

**FILED**  
December 27, 2023  
INDIANA UTILITY  
REGULATORY COMMISSION

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF SOUTHERN INDIANA GAS AND ELECTRIC COMPANY d/b/a CENTERPOINT ENERGY INDIANA SOUTH (“CEI SOUTH”) FOR (1) ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY PURSUANT TO IND. CODE CH. 8-1-8.5 FOR THE CONSTRUCTION OF TWO NATURAL GAS COMBUSTION TURBINES (“CTs”) PROVIDING APPROXIMATELY 460 MW OF BASELOAD CAPACITY (“CT PROJECT”); (2) APPROVAL OF ASSOCIATED RATEMAKING AND ACCOUNTING TREATMENT FOR THE CT PROJECT; (3) ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY PURSUANT TO IND. CODE CH. 8-1-8.4 FOR COMPLIANCE PROJECTS TO MEET FEDERALLY MANDATED REQUIREMENTS (“COMPLIANCE PROJECTS”); (4) AUTHORITY TO TIMELY RECOVER 80% OF THE FEDERALLY MANDATED COSTS OF THE COMPLIANCE PROJECTS THROUGH CEI SOUTH’S ENVIRONMENTAL COST ADJUSTMENT MECHANISM (“ECA”); (5) AUTHORITY TO CREATE REGULATORY ASSETS TO RECORD (A) 20% OF THE FEDERALLY MANDATED COSTS OF THE COMPLIANCE PROJECTS AND (B) POST-INSERVICE CARRYING CHARGES, BOTH DEBT AND EQUITY, AND DEFERRED DEPRECIATION ASSOCIATED WITH THE CT PROJECT AND COMPLIANCE PROJECTS UNTIL SUCH COSTS ARE REFLECTED IN RETAIL ELECTRIC RATES; (6) IN THE EVENT THE CPCN IS NOT GRANTED OR THE CTS OTHERWISE ARE NOT PLACED IN SERVICE, AUTHORITY TO DEFER, AS A REGULATORY ASSET, COSTS INCURRED IN PLANNING PETITIONER’S 2019/2020 IRP AND PRESENTING THIS CASE FOR CONSIDERATION FOR FUTURE RECOVERY THROUGH RETAIL ELECTRIC RATES; (7) ONGOING REVIEW OF THE CT PROJECT; AND (8) AUTHORITY TO ESTABLISH DEPRECIATION RATES FOR THE CT PROJECT AND COMPLIANCE PROJECTS ALL UNDER IND. CODE §§ 8-1-2-6.7, 8-1-2-23, 8-1-8.4-1 *ET SEQ.*, AND 8-1-8.5-1 *ET SEQ.***

**CAUSE NO. 45564**

**PETITIONER’S SECOND, OR DECEMBER 2023, PROGRESS REPORT**

Southern Indiana Gas & Electric Company d/b/a CenterPoint Energy Indiana South (“CEI South”), by counsel, respectfully submits this Third, or December 2023, Progress Report (the “Report”) in accordance with the Indiana Utility Regulatory Commission’s (“Commission”) June 28, 2022 Order (the “45564 Order”) in the subject cause (the “45564 Order”). In Cause No. 45564, CEI South requested that the Commission conduct an ongoing review of CEI South’s combustion turbine (“CT”) Project, proposing to submit construction progress reports, any revisions to the cost estimates, and other information regarding the CT Project to the Commission on an annual basis during construction. The 45564 Order directs CEI South to “report, at least semi-annually, to the Commission a summary of the information related to the CT Project, including safety, scope, schedule, and owner’s cost contingency, as well as the: (1) manufacturer, model number, and operational characteristics of the turbine generator; (2) anticipated total annual MW-hour (“MWh”) output for the CT Project; (3) revisions to the cost estimate; and (4) update on the natural gas transportation and lateral pipeline.” The 45564 Order required the initial (first) progress report be filed on or before December 30, 2022, as a compliance filing in this Cause; and continuing, at least semi-annually, until both CTs are placed into commercial operation. In addition, due to recent global supply chain issues that could potentially limit the availability of components necessary to build the CTs, CEI South was

directed to provide an update on any supply-chain-related challenges and/or delays in its progress reports. In accordance with the 45564 Order, CEI South provides the following information in its Third, or December 2023, Progress Report:

**Project Scope:** The two natural gas CTs will be constructed at the A.B. Brown plant site in Posey County, Indiana with the following equipment specifications:

- Plant Type: Simple Cycle Gas Turbine
- Number of Gas Turbines: Two (2)
- Manufacturer: General Electric (GE)
- Model Number: 7F.05
- Plant Output: 460 MW Nominal

The combustion turbine generators (“CTGs”), accessory packages, and modules will be installed outdoors and provided with manufacture’s standard weather enclosure.

The scope of this EPC project includes:

- Design and Engineering
- Procurement of Major Equipment
- Underground and Construction
- Build out of Centerlines

CenterPoint Energy Inc.’s commitment to the safety of its workforce, assets, and the public remains a priority and as such, incorporated its robust Safety Program Requirements into the EPC Contract with Kiewit thereby supplementing the Kiewit’s Pre-established Safety Program.

**Project Schedule / Progress:** The anticipated in-service (commercial operation) date for the CTs remains Q2 2025. Procurement contracts have been awarded for long lead major equipment. Underground piping and duct bank, and stack foundations for Unit #5 and #6 have been completed as of November 2023. Balance of Plant (BOP) activities began in December.

The EPC suppliers for Generator Step-Up, Unit Auxiliary Transformers, and Electrical Enclosures, Concrete, Steel, and Wire and Cable have been onboarded.

The Project schedule is as follows:

<u>Schedule Milestone</u>	<u>Target Completion Dates</u>	<u>Guaranteed Completion Dates</u>
GE Customer Kickoff Meeting	December 2022	January 2023
Backfeed Available	December 2024	April 2025
First Fire CTG #5	March 2025	July 2025
First Fire CTG #6	March 2025	August 2025
Planned Substantial Completion	April 2025	July 2025
Guaranteed Substantial Completion	July 2025	September 2025



**Estimated Project Costs:**

Description	Estimate Approved (CN 45564)	Current Projection	11/30/23 Actual Costs	Anticipated Completion Date
EPC Estimate				Q2 2025
Owner's Costs				Q2 2025
Internal Labor / Loadings				Q2 2025
A&G & AFUDC				Q2 2025
Spare Parts				Q2 2025
Studies and Pre-Work Costs				Q2 2025
<b>Total Estimated Costs</b>	<b>\$ 334,736,139</b>	<b>\$ 334,736,139</b>	<b>\$ 137,922,966</b>	

**Anticipated Total Annual MW-hour (MWh) Output:** The anticipated output has not changed from what was provided in Cause No. 45564.

**Global Supply Chain Impacts:** Supply chain issues that pose challenges and/or may cause delays to the A.B. Brown CT project have shifted from commodity risk to bottle necks impacting ocean freight through the Panama Canal. Of the six vessels currently on the water carrying equipment destined for A.B. Brown, two have cleared the canal. The exhaust duct, silencer, and stack are being transported to the A.B. Brown site via Long Beach, CA on open rack, over height, and over width containers; these are being trucked across country, and will not be impacted by shipment through the canal. The generator stator frames for the turbine generator sets are still on schedule to be transported from a manufacturing facility in China to A.B. Brown in April of 2024. Over the last several months CEI South has increased its focus on ocean freight and is receiving more frequent updates from the EPC Contractor and G.E. while also continuing to monitor indicative cost models.

Nearly of all the major procurement has been completed; insulation and some minor miscellaneous electrical bulks are the only items remaining.

In an effort to receive capacity accreditation starting in the summer season of the 2025-2026 MISO planning year, the project schedule has been accelerated, moving the first fire to March of 2025 from May of 2025. The project team continues to monitor potential supply chain impacts but performance to date from the EPC contractor and primary construction subcontractor are reassuring.

**Natural Gas Pipeline:** On October 20, 2022, FERC granted Texas Gas a certificate to construct the pipeline. *Tex. Gas Transmission, LLC*, 181 FERC ¶ 61,049 (2022) (the “Order”). On November 21, 2022, the Citizens Action Coalition of Indiana, Inc. filed a request for rehearing. On December 22, 2022, FERC issued a Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration (the “December 2022 Notice”), which provided “[i]n the absence of [FERC] action on a request for rehearing within 30 days from the date [the request] is filed, the request for rehearing may be deemed to have been denied.” FERC Docket No. CP21-467-001 Notice (12/22/2022). The Notice also indicated, “[a]s provided in 15 U.S.C. § 717r(a), the request for rehearing . . . will be addressed in a future order to be issued consistent with the requirements of [15 U.S.C. § 717r(a)]. As also provided in 15 U.S.C. § 717r(a), [FERC] may modify or set aside its [*Tex. Gas Transmission, LLC* order], in whole or in part, in such manner as it shall deem proper. On June 8, 2023, FERC issued a Notice of Denial of Rehearing by Operation of Law (the June 2023 Notice), which provided “the rehearing request of the above-cited order filed in this proceeding will not be addressed in a future order.” Separately, on February 21, 2023, Citizens Action Coalition of Indiana filed a Petition for Review at the United States Court of Appeals for the District of Columbia Circuit in relation FERC’s October 20, 2022 Order Issuing a Certificate and Granting Abandonment in Docket No. CP21-467-000. The appeal remains pending.

On June 16, 2023, FERC Issued a Notice to Proceed with Use of Pipe Storage Yard, granting Texas Gas' request to begin use of the pipe storage yard associated with the Henderson County Expansion Project. Thereafter, on July 10, 2023, FERC issued a Notice to Proceed with Full Construction and Modification Approvals, granting TGT permission to proceed with full construction of the Henderson County Expansion Project, including the Indiana portion of the project. Specifically, the notice indicated, "Texas Gas has provided the information necessary to meet the applicable pre-construction conditions of the [FERC's Order issued to TGT] for the project" in the above-referenced docket; and "confirmed [TGT]'s receipt of all federal authorizations relevant to the approved activities herein." With this approval and in accordance with environmental condition 8 in the Order, as modified by the FERC staff's April 10, 2023 variance approval, Texas Gas has commenced filing its weekly construction status reports until all construction activities are complete.

Construction of the pipeline began in August 2023 and work is currently in progress at the A.B. Brown site at various phases including fabrication, installation and pressure testing of station yard piping, launchers and receivers, meter station skid, and foundations for equipment. The 23-mile mainline pipeline has been installed and pressure-tested, including horizontal directional drills (HDD) to cross the Ohio River, a railroad near A.B. Brown, and several roads. Construction of the pipeline and meter station facilities are progressing well with substantial completion by year-end, but commissioning and some remaining cleanup work will likely occur in 2024.

CenterPoint Energy Indiana Electric's construction of the CT units at the former A.B. Brown power plant site is progressing on schedule and test gas is expected in the fourth quarter of 2024.

Dated: December 27, 2023

Respectfully submitted,

BY: 

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**CERTIFICATE OF SERVICE**

I certify that on December 27, 2023, this document was filed with the Indiana Utility Regulatory Commission using the Commission's electronic filing system and was served electronically on the parties below.

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