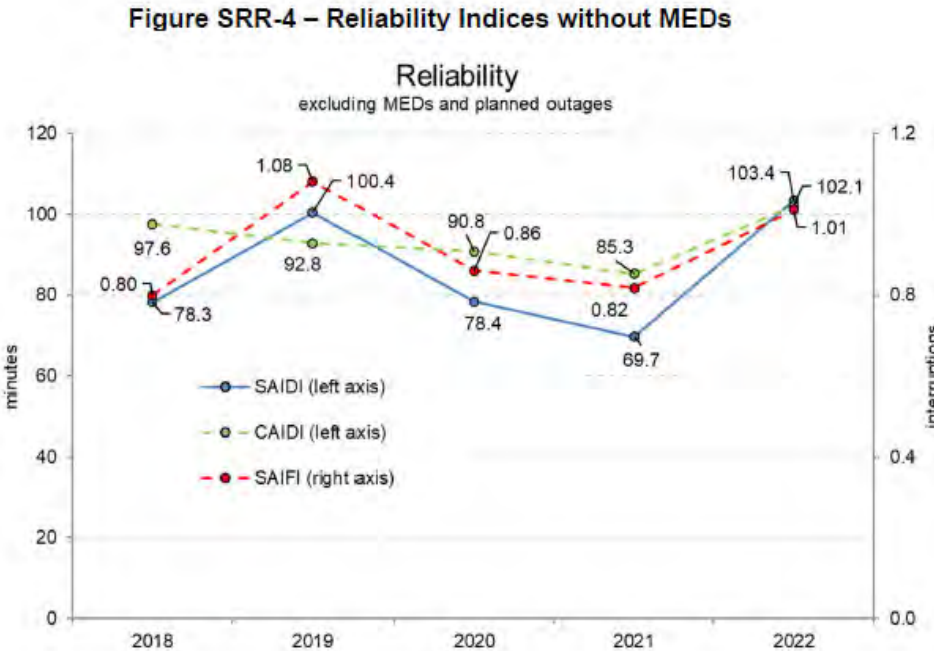
<sup>13</sup> *Id.*, p. 29.

<sup>14</sup> SAIFI: System Average Interruption Frequency Index

SAIDI: System Average Interruption Duration Index

CAIDI: Customer Average Interruption Duration Index

1 period 2018 through 2022, which is included below. This chart shows there has  
2 been no significant cumulative improvement over the five-year period. In fact, this  
3 chart shows the reliability metrics regressed in 2022, to their highest despite  
4 showing improvement in 2020 and 2021.



5 **Q: Has there been any significant change in CEI’s reliability metrics excluding**  
6 **Major Event Days?**

7 **A:** No. Despite CEI South receiving regulatory approval to invest more than \$400  
8 million in transmission and distribution projects through its TDSIC Plan 1 (Cause  
9 No. 44910), its reliability metrics (SAIFI, SAIDI, and CAIDI without Major Event  
10 Days), as shown above, did not demonstrate cumulative improvement in 2022,  
11 when compared to 2018.

**VII. ENVIRONMENTAL SUSTAINABILITY**

12 **Q: What is environmental sustainability?**

1 A: In general, environmental sustainability of electric utility service refers to efforts  
2 reducing air, water, and other environmental impacts of energy production,  
3 distribution, transportation, and utilization. Energy systems and resources can  
4 maintain current operations and facilitate the transition to renewable energy or other  
5 carbon-neutral energy without jeopardizing the energy needs or climate  
6 environment for future generations. Environmental sustainability is included  
7 among the Five Pillars.<sup>15</sup>

8 **Q: Has CEI South retired coal-fired assets while receiving Commission approval**  
9 **for renewable energy projects?**

10 A: Yes. Petitioner has retired A.B. Brown Generating Units 1 and 2, Warrick Unit 4,  
11 and Culley Unit 2, which were all coal-fired generating units. The Company intends  
12 to retire its remaining coal-fired generating unit (Culley Unit 3) in 2033. To replace  
13 this generation, CEI South sought and received Commission approval to build new  
14 CT peaking units at the AB Brown site (Cause No. 45564), the Pike County Solar  
15 Project (Cause No. 45754), and a new wind farm (Cause No. 45836). In addition,  
16 CEI South also received PPA approvals for the Vermillion Solar and Warrick Solar  
17 projects. CEI South's planning determined the window in which this transition will  
18 occur, but its relative brevity places a financial burden on ratepayers.

## VIII. CUSTOMER SATISFACTION

19 **Q: Have you reviewed public and confidential data regarding CEI South's**  
20 **customers' satisfaction levels?**

21 A: Yes. I reviewed public and confidential J.D. Power Customer Satisfaction surveys  
22 regarding CEI South. Public J.D. Power information on Overall Residential

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<sup>15</sup> I.C. § 8-1-2-0.6(5).

1 Customer Satisfaction shows CenterPoint, i.e., CEI South, has ranked last or 16<sup>th</sup>  
2 out of the 16 utilities in the “Midwest Region” “Midsized Segment” in four of the  
3 last five years (2019-2023). The one exception was in 2020 when CEI South was  
4 ranked 15<sup>th</sup> out of 16 utilities<sup>16</sup>.

5 **Q: Did you review the confidential J.D. Power Surveys for the fourth quarter of**  
6 **2021, 2022, and 2023?**

7 A: Yes. Additional information on the confidential J.D. Power Survey rankings is  
8 included in Confidential Attachment MDE – 1, MDE – 2, and MDE – 3.

9 **Q: Did you attend the IURC’s Public Field Hearing in this Cause?**

10 A: Yes. I attended the February 29, 2024, field hearing in Evansville, Indiana. More  
11 than 800 people attended the hearing’s afternoon and evening sessions, with 78  
12 people testifying. This was the largest field hearing participation the Commission  
13 has experienced in many years, in terms of attendance, the number of speakers, and  
14 length. A variety of issues were shared and discussed, but most consumers’  
15 comments focused on CEI South’s lengthy history of high rates, and the hardships  
16 consumers face as a result.

17 **Q: Are you aware of opposition to Petitioner’s request from elected officials?**

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<sup>16</sup> 2019: <https://www.jdpower.com/business/press-releases/2019-electric-utility-residential-customer-satisfaction-study>

2020: <https://www.jdpower.com/business/press-releases/2020-electric-utility-residential-customer-satisfaction-study>

2021: <https://www.jdpower.com/business/press-releases/2021-electric-utility-residential-customer-satisfaction-study>

2022: <https://www.jdpower.com/business/press-releases/2022-electric-utility-residential-customer-satisfaction-study>

2023: <https://www.jdpower.com/business/press-releases/2023-electric-utility-residential-customer-satisfaction-study>

1 A: Yes. The Mayor of Evansville and the President of the Vanderburgh County Board  
2 of Commissioners were the first speakers at the Commission's February 29, 2024,  
3 public field hearing, with additional local officials attending and speaking. In  
4 addition, the OUCC has received resolutions and comments from local  
5 governmental bodies opposing Petitioner's request, and a letter from State Senator  
6 Vaneta Becker in opposition. The OUCC has included them with the consumer  
7 comments in Public's Exhibit No. 14.

8 **Q: Have you reviewed customer bill surveys comparing the monthly impact of**  
9 **Petitioner's rates to its Indiana peers?**

10 A: Yes. As noted earlier, I reviewed the annual Electricity Residential Bill Surveys  
11 that are available on the Commission's website for each year from 2009 through  
12 2023. These annual surveys, prepared by Commission staff, calculate residential  
13 bills for customers using various levels of electricity, including the 1,000-kWh  
14 usage level that has historically been used as a standard benchmark for comparing  
15 rates among different utilities. At the benchmark, Petitioner and its predecessor,  
16 Vectren, ranked highest in every survey except in 2010, when it ranked second  
17 highest behind an REMC that has since withdrawn from the Commission's  
18 jurisdiction. Each of these surveys included all Indiana's IOUs and all municipal  
19 utilities and REMCs that were under the Commission's jurisdiction when the  
20 surveys were compiled.

#### IX. ADDITIONAL CONCERNS

21 **Q: Does the OUCC have additional concerns about CEI South's operations and**  
22 **how they should be taken into account in this case?**

23 A: Yes. These concerns include: 1) rate of return; 2) customer satisfaction; 3) risk

1 mitigation mechanisms; 4) the preapproval process of transmission, distribution,  
2 and generation projects; 5) inconsistent billing cycles; and 6) the presentation of  
3 CEI South's case-in-chief in this proceeding.

4 **Q: Earlier, you noted the recent Order concerning Indiana American Water**  
5 **Company's rates in Cause No. 45870. What did the Commission consider in**  
6 **finding a 9.65% ROE was appropriate in that case?**

7 A: The Commission considered the following items in arriving at its ROE finding:

- 8 a) Observable market data reflected in the record;  
9 b) General assessment of the investment risk;  
10 c) Understanding the Indiana jurisdiction and its risk mitigation ratemaking  
11 mechanisms; and  
12 d) The ROE awarded to Indiana's vertically integrated electric utilities outside of  
13 settled cases has been trending lower.<sup>17</sup>

14 **Q: What did the Commission find in determining the 9.65% ROE it awarded**  
15 **Indiana American Water?**

16 A: Besides considering the overall downward trend in ROEs and general economic  
17 factors, the Commission determined it is appropriate to consider the following:

18 Petitioner's specific risk characteristics, such as the mitigation of  
19 risk associated with Petitioner's use of regulatory mechanisms,  
20 including a forecasted test year in this proceeding and the INAWC  
21 approved trackers. In addition to the DSIC and SEI trackers, the  
22 Commission also approved in Cause No. 45043, a lead service line  
23 replacement program under Ind. Code ch. 8-1-31.6. The effect of  
24 these tracking mechanisms is to reduce the uncertainty of the  
25 earnings that an investor can expect.<sup>18</sup>

26 **Q: Did the Commission make a similar finding in its Indiana Michigan Power**  
27 **Company rate case Order (Cause No. 44075) dated February 13, 2013?**

28 A: Yes. In its Order in Cause No. 44075, the Commission stated:

29 The general effect of these trackers is to reduce the uncertainty of  
30 the earnings that an investor can expect. Petitioner has a number of  
31 trackers in place currently, and we have generally continued such  
32 trackers in this Cause. We have also considered and approved

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<sup>17</sup> Cause No. 45870, Commission Order, dated February 14, 2024, p. 44.

<sup>18</sup>*Id.*

1 certain new or revised mechanisms, each of which has the effect of  
2 reducing I&M's earnings risk exposure. For example, we have  
3 redesigned the OSS Margin Sharing Mechanism to allow I&M to  
4 share OSS Margins both above and below the imbedded amount.  
5 We have recognized the changing capacity sharing dynamic of the  
6 AEP East System by authorizing annual adjustments in the Capacity  
7 Tracker. We have addressed the uncertainty of major storm damage  
8 restoration expenses through the creation of a reserve account.  
9 These steps should reasonably be expected to reduce the uncertainty  
10 of earnings available to investors and should enhance Petitioner's  
11 ability to earn its authorized ROE. In light of this discussion, we  
12 conclude that a slight decrease in Petitioner's ROE from that  
13 authorized in its last rate case is appropriate.<sup>19</sup>

14 **Q: Do cost trackers and preapprovals shift risk from the utility to its ratepayers?**

15 A: Yes. Cost trackers shift the risk of increased operating expenses and capital  
16 expenditures from utilities to their ratepayers. Cost trackers and preapprovals  
17 reduce the effects of regulatory lag which would otherwise incentivize utilities to  
18 control costs and evaluate expenditures to assure costs are reasonable and prudent.  
19 In traditional ratemaking, base rate cases motivate utilities to control costs between  
20 rate cases because the utility bears the risk of higher costs. Overall, cost trackers  
21 provide real benefits to utilities and their shareholders by reducing revenue  
22 recovery risk and investors' earning uncertainties.

23 **Q: How do utilities benefit from cost trackers and preapprovals?**

24 A: Cost trackers and preapprovals generally reduce a utility's business risk and should  
25 result in a lower return on equity. They remove the incentive for a utility to  
26 prudently manage its costs, by minimizing expenses and maximizing revenues,

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<sup>19</sup> Cause No. 44075, Commission Order, dated February 13, 2013, p. 43.

1 between base rate proceedings. In addition, utilities are incented to move more costs  
2 to trackers to seek quicker recovery of other costs.

3 **Q: Can Indiana electric utilities recover costs associated with the TDSIC projects**  
4 **and federally mandated costs between rate cases?**

5 A: Yes. Indiana electric utilities with IURC-approved infrastructure plans may recover  
6 80% of the return on other investments through the TDSIC and Federally Mandated  
7 Cost Adjustment (“FMCA”) trackers, including associated incremental expenses.  
8 The remaining 20% of infrastructure investments not collected through the TDSIC  
9 and FMCA mechanisms are deferred for recovery in a utility’s next base rate case.  
10 The utility is allowed carrying costs on the deferred 20% of the TDSIC and FMCA  
11 investments, compensating the utility for the time value of its investments. The  
12 TDSIC and FMCA cost recovery mechanisms encourage investment and reduce  
13 regulatory lag.

14 **Q: Does Table MDE-2 show revenue increases and authorized ROEs for Indiana**  
15 **electric utilities that were either agreed to in settlement or ordered by the**  
16 **Commission?**

17 A: Yes. Table MDE-2 shows the revenue increase and ROE for Indiana electric  
18 utilities agreed to in settlement or ordered by the Commission.

**Table MDE-2: Recent and Current Electric Base Rate Cases**

<b>Utility Name</b>	<b>Cause Number</b>	<b>Petition Date</b>	<b>Order Date</b>	<b>Revenue Increase/(Decrease)</b>	<b>Approved Ordered ROE</b>
AES Indiana	44576	December 29, 2014	March 16, 2016	\$29.622 Million	9.85%
AES Indiana	45029	December 21, 2017	October 31, 2018	\$43.9 Million	9.99%
AES Indiana	45911	June 28, 2023	Pending	Proposed in settlement: \$71 Million	Proposed in settlement: 9.90%
CEI South	45990	December	Pending	Proposed by utility:	Proposed:



		5, 2023		\$118.757 Million	10.40 %
Duke Energy Indiana	45253	July 2, 2019	June 29, 2020	\$145.9 Million	9.70%
Indiana Michigan	44075	September 23, 2011	February 13, 2013	\$85.0 Million	10.2%
Indiana Michigan	45235	May 14, 2019	March 11, 2020	\$84.1 Million	9.70%
Indiana Michigan	45576	July 1, 2021	February 22, 2022	(\$4.7 Million)	9.70%
Indiana Michigan	45933	August 9, 2023	Pending	Proposed in settlement: \$56.9 Million	Proposed in settlement: 9.85%
NIPSCO	45159	October 31, 2018	December 4, 2019	\$43.6 Million	9.75%
NIPSCO	45772	September 19, 2022	August 2, 2023	\$291.8 Million	9.80%

1 **Q: Is CEI South forecasting a \$1.5 billion increase in its December 31, 2025,**  
2 **forecasted Utility Plant In Service (“UPIS”) when compared to the June 30,**  
3 **2009, actual UPIS from its prior rate case (43839)?**

4 A: Yes. CEI South’s rate base as of June 30, 2009, was \$1.295 billion, and its  
5 forecasted rate base is \$2.820 billion<sup>20</sup>. Of this \$1.5 billion increase in rate base,  
6 \$1.087 billion has been preapproved by the Commission in various proceedings  
7 and is expected to occur during the three-year period from January 1, 2023, to  
8 December 31, 2025.

9 **Q: Did the OUCC encounter problems and/or roadblocks in its efforts to review**  
10 **CEI South’s Case-in-Chief in this docket?**

11 A: Yes. There were many issues, including: 1) formula errors in Petitioner’s exhibits;  
12 2) hardcoded numbers in Petitioner’s exhibits; 3) Petitioner’s unwillingness to  
13 provide information in a timely manner; 4) Petitioner’s unwillingness to provide a

<sup>20</sup> CEI South Financial Exhibit No. 20, Schedule B-1.1, Line 32, Columns A, F, and N.

1 transparent general ledger; and 5) informal meetings in which OUCC witnesses  
2 sought to clarify information in Petitioner's testimony and exhibits that proved to  
3 be unproductive and required the OUCC to issue additional discovery. OUCC  
4 Witnesses Stull, Baker, Compton, Lantrip, and Paronish discuss these problems in  
5 more detail.

6 **Q: Based on your general concerns cited above, do you have a recommendation**  
7 **regarding CEI South's ROE?**

8 A: Witness Dellinger recommends the Commission approve a 9.0 authorized ROE  
9 based on his studies and analysis, as detailed further in his testimony. However, I  
10 recommend the Commission reduce the ROE further to incent CEI South to  
11 approach future cases in a more cooperative and transparent spirit. I further suggest  
12 that a lower ROE is warranted based on Petitioner's reduced level of risk,  
13 particularly when compared to 2011, when its current base rates were established.  
14 Indiana's TDSIC statute has been created and approved in the years since  
15 Petitioner's current base rates received Commission approval. The preapproval of  
16 more than \$1 billion of generation assets and recovery of other costs through the  
17 tracker mechanisms significantly reduces CEI South's risk, while CEI South is the  
18 only Indiana electric utility with an authorized ROE higher than 10%. Additionally,  
19 CEI South's performance in the J.D. Power surveys and the Commission's annual  
20 residential rate surveys demonstrates significant room for improvement, which can  
21 and should be incented by the Commission. Based on these factors and their  
22 cumulative onerous impact on Petitioner's ratepayers, I recommend the  
23 Commission approve a downward adjustment of 20 basis points from the ROE the

1 Commission finds should be authorized. From Mr. Dellinger's recommendation,  
2 this results in an authorized ROE of 8.8%.

**X. OVERVIEW OF CEI SOUTH'S CASE-IN-CHIEF AND OUCC REVENUE REQUIREMENTS**

3 **Q: Please summarize the OUCC's findings regarding Petitioner's revenue**  
4 **requirement.**

5 A: As stated above, CEI South requests a \$118.757 million rate increase. By  
6 comparison, the OUCC's analysis shows that an increase of \$33.120 million<sup>21</sup> is  
7 justified by the evidence in this case.

8 **Q: Please summarize your recommendations regarding a return on rate base.**

9 A: The OUCC's revenue requirements are based on an original cost rate base of  
10 \$2,520,842,218. However, the rate base will ultimately be updated to reflect actual  
11 rate base on December 31, 2025, subject to a cap not to exceed the lesser of the rate  
12 base forecast in Petitioner's case-in-chief or the forecasted rate base amount  
13 approved in the Commission's Order. The OUCC recommends the Commission  
14 grant the parties in this Cause at least sixty (60) days to review Petitioner's updated  
15 rate base and capital structure presented in a compliance filing containing all  
16 pertinent documentation supporting the updated rate base. The OUCC's  
17 recommended WACC is 6.29,<sup>22</sup> with a 9.00% ROE (less the 20-basis point  
18 incentive discussed above.)

**XI. OUCC REVENUE REQUIREMENT ANALYSIS**

19 **Q: Please provide an overview of the OUCC's process to evaluate CEI South's**  
20 **revenue requirements.**

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<sup>21</sup> Direct Testimony of Brian R. Latham, Schedule BRL-1.

<sup>22</sup> *Id.*, Schedule BRL-8.

1 A: As an investor-owned utility, CEI South's rates and charges are regulated under  
2 Ind. Code § 8-1-2-1, *et seq.* The OUCC reviewed the operating revenues, operating  
3 expenses, rate base figures, capital structure, and net operating income from CEI  
4 South's historic base period year (2022) against the same from its forecasted test  
5 year (2025). Adjustments to the forecasted test year revenue and expense data were  
6 generally made to reflect changes that will be and are projected to occur by the end  
7 of the forecasted 2025 test year. The OUCC also adjusted Petitioner's forecasted  
8 rate base and proposed rate of return used in calculating return on rate base.

9 In developing its recommendations, the OUCC reviewed CEI South's case-  
10 in-chief, including its testimony, exhibits, accounting schedules, attachments, and  
11 workpapers. OUCC staff and expert witnesses issued data requests and gathered  
12 financial information about CEI South through discovery. OUCC staff members  
13 participated in conference calls with CEI South staff to discuss technical issues.  
14 The OUCC facilitated consumer participation in the public field hearing in this  
15 Cause and reviewed the written comments the OUCC received from more than  
16 2,300 CEI South concerned ratepayers, included as Public's Exhibit No. 14.

## **XII. CURRENT RIDER IMPACT**

17 **Q: Have you performed a calculation to show how CEI South's current trackers**  
18 **impact the bill of a residential customer using 1,000 kWh a month as of**  
19 **February 19, 2024?**

20 A: Yes. Table MDE-3 below illustrates the tracker impacts on the monthly bill of a  
21 CEI South residential customer using 1,000 kWh. The current base rate portion of  
22 the monthly bill totals \$144.10. The total monthly bill, including trackers, equals

1           \$176.36; therefore, 18.29% of a typical CEI South residential customer's monthly  
2           bill is associated with the utility's numerous trackers.

**Table MDE-3: Residential Customer Bill Calculation<sup>23</sup> as of February 19, 2024**

<b>Line No.</b>	<b>Description</b>	<b>kWh</b>	<b>Rate</b>	<b>Amount (\$)</b>	<b>% of Bill</b>
1	Customer Charge			\$10.84	6.15%
2	Energy Charge	900	\$0.090260	\$90.26	51.18%
3	Fuel Charge	100	\$0.038320	\$38.32	21.73%
	Variable Production Charge	1,000	\$0.004680	\$4.68	2.65%
4	Fuel Cost Adjustment Rider (FAC)	1,000	\$0.001953	\$1.95	1.11%
5	Demand Side Management Adjustment- (DSMA)	1,000	\$0.007534	\$7.53	4.27%
6	Clean Energy Cost Adjustment (CECA)	1,000	\$0.001943	\$1.94	1.10%
7	Environmental Cost Adjustment (ECA)	1,000	\$0.008334	\$8.33	4.73%
8	Securitization of Coal Plants (SCP)	1,000	\$0.009040	\$9.04	5.13%
9	Securitization Rate Reduction (SRR)	1,000	(\$0.013387)	(\$13.39)	(7.59%)
10	Securitization ADIT Credit (SAC)	1,000	(\$0.001060)	(\$1.06)	(0.60%)
11	MISO Cost and Revenue Adjustment (MCRA)	1,000	\$0.004656	\$4.66	2.64%
	Reliability Cost and Revenue Adjustment (RCRA)	1,000	\$0.009088	\$9.09	5.15%
12	Transmission, Distribution, and Storage Improvement Charge (TDSIC)	1,000	\$0.004158	\$4.16	2.36%
13	Total			\$176.36	100.00%
	<b>Description</b>			<b>Amount (\$)</b>	<b>% of Bill</b>

<sup>23</sup> The use of 1,000 kWh/month metric is the standard by which the Commission analyzes and compares residential electric bills in its annual billing surveys and has been the Commission's standard for doing so for at least 20 years. The 1,000 kWh/month standard is also used in OUCC testimony for Petitioner's quarterly FAC docket and FAC cases for other IOUs, to show the incremental change between one FAC filing and the next.

14	Base Charge			\$144.10	81.71%
15	Non-FAC Trackers			\$30.31	17.18%
16	FAC			\$1.95	1.11%
17	Total			\$176.36	100.00%

### **XIII. RIDER REQUESTS**

1 **Q: Does CEI South propose changing any of its current riders and/or adding a**  
2 **new rider?**

3 A: Yes. Currently, CEI South has nine established riders and is proposing an additional  
4 new rider. CEI South is also proposing the following for each of its riders,  
5 respectively:

1. Fuel Cost Adjustment Rider("FAC") (Appendix A)

6 **Q: Is CEI South proposing any changes to the FAC?**

7 A: Yes. CEI South is proposing to update the base cost of fuel that will be established  
8 in this base rate case.

9 **Q: Does the OUCC have any recommendations regarding the FAC?**

10 A: Yes. The current agreement allowing the OUCC and intervenors to file FAC  
11 testimony 35 days after CEI South files its petition and testimony should be  
12 continued.

2. Demand Side Management Adjustment Rider ("DSMA") (Appendix B)

13 **Q: Is CEI South proposing any changes to the DSMA rider?**

14 A: Yes. CEI South is proposing to adjust its net lost revenue.

3. Clean Energy Cost Adjustment Rider ("CECA") (Appendix C)

15 **Q: Is CEI South proposing any changes to its CECA rider?**

16 A: Yes. CEI South is proposing to update its embedded amount in base rates.

4. Environmental Cost Recovery Rider ("ECR") (Appendix E)

17 **Q: Is CEI South proposing changes to the ECR?**

1 A: Yes. CEI South is proposing to update the embedded amount in base rates.

5. Securitization of Coal Plants Rider ("SCR") (Appendix F)

2 **Q: Is CEI South proposing any changes to its SCR Rider?**

3 A: No.

6. Securitization Rate Reduction Rider ("SRR") (Appendix G)

4 **Q: Is CEI South proposing to close its SRR Rider?**

5 A: Yes. The OUCC does not oppose the closure of this rider.

7. Securitization ADIT Credit Rider ("SAR") (Appendix H)

6 **Q: Is CEI South proposing any changes to its SAR Rider?**

7 A: No.

8. MISO Cost and Revenue Adjustment Rider ("MCRA") (Appendix I)

8 **Q: Is CEI South proposing any changes to its MCRA Rider?**

9 A: Yes. CEI South is proposing to update the amount embedded in base rates.

9. Reliability Cost and Revenue Adjustment Rider ("RCRA") (Appendix J)

10 **Q: Is CEI South proposing any changes to its RCRA Rider?**

11 A: Yes. CEI South is proposing to update the amount embedded in base rates.

10. Transmission, Distribution, and Storage System Improvement Charge Rider ("TDSIC") (Appendix K)

12 **Q: Is CEI South proposing any changes to its TDSIC Rider?**

13 A: Yes. CEI South is proposing to update the amount embedded in base rates. OUCC

14 witness Lantrip discusses the amounts that should be included in base rates.

11. Tax Rider

15 **Q: Is CEI South proposing a new Tax Rider?**

16 A: Yes. CEI South proposes a Tax Rider that the OUCC does not oppose, although

17 OUCC witness Stull is recommending modifications to this proposal.

**XIV. STORM DAMAGE AND RESTORATION**

1 **Q: Did severe thunderstorms move through Indiana during June 29 through July**  
2 **2, 2023, and if so, did these impact CEI South's service territory?**

3 A: Yes. CEI South "monitored weather forecasting services prior to the June 29 storm  
4 and issued proactive messages to its customers prior to the storm impacts."<sup>24</sup>

5 **Q: Did the "severe" portions of the thunderstorms hit CEI South's service**  
6 **territory?**

7 A: No. The most severe portions passed to the north of Petitioner's territory and went  
8 through central Indiana.

9 **Q: Did CEI South engage a storm restoration contractor to assist in restoration**  
10 **efforts?**

11 A: Yes. CEI South engaged a storm restoration contractor to provide seven crews to  
12 assist in storm restoration efforts.<sup>25</sup>

13 **Q: Did the Commission invite CEI South to make a presentation regarding the**  
14 **June 29, 2023, storm?**

15 A: Yes. The OUCC and CAC filed a Joint Petition for Commission Investigation<sup>26</sup> on  
16 July 11, 2023, relating to AES Indiana's storm response that is docketed as Cause  
17 No. 45917. (*See* Attachment MDE-1). The Commission convened a technical  
18 conference with AES Indiana on October 2, 2023. Separately, the Commission held  
19 a Storm Response Meeting on September 22, 2023, with the four other Indiana  
20 investor-owned electric utilities, including CEI South. Attachment MDE-1 is CEI  
21 South's presentation to the Commission.

22 **Q: Did you observe the presentations by all five utilities at these meetings in**  
23 **person?**

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<sup>24</sup> Attachment MDE-4, CenterPoint South Indiana Storm Power, Storm Response Discussion, as requested by the Indiana Utility Regulatory Commission, September 22, 2023.

<sup>25</sup> Attachment MDE-4.

<sup>26</sup> *Id.*



1 A: Yes.

2 **Q: What were you expecting to learn from the five utilities' presentations on**  
3 **storm response?**

4 A: I focused on whether the utilities:

- 5 1) requested additional assistance from other storm restoration services;
- 6 2) properly notified customers during and after the storm on a timely basis through  
7 appropriate communication methods; and
- 8 3) provided sufficient and accurate information to the Commission and the OUCC  
9 regarding the storm impact.

10 **Q. Based on all the utilities' presentations, do you have any recommendations**  
11 **about customer notifications and Commission reporting?**

12 A. Yes. I recommend all the utilities review their practices for warning customers of  
13 potential weather events and the outages that may result. If these reviews evidence  
14 a need for more notice and/or more specific notices, their customer communications  
15 plans should be updated accordingly. As to Commission reporting on major storm  
16 events, I recommend lowering the 5,000-customer outage threshold level to a  
17 1,000-customer outage threshold level, as AES Indiana suggested at its October 2,  
18 2023, technical conference. I also recommend the Commission require reporting  
19 until the last affected customer is reconnected. This will facilitate more accurate  
20 and comprehensive evaluation of future storm events by the Commission and the  
21 OUCC. In addition, if there are multiple storms within an event, the reports from  
22 all five IOUs should include information about all these storms within the reporting  
23 period/event. The OUCC recommends a separate continuing report for each event  
24 so the Commission and the OUCC can accurately determine the duration of each  
25 outage. Also, the utilities should state in their reports whether they requested and/or

1 received mutual assistance and the reasons why they did or did not do so. Utilities  
2 should also provide a weather report if mutual assistance was requested and  
3 received and the reasons why assistance was requested. If no assistance was  
4 requested, the utility should explain why it did not request assistance.

#### **XV. RATE IMPLEMENTATION**

5 **Q: Did the Commission recently issue an Order addressing the effective date of**  
6 **approved rate changes?**

7 A: Yes. In Cause No. 45772, the most recent electric rate case for Northern Indiana  
8 Public Service Company, LLC (“NIPSCO”), the NIPSCO Industrial Group and the  
9 OUCC filed a motion requesting the Commission to require NIPSCO to apply its  
10 new rates and charges on a prospective basis for service rendered from the effective  
11 date of the new rates, rather than to bills issued after the effective date. The  
12 Commission granted the motion on October 11, 2023, finding that “neither the  
13 Settlement Agreement nor the August Order approving that Settlement Agreement  
14 authorized NIPSCO to implement the new rates on a bills-rendered basis, as  
15 opposed to on a consumption basis.” (Cause No. 45772, Order of the Commission  
16 on Motion to Enforce at 2 (Oct. 11, 2023).)

17 **Q: Should CEI South also implement the rates approved in this Cause on a**  
18 **prospective basis to service rendered after the rates become effective?**

19 A: Yes. CEI South’s petition is silent on this specific issue. However, the OUCC  
20 requests the Commission find that any rate change approved for a jurisdictional  
21 utility only apply on service rendered on or after the effective date of the rate

1 change, and not to bills issued after the effective date because these may include  
2 service provided before the effective date.

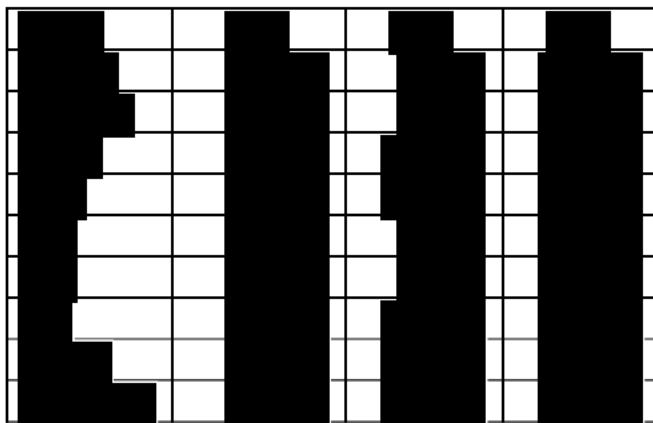
**XVI. COAL INVENTORY LEVEL (TONS)**

3 **Q: Does the OUCC agree with CEI South's proposed coal inventory level?**

4 A: No. A reasonable amount of coal supply inventory must be maintained and reflected  
5 in customers' base rates. CEI South is allowed to earn a return on its coal inventory,  
6 which is different than the fuel costs recovered through the FAC. CEI South's coal  
7 inventory has increased since June 2022. Since that time, Petitioner has retired  
8 several coal-fired generation units: AB Brown Units 1 and 2, Warrick 4, and Culley  
9 Unit 2. Petitioner's coal inventory at the beginning of the test year (January 1, 2022)  
10 was [REDACTED]<sup>27</sup> tons ([REDACTED]<sup>28</sup> and at the end of the test year (December 31,  
11 2023) its coal inventory had increased to [REDACTED]<sup>29</sup> tons [REDACTED]<sup>30</sup>.

12 **Q: Was the average monthly coal inventory (days) for 2023 higher than the**  
13 **average monthly levels in 2021 and 2022?**

14 A: Yes. These monthly averages were as follows<sup>31</sup>:



<sup>27</sup> 45990\_CEI South OUCC DR 20.08

<sup>28</sup> *Id.*

<sup>29</sup> 45990\_CEI South Financial Exhibits.

<sup>30</sup> *Id.*

<sup>31</sup> 45990\_CEI South OUCC DR 20.08

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

1 **Q: Has CEI South struggled to maintain its coal inventory pile effectively and**  
2 **efficiently with respect to the quantity it has on hand?**

3 A: Yes. As the table above shows, CEI South has struggled to maintain its coal  
4 inventory effectively or efficiently at an appropriate level, as approved in  
5 Petitioner's last rate case. The table shows CEI South had excessive coal inventory  
6 during most of 2023, which imposes an additional and unnecessary cost on  
7 ratepayers.

8 **Q: What is the maximum day burn at Culley Unit 3?**

9 A: The maximum day burn at Culley Unit 3 is [REDACTED]<sup>32</sup>

10 **Q: Please explain how you calculated the OUCC's recommended coal inventory**  
11 **level.**

12 A: The OUCC calculated the inventory level by multiplying [REDACTED] by the MDB  
13 [REDACTED] by the inventory cost per ton [REDACTED]

14 **Q: What is the amount of coal inventory in days, tons, and dollars the OUCC is**  
15 **recommending be included in rate base?**

16 A: An average of the test year would be a reasonable coal inventory level for Petitioner  
17 to include in rate base. The OUCC is recommending an inventory level [REDACTED]  
18 [REDACTED] at [REDACTED] or \$6,846,250. Thus, the OUCC recommends a fuel inventory

---

<sup>32</sup> *Id.*

1 level of \$6,846,250 as opposed CEI South's amount of \$11,940,667, which is a  
2 \$5,094,417 greater reduction than Petitioner proposes.

## **XVII. FUEL COST**

3 **Q: Does the OUCC accept CEI South's requested base cost of fuel?**

4 A: No. CEI South is requesting a base cost of fuel that is too high given current market  
5 conditions. Petitioner is proposing a \$0.048139 per kWh base cost of fuel as  
6 compared to the \$0.038295 per kWh currently approved base cost of fuel.

7 **Q: What components of the base cost of fuel are too high?**

8 A: The cost of natural gas and MISO market prices are too high.

9 **Q: Why do you believe CEI South's cost of natural gas and MISO market prices**  
10 **are too high?**

11 A: Petitioner used the forecasted cost of natural gas and MISO market prices for 2025  
12 as of [REDACTED]<sup>33</sup>. As of March 4, 2024,<sup>34</sup> the forecasted cost of natural gas and  
13 MISO market prices for 2025 had decreased by approximately [REDACTED]  
14 respectively.

15 **Q: Is the forecasted cost of natural gas expected to remain low?**

16 A: Yes. Fitch,<sup>35</sup> Reuters,<sup>36</sup> and the Economy Forecast Agency<sup>37</sup> all expect the cost of  
17 natural gas to remain low.

18 **Q: What factors are affecting the cost of natural gas?**

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<sup>33</sup> Confidential Attachment MDE-5.

<sup>34</sup> Confidential Attachment MDE-6.

<sup>35</sup> <https://www.fitchratings.com/research/corporate-finance/north-american-henry-hub-natural-gas-prices-reach-historic-low-steady-production-warm-weather-drive-winter-gas-prices-down-06-03-2024>.

<sup>36</sup> <https://www.nasdaq.com/articles/us-natgas-prices-fall-3-to-fresh-one-week-low-on-milder-forecasts>.

<sup>37</sup> <https://longforecast.com/natural-gas-forecast-2017-2018-2019>.

1 A: Natural gas prices are decreasing for a variety of reasons including: 1) increasing  
2 gas production, 2) above-average storage levels, 3) and a mild winter in the United  
3 States and Europe.

4 **Q: Would a fuel adjustment affect Petitioner's earnings?**

5 A: No. The changes in fuel costs do influence the \$118.7 million revenue increase, but  
6 do not influence CEI South's earnings level. Fuel costs do not impact earnings  
7 because, by law, electric utilities are required to only seek recovery of actual  
8 wholesale natural gas costs from customers on a dollar-for-dollar basis, without  
9 markup.

10 **Q: What is the current cost of natural gas?**

11 A: According to the February 6, 2024, U.S. Energy Information Administration's  
12 Short-Term Energy Outlook, the forecasted costs of natural gas for 2023 and 2024  
13 are \$2.54 (\$ per million Btu) and \$2.85 (\$ per million Btu), respectively. The same  
14 report shows the 2025 forecasted cost of natural gas at the time of CEI South's rate  
15 case filing as \$2.94 (\$ per million Btu).<sup>38</sup>

16 **Q: What do you recommend regarding CEI South's fuel cost?**

17 A: CEI South should review its forecasted fuel costs in the rate case and, if there has  
18 been a significant change in the cost of the fuel inputs, CEI South should recalculate  
19 its fuel costs for the new rates. The OUCC's adjustment lowers fuel costs by  
20 \$8,175,808.

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<sup>38</sup> *STEO Current/Previous Forecast Comparisons: U.S. Energy Production and Consumption Summary*, U.S. Energy Association, [chrome-chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://www.eia.gov/outlooks/steo/pdf/compare.pdf](https://www.eia.gov/outlooks/steo/pdf/compare.pdf), retrieved March 11, 2024.

**XVIII. AMORTIZATION EXPENSE**

1 **Q: Is the OUCC making any adjustment to amortization expense for regulatory**  
2 **assets?**

3 A: No. However, the OUCC recommends CEI South be required to reduce its base  
4 rates for the amortization of regulatory assets upon the amortization period  
5 expiring.

6 **XIX. CULLEY UNIT 3 OUTAGE**

7 **Q: Did CEI South make any capital expenditures to Culley Unit 3 to repair the**  
8 **Boiler Feed Pump Turbine (“BFPT”) failure that occurred on June 24, 2022?**

9 A: Yes. CEI South spent \$7.5 million to repair Culley Unit 3, which came back online  
10 March 12, 2023.

11 **Q: Please describe the Culley Unit 3 outage that occurred on June 24, 2022.**

12 A: The Culley 3 BFPT failed on June 24, 2022, resulting in Unit 3 being offline and  
13 unavailable from June 24, 2022, through March 12, 2023. Culley 3 had three valves  
14 fail on the “water-side”<sup>39</sup> of the BFPT. The valves were manufactured by two  
15 different companies - Rockwell Edward Valves and Pacific Valves. CEI South  
16 witness Wayne Games stated the following in his direct testimony in Cause No.  
17 38707 FAC 137:

18 Culley Unit 3 tripped off-line on June 24, 2022. While ramping  
19 down, the check valves that prevent water from flowing back  
20 through the BFP failed to properly close. This resulted in high  
21 pressure water flowing back through the BFP, spinning it  
22 backwards. Because the BFP is coupled to the BFPT, the BFPT also  
23 spun backwards and at higher-than normal revolutions per minute  
24 (rpm). The high rpm resulted in some turbine blades breaking loose,  
25 damaging the internal components of the BFPT, and eventually  
26 breaking through the housing and damaging oil lines and other

---

<sup>39</sup> Water-side refers to the pump side of the BFPT. Steam powers a turbine, which operates a pump that pumps or feeds water to the boiler.

1 balance of plant components in the area. The BFP experienced  
2 internal damage and will require some machining and repair work.  
3 The foundation that holds the BFPT and BFP was also damaged and  
4 requires repair.

5 Direct Testimony of Wayne Games, Cause No. 38708 FAC 137, p. 18, l. 24  
6 – p. 19, l. 1.

7 **Q: Did the OUCC oppose the recovery of costs associated with this outage in**  
8 **Cause No. 38708 FAC 137 S1?**

9 A: Yes. The OUCC recommended the Commission find that CEI South's ratepayers  
10 are not responsible for the Culley 3 outage and, therefore, the costs incurred for  
11 replacement power and the repairs to Culley 3 are CEI South's financial  
12 responsibility. The OUCC argued Petitioner was responsible for the events that  
13 gave rise to the outage at Culley 3, which included the lack of periodic inspections  
14 and no planned maintenance procedures for the valves.<sup>40</sup>

15 **Q: Has the Commission issued an Order in this proceeding?**

16 A: No, but consistent with the OUCC's position in Cause No. 38708 FAC 137 S1  
17 opposing recovery of the repair and replacement power costs, the OUCC also  
18 opposes rate recovery of the capital costs (\$7,139,191) associated with Culley 3's  
19 repair in this Cause.

20 **Q: If the Commission finds CEI South was at fault for the Culley Unit 3 outage,**  
21 **should the Commission deny the recovery of capital expenditures to repair**  
22 **Culley Unit 3?**

23 A: Yes. I am recommending CEI South reduce rate base by \$7,139,191<sup>41</sup> to remove  
24 the capital cost to repair Culley Unit 3.

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<sup>40</sup> Cause No. 38708 FAC 137 S1, Direct Testimony of Gregory L. Krieger.

<sup>41</sup> 45990\_CEI South response to OUCC DR 28.11



**XX. RECOMMENDATIONS**

1 **Q: What do you recommend in this proceeding?**

2 A: I recommend the Commission:

3 1) Reject Petitioner's requested \$118.757 million annual rate increase, and instead  
4 limit the increase to \$33.120 million as supported by the OUCC's revenue  
5 requirement adjustments and recommendations;

6 2) Extend the current agreement allowing the OUCC and intervenors to file FAC  
7 testimony 35 days after CEI South files its petition and testimony;

8 3) Approve the recommendations detailed in the testimony of additional OUCC  
9 witnesses;

10 4) Approve an additional downward adjustment of 20 basis points to the  
11 recommendation of Mr. Dellinger or make such adjustment to the ROE  
12 authorized; and

13 5) Consider and adhere to the state policy of promoting utility investment in  
14 infrastructure while protecting the affordability of utility service, and only  
15 approve necessary and reasonable requests required for CEI South's provision  
16 of electric service at reasonable rates.

17 **Q: Does this conclude your testimony?**

18 A: Yes.

**APPENDIX A**

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 have passed the  
4 Certified Public Accountant Exam . Upon graduation, I worked as a Field Auditor  
5 with the Audit Bureau of Circulation in Schaumburg, Illinois, until October 1987.  
6 In December 1987, I accepted a position as a Staff Accountant with the OUCC. In  
7 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  
14 the Director of the Electric Division. As part of my continuing education, I have  
15 attended the National Association of Regulatory Utility Commissioners'  
16 ("NARUC") two-week seminar in East Lansing, Michigan. I also attended  
17 NARUC's Spring 1993 and 1996 seminar on system of accounts. In addition, I  
18 attended several CPA sponsored courses and the Institute of Public Utilities Annual  
19 Conference in December 1994 and December 2000.

**Note: Attachment MDE – 1 is Confidential**

**Note: Attachment MDE – 2 is Confidential**

**Note: Attachment MDE – 3 is Confidential**



**2023 Storm Response:  
June 29, 2023 through July 2, 2023**

September 22, 2023



**Richard Leger**  
Senior Vice President,  
Indiana Electric



**Gregg Maurer**  
Director,  
Distribution Operations

- **Customers** ~154,000

- **2022 Retail Sales 4,591 (GWh)**

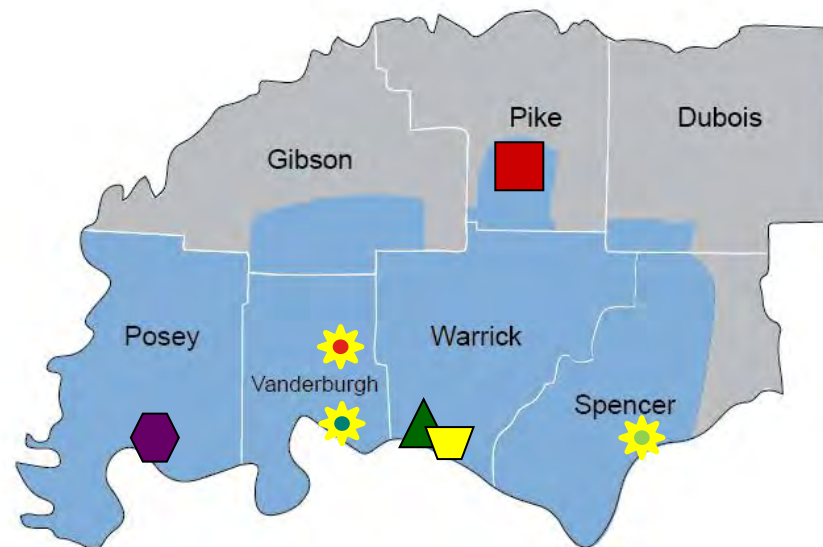
- Residential 1,398 GWh
- Commercial 1,210 GWh
- Industrial 1,967 GWh
- Other 16 GWh

- **Transmission System**

- 1,032 miles of transmission lines
- 33 transmission substations

- **Distribution System**

- More than 4,600 circuit miles of distribution lines
- 36% of distribution underground
- 79 distribution substations



Power plants<sup>[1]</sup>

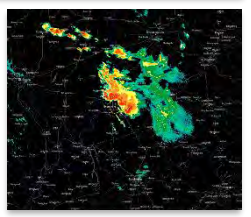
- AB Brown
- FB Culley
- Warrick Unit 4
- Blackfoot Clean Energy Plant
- Troy Solar
- Oakhill Solar
- Volkman Rd Solar

<sup>[1]</sup>Fowler Ridge & Benton County Wind Farms not shown



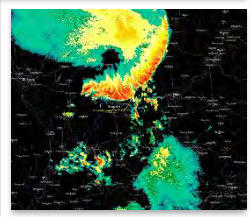
# Storm Impact: June 29, 2023 through July 2, 2023

6/29 9:00 AM



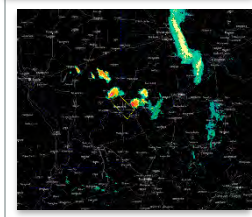
- 37 mph sustained wind
- 55 mph gusts
- 0.9" rain

6/29 3:15 PM



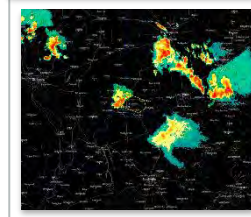
- 28 mph sustained wind
- 48 mph gusts
- 0.0" rain

6/29 8:15 PM



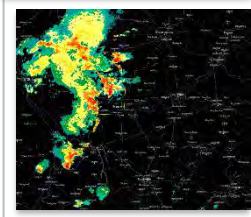
- 28 mph sustained wind
- 47 mph gusts
- 0.5" rain

6/30 11:00 PM



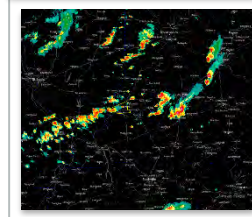
- 10 mph sustained wind
- 0 mph gusts
- 0.3" rain
- Lightning

7/1 1:45 AM



- 28 mph sustained wind
- 54 mph gusts
- 0.5" rain

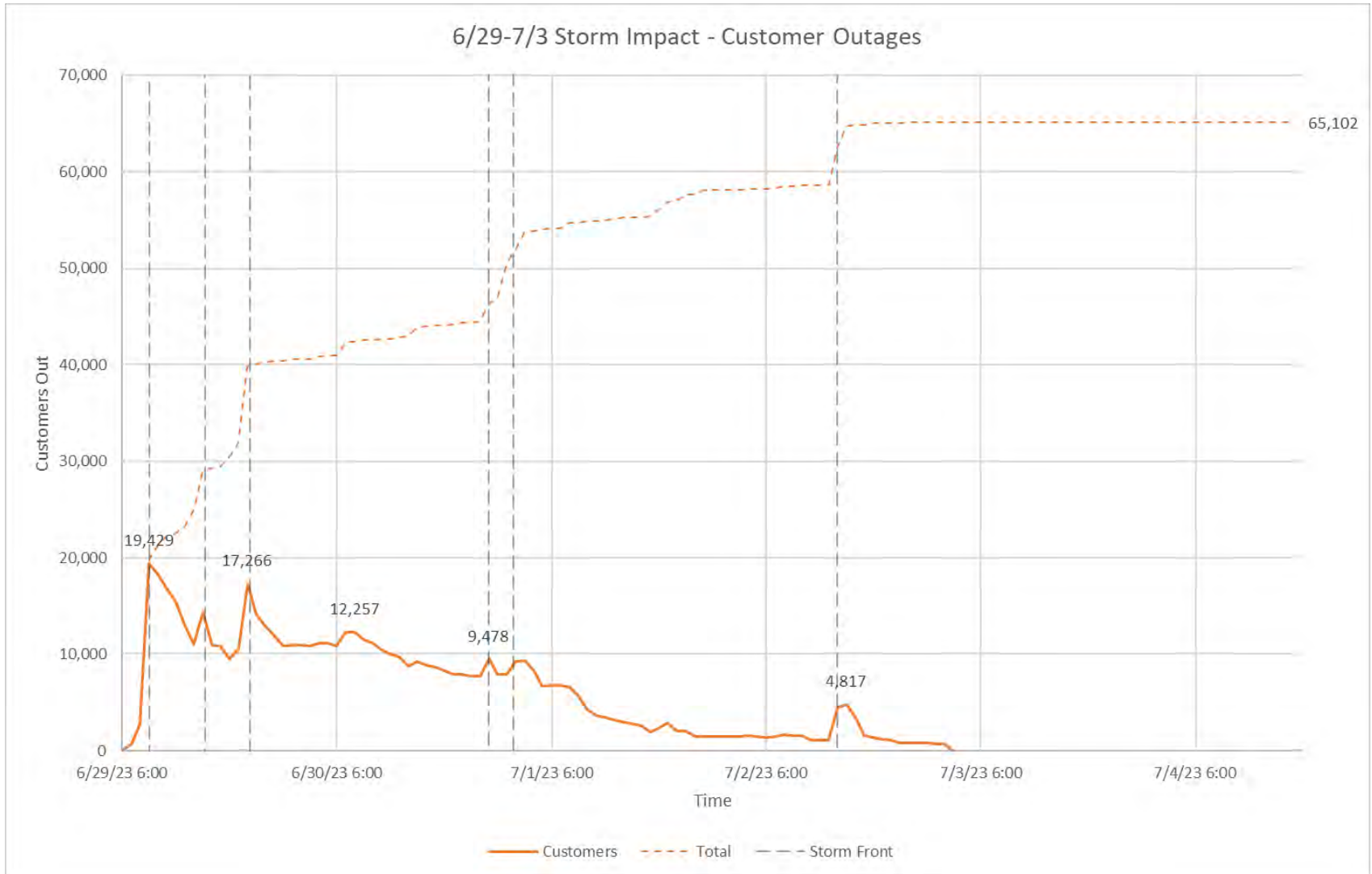
7/2 2:15 PM



- 21 mph sustained wind
- 35 mph gusts
- 0.2" rain
- Lightning

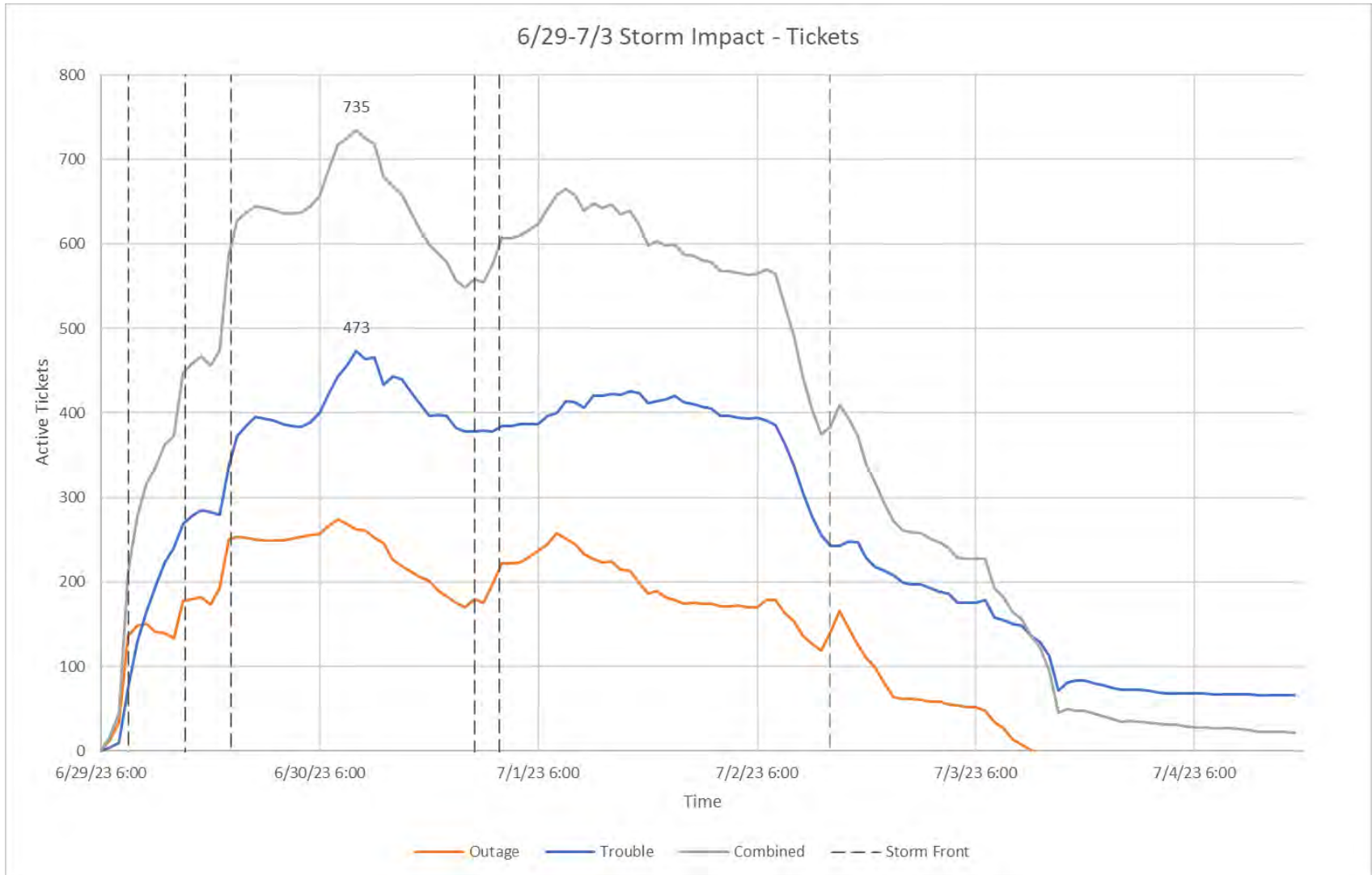
- Six successive storm fronts across multiple days
- Peak customers out 19,429 during the 6/29/23 9 AM hour
- Total customer restorations over 65,000 during the event
- Nearly 3,400 total tickets completed

# Summary of Impact



# Summary of Impact

Cause No. 45990  
OUCC Attachment MDE-4  
Page 6 of 18

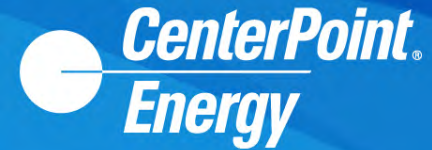


- Many utilities in our Great Lakes Mutual Assistance (GLMA) Group were impacted by the storms. We needed to engage assistance via another means.
- We reached out to a storm restoration contractor, and they provided 7 crews and their work started 7 am ET on 6/30 (GLMA initial call was 9:30am ET on 6/30).
- At our peak 52 distribution field crews were made up of:
  - 20 resident contract crews
  - 11 non-IOU crews supplied by resident contractors
  - 7 storm restoration contractor crews
  - 8 internal crews
  - 6 resident vegetation management crews
  - Additionally, we had High Voltage Operations, Field Investigators, & Electric Meter Shop supporting troubleshooting & restoration efforts

- Bergdolt Training Center utilized for onboarding non-resident crews
  - Safety training
  - Crew coordinator and work order assignments
  - Storm baskets
- Crew Coordinators (linemen retirees)
  - Local knowledge of area, system, and processes proved beneficial with productivity gains from our non-resident crews.
- Crew coordinators, contractor general foreman, and CenterPoint employees further helped with logistical items to allow crews to maximize their time in the field.



# Communications Overview



- Before and during storm: proactive messaging shared via social media:
  - Prepare for incoming weather, outage reporting and safety information

**Severe Thunderstorm Warning**

Valid Until  
10:00 AM CDT Thursday  
June 29, 2023

**Threat Information**

**WIND**  
Up to 70 MPH

**HAIL**  
Ping Pong  
Sized Possible

**Potential Exposure**

Population: 184,140  
Schools: 56  
Hospitals: 3

**Stay safe around downed wires.**

Maintain a distance of at least 35 feet and contact **CenterPoint Energy** at **800-227-1376** to report the issue.

**Outage Update**

# Communications Overview


Cause No. 45990  
 OUC Attachment MDE-4  
 Page 10 of 18



- Storm response and restoration updates were shared to the public via various channels:

@CNPAIerts\_IN

As storms continue to impact the area, those customers currently without power should be prepared to be without service overnight. Our crews will continue to work tirelessly until all customers are restored. Stay at least 35 ft away from downed lines and call us at 800-227-1376.



CenterPoint Energy

9:30 PM · Jul 1, 2023 · 1,611 Views

CNPAIerts Indiana @CNPAIerts\_IN

Another round of storms is expected to come through the #Evansville area that may result in additional power outages as well as downed trees and power lines. Stay at least 35 ft away and call us at 800-227-1376. Never attempt to remove limbs or any other object from a power line.


Wayne Hart @Wayne\_C\_Hart · Jul 1

Severe Storm WATCH continues for #tristatewx. Main line of strong/severe storms is now moving in from the west & will arrive in Evansville shortly before 7:00 & exit our eastern counties by 8:30. Damaging winds are main concern though an isolated tornado is possible. #EWNWeather



CNPAIerts Indiana @CNPAIerts\_IN

Before this afternoon's storms in #Evansville, we had completed more than 50,000 outage restorations with approximately 200 customers remaining without service. Today's new line of storms caused further damage to our southwestern #IN service territory. #tristatewx #inwx 1/4



CenterPoint Energy

CNPAIerts Indiana @CNPAIerts\_IN

Last night's storms have resulted in additional outages and downed lines. Stay at least 35 feet away from any type of downed line or wire, assume it is energized and call us at 800-227-1376. Never attempt to remove limbs or any other object from a power line. #tristatewx #inwx



**Stay safe around downed lines.**

Assume they are energized, stay at least 35 feet away and call us at 800-227-1376.

Never attempt to remove limbs or any other object from a power line.

CenterPoint Energy

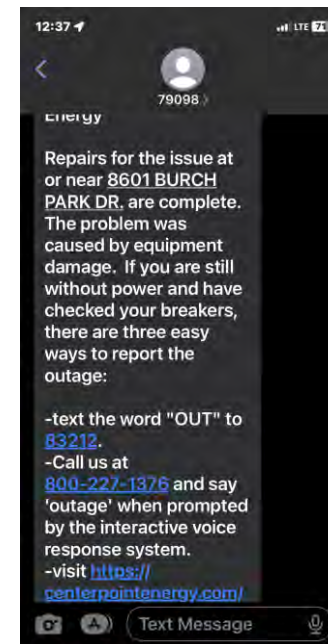
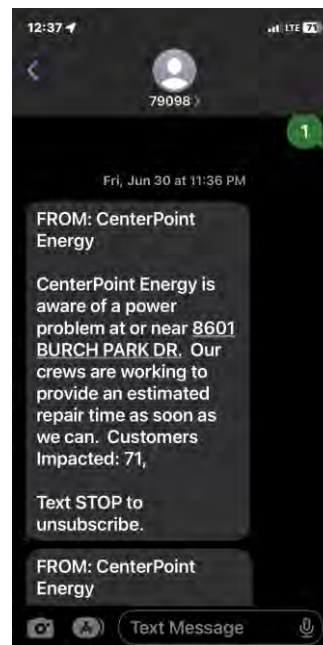
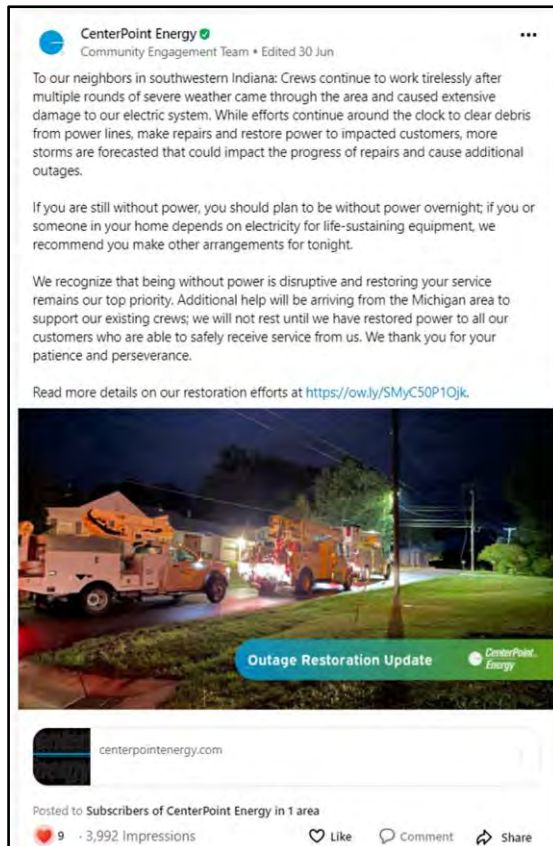
11:31 AM · Jul 1, 2023 · 1,782 Views

# Communications Overview

Cause No. 45990  
OUCC Attachment MDE-4  
Page 11 of 18



- Social media posts on X, Facebook and Nextdoor
- News release updates on restoration progress
- Targeted customer PAS messages with restoration updates






# Communications Internal & Media After-Storm Response



**CenterPoint Energy**

**Richard Leger**  
Senior Vice President  
Indiana Electric



Dear Colleagues,


Due to the severe storms throughout the day and overnight on Thursday, our electric system across southwestern Indiana experienced extensive damage that resulted in outages peaking at nearly 17,000, which represents more than 10% of our customer base.

Tackling widespread damage to poles, cross arms, and downed wires and trees, our crews worked overnight to assess damage and troubleshoot large outages. Today, crews will continue responding and making repairs, so the outage count is likely to fluctuate. As of 8 a.m., there were approximately 7,000 electric customers still without power.

**We have activated Emergency Operating Plan (EOP) Level 3 for Indiana Electric.** If you have not been notified to assume your EOP role, please continue with your normal responsibilities.

CenterPoint Energy crews and contract crews will work today and overnight to continue damage assessments, debris clearing efforts, and trouble shoot outages. Larger outages will take priority to get as many customers restored at a time; however, due to the extent of damages, restoration efforts are likely to continue through the weekend.

- We ask employees to remain safe and remember: Stay at least 35 feet away from downed power lines and report them to CenterPoint Energy at 800.327.1376. Be



## CenterPoint Energy provides final update on restoration efforts

Crews continue efforts to restore customers who remain without power by this evening; Company safely completes more than 60,000 outage restorations caused by six separate severe weather events over four days

Monday-July-3-2023

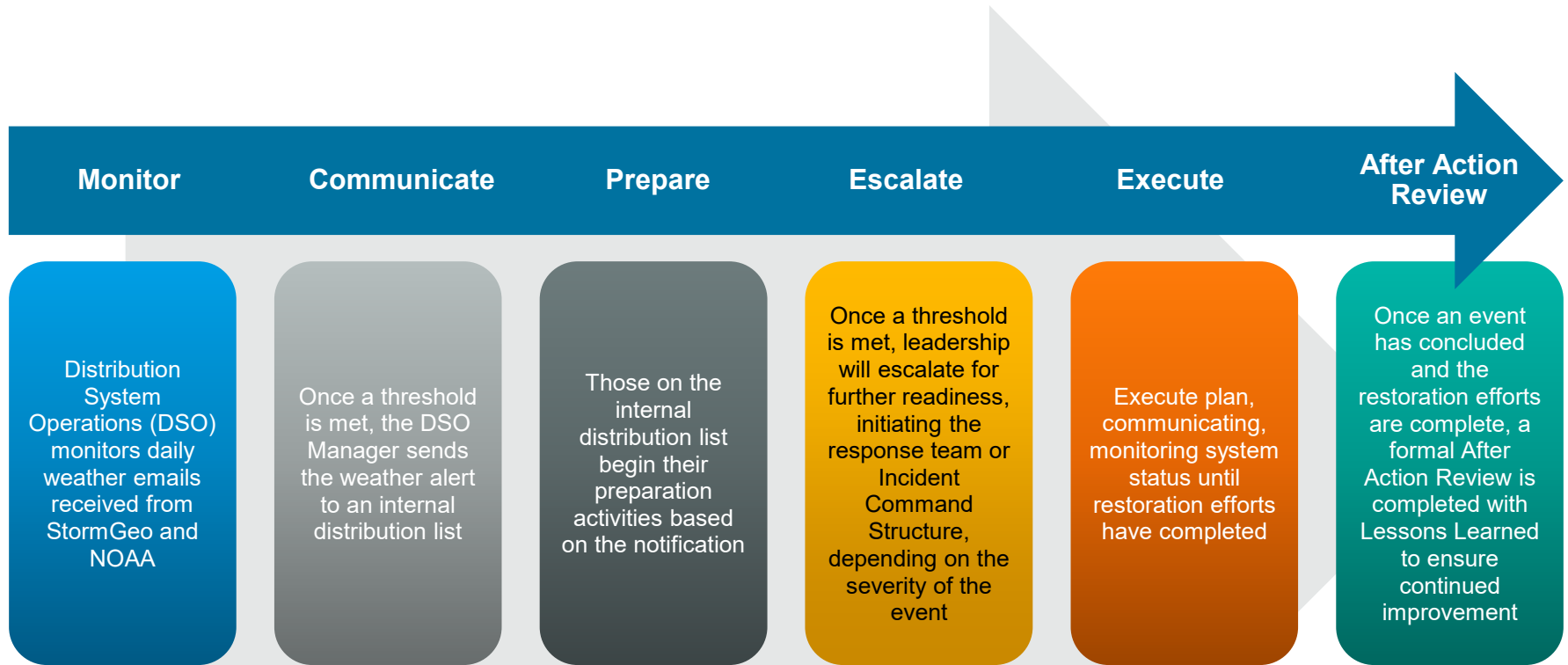
**Evansville – July 3, 2023** – In the aftermath of six separate and severe weather events over four days, CenterPoint Energy’s crews are in the final stages of their efforts to restore power to the remaining electric customers. **All remaining restorations are expected to be completed and electricity restored to customers able to receive service this evening.**

Employees and mutual assistance resources were able to safely complete more than 60,000 outage restorations over the past five days. Throughout the day, CenterPoint Energy will have approximately 50 crews, including mutual assistance resources comprised of linemen, apprentices, and vegetation management, working to restore power to the remaining impacted customers.

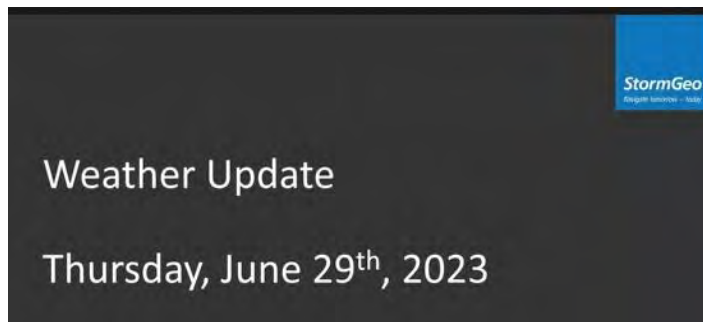
Over the course of the company’s response, CenterPoint Energy replaced more than 100 poles, patrolled miles of lines, replaced and strung numerous spans of wire, and removed and trimmed vegetation. As of 1:30 p.m. CT, there were approximately 73 customers without power across southwestern Indiana.

“We appreciate our customer’s patience and understanding as this has been a difficult and disruptive time for many, especially those who experienced extended unplanned outages,” said Richard Leger, Senior Vice President, Indiana Electric at CenterPoint Energy. “The rounds of severe storms caused extensive damage throughout our region and provided constant challenges for our crews as they faced repeated outages, which unfortunately resulted in longer restoration times.

# Timeline For Weather Related Events



Leverage **StormGeo** Weather Forecasting Service



# Preparation For Severe Weather-Related Events

- CEI South electric field operations prepares for severe weather through annual drills such as Emergency Operations Plan (EOP) drills and Storm Response Plan drills
- Prior to a severe weather event, plans are executed to ensure planned outages are restored, providing maximum redundancy for the system
- Electric field operations keeps an inventory of spare equipment specifically for storm restoration efforts to provide assurance that equipment is available in time-sensitive situations
- Vehicles are stocked and maintained to ensure readiness
- Options identified in anticipation of need for additional materials (laydown yards, increased min/max levels, & agreements with vendors to get us emergency material)

- Following each storm event, our team solicits feedback on what went well and what we could do better. This process is reinforced by our Continuous Improvement Culture.
- We categorize these lessons learned and work through action items to address them as soon as possible.

Categories
Checklist Update
Logistics Update
Objectives Update
Roster Updates
Tool Needs
Training Needs
Wins



## • Examples of Improvement Opportunities

### • Tools

- Identify improvements with backup communication methods (experienced telecom outage during storms)
- Opportunity for blue sky 811 process and storm response 811 process

### • Training

- Continue to improve field investigator damage assessments through additional training

## • Examples of Our Wins

- No injuries to any of our employees or contractors
- Cross-functional support
- Well-organized
- Good use of support roles & understanding of responsibilities

- What worked well for our customers?
  - Outage prioritization
    - Executed our critical customer restoration plan
    - Outages with largest customer impact
    - Customers that have been off the longest
  - Properly staffed to support the needs of our customers
    - Call center staffed with average wait time of 117 seconds
    - Customers took advantage of online outage reporting
    - Worked closely with industrial and commercial customers to ensure open communication and clear expectations

# Outage Reporting Requirement: 170 IAC 4-1-23

- CEI South is aligned with revisiting the current outage reporting requirement and its associated process.

**Note: Attachment MDE – 5 is Confidential**



**Note: Attachment MDE – 6 is Confidential**

**Note: Attachment MDE – 7 is Confidential**

**Note: Attachment MDE – 8 is Confidential**

**AFFIRMATION**

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



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Michael D. Eckert  
Director, Electric Division

Cause No. 45990  
CenterPoint Energy Indiana South

March 12, 2024  
Date

## CERTIFICATE OF SERVICE

The undersigned counsel for the OUCC certifies that on March 12, 2024 a copy of this *Redacted Testimony of Public Exhibit No. 1, Witness Michael D. Eckert* was electronically served, via e-mail, upon all parties of record in this proceeding.

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