

FILED
December 5, 2023
**INDIANA UTILITY
REGULATORY COMMISSION**

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

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

ON

CASE OVERVIEW AND DRIVERS

**SPONSORING PETITIONER'S EXHIBIT NO. 1,
ATTACHMENTS RCL-1 THROUGH RCL-4**

DIRECT TESTIMONY OF RICHARD C. LEGER

1 **I. INTRODUCTION**

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

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

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

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

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

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

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

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

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

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

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

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

1 **Q. WHAT ARE YOUR PRESENT DUTIES AND RESPONSIBILITIES AS SENIOR VICE**
2 **PRESIDENT, INDIANA ELECTRIC?**

3 A. I am responsible for all aspects of CEI South’s electric utility operations in Indiana in
4 addition to all aspects of the Company’s Generation Transition Plan as set forth in the
5 Company’s 2019/2020 Integrated Resource Plan (“IRP”) and the execution of the
6 2022/2023 IRP recommendations submitted to the Indiana Utility Regulatory
7 Commission (the “IURC” or “Commission”) in May 2023. My direct responsibilities
8 include execution and oversight of operations and maintenance (“O&M”) and capital
9 budgets, transmission and distribution operations, engineering, and generation; as
10 well as the development, execution, and oversight of new renewable projects; and
11 project development and construction of natural gas generation to complement the
12 renewables in the portfolio. I also oversee Power Generation Operations, which
13 includes Market Settlements and Wholesale Power Marketing.

14 **Q. HAVE YOU EVER TESTIFIED BEFORE THE COMMISSION?**

15 A. Yes. I have testified on behalf of CEI South and Indiana Gas Company, Inc. d/b/a
16 CenterPoint Energy Indiana North (“CEI North”) in various cases, including Cause
17 Nos. 45401 (alternative regulatory plan related to gas meter replacement), 45447 and
18 45468 (CEI South and CEI North gas base rates cases, respectively), and 45611 and
19 45612 (CEI South and CEI North gas Compliance and System Improvement
20 Adjustment (“CSIA”), respectively). I have also testified on behalf of CEI South in
21 support of its request for a certificate of public convenience and necessity (“CPCN”) in
22 Cause No. 45836 and Cause No. 45847; its request to enter into certain amendments
23 to Power Purchase Agreements (“PPAs”) in Cause No. 45839; and its request for an
24 Electric Transmission, Distribution, and Storage System Improvement Charge
25 (“TDSIC”) for the 2024 – 2028 TDSIC Plan in Cause No. 45894.

26 **II. PURPOSE & SCOPE OF TESTIMONY**

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

28 A. My testimony describes CEI South’s service area and operations in southwestern
29 Indiana. I discuss ongoing operating and industry challenges, and CEI South’s
30 commitment to provide safe, reliable, and resilient electric service to its customers in
31 southwestern Indiana. I also provide an overview of CEI South’s Case-in-Chief

1 including its overall request while considering the framework established under House
2 Enrolled Act 1007, codified as Ind. Code § 8-1-2-0.6, which became effective July 1,
3 2023, and declared that “decisions concerning Indiana’s electric generation resource
4 mix, energy infrastructure, and electric service ratemaking constructs must consider
5 the following attributes” (the “Five Pillars”): reliability, resiliency, stability, affordability,
6 and environmental sustainability.

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

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

- 9 • Petitioner’s Exhibit No. 1, Attachment RCL-1: CEI South Verified Petition
- 10 • Petitioner’s Exhibit No. 1, Attachment RCL-2: CEI South Service Territory
- 11 • Petitioner’s Exhibit No. 1, Attachment RCL-3: Proofs of Legal Notice
12 Publication (Late Filed Attachment)
- 13 • Petitioner’s Exhibit No. 1, Attachment RCL-4: Customer Notice (Late Filed
14 Attachment)

15 **Q. WERE THESE ATTACHMENTS PREPARED BY YOU OR UNDER YOUR**
16 **SUPERVISION?**

17 A. Yes, they were; and I have verified the factual content of the Petition on behalf of the
18 Company. CEI South’s Verified Petition is provided as **Attachment RCL-1**.

19 **III. DESCRIPTION OF ELECTRIC UTILITY OPERATIONS AND CHALLENGES**

20 **Q. PLEASE DESCRIBE CEI SOUTH AND ITS ELECTRIC UTILITY OPERATIONS.**

21 A. CEI South¹ is a corporation organized and existing under the laws of the State of
22 Indiana with its principal office located at 211 NW Riverside Drive, Evansville, Indiana.
23 CEI South is a public utility as that term is defined in Ind. Code § 8-1-2-1(a) that renders
24 electric utility service to the public and owns and operates electric generating,
25 transmission, and distribution plant, property, and equipment and related facilities for
26 the production, storage, transmission, distribution, and furnishing of electric service to
27 approximately 150,000 customers in southwestern Indiana. A map of the electric
28 service territory can be found in Petitioner’s Exhibit No. 1, Attachment RCL-2. CEI

¹ For clarity, my testimony refers to CEI South, though in certain situations I am referring to Southern Indiana Gas and Electric Company operating under a prior assumed business name.

1 South also provides natural gas utility service to approximately 115,000 customers in
2 southwestern Indiana, however service for these customers is not a part of this case.
3 CEI South is a wholly owned subsidiary of Vectren Utility Holdings, LLC (“VUH”) and
4 an indirect wholly owned subsidiary of CenterPoint Energy, Inc. CEI South Electric is
5 a member of the Midcontinent Independent System Operator (“MISO”).

6 **Q. HOW WOULD YOU DESCRIBE THE CURRENT STATE OF THE ELECTRIC**
7 **UTILITY INDUSTRY?**

8 A. The electric utility and generation industry is in a period of transformation, which is
9 reflected by the filing of this rate case. In the past decade, and since CEI South’s last
10 rate case, environmental regulation, economics, federal tax credits, and renewed
11 focus on reliability have caused the industry to evaluate traditional generation sources
12 and encouraged the diversification of generation assets.

13 **Q. PLEASE DESCRIBE THE GUIDING PRINCIPLES THAT INFORM CEI SOUTH’S**
14 **PROVISION OF ELECTRIC SERVICE.**

15 A. We are committed to ensuring safe, reliable, resilient, and affordable energy delivery
16 and providing exceptional service to our customers, communities, and employees. As
17 I will describe later in this testimony, CEI South’s guiding principles align well with the
18 Five Pillars.

19 **Q. WHAT CHALLENGES DOES CEI SOUTH FACE WITH RESPECT TO PROVIDING**
20 **ELECTRIC SERVICE TO ITS CUSTOMERS?**

21 A. In the past few years, southwestern Indiana has faced its fair share of challenges in
22 regards to generation capacity and timing of the generation transition when you
23 consider inflation, anti-dumping legislation, and overall challenges with material
24 availability as we execute on our Generation Transition Plan as presented in the IRP.

25 Additionally, we recognize the affordability concerns facing our service area.
26 Therefore, we have consciously worked to manage expenses and passed those
27 expense savings onto customers as more detailed in our forecast supported by
28 Petitioner’s Witness Stephanie E. Gray. Later in my testimony, I will also briefly outline
29 the affordability measures that we implemented ahead of filing this case in order to
30 reduce the impact of the case on our customers.

1 Further, over the past several years southwestern Indiana has seen wide fluctuations
2 in the weather patterns compared to the past. That said, as outlined in various TDSIC
3 filings by Petitioner’s Witness Stephen R. Rawlinson, CEI South has taken great
4 strides to upgrade the system to be more resilient in the face of these storms.
5 Additionally, as outlined by Petitioner’s Witness Amy L. Folz, our investments in AMI
6 and distribution automation not only makes us more resilient but overall reliability is
7 improved because we are able to identify faults and repair our system sooner resulting
8 in less outages over a shorter period of time. Lastly, as described in more detail by
9 Petitioner’s Witness Gregg M. Maurer, we have recently initiated an after-action review
10 process following each storm allowing us to continuously improve on our process and
11 highlight system weaknesses that need to be addressed so that we are always better
12 prepared to respond to weather events.

13 **IV. OVERVIEW OF CEI SOUTH’S RATE REQUEST AND RATE FILING**

14 **Q. PLEASE INTRODUCE AND BRIEFLY SUMMARIZE THE TESTIMONY OF THE**
15 **PETITIONER’S OTHER WITNESSES IN THIS CASE.**

16 **A.** In addition to my testimony, CEI South offers the testimony of the following Petitioner’s
17 Witnesses:

18 Ms. Chrissy M. Behme, Manager, Regulatory Reporting, supports our revenue
19 requirement, explains the forecasted 2025 test year for ratemaking purposes and the
20 pro forma adjustments to the test year, and sponsors the details around our phased in
21 approach to implementing rates under Ind. Code § 8-1-2-42.7 and IURC General
22 Administrative Order 2013-05. She also supports certain requests for deferred
23 accounting treatment.

24 Ms. Stephanie E. Gray, Manager, Indiana Electric Finance Planning and Analysis,
25 discusses and supports the 2025 unadjusted test year forecast. She also supports the
26 2024 – 2025 unadjusted Income Statement and Balance Sheet for CEI South used in
27 the development of the revenue requirement calculation.

28 Mr. Stephen R. Rawlinson, Director of Electric Engineering, discusses the Company’s
29 overall approach to transmission and distribution capital planning. Additionally, he

1 provides information on transmission and distribution capital expenditures completed
2 or planned from June 30, 2009 – the rate base cutoff of in CEI South’s last electric rate
3 case (Cause No. 43839) (the “43839 rate base cutoff”) – through the end of the 2025
4 test year. He also provides information on the Company’s electric system reliability
5 performance.

6 Ms. Amy L. Folz, Director, Indiana High Voltage Operations, discusses CEI South’s
7 ongoing reliability initiatives related to Advanced Metering Infrastructure (“AMI”)
8 capabilities and supports CEI South’s request for Alternative Regulatory Plan
9 treatment and waiver of requirements under 170 Ind. Admin. Code 4-1-16(f). Ms. Folz
10 further describes CEI South’s electric transmission system, substation, and
11 underground network inspection programs. Additionally, she provides an overview of
12 CEI South’s Transmission System Operations and MISO affairs.

13 Mr. Gregg M. Maurer, Director of Indiana Electric Distribution Operations, describes
14 CEI South’s commitment to electric service reliability and its operations and
15 maintenance programs, including its overhead and underground maintenance
16 programs, CEI South’s Vegetation Management Program, and CEI South’s
17 Emergency Operations Plan.

18 Mr. F. Shane Bradford, Vice President of Power Generation Operations, discusses
19 CEI South’s Generation Transition Plan and provides a summary of the material
20 generation capital investments that have been made since the 43839 rate base cutoff
21 through the end of the 2025 test year. He describes CEI South’s plan to give CEI South
22 customers 100% of the Wholesale Power Market (“WPM”) sales margins opportunity
23 as opposed to the present sharing mechanism, and provides an update on CEI South’s
24 Urban Research Living Center (“ULRC”) project.

25 Mr. Ronald W. Bahr, Vice President, Information Technology, describes the
26 information technology (“IT”) services provided by the CenterPoint Energy Service
27 Company, LLC to CEI South, along with major enterprise-wide programs and
28 associated charges.

1 Mr. Christopher G. Wood, Director of Process and Data Governance, describes the
2 services provided, and cost allocated, to CEI South by the Service Company and VUH
3 and how the allocation process is managed. Mr. Wood also describes the Service
4 Level Agreements between Service Company and CEI South; the affiliate agreement
5 between CEI South and VUH; the annual budgeting process; and controls in place to
6 ensure that costs are managed, controlled, and billed properly.

7 Ms. Deneisia R. Williford, Director of Compensation, discusses and supports the
8 Company’s employee compensation and benefits.

9 Mr. Jeffrey T. Kopp, Senior Managing Director, Energy & Utilities Consulting for 1898
10 & Co., sponsors the Company’s Decommissioning Cost Study for CEI South’s power
11 generation assets located in Indiana.

12 Mr. John J. Spanos, President of Gannett Fleming Valuation and Rate Consultants,
13 LLC, supports the updated electric and common plant depreciation study and new
14 electric and common plant depreciation accrual rates.

15 Ms. Ann E. Bulkley, Principal with The Brattle Group, supports the Company’s
16 requested return on equity and appropriateness of the capital structure and projected
17 cost of debt.

18 Mr. Brett A. Jerasa, Assistant Treasurer, presents the components of the Company’s
19 capital structure and the reasonableness of their projected balances and weighting. In
20 addition, he supports the Company’s projected cost of debt and the overall weighted
21 average cost of capital.

22 Ms. Jennifer K. Story, Vice President, Tax, discusses the impact of the Inflation
23 Reduction Act of 2022, and addresses the corporate alternative minimum tax
24 (“CAMT”) and CEI South’s proposed Tax Adjustment Rider (“TAR”). Ms. Story also
25 supports computation of the income tax expense included in the Company’s cost of
26 service determination and addresses the accumulated deferred income taxes and
27 excess accumulated deferred income tax regulatory liability balances included in the

1 Company’s cost of capital calculation. She also sponsors the property tax forecast and
2 the Medicare Part D regulatory liability and associated amortization adjustment.

3 Mr. Michael E. Russo, Senior Forecast Consultant with Itron, supports the projected
4 class-level 2025 Test-Year sales and customer forecasts.

5 Mr. Justin L. Forshey, Director, Energy Solutions and Business Development –
6 Midwest, discusses CEI South’s Large Electric customers and the importance of
7 attracting new large customers to southwestern Indiana. He provides support for
8 proposed new and modified riders and CEI South’s Energy Efficiency and Demand
9 Side Management initiatives.

10 Mr. John D. Taylor, Managing Partner, Atrium Economics, presents the results of the
11 Cost of Service study, rate design, and discusses its effect on rates.

12 Mr. Matthew A. Rice, Director, Indiana Electric Regulatory and Rates, sponsors the
13 proposed rates within the Tariff and proposals associated with new and existing
14 adjustment mechanisms. He describes the proposed Phase 1, Phase 2 and Phase 3
15 rate implementation proposals and supports CEI South’s request for a Green Energy
16 Rider (“Rider GE”) as well as a Critical Peak Pricing (“CPP”) pilot.

17 **Q. WHAT IS THE REQUESTED RATE INCREASE FOR CEI SOUTH IN THIS CASE?**

18 A. As explained by CEI South Witness Behme, we have isolated the impact on customer
19 rates from this case by comparing the rates CEI South is seeking at the conclusion of
20 the test year to what rates would have been had this case not been filed. Using this as
21 the comparison point, CEI South is requesting a base rate increase of \$118.8 million
22 which represents an overall increase of 16.02%, based on a forward-looking test year
23 ending December 31, 2025. As described in more detail by Petitioner’s Witness
24 Behme, the Company proposes to phase in the increase over a minimum of three
25 phases to gradually introduce the rate increase and lessen the immediate impact to
26 customer bills. Since CEI South’s last filed rate case in 2009, CEI South has minimized
27 the growth of customer rates due to the Company’s approach to expense
28 management.

1 **Q. WHAT IS CEI SOUTH’S COST OF PROVIDING ELECTRIC SERVICE TO ITS**
2 **CUSTOMERS?**

3 A. As described and supported in the Company’s Case-In-Chief, CEI South’s total cost
4 of service based on a future test year ending December 31, 2025, as adjusted, is
5 approximately \$860.2 million. This includes a proposed return on equity (“ROE”) of
6 10.4% and a proposed overall weighted average cost of capital of 7.06% on a rate
7 base of approximately \$2.82 billion. As demonstrated by the Direct Testimony of
8 Petitioner’s Witness Behme, CEI South has prepared the filing using a forecasted test
9 year with reasonable adjustments and using traditional and widely accepted
10 ratemaking principles.

11 **Q. WHAT ARE THE PRIMARY DRIVERS NECESSITATING CEI SOUTH’S FILING OF**
12 **THIS RATE CASE?**

13 A. In terms of timing, CEI South is required under Ind. Code ch. 8-1-39 (the “TDSIC
14 Statute”) to file a general rate case before the end of the TDSIC Plan approved in
15 Cause No. 44910, which has an expiration of December 31, 2023. Even absent the
16 statutory obligation to file this case, as presented in CEI South’s Case-In-Chief, the
17 test year projections demonstrate that the present rates are and will continue to be
18 insufficient to cover the Company’s cost of providing service and to provide the
19 opportunity to earn a fair rate of return. It has been nearly 14 years since CEI South
20 filed the petition in its last general rate case, and the Company has continued making
21 prudent investments in its used and useful utility plant in service to maintain reliability,
22 comply with environmental regulation, and meet customer demands. Rate base has
23 grown from \$1,296 million in the last rate case to \$1,733 million as of December 31,
24 2022. From that level, rate base is projected to grow an additional \$1,087 million
25 through the end of the test year in this case, and this is net of the nearly \$340 million
26 in securitization costs associated with the retirement of A.B. Brown Units 1 and 2 as
27 approved by the Commission in Cause No. 45722. Rate base will grow by nearly \$1
28 billion during the test year itself. CEI South is in the midst of the same industry
29 transformation as are our peers, and as a result, the majority of these test year rate
30 base additions are driven by generation transition: the Brown Combustion Turbines
31 (CTs) and Posey Solar. More than one-third of the nearly \$1 billion test year
32 investment is the CTs, which are not eligible for any rate base adjustment mechanism.
33 This rate request is driven by growth in rate base, and the vast majority of that growth

1 in rate base has already been approved by the Commission either through the
2 issuance of certificates of public convenience and necessity or approval of TDSIC
3 plans.

4 **Q. WHY IS CEI SOUTH’S REQUESTED RATE INCREASE REASONABLE AND**
5 **NECESSARY?**

6 A. As I discuss further below, CEI South has managed its finances and operations to
7 allow it to avoid a general rate increase for as long as possible, but the existing rates
8 are no longer reasonable or sufficient. Moreover, CEI South has worked hard to keep
9 its rates relatively flat since the 43839 Rate Case – with residential bills growing by
10 6.4% in the past 12 years, or about 0.5% per year over this timeframe. The
11 Commission’s April 27, 2011 Final Order in Cause No. 43839 (the “43839 Rate Case”)
12 approved an allowed return on equity for the Company’s electric utility of 10.4%. Since
13 the 43839 Rate Case, CEI South has presented the calculation of actual ROE for the
14 relevant twelve-month period in quarterly FAC filings in Cause No. 38708. Those
15 calculations show that CEI South has earned well below its approved return on equity
16 since 2011. Without the rate relief requested in this case, the additional capital
17 investments described in this case would only exacerbate this, potentially creating
18 limitations on CEI South’s access to capital going forward. As I noted earlier, most of
19 the incremental rate base has already been approved by this Commission in other
20 docketed proceedings, in part to address the Five Pillars. For instance, in approving
21 the CTs, the Commission found “[d]ue to the intermittency of the renewable resources
22 in the Preferred Portfolio, resources with quick ramp capabilities are necessary to
23 complement the addition of such intermittent resources to the system to ensure
24 reliability. . . . After considering the evidence of record, we find that the CT Project is
25 needed, consistent with the 2019/2020 IRP, and shown to be a reasonable cost-
26 effective solution to address reliability.”² In approving Posey Solar, the Commission
27 noted that the price was competitive and specifically found the evidence supported
28 that “CEI South’s proposal in this proceeding is consistent with the five pillars identified
29 in the Final Report issued by Indiana’s 21st Century Energy Policy Development Task
30 Force dated November 19, 2020: reliability, resilience, stability, affordability, and
31 environmental sustainability.”³ These approved investments that are driving the need

² Cause No. 45564 (IURC June 28, 2022), pp. 17 and 19.

³ Cause No. 45847 (IURC Sept. 6, 2023), p. 28.

1 for new rates are already focused on the Five Pillars. As I will discuss below, the
2 Company has been intentional in this case to mitigate the rate impact from this
3 generation transition in order to further address the affordability pillar.

4 **Q. WILL THE RATE OF RETURN ESTABLISHED IN THIS PROCEEDING HAVE AN**
5 **IMPACT ON THE COMPANY’S OPERATIONS AND ITS ABILITY TO ATTRACT**
6 **CAPITAL FOR INFRASTRUCTURE INVESTMENTS?**

7 A. Yes. The Company continues to invest substantially in growth, maintenance, and
8 replacement of its electric transmission and distribution systems as well as upgrade
9 and replace generation assets in order to continue to provide safe and reliable service
10 to meet customers growing needs. A strong rate of return will allow CEI South to attract
11 on reasonable terms the level of capital investment needed. As Petitioner’s Witness
12 Bulkley explains in her direct testimony, if the Return on Equity (“ROE”) allowed for
13 the Company is not comparable to other investments of similar risk, investors will
14 allocate their capital to alternative investments. This case offers the opportunity for the
15 Commission to affirm its support for continued investment in the state of Indiana.

16 **V. FIVE PILLARS**

17 **Q. PLEASE DESCRIBE THE FIVE PILLARS.**

18 A. Consistent with the “Five Pillars” of utility service recommended by the Report of the
19 Indiana 21st Century Energy Policy Development Task Force and codified by the
20 Indiana General Assembly (effective July 1, 2023), the five attributes that are to be
21 considered in decisions concerning Indiana’s electric generation, energy
22 infrastructure, and electric service ratemaking (the “Five Pillars”): (1) Reliability; (2)
23 Resiliency; (3) Stability; (4) Affordability; and (5) Environmental Sustainability. The
24 Commission formally adopted the Five Pillars on June 28, 2023 as GAO 2023-04,
25 declaring that it is in Indiana’s public interest for electric utility petitions, filings, plans,
26 and reports to align with the Five Pillars.

27 **Reliability** means the adequacy of electric utility service, including the ability of the
28 electric system to supply the aggregate electrical demand and energy requirements of
29 end users at all times. **Resiliency** means the electric system or its components’ ability
30 to adapt to changing conditions and withstand and rapidly recover from disruptions or

1 off-nominal events. **Stability** is the ability of an electric system to maintain a state of
2 equilibrium during normal and abnormal conditions or disturbances; and deliver a
3 stable source of electricity, in which frequency and voltage are maintained within
4 defined parameters, consistent with industry standards. **Affordability** means the
5 electric generation and resource mix and ratemaking constructs result in retail electric
6 service that is affordable across the residential, commercial, and industrial customer
7 classes. **Environmental Sustainability** accounts for both environmental regulations
8 and consumers’ demands for sustainable sources of generation.

9 **Q. PLEASE DISCUSS HOW THE FIVE PILLARS ARE TAKEN INTO ACCOUNT BY**
10 **THE COMPANY.**

11 A. CEI South considered each of the Five Pillars when developing this rate proposal and
12 considers them as it continues to develop its general business strategy to ensure we
13 are aligned with Indiana state policy. As I note below, the testimonies of Witnesses
14 Rawlinson, Bradford, Behme, Forshey and Rice discuss these attributes in connection
15 with the various components of this rate proposal and in context with other recent
16 filings CEI South has made, to provide insight to our commitment to the Five Pillar
17 framework. I have devoted particular attention in this testimony to the affordability pillar
18 to help explain how CEI South has sought to reconcile the sometimes-conflicting
19 considerations inherent in the Five Pillar framework.

20 CEI South’s electric transmission and distribution capital investment plan is targeted
21 to improve CEI South’s electric system performance as it relates to reliability, resiliency
22 and stability. Through the 44910 TDSIC Plan, CEI South was able to invest in aging
23 infrastructure to target improved reliability performance and prevent avoidable
24 equipment failure. CEI South’s prudent investments in its system, such as the those
25 described in Witness Rawlinson’s testimony, align with resiliency and stability and CEI
26 South’s vision for long term system goals to modernize and enhance the safety and
27 reliability of its electric distribution and transmission system as well as replace aging
28 assets at or beyond their expected life prior to the asset failing and to install certain
29 new assets. CEI South seeks to continue this improvement through its 45894 TDSIC
30 Plan.

1 CEI South’s Generation Transition Plan carefully considered the technologies
2 available to ensure CEI South continues to deliver customer capacity in line with the
3 Five Pillars. As further discussed by Witness Bradford, CEI South’s overall Generation
4 Transition Plan resources offer a well-rounded and reliable generation fleet, that is
5 available to serve customer load, and while utilizing renewables in consideration of the
6 environmental sustainability pillar. CEI South incorporated a balanced energy mix
7 within its Generation Transition Plan, including gas combustion turbines, solar, and
8 wind. Also, customers will receive the benefit of the federal tax incentives generated
9 by solar and wind projects through reduced amounts in rate recovery.

10 Additionally, you will see that CEI South proposes to implement a new green energy
11 Rider (“Rider GE”) that will allow CEI South Large Electric customers to purchase and
12 claim Renewable Energy Credits (“RECs”) that are received for certain megawatt-
13 hours (“MWh”) of energy generated by CEI South’s renewable resources – both those
14 renewable sources that CEI South owns as well as those for which CEI South has a
15 power purchase agreement (“PPA”). As described further by Witnesses Forshey and
16 Rice, CEI South worked collaboratively with Large Electric customers to develop the
17 rider to assist Large Electric customers in reaching their environmental sustainability
18 or renewable energy goals. Every dollar generated from the sale of RECs through this
19 Rider GE will flow through directly to customer rates.

20 **Q. YOU MENTIONED THAT THE FIVE PILLARS ARE SOMETIMES CONFLICTING**
21 **AND THAT YOU WOULD FOCUS ON AFFORDABILITY. WHAT DID YOU MEAN**
22 **BY THIS AND WHAT HAS THE COMPANY DONE TO ADDRESS THE**
23 **AFFORDABILITY OF ITS RATES LEADING UP TO THE FILING OF THIS CASE?**

24 **A.** This case presents a perfect example of how the Five Pillars can conflict with one
25 another. The financial driver in this case is nearly \$1 billion in additional rate base
26 during the test year; more than 75% (CT Project of \$334 million and Posey Solar of
27 \$429 million) of that investment is represented by these two projects. As I noted
28 previously, this generation transition has been approved and is specifically in support
29 of the Five Pillars. That investment causes pressure on affordability, and we have
30 worked diligently to address affordability in this case.

1 **Q. IN THE YEARS LEADING UP TO THIS CASE, WHAT HAS CEI SOUTH DONE TO**
2 **PREPARE FOR A RESULT THAT WOULD MAINTAIN AFFORDABILITY?**

3 A. When we were beginning our generation transition, CEI South led the charge for
4 legislation approving a first-of-its-kind financing mechanism in the state of Indiana,
5 which allowed for the issuance of securitization bonds at a lower long-term debt cost
6 for the remaining value of the now retired A.B. Brown coal Units 1 and 2. That was
7 done purely for affordability purposes, as we recognized that simply retiring these units
8 would have caused further upward pressure on rates. CEI South’s rate base at the
9 end of the test year would have been more than \$300 million higher than projected
10 without securitization. As discussed by Witness Rice, securitization enables CEI South
11 to reinvest proceeds from the bonds into its Generation Transition Plan and also
12 reduce all CEI South customers’ monthly bills, producing \$53 million in net present
13 savings versus traditional ratemaking practices. Through CEI South’s efforts working
14 collaboratively with the Indiana legislature, the Commission, and other stakeholders,
15 and keeping affordability in mind, we were able to push groundbreaking legislation
16 forward and receive approval of the first-ever utility asset securitization in Indiana,
17 which directly benefits all of our customer classes.

18 **Q. WHAT AFFORDABILITY CONSIDERATIONS HAS CEI SOUTH MADE WHILE**
19 **PREPARING THE RATE PROPOSAL THAT IS THE SUBJECT OF THIS CAUSE?**

20 A. There are several.

21 (1) In addition to a minimum three-phase approach to rate implementation to
22 achieve gradualism in the rate increases resulting from the relief requested in
23 this case, CEI South is utilizing a future test year to incorporate its generation
24 asset transition without the expense of additional future rate cases when those
25 investments come online.

26 (2) Despite the fact that CEI South’s cost of equity expert, Witness Bulkley
27 recommends CEI South’s ROE be established at 10.6 percent, taking into
28 consideration the affordability for customers of the overall revenue
29 requirement, the Company is requesting an ROE of 10.4 percent.

30 (3) Though Witness John Spanos has determined that utilization of Equal Life
31 Group depreciation is the more appropriate methodology to set CEI South’s
32 rates, CEI South recognizes that affordability is compromised when
33 considering the near-term impact to customers. CEI South instead chose to

- 1 utilize Average Service Life depreciation rates when building this case. Using
2 Average Service Life depreciation, as opposed to Equal Life Group, lowered
3 the revenue requirement by approximately \$12.5 million.
- 4 (4) In an effort to lessen the rate impact to customer’s bills, Witness Behme
5 discusses CEI South’s proposal to extend the amortization period from five to
6 seven years for recovery of the 20% deferred from TDSIC and Environmental
7 Cost Adjustment (“ECA”). The Company’s expects to file its next rate case in
8 2028, coinciding with the completion of CEI South’s 2024 – 2028 TDSIC Plan
9 (Cause No. 45894).
- 10 (5) Presently, as approved in CEI South’s 43111 Rate Case and affirmed in the
11 43839 Rate Case, CEI South shares 50% of the margin from Wholesale Power
12 Market (“WPM”) off system sales with its customers. CEI South proposes in
13 this Cause that 100% of the sales margins from the WPM be credited to the
14 customers to help offset costs associated with the Generation Transition Plan
15 as discussed by Witnesses Bradford and Behme.
- 16 (6) As discussed by Witness Bradford, the Generation Transition Plan was also
17 designed with customer affordability in mind. Wind and solar do not require a
18 purchased fuel source to generate electricity and require lower O&M.
19 Additionally, customers will benefit from various tax credits and renewable
20 energy credits generated by the solar and wind resources. CEI South has also
21 incorporated gas combustion turbines to provide power supply when
22 necessary, and also shield customers from price volatility when market prices
23 are high.
- 24 (7) Effective December 31, 2023, CEI South’s interest in Warrick Unit 4 will no
25 longer be used and useful and will be retired from CEI South’s books.
26 Witnesses Bradford and Behme discuss the impacts of both A.B. Brown and
27 Warrick Unit 4’s retirement, and how these retirements will save on O&M and
28 fuel costs annually, beginning in 2024.
- 29 (8) As described by Witness Behme, the Company is proposing additional interim
30 steps to the rate increase so as to coincide with the placement in service of the
31 CTs and Posey Solar so as to minimize the accrual of post-in-service carrying
32 costs.
- 33 (9) In order to mitigate the impact on customer rates, the Company is proposing
34 not to use the depreciation accrual rates recommended by Witness Spanos for

1 the CTs and Posey Solar, as further explained by Witness Behme.

2 **Q. DOES THE COMPANY OFFER ASSISTANCE TO CUSTOMERS WHO MAY NEED**
3 **HELP PAYING THEIR BILLS?**

4 A. CEI South partners with a variety of organizations to offer programs to assist qualifying
5 individuals. CEI South offers customers the ability to set a preferred billing date if a
6 customer prefers receiving their bill at a particular time of the month. CEI South also
7 offers budget billing to reduce large bill increases during periods of higher electric use.
8 Payment plans are also available to CEI South customers individually if they fall behind
9 on bill payments. Income eligible Customers may also apply for the Energy Assistance
10 Program through their local Community Action Agency. Additionally, CEI South
11 partnered with the City of Evansville, local assistance agencies, and township trustee
12 offices to host a series of access to service fairs throughout the winter season.
13 Participants can speak one-on-one with a customer service representative for bill
14 assistance and general questions about their bill or service.

15 **Q. HAS CEI SOUTH SOUGHT GRANTS OR FEDERAL FUNDING TO OFFSET**
16 **COSTS?**

17 A. CEI South has pursued, and will continue to pursue, grant opportunities that align with
18 our Company strategy and needs. Witnesses Rawlinson and Jerasa discuss separate
19 opportunities CEI South sought out or applied for and their respective results.

20 **Q. HOW IS CEI SOUTH COMPLYING WITH THE REQUIREMENTS TO PUBLISH A**
21 **LEGAL NOTICE IN ACCORDANCE WITH IND. CODE 8-1-2-61 AND 8-1-2.5-6(D)**
22 **AND PROVIDE NOTICE TO CUSTOMERS IN ACCORDANCE WITH 170 IAC 4-1-**
23 **18?**

24 A. CEI South will have caused to be published a legal notice in a newspaper of general
25 circulation in any county in which the utility renders service. Proofs of publication of
26 the legal notice will be submitted as a late filed exhibit once received as Petitioner's
27 Exhibit No. 1, Attachment RCL-3. CEI South will have caused to be mailed to
28 customers a bill insert, which will be provided as a late filed exhibit as Petitioner's
29 Exhibit No. 1, Attachment RCL-4.

1 VI. **CONCLUSION**

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

3 A. Yes, it does.

VERIFICATION

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

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



Richard C. Leger
Senior Vice President, Indiana Electric

11 | 27 | 2023

Date

FILED
December 5 2023
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA)
GAS AND ELECTRIC COMPANY D/B/A)
CENTERPOINT ENERGY INDIANA SOUTH (“CEI)
SOUTH”) FOR (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

**VERIFIED PETITION FOR GENERAL RATE INCREASE AND ASSOCIATED RELIEF
UNDER IND. CODE § 8-1-2-42.7 AND AN ALTERNATIVE REGULATORY PLAN
UNDER IND. CODE CH. 8-1-2.5, NOTICE OF PROVISION OF INFORMATION IN
ACCORDANCE WITH THE MINIMUM STANDARD FILING REQUIREMENTS**

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY D/B/A CENTERPOINT
ENERGY INDIANA SOUTH (“Petitioner” or “CEI South”) respectfully requests that the
Indiana Utility Regulatory Commission (“Commission”) issue an order (1) authorizing CEI

South to increase its rates and charges for electric service rendered by it through a phase-in of rates; (2) approving new schedules of rates and charges and revised, and new, riders, including a new Tax Adjustment Rider (“TAR”) and a new Green Energy Rider; (3) approving a Critical Peak Pricing (“CPP”) pilot program; (4) approving revised depreciation rates applicable to its electric and common plant in service; (5) approving necessary and appropriate accounting relief, including authority to capitalize as rate base 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 (“CCAs”); (6) approving the terms of an alternative regulatory plan (“ARP”) pursuant to Ind. Code ch. 8-1-2.5 to grant to CEI South a waiver from 170 Ind. Admin. Code § 4-1-16(f) to allow remote disconnections for non-payment; and (7) other requests as described below. This filing is made pursuant to Ind. Code §§ 8-1-2-42(a), 8-1-2-42.7, and 8-1-2-61, and Ind. Code chs. 8-1-2.5 and 8-1-39.

In accordance with the Commission’s General Administrative Order (“GAO”) 2013-05 (Rate Case Standard Procedural Schedule and Recommended Best Practices for Rate Cases Submitted under Ind. Code § 8-1-2-42.7), CEI South hereby provides its Notice of Intent to File Information required under the Minimum Standard Filing Requirements (“MSFRs”), 170 IAC 1-5, as applicable, to provide support for this petition. In support of this request, Petitioner states the following.

Petitioner’s Corporate and Regulated Status

1. Petitioner is a public utility incorporated under the laws of the State of Indiana with its principal office located at 211 NW Riverside Drive, Evansville, Indiana 47708. Petitioner is a “public utility” as defined in Ind. Code § 8-1-2-1 and is subject to the

jurisdiction of this Commission in the manner and to the extent provided by the laws of the State of Indiana. As defined in Ind. Code § 8-1-2.5-2, Petitioner is an “energy utility” and its electric service constitutes “retail energy service” as defined in Ind. Code § 8-1-2.5-3. CEI South is also a “utility” within the meaning of Ind. Code § 8-1-2-42.7(c). By this verified petition, Petitioner elects to become subject to the provisions of Ind. Code §§ 8-1-2.5-5 and 8-1-2.5-6, to the extent necessary. Designated portions of this verified petition and the direct testimony and exhibits of Amy L. Folz constitute CEI South’s request for an ARP for purposes of this proceeding.

Petitioner’s Operations

2. Petitioner is engaged in the business of rendering retail electric service solely within the State of Indiana under duly acquired indeterminate permits, franchises, and necessity certificates. CEI South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities (collectively, the “Utility Properties”) that are used and useful for the production, storage, transmission, distribution, and furnishing of electric service to approximately 150,000 electric consumers in southwestern Indiana. Its service territory is spread throughout Pike, Gibson, Dubois, Posey, Vanderburgh, Warrick, and Spencer counties.

Petitioner’s Utility Properties

3. Petitioner has maintained, and continues to maintain, its Utility Properties in a good state of operating condition, complying with all state and federal regulatory

requirements and standards for electric utility operations. The net original cost of Petitioner's rate base at December 31, 2023,¹ as adjusted, is projected to be approximately \$1,827,211,874. The net original cost of Petitioner's rate base in service at December 31, 2024,² as adjusted, is projected to be approximately \$1,930,379,152. The net original cost of Petitioner's rate base in service at December 31, 2025,³ as adjusted, is projected to be approximately \$2,820,468,760. The fair value of the Utility Properties is and will continue to be substantially in excess of their net original cost. Further, in order to properly serve the public located in its service area and to discharge its duties as a public utility, Petitioner continues to make numerous additions, replacements, and improvements to its utility systems.

Petitioner's Existing Rates

4. Petitioner's existing base rates and charges for electric utility service were established in its 30-day filing #50171, effective June 1, 2018, pursuant to the Commission's February 16, 2018, Order in Cause No. 45032, its investigation into the impacts on Indiana utilities and customers resulting from the December 22, 2017, Tax Cuts and Jobs Act of 2017 ("TCJA"), as further reduced in Petitioner's 30-day filing #50548, effective July 1, 2022, to give effect to the repeal of the Utility Receipts Tax. The rates approved effective June 1, 2018, and July 1, 2022, reduced CEI South's existing base rates and charges for electric utility service

¹ December 31, 2023, is the date proposed for the rate base cutoff for Petitioner's proposed Phase 1 rates, as described herein.

² Corresponding to the beginning of the forward-looking test year proposed in this Cause.

³ Corresponding to the end of the forward-looking test period proposed in this Cause.

established in its most recent retail base rate case order issued on April 27, 2011, in Cause No. 43839. More than 15 months have passed since the filing date of Petitioner's last request for a general increase in its basic rates and charges.

5. Petitioner's current electric depreciation rates were approved by the Commission's Order in Cause No. 43111 on August 15, 2007, and subsequently re-authorized (with a modification to the depreciation rate applicable to the Blackfoot landfill gas generating station) in Cause No. 43839 (April 27, 2011). Petitioner's current common plant depreciation rates were approved by the Commission's Order in Cause No. 45447 on October 6, 2021. Petitioner is seeking approval of new electric and common plant depreciation rates in this Cause, based on the study sponsored by John R. Spanos.
6. Pursuant to Ind. Code § 8-1-2-42(d), CEI South files a quarterly Fuel Adjustment Clause ("FAC") proceeding in Cause No. 38708 FAC XXX, to adjust its rates to account for fluctuations in its fuel and purchased energy costs.
7. CEI South files an annual proceeding in Cause No. 43405 DSMA XX⁴ to recover, via its approved Demand Side Management Adjustment ("DSMA"), demand side management costs, including costs associated with the direct load control inspection and maintenance program, performance incentives, and lost margins.
8. CEI South files an annual proceeding in Cause No. 44909 CECA XX⁵ to recover via its approved Clean Energy Cost Adjustment ("CECA") eligible costs of

⁴ The DSMA mechanism was initially authorized in the Commission's August 15, 2007, Order in Cause No. 43111.

⁵ The CECA mechanism was initially authorized in the Commission's August 16, 2017, Order in Cause No. 44909 for timely recovery of costs during construction and operation of approved clean energy projects through annual CECA filings. In its Order dated March 20, 2019, in Cause No. 45086, the Commission

approved clean energy projects under Ind. Code ch. 8-1-8.8, including (a) engineering and project management, management and administration, permitting, contractor site preparation, equipment, and installation costs during construction; and (b) depreciation expense, post-in-service carrying costs (“PISCC”), taxes, and operation and maintenance (O&M) expense once the projects are placed in service. CEI South’s current CECA mechanism includes a component to pass back credits resulting from the Inflation Reduction Act (“IRA”). As discussed below, CEI South proposes to remove this component from the CECA mechanism and include it in a separate TAR. In addition, CEI South uses the CECA mechanism to pass on to customers revenues from the sale of renewable energy credits (“RECs”) related to CEI South’s various renewable energy projects.

9. CEI South files annual Environmental Cost Adjustment (“ECA”) proceedings in Cause No. 45052 ECA XX⁶ to effectuate timely recovery of 80% of its federally mandated costs (as defined by Ind. Code § 8-1-8.4-2) attributable to the following four compliance projects: (a) federally mandated requirements related to CEI South’s Culley Unit 3 generating station (Culley 3 Project); (b) clean coal

further approved the Troy Solar Facility as a clean energy project and authorized timely recovery of the costs of that facility through the Company’s CECA mechanism as provided in the approved settlement agreement. In the January 11, 2023, Order in Cause No. 45754, the Commission approved the Pike County Solar Project and authorized CEI South to include the associated eligible revenue requirement in the CECA mechanism as a levelized rate. In the September 6, 2023, Order in Cause No. 45847 and the October 27, 2021, Order in Cause No. 45501, the Commission approved the Posey County Solar Project and authorized CEI South to include the associated eligible revenue requirement amounts in its next general rate case or in its CECA mechanism. In the June 6, 2023, Order in Cause No. 45836, the Commission approved a wind-powered energy generation project and authorized the recovery of the costs of the wind project in CEI South’s next general rate case or in its CECA mechanism.

⁶ The ECA mechanism was initially authorized in the Commission’s April 24, 2019, Order in Cause No. 45052.

technology projects at CEI South's Culley Unit 3 and Warrick Unit 4 (collectively the MATS Projects); (c) federally mandated requirements to close CEI South's A.B. Brown ash pond (Brown Pond Project); and (d) federally mandated compliance projects including a dry fly ash loading facility (Dry Ash Compliance Project) and federally mandated lined ponds at the A.B. Brown and F.B. Culley generating stations to handle coal-pile runoff, flue gas desulfurization wastewater, and other flows such as stormwater and landfill leachate in compliance with the EPA's coal combustion residuals ("CCR") rules (Pond Compliance Project) (collectively, CCR Compliance Projects). CEI South has a request for a Certificate of Public Convenience and Necessity for a federally mandated project pending in Cause No. 45903 for recovery through its ECA mechanism.

10. CEI South files annual MISO⁷ Cost and Revenue Adjustment ("MCRA") proceedings in Cause No. 43354 MCRA XX⁸ to recover costs associated with non-fuel-related MISO Day 1, Day 2, and Ancillary Services Market costs. CEI South has proposed updates for the MCRA as described in the direct testimony of Matthew A. Rice.

⁷ Midwest Independent System Operator

⁸ The MCRA mechanism was authorized in the Commission's August 15, 2007, Order in Cause No. 43111 and modified in the Commission's April 27, 2011, Order in Cause No. 43839. In Cause No. 43354 MCRA 21, the Commission approved a settlement agreement under which the MCRA tracker will be filed annually with the reconciliation period ending in June of each year. In the Cause No. 43354 MCRA 21 S1 Order dated September 2, 2020, the Commission approved a settlement agreement to modify the allocation percentages for each of CEI South's electric rider mechanisms (including MCRA) and to maintain these allocation percentages until the filing of CEI South's next electric base rate case.

- 11.** CEI South files annual Reliability Cost and Revenue Adjustment (“RCRA”) proceedings in Cause No. 43406 RCRA XX⁹ to track the differences between certain actual costs and revenues and the amounts of those costs and revenues included in CEI South’s base rates. RCRA cost and revenue components include the non-fuel component of purchased power, cost of Environmental Emission Allowances (“EEAs”), Interruptible Sales billing credits, the retail sharing portion of wholesale power marketing margins, the margin from municipal wholesale sales, and the retail portion of the margin from EEA sales (net of cost). CEI South has proposed updates for the RCRA as described in the direct testimony of Matthew A. Rice.
- 12.** Pursuant to the Commission’s September 20, 2017, Order in Cause No. 44910, CEI South files a semi-annual proceeding in Cause No. 44910 TDSIC XX to recover 80% of approved capital expenditures and transmission, distribution, and storage system improvement costs (“TDSIC”) incurred in connection with CEI South’s TDSIC Projects through its TDSIC Rider. CEI South’s current TDSIC mechanism includes a component to pass back credits resulting from changes in the federal tax rates under the TCJA. As discussed below, CEI South proposes to remove this component from the TDSIC mechanism and include it in the TAR. CEI South has filed for approval of a new TDSIC Plan in Cause No. 45894, which is pending before the Commission as of the filing of this petition.

⁹ The RCRA mechanism was authorized as a semi-annual filing in the Commission’s Order dated August 15, 2007, in Cause No. 43111 and April 27, 2011, Order in Cause No. 43839. In the October 27, 2012, Order in Cause No. 43406 RCRA 10, the Commission authorized CEI South to file the RCRA on an annual basis.

- 13.** As a result of the Commission’s financing order dated January 4, 2023, in Cause No. 45722, CEI South was authorized to implement, collect, and receive Securitization Charges associated with the securitization of A.B. Brown Units 1 and 2 pursuant to its Securitization of Coal Plants Tariff. Pursuant to that financing order, the accumulated deferred income taxes (“ADIT”) associated with the retiring A.B. Brown Units 1 and 2 are segregated from all other ADIT and not included in the calculation of Petitioner’s capital structure or otherwise used in finding CEI South’s authorized return in future rate cases. The financing order also established a Securitization ADIT Credit tariff to provide an annual credit to customers for the ADIT associated with A.B. Brown Units 1 and 2. In addition, the financing order required that the excess ADIT associated with A.B. Brown Units 1 and 2 be amortized and returned to customers over the life of the related Securitization Bonds. The excess accumulated deferred income taxes (“EADIT”) resulting from the TCJA is being flowed back to customers via the TDSIC. As described below, the Company is proposing to continue to flow back this EADIT over the life of the bonds but through the new TAR instead of the TDSIC. The Securitization Rate Reduction (“SRR”) tariff was a temporary rider established in Cause No. 45722 to provide customers with a credit for A.B. Brown Net Plant. CEI South proposes to zero out the SRR tariff in customer rates in this case, as the A.B. Brown Units 1 and 2 will no longer be included in base rates.

Petitioner’s Operating Results Under Existing Rates

- 14.** Since its basic rates and charges for utility service were last established in Cause No. 43839 (Order dated April 27, 2011), Petitioner has continued and will continue

to make significant capital expenditures for additions, replacements, and improvements to its Utility Properties. Also, the fair value of Petitioner's Utility Properties has materially increased. At the same time, some expenses and other costs have also increased. As a result, Petitioner's return on its Utility Properties currently is, and without increase will continue to be, below the level required to permit Petitioner to earn a fair return on the fair value of its Utility Properties; to provide revenues which will enable it to continue to attract capital required for additions, replacements, and improvements to its Utility Properties at a reasonable cost; to maintain and support Petitioner's credit; to assure confidence in Petitioner's financial soundness; and to earn a return on the value of its Utility Properties equal to that available on other investments of comparable risk. As a consequence, Petitioner's existing rates and charges now are and will continue to be insufficient to provide revenues adequate to cover its necessary and reasonable operating expenses and provide the opportunity to earn the fair return Petitioner must be provided the opportunity to earn by law. The existing rates of Petitioner, therefore, are unjust, unreasonable, insufficient, and confiscatory and should be increased.

Petitioner's Proposed Rates and Charges

- 15.** Petitioner requests that new rates and charges be authorized which will enable Petitioner to realize a proper and adequate utility operating income, maintain and support its credit, adequately service its outstanding securities, assure confidence in its financial soundness, allow Petitioner to earn a return equal to that available on other investments of comparable risk, and raise on fair and reasonable terms

such amounts of additional capital as will be required to enable Petitioner to render safe, adequate, and continuous electric service to the public. Except for the Securitization Charge tariff and the Securitization ADIT Credit tariff, Petitioner proposes to cancel its existing rate schedules governing the electric utility service rendered by it and to file new schedules of rates and charges with the Commission for approval. The proposed rate schedules are set forth in the attachments to the direct testimony of Matthew A. Rice.

Test Year and Rate Base Procedures

- 16.** Pursuant to Ind. Code § 8-1-2-42.7(d), Petitioner proposes and requests that a forward-looking test year be used in this proceeding on the basis of projected data for the 12-month period ending December 31, 2025 (“Test Year”). The historic base period utilized by Petitioner in this proceeding is the 12-month period ending December 31, 2022.
- 17.** Petitioner is utilizing the Test Year end, December 31, 2025, as the general rate base cutoff date.
- 18.** As described in the direct testimonies of Richard C. Leger, Chrissy M. Behme, and Matthew A. Rice, Petitioner is proposing a three-phase rate implementation, with potential interim phases as described in more detail by Ms. Behme, to reasonably reflect actual rate base, including the utility property that is used and useful at the time rates are placed into effect. In addition, CEI South is utilizing its actual capital structure and cost of capital based on its forecasted test-year-end regulatory capital structure as of December 31, 2025, for purposes of calculating a fair return on the fair value of its property. The total increase (after all three phases) is

projected to be \$118,757,693, or approximately 16.02% from pro forma revenues at the rates that would be in effect had this case not been filed. The Phase 1 increase is projected to be \$42,137,651, or approximately 6%; the Phase 2 increase is projected to be an additional \$24,482,578, or approximately 3% from Phase 1; the Phase 3 increase is projected to be an additional \$52,137,464, or approximately 7.0% from Phase 2. Mr. Rice presents a Typical Bill Comparison,¹⁰ and the direct testimony of John Taylor addresses how the Company's various customer classes will be affected by the proposed increase. Efforts undertaken by CEI South to mitigate the effect of the increase on rates are described in the direct testimonies of Messrs. Leger and Rice.

- 19.** Petitioner proposes that Phase 1 rates will take effect as soon as possible following issuance of the Order in this Cause and the Company's submission of the tariff and any required compliance filing. Actual capital structure and rate base data as of December 31, 2023, will be filed at the time of CEI South's rebuttal filing. As explained in the direct testimony of Chrissy M. Behme, certain revenue and expense adjustments will not be included, or will not be included at the full amount, at Phase 1 because the changes for which these adjustments are made will not occur until the test year. Other than any changes resulting from the Commission's findings in its final Order in this Cause, all of the information necessary to calculate Phase 1 rates will be available prior to the evidentiary hearing; as such, no post-order review process is needed or proposed for Phase 1 rates.

¹⁰ The bill comparison included in the "Sch. 1 Revenue Requirements" tab in the Commission's "strawman" schedules under GAO 2020-05 can be found in Petitioner's Exhibit No. 19, Attachment MAR-4.

- 20.** CEI South proposes Phase 2 rates will be implemented as soon as possible after January 1, 2025, following CEI South's certification of the net original cost rate base and the actual capital structure as of December 31, 2024. As explained in the direct testimony of Chrissy M. Behme, certain revenue and expense adjustments will not be included, or will not be included at the full amount, at Phase 2 because the changes for which these adjustments are made will not occur by the beginning of the test year. Consistent with the Commission's prior orders in future-test-year rate cases, Petitioner proposes the Phase 2 rates would take effect immediately upon filing on an interim, subject-to-refund basis. CEI South recommends the other parties to this proceeding be given a period of 60 days to review the Phase 2 submission and present any objections to the Commission. If needed to resolve any objections, Petitioner proposes the Commission could conduct a hearing and rates will be trued up, with carrying charges, retroactive to the date Phase 2 Rates were put into place.
- 21.** CEI South proposes Phase 3 rates will be implemented as soon as possible after December 31, 2025, following CEI South's certification of the net original cost rate base and the actual capital structure as of December 31, 2025, with pro forma results of operation based on the fully adjusted test year. Consistent with the Commission's prior orders in future-test-year rate cases, Petitioner proposes the Phase 3 rates would take effect immediately upon filing on an interim, subject-to-refund basis. CEI South recommends the other parties to this proceeding be given a period of 60 days to review the Phase 3 submission and present any objections to the Commission. If needed to resolve any objections, Petitioner proposes the

Commission could conduct a hearing and rates will be trued up, with carrying charges, retroactive to the date Phase 3 Rates were put into place.

22. As a rate mitigation effort, CEI South also proposes up to three additional interim rate implementation steps between Phases 2 and 3 as further described in Ms. Behme's direct testimony, to alleviate the impact of accrual of PISCC for each of the combustion turbines approved in Cause No. 45564 and the Posey Solar Project approved in Cause No. 45847. At each interim step, CEI South proposes to reflect the additional after-tax return and depreciation expense on each of the projects using the capital structure in effect at the beginning of the test year and used for Phase 2. CEI South proposes these interim steps would take effect upon filing of a certification that the plant in question is in service and that the same interim, subject-to-refund provisions proposed for Phases 2 and 3 would apply, including the same time period for other parties to raise objections.

Tax Adjustment Rider

23. As described in the direct testimonies of Jennifer K. Story and Matthew A. Rice, CEI South is proposing a new TAR tariff. The TAR would include two tax adjustment mechanisms that have already been approved. First, CEI South is presently passing back to customers the EADIT resulting from the TCJA through the TDSIC pursuant to a settlement agreement approved in Cause No. 45032 S21. This pass back will continue to be tracked outside of base rates and will move to the TAR. Second, Petitioner has been authorized to reflect in customer rates the effects of Production Tax Credits ("PTCs") resulting from the IRA that are not reflected in base rates. This adjustment is currently ordered to be reflected in CEI

South's CECA filings but CEI South proposes to move it to the TAR. The TAR would also reflect the new corporate alternative minimum tax ("CAMT") established under the IRA to fund the PTC tax savings extended under the IRA to solar resources and wind resources. For PTCs, tracking is proposed to begin in 2025. As explained by Ms. Story, payment of the CAMT creates a CAMT carryforward, which is a deferred tax asset. CEI South proposes that beginning with the year following the test year, the creation of any new CAMT carryforward will be reflected in the TAR by multiplying the new carryforward by the company's weighted average cost of capital from this rate case. The TAR is also proposed to capture pass back of Indiana State EADIT, which will also be outside base rates, similar to the federal TCJA EADIT.

Green Energy Rider

- 24.** CEI South proposes a new Green Energy Rider to allow eligible customers to purchase up to 85% of the RECs that are received for generation produced by CEI South's renewable generating resources—both those that CEI South owns and those for which CEI South has a Purchased Power Agreement. As explained in the direct testimony of Matthew A. Rice, CEI South registers its renewable generating resources in the Midwest Renewable Energy Tracking System ("M-RETS") tool, which allows CEI South to transfer RECs to participating customers that are also registered with M-RETS. Between July 1st and January 15th each year, eligible customers with a minimum annual usage of 5,000 MWh that wish to participate in the Green Energy Rider will sign up on the Company's website and request the volume of RECs needed. CEI South will use this information to allocate

available RECs to the participating customers. Each month CEI South will sell 15% of its RECs into the M-RETS market, which will set the market price for the sale or RECs to participating customers. Each year, any variance between the REC price in the Green Energy Rider and market prices in the M-RETS market will be reconciled and collected from or passed back to participating customers.

25. CEI South proposes to include the Green Energy Rider schedules in its CECA mechanism and to continue to use the CECA to pass back all proceeds associated with selling RECs to customers, whether sold through the Green Energy Rider or into the M-RETS market.

Critical Peak Pricing Pilot Program

26. As described in the direct testimony of Matthew A. Rice, CEI South is proposing a CPP pilot program to explore the potential use of a tool to help manage peak loads during hours of highest usage. The program as proposed would include a time of use (“TOU”) rate with multiple tiers of pricing with lower prices at off-peak times and higher prices at on-peak times, providing an incentive for customers to shift load from on- to off-peak hours. During times of anticipated highest usage (a “critical peak event”), CEI South would communicate with customers that a critical peak event will occur. During the event, the cost of energy would be elevated above the typical on-peak period pricing to provide greater incentive for customers to shift load. With the implementation of the advanced metering infrastructure (AMI) system described by in the direct testimony of Amy L. Folz, CEI South now has a metering system that will help enable this rate structure. The pilot will allow CEI South to better understand the potential benefits of a full CPP program, while

allowing it to build effective communication tools to help ensure the future success of such a program.

27. CEI South proposes that for residential customers to be eligible for the CPP Pilot Program they must have a wi-fi enabled thermostat and they must have at least one year of automated meter data at the current service address at the time of registration. Enrollment in the pilot program would be capped at 500 participants. Residential customers currently receiving service under a demand response tariff, i.e., the current Direct Load Control Rider or the proposed Thermostat Load Control Rider, will not be eligible for service under the proposed RS-CPP tariff. After enrolling, participants may unenroll for any reason; however, they will not be eligible to receive service under the RS-CPP tariff for one year from the unenrollment date.
28. CEI South estimates the costs of the CPP Pilot at \$1.75 million, of which a portion is expected to be booked to expense. Petitioner proposes to defer the expenses of the CPP Pilot to a regulatory asset, with amortization to begin when rate recovery of the amortization expense begins.
29. CEI South proposes that if the CPP Pilot Program is approved, it will include the final proposed TOU rates in a separate docket.

Regulatory Accounting Treatment

30. As described in the direct testimony of Chrissy M. Behme, going forward from the end of the test year in this case, CEI South proposes to capitalize all cloud computing costs by establishing a regulatory asset to reflect amounts not already included in base rates that are incurred for third-party CCAs.

Alternative Regulatory Plan – Remote Disconnection for Non-Payment

- 31.** CEI South is requesting Commission approval of an ARP to grant CEI South a waiver from the requirements of 170 IAC 4-1-16(f), which requires a utility employee immediately before the actual disconnection of service to, among other things, make a reasonable attempt to identify himself or herself; announce the purpose of his/her visit to the premises; inform the customer of the reason for disconnection, including the amount of any delinquent bill of the customer; and request any available verification that the outstanding bills has been satisfied. CEI South is specifically seeking a variance from the requirement to be physically present on the customer's premises for the disconnect.
- 32.** The direct testimony of Amy L. Folz supports this ARP and describes Petitioner's process for notifying customers prior to disconnection for non-payment. CEI South's requested waiver is similar to that granted in Cause No. 45353 (Duke Energy Indiana), the settlement approved in Cause No. 44967 (Indiana Michigan Power), and Indiana Michigan Power's 2021 base rate case in Cause No. 45576.
- 33.** Petitioner believes the ARP is in the public interest and will provide significant benefits in reducing safety risks, improving work efficiencies, and reducing the reconnect fees, all as described by Ms. Folz.
- 34.** The Commission's authority under Ind. Code ch. 8-1-2.5 allows the Commission to approve an alternative regulatory plan that grants CEI South a waiver from 170 IAC 4-16-1(f), and CEI South elects to become subject to such section for purposes of this Petition as provided in Ind. Code § 8-1-2.5-4. Therefore, CEI

South requests that its ARP be found to be in the public interest and approved under Ind. Code ch. 8-1-2.5.

Submission of Case in Chief and Other Supporting Documentation

- 35.** Petitioner is filing its case in chief, including the information required by subsection (b) of Ind. Code § 8-1-2-42.7 (“Section 42.7”), contemporaneous with this verified petition. Petitioner has attached to this petition a summary of the issues addressed by each witness submitting testimony in CEI South’s case in chief. As recognized in the Commission’s GAO 2013-05, a future test year does not align with all of the Commission’s pre-existing MSFRs (as set forth in 170 IAC 1-5). Therefore, CEI South has used the MSFRs as guidance as to the categories of information that are appropriate for inclusion as working papers and has provided supporting documentation in line with the Commission’s MSFRs, modified where appropriate to conform with the forward-looking test year authorized by Section 42.7, including, where feasible, to conform to the most recent version of the Commission’s “strawman” revised rules.
- 36.** Petitioner is submitting the workpapers and other information that would be required by 170 IAC 1-5, as modified in accordance with the statements above. Petitioner’s workpapers and supporting documentation are provided electronically and/or on CD (in Excel format where appropriate), including the supporting workpapers for all forward-looking proposed adjustments, the cost-of-service study, and the proposed cost of equity and fair rate of return, pursuant to the best practices set forth in GAO 2013-05 and GAO 2020-05. Petitioner’s case in chief contains the following schedules contemplated by GAO 2020-05, along with other

supporting attachments and workpapers: (1) Balance Sheet (Petitioner's Exhibit No. 3, Attachment SEG-2); (2) Income Statement (Petitioner's Exhibit No. 3, Attachment SEG-1); (3) revenue requirement summary (Petitioner's Exhibit No. 20, Schedule A-1¹¹); (4) Gross Revenue Conversion Factor (Petitioner's Exhibit No. 20, Schedule A-2); and (5) Pro forma net operating income statement (Petitioner's Exhibit No. 20, Schedule C-1.1a). An index of issues, requests, and supporting witnesses is attached to this verified petition as Attachment A.

37. In accordance with the guidance provided by GAO 2013-05, Petitioner provided its Notice of Intent to File Rate Case to the Commission on November 3, 2023. This Notice was provided at least 30 days prior to the date of filing this verified petition. In addition, prior to this filing, CEI South met with the OUCC, the CEI South Industrial Group ("Industrial Group"), and the CAC to discuss the filing.

Confidential Information

38. Pursuant to 170 IAC 1-5-15(e)(2), the electronic copy of the cost-of-service study is to be treated as confidential and protected from disclosure to the public under Ind. Code § 5-14-3-4 and Ind. Code § 8-1-2-29.
39. Contemporaneous with this filing, Petitioner is filing a *Motion for Protection and Nondisclosure of Confidential and Proprietary Information* in accordance with 170 IAC 1-1.1-4 and to otherwise comply with 170 IAC 1-5-3. The filing of this motion is necessary and appropriate to protect confidential information included in Petitioner's filing. The confidential information will be submitted once the

¹¹ The bill comparison included in the "Sch. 1 Revenue Requirements" tab in the Commission's "strawman" schedules under GAO 2020-05 can be found in Petitioner's Exhibit No. 19, Attachment MAR-4.

Commission has issued an order preliminarily granting Petitioner's motion. Petitioner will work with the OUCC and other intervenors to negotiate acceptable nondisclosure agreements to facilitate the production of confidential information as appropriate.

Procedural Matters

40. Pursuant to 170 IAC 1-1.1-9(a)(8) and the best practices set forth in the Commission's GAO 2013-05, Petitioner has discussed the procedural schedule for this case with the OUCC, the Industrial Group, and the CAC in an effort to develop an agreed procedural schedule, but the parties have not reached an agreement. As permitted by 170 IAC 1-1.1-9(a)(8)(B), Petitioner will file a proposed procedural schedule based on the guidelines set forth in GAO 2013-05 in a separate filing. If any party disagrees with the proposed schedule, CEI South requests that the Commission promptly conduct a prehearing conference and preliminary hearing to address procedural matters including setting a procedural schedule for this proceeding that will allow the Commission sufficient time to issue a final order in accordance with Ind. Code § 8-1-2-42.7 and GAO 2013-5.

Customer Notification

41. In accordance with Ind. Code § 8-1-2-61(a) and Ind. Code § 8-1-2.5-6(d), Petitioner will publish notice of the filing of this verified petition, including the ARP, in a newspaper of general circulation in each Indiana county in which Petitioner renders electric utility service. Petitioner will provide its customers with a notice summarizing the nature and extent of the proposed changes as required by the

Commission's rules. These notices and the proofs of publication will be submitted as late-filed attachments to the direct testimony of Richard C. Leger.

Applicable Statutory Provisions

42. Petitioner considers that the provisions of Ind. Code §§ 8-1-2-4, -6, -7, -10, -19, -20, -21, -23, -42, -42.7, -61, -68 and -71, and chs. 8-1-2.5 and 8-1-39, among others, are applicable to the subject matter of this Petition.

Attorneys for Petitioner

43. The names and addresses of CEI South's duly authorized representatives, to whom all correspondence and communications concerning this verified petition should be sent, are as follows:

Counsel of Record:	
<p>Heather A. Watts (Atty. No. 35482-82) Jeffery A. Earl (Atty. No. 27821-64) Alyssa N. Allison (Atty. No. 38083-82) Kelly M. Beyrer, Atty. No. 36322-49 Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South 211 NW Riverside Dr. Evansville, IN 47708 Ms. Watts' Direct Dial: (812) 491-5119 Mr. Earl's Direct Dial: (317) 260-5399 Ms. Allison's Direct Dial: (812) 491-4159 Ms. Beyrer's Direct Dial: (317) 260-5332 E-mail: Heather.Watts@centerpointenergy.com Jeffery.Earl@centerpointenergy.com Alyssa.Allison@centerpointenergy.com Kelly.Beyrer@centerpointenergy.com</p>	<p>Nicholas K. Kile (Atty. No. 15203-53) Hillary J. Close (Atty. No. 25104-49) Lauren M. Box, (Atty. No. 32521-49) Lauren Aguilar (Atty No. 33943-49) Barnes & Thornburg LLP 11 South Meridian Street Indianapolis, Indiana 46204 Kile Telephone: (317) 231-7768 Close Telephone: (317) 231-7785 Box Telephone: (317) 231-7289 Aguilar Telephone: (317) 231-6474 Email: nicholas.kile@btlaw.com hillary.close@btlaw.com lauren.box@btlaw.com lauren.aguilar@btlaw.com</p>
<p>With Copy to:</p> <p>Matthew A. Rice Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South 211 NW Riverside Dr. Evansville, IN 47708 Mr. Rice's Direct Dial: (812) 491-4876 E-mail: Matt.Rice@centerpointenergy.com</p>	

WHEREFORE, Petitioner respectfully requests that the Commission make such investigation and hold such hearings as are necessary or advisable; and issue an Order in this Cause in accordance with the timeframe established in Section 42.7 and GAO 2013-05:

- (a) Finding that Petitioner's existing rates for electric utility service are unjust, unreasonable, insufficient, confiscatory, and inadequate to provide the

opportunity to earn a fair return on the fair value of Petitioner's Utility Properties used and useful for the convenience of the public in rendering electric utility service;

- (b) Determining, and by order fixing, increased electric service rates and charges to be imposed, observed, and followed in the future by Petitioner in lieu of those found to be unjust, unreasonable, insufficient, and confiscatory;
- (c) Authorizing and approving the filing by Petitioner of new schedules of increased rates and charges applicable to the electric utility service rendered by Petitioner so as to provide just, reasonable, sufficient, and non-confiscatory rates;
- (d) Approving various changes in the terms, conditions, and provisions of CEI South's Tariff for Electric Service (including rates, charges, rules, riders, and appendices) as described in this petition and in Petitioner's case in chief;
- (e) Authorizing CEI South to revise its depreciation rates as described in this petition and in Petitioner's case in chief;
- (f) Authorizing and approving Petitioner's Tax Adjustment Rider as described in this petition and in Petitioner's case in chief;
- (g) Authorizing and approving Petitioner's Green Energy Rider as described in this petition and in Petitioner's case in chief;
- (h) Authorizing and approving Petitioner's Critical Peak Pricing Pilot Program as described in this petition and in Petitioner's case in chief;

- (i) Granting accounting authority necessary to implement the relief authorized in a Final Order in this Cause, including the accounting authority described in this petition and in Petitioner's case in chief;
- (j) Authorizing and approving Petitioner's Alternative Regulatory Plan for waiver from 170 IAC § 4-1-16(f) to allow remote disconnections for non-payment;
- (k) Approving the other requests set forth in this petition and in CEI South's case in chief; and
- (l) Granting to Petitioner such other and further relief as may be appropriate and proper.

DATED this 5th day of December, 2023.

Southern Indiana Gas and Electric Company d/b/a
CenterPoint Energy Indiana South



Richard C. Leger
Senior Vice President, Indiana Electric



Jeffery A. Earl, Atty. No. 27821-64

Verification

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



Richard C. Leger
Senior Vice President, Indiana Electric

12/05/23

Date

CERTIFICATE OF SERVICE

I certify that on December 5, 2023, a copy of 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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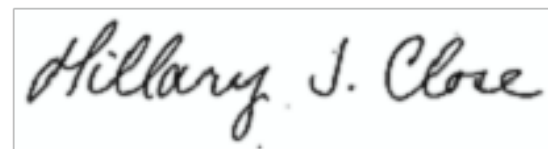
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Hillary J. Close

Southern Indiana Gas and Electric Company
d/b/a CenterPoint Energy Indiana South.
2023 Electric Rate Case
Index of Issues, Requests, and Supporting Witnesses¹

Subject	GENERAL	Supporting Witness (Petitioner's Exhibit No. reference)
Test Year	Twelve Months Ended December 31, 2025.	<ul style="list-style-type: none"> • Behme (No. 2)
Historical Base Period	Twelve Months Ended December 31, 2022.	<ul style="list-style-type: none"> • Behme (No. 2)

REVENUE REQUIREMENT

Subject	Request	Supporting Witness
Overall Revenue Increase	Total increase (after all three phases) projected to be \$118,757,693, or approximately 16.02% from pro forma revenues at the rates that would be in effect had this case not been filed, to be phased in over a minimum of three phases.	<ul style="list-style-type: none"> • Leger (No. 1) (overview and drivers) • Behme (No. 2) (overall revenue requirement and phased approach) • Rice (No. 19) (phased approach) • Financial Exhibit (No. 20) (Schs. A and C)
Financial Forecast	<ul style="list-style-type: none"> • Set rates based on Test Year financial forecast. • Reflect forecasted revenues O&M and capital investments in rates. 	<ul style="list-style-type: none"> • Gray (No. 3) (overall development of test year forecast). • Rawlinson (No. 4) (transmission and distribution capital forecast) • Bradford (No. 7) (generation capital forecast) • Bahr (No. 8) (information technology forecast) • Russo (No. 16) (test year

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

Subject	Request	Supporting Witness
		sales forecast) • Behme (No. 2) (adjustments to rate base and pro forma net operating income)
Return on Equity (ROE)	Authorize 10.40% ROE.	• Leger (No. 1) (reduction from Bulkley recommended ROE as rate mitigation effort) • Bulkley (No. 13) (Recommended ROE of 10.6%)
Weighted Average Cost of Capital (WACC)	Authorize forecasted WACC of 7.06% applied to original cost rate base.	• Jerasa (No. 15) (capital structure, cost of debt, financing activity) • Story (No. 14) (ADIT and EADIT balances) • Bulkley (No. 13) (ROE) • Financial Exhibit (No. 20, Sch. D)
Compensation and Benefits	The Company's compensation and benefit programs.	• Williford (No. 10)
Corporate Allocations	• Service Company allocations to CEI South. • Vectren Utility Holdings, LLC ("VUH") allocations to CEI South.	• Wood (No. 9)
Taxes	• Reflect forecasted Test Year tax expense in base rates. • Apply gross revenue conversion factor (GRCF). • Establishment of new tax adjustment rider ("TAR").	• Story (No. 14) (FIT and SIT; property tax, TAR) • Behme (No. 2) (GRCF) • Rice (No. 19) (TAR)
Depreciation	• Set new depreciation rates and reflect the resulting depreciation expense in base rates based on depreciation study.	• Spanos (No. 12) (depreciation)

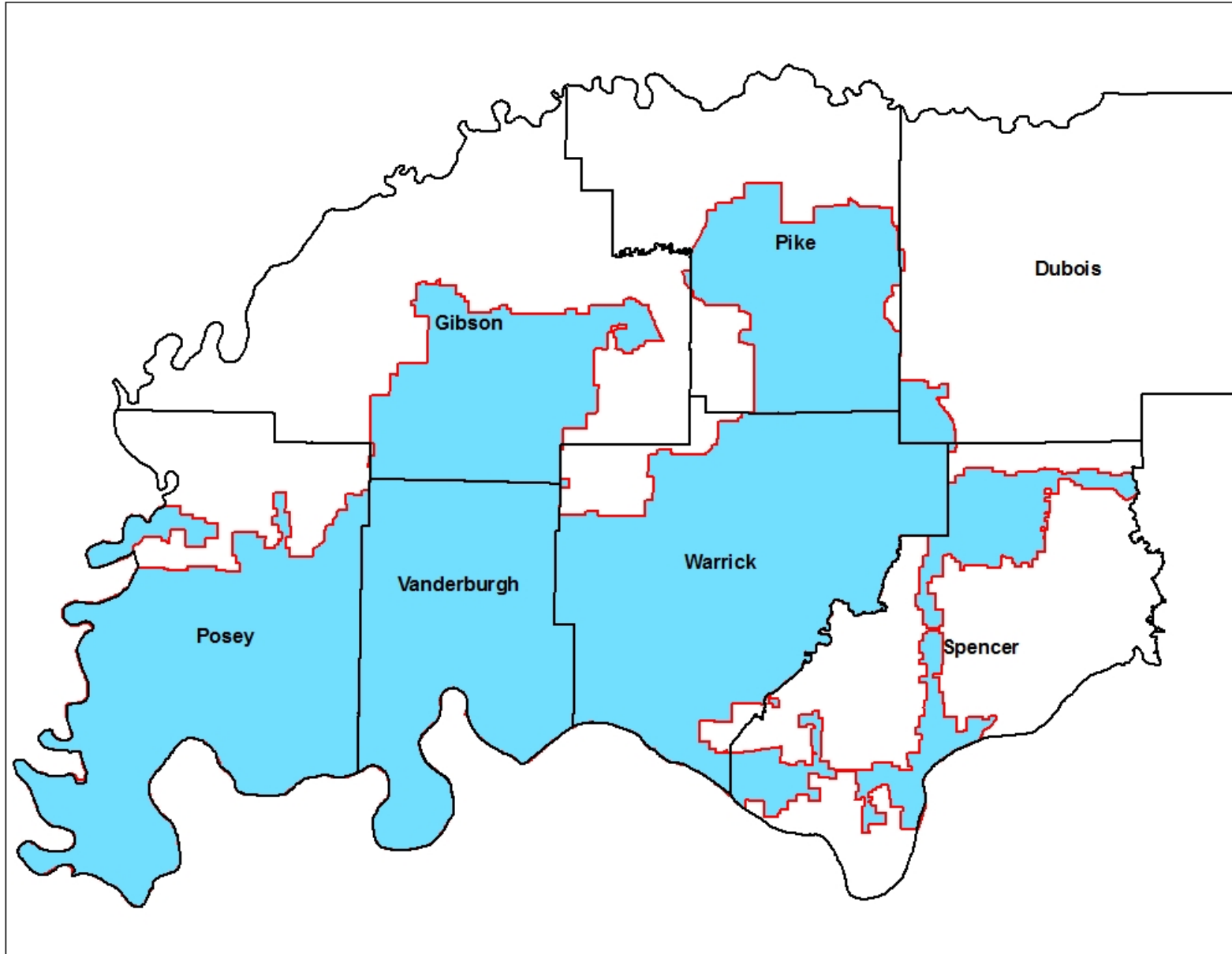
COST OF SERVICE AND RATE DESIGN

Subject	Proposal	Supporting Witness
Allocated Cost of Service Study (ACOSS)	<ul style="list-style-type: none"> • Four coincident peak (“4CP”) method to allocate demand-related costs associated with generation. • Twelve coincident peak (“12CP”) method to allocate demand-related costs associated with transmission. • Non-coincident peak method to allocate demand-related costs associated with distribution system. • Customer-related costs allocated based on number of customers or cost-weighted number of customers. • Energy-related costs based on fuel cost revenue recovered through each rate class. • Revenue allocation that assigns the increase in revenues to CEI South’s rate schedules in varying proportions to the present revenue levels, balancing a full movement to the cost to serve and customer impact considerations. • 	<ul style="list-style-type: none"> • Taylor (No. 18) (ACOSS, allocation factors)
Overall Rate Design	<ul style="list-style-type: none"> • Allocation of revenue increase. • Monthly customer charge rates at levels that reflect movement toward their full customer-related cost responsibility. : 	<ul style="list-style-type: none"> • Taylor (No. 18) (rate design)
Other Rider Proposals	<ul style="list-style-type: none"> • Tax Adjustment Rider (“TAR”). • Green Energy Rider (“Rider GE”). • Aggregation Demand Response Rider (“Rider ADR”). 	<ul style="list-style-type: none"> • Story (No. 14) (TAR) • Rice (No. 19) (Rider GE, TAR) • Forshey (No. 17) (Rider ADR)
Proposed Pilot Program	Time of Use Rate through Critical Peak Pricing (“CPP”) Pilot.	<ul style="list-style-type: none"> • Rice (No. 19) (description of pilot program and costs) • Behme (No. 2) (accounting treatment) • Taylor (No. 18) (development of illustrative rates)
Terms and Conditions of Service and Tariffs	Add, modify, or eliminate certain riders and adjustment mechanisms, including Base, Backup and Maintenance Rate (“Rate BAMP”), Economic Development Rider (“Rider ED”), other Demand Response riders.	<ul style="list-style-type: none"> • Rice (No. 19) (tariff changes) • Taylor (No. 18) (rate design considerations) • Forshey (No. 17)

Subject	Proposal	Supporting Witness
		(changes to Demand Response riders, Rate BAMP, Rider ED)

OTHER

Subject	Request	Supporting Witness
Alternative Regulatory Plan	Waiver from 170 IAC 4-1-16(f) to allow remote disconnections.	<ul style="list-style-type: none"> • Folz (No. 5)
Regulatory Accounting Treatment	<ul style="list-style-type: none"> • Authority to defer to a regulatory asset all of the costs of the CPP Pilot that would otherwise be booked to expense. • Authority, going forward from the end of the test year, to capitalize all cloud computing costs by establishing a deferred regulatory asset to reflect amounts not already included in base rates that are incurred for third party cloud computing arrangements. 	<ul style="list-style-type: none"> • Behme (No. 2) (accounting treatment) • Bahr (No. 8) (description of cloud computing arrangements) • Rice (No. 19) (description of CPP Pilot)



CEI South Electric
Service Territory



Attachment RCL-3 Late-Filed Exhibit

Attachment RCL-4 Late-Filed Exhibit