Cause No. 45894

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

DIRECT TESTIMONY
OF
CHRISSY M. BEHME
MANAGER, REGULATORY REPORTING

ON

PROPOSED TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC) PLAN REVENUE REQUIREMENT

SPONSORING PETITIONER'S EXHIBIT NO. 6,
ATTACHMENTS CMB-1 THROUGH CMB-2

DIRECT TESTIMONY OF CHRISSY M. BEHME

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Chrissy M. Behme. My business address is 211 NW Riverside Drive, Evansville, IN 47708.

Q. BY WHOM ARE YOU EMPLOYED?

A. I am employed by CenterPoint Energy Service Company, LLC ("Service Company"), a wholly-owned subsidiary of CenterPoint Energy, Inc. The Service Company provides centralized support services to CenterPoint Energy, Inc.'s operating units, which includes Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("Petitioner", "CEI South", or "Company"), an indirect subsidiary of CenterPoint Energy, Inc.

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

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

Q. WHAT IS YOUR ROLE WITH RESPECT TO PETITIONER?

A. I am Manager, Regulatory Reporting.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I graduated from the University of Evansville in 2015 with a Bachelor of Science in Accounting. I joined CenterPoint Energy, Inc. in 2014 as an Accounting Analyst and have held various accounting and reporting positions with increasing responsibility with CEI South or one of its affiliates[1] since that time. Those positions include Senior Accounting Analyst, Senior External Reporting and Accounting Research Analyst, Senior Utility Accounting Analyst, and Lead Regulatory Reporting Analyst. In October 2021, I was promoted to my current role as Manager, Regulatory Reporting and have been supporting CEI South since that time.

[1] For the sake of clarity, my testimony refers to CEI South even though in certain situations, I may be referring to CEI South when it operated under a different name.

Q. WHAT ARE YOUR PRESENT DUTIES AND RESPONSIBILITIES AS MANAGER, REGULATORY REPORTING?

A. I am responsible for the financial analysis and implementation of regulatory initiatives for CenterPoint Energy Inc.'s regulated utility operations covering Indiana and Ohio. These duties include preparation of accounting exhibits submitted in various regulatory proceedings for these operations, including CEI South.

Q. ARE YOU FAMILIAR WITH THE BOOKS, RECORDS, AND ACCOUNTING PROCEDURES OF CEI SOUTH?

A. Yes, I am.

Q. ARE CEI SOUTH'S BOOKS AND RECORDS MAINTAINED IN ACCORDANCE WITH THE FEDERAL ENERGY REGULATORY COMMISSION ("FERC") UNIFORM SYSTEM OF ACCOUNTS ("USOA") AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP")?

A. Yes.

Q. HAVE YOU EVER TESTIFIED BEFORE THE INDIANA UTILITY REGULATORY COMMISSION ("IURC" OR "COMMISSION")?

A. Yes, I have testified before the Commission on behalf of CEI South in its Gas Cost Adjustment ("GCA") proceeding, Cause No. 37366; its Fuel Adjustment Clause ("FAC") proceeding, Cause No. 38708; its Environmental Cost Adjustment ("ECA") proceeding, Cause No. 45052; its Clean Energy Cost Adjustment ("CECA") proceeding, Cause No. 44909; its Electric Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") proceeding, Cause No. 44910; its Compliance & System Improvement Adjustment ("CSIA") proceeding, Cause No. 45612; its request for a certificate of public convenience and necessity ("CPCN") for the F.B. Culley East Ash Pond compliance filing, Cause No. 45795; and its request for a CPCN to purchase and acquire, through a build transfer agreement ("BTA"), a wind energy generating facility, Cause No. 45836. Most recently, I testified on behalf of CEI South, in Cause No. 45839, in its request to enter into certain amendments to Power Purchase Agreements ("PPAs") relating to solar projects in Vermillion and Warrick counties as well as Cause No. 45847 in support of CEI South's request for approval of an Amended and Restated BTA under which CEI South is requesting a CPCN to purchase and acquire, through a BTA, a solar project in Posey County, Indiana with a capacity of 191 Megawatt alternating current ("MWac"). I have also presented testimony before the Commission on behalf of Indiana Gas Company, Inc. d/b/a CenterPoint Energy Indiana North ("CEI North") in its GCA proceeding, Cause No. 37394, and its CSIA proceeding, Cause No. 45611.

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

A. I will support CEI South's request, described by Petitioner's Witness Matthew A. Rice, for a Transmission, Distribution and Storage System Improvement Charge ("TDSIC") to recover CEI South's revenue requirement for its 2024 – 2028 TDSIC Plan (the "TDSIC Plan"). I will generally address the accounting provided under Ind. Code Ch. 8-1-39 (the "TDSIC Statute") and how CEI South will specifically capture the new capital investment costs incurred pursuant to the TDSIC Statute. I will also discuss the TDSIC revenue requirement and supporting schedules.

In addition, I will discuss the proposed adjustment to the authorized return amount utilized in the FAC net operating income ("NOI") earnings tests (Ind. Code § 8-1-2-42(d) and § 8-1- 2-42.3) as a result of the proposed TDSIC, consistent with the TDSIC Statute.

Q. ARE YOU SPONSORING ANY ATTACHMENTS IN THIS PROCEEDING?

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

- Petitioner's Exhibit No. 6, **Attachment CMB-1, Schedules 1 through 10**. The schedules are similar in nature to the structure approved within the 2017 – 2023 TDSIC Plan ("44910 TDSIC Plan"), with any material changes discussed in the below testimony. References throughout my testimony to "schedules" are to the illustrative example of the semi-annual TDSIC filing schedules; and
- Petitioner's Exhibit No. 6, **Attachment CMB-2**, Illustrative Estimated Revenue Requirement and Annual Revenue Increase.

II. ACCOUNTING TREATMENT

Q. PLEASE SUMMARIZE CEI SOUTH'S ACCOUNTING PROPOSALS AND THE STATUTORY AUTHORITY SUPPORTING THESE PROPOSALS.

A. Pursuant to the TDSIC Statute, CEI South is requesting accounting authority for, and subsequent recovery of, costs specific to the proposed 5-Year infrastructure plan – the

2024 – 2028 TDSIC Plan – discussed in more detail by Petitioner's Witness Stephen R. Rawlinson.

The TDSIC Statute provides for timely recovery of 80% of the approved capital expenditures and TDSIC costs via a periodic automatic adjustment of the utility's rates (Ind. Code § 8-1-39-9(a)). CEI South is proposing to include the costs associated with the TDSIC Plan in the TDSIC mechanism, with the remaining 20% deferred and recovered by the Company as part of CEI South's next two general base rate case proceedings, as further described by Petitioner's Witness Rice (Ind. Code § 8-1-39-9(c)).

Q. PLEASE EXPLAIN THE SPECIFIC ACCOUNTING TREATMENT CEI SOUTH IS REQUESTING IN THIS CASE.

A. CEI South is proposing the following accounting treatment in accordance with the TDSIC Statute:

1. Recovery of 80% of approved capital expenditures and TDSIC costs via a rate adjustment mechanism, including costs associated with:
    a. Capital investment in eligible projects, both completed and under construction
    b. Financing costs on projects under construction (i.e., allowance for funds used during construction or "AFUDC")
    c. Post-in-service carrying costs ("PISCC")
    d. Projected and annualized property tax and depreciation expense
    e. Amortization of deferred depreciation expense, planning development expense, and PISCC
2. Deferral of 20% of approved capital expenditures and TDSIC costs, for subsequent recovery in a base rate case, including costs associated with:
    a. Capital investment in eligible projects, both completed and under construction
    b. Financing costs on projects under construction (i.e., AFUDC)
    c. PISCC
    d. Projected and annualized property tax and depreciation expense
    e. Amortization of deferred depreciation expense, planning development expense, and PISCC

3. Interim depreciation and PISCC deferrals and subsequent recovery of deferred amounts via the rate adjustment mechanism.

Q. HOW DOES THE TDSIC STATUTE DEFINE ELIGIBLE COSTS?

A. The TDSIC Statute defines eligible TDSIC costs as:

> . . . the following costs incurred with respect to eligible transmission, distribution, and storage system improvements incurred both while the improvements are under construction and post in service:
> (1) Depreciation expenses.
> (2) Operation and maintenance expenses.
> (3) Extensions and replacements to the extent not provided for through depreciation, in the manner provided for in Ind. Code § 8-1.5-3-8.
> (4) Property taxes.
> (5) Pretax returns.

Ind. Code § 8-1-39-7.

Q. HOW WILL CEI SOUTH CAPTURE THESE ELIGIBLE COSTS FOR RECOVERY WITHIN THE PROPOSED SEMI-ANNUAL TDSIC FILINGS?

A. Consistent with this definition, CEI South will accumulate, within the calculated revenue requirement, all eligible costs incurred pursuant to the TDSIC Statute. This will represent the basis for the recovery of 80% of the eligible revenue requirement amounts requested in each periodic TDSIC filing.

Q. WHAT IS INCLUDED IN "NEW CAPITAL INVESTMENT"?

A. New capital investment includes gross plant, both in service and Construction Work in Progress ("CWIP"), specific to investments under the TDSIC Plan. Additionally, new capital investment will also include amounts associated with prepayments made in 2022 and 2023 for essential equipment ordered in advance. The prepayments were necessary in order to receive equipment by the 2024 – 2028 TDSIC Plan start date. The accumulated depreciation on these new capital investments, net of any cost of removal or salvage related to the disposal of assets retired and replaced because of these investments, will be included as a reduction to the gross plant balance. Finally, the PISCC on in service investments not yet captured for recovery in the TDSIC will be added to the net new capital investments. CEI South will utilize the actual balance as of the filing cut-off date to calculate the annualized depreciation expense and PISCC not yet captured for recovery in the TDSIC.

Q. HOW WILL PRE-TAX RETURN ON NEW CAPITAL INVESTMENT BE CALCULATED?

A. The pre-tax return on the new capital investment will be calculated by multiplying the pre-tax rate of return, based on the weighted average cost of capital ("WACC"), by the total new capital investment related to the proposed TDSIC Plan.

Q. WHAT WACC WILL BE UTILIZED?

A. CEI South proposes to use a WACC for the TDSIC based upon the actual capital structure at the end of each respective measurement period in the TDSIC, inclusive of the typical items included in the Company's base rate case capital structure: (1) long-term debt, (2) common equity, (3) customer deposits, (4) cost free capital, including deferred income taxes, and (5) investment tax credits. Consistent with the TDSIC Statute, the balances and cost of debt will be based on the actual amounts, and the cost of equity will be set at 10.4% as approved in the Rate Case Order. This rate will be used in the TDSIC revenue requirement calculation, and the equity component will be grossed up for recovery of income taxes, both state and federal, at then current rates.

Q. PLEASE EXPLAIN CEI SOUTH'S PROPOSAL TO DEFER THE REMAINING 20% OF ELIGIBLE REVENUE REQUIREMENT AMOUNTS NOT RECOVERED IN THE TDSIC.

A. As provided for in the TDSIC Statute, the remaining 20% of eligible revenue requirement amount shall be deferred in a regulatory asset for recovery as part of CEI South's next two base rate case proceedings with the Commission as further described by Mr. Rice. Consistent with the 80% portion recoverable in the TDSIC, the revenue requirement calculation discussed later in my testimony will be used to derive the 20% deferred for future recovery.

Q. PLEASE EXPLAIN THE PROPOSAL TO DEFER AND SUBSEQUENTLY RECOVER INCREMENTAL DEPRECIATION EXPENSE ON AN INTERIM BASIS PRIOR TO INCLUSION IN THE TDSIC.

A. CEI South proposes to defer depreciation expense on the capital investments in the TDSIC Plan, from their in-service dates until the date TDSIC rates are effective. Commencing on the date the projects are placed in service, the depreciation expense will be charged to FERC Account 403, Depreciation Expense, with a corresponding credit to FERC Account 108, Accumulated Provision for Depreciation of Electric Utility Plant. Concurrently, the deferral of depreciation would be recorded as a charge to FERC Account 182.3, Other Regulatory Assets, and a credit for FERC Account 407.4, Regulatory Credits, until such point as the assets will be included in the TDSIC and recovered through rates. The proposed accounting for the deferral of depreciation is in accordance with GAAP and, specifically, Accounting Standards Codification ("ASC") 980. ASC 980 specifies that an entity shall capitalize all or part of an incurred cost that would otherwise be charged to expense if it is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes and the future revenue will be provided to permit recovery of the previously incurred cost.

Q. HOW DOES CEI SOUTH PROPOSE RECOVERING THE REGULATORY ASSET BALANCES IN FERC ACCOUNT 182.3 RECORDED THROUGH INTERIM DEFERRAL OF DEPRECIATION EXPENSES?

A. CEI South will amortize the cumulative deferred balances over time and include the amortization amount in the TDSIC revenue requirements. Specific to depreciation expense, CEI South proposes to amortize the deferred balance through the TDSIC over the life of the assets that generated the depreciation expense. The calculation will utilize the depreciation rates applicable to the class of plant as the basis for the amortization period, as approved in the most recent CEI South general rate case.

Q. PLEASE EXPLAIN THE AMORTIZATION OF COSTS ASSOCIATED WITH THE TDSIC PLAN DEVELOPMENT?

A. As discussed by Witness Rawlinson, CEI South has incurred costs to assist in the development of the TDSIC Plan, including engineering and development of detailed cost estimates, incremental benefit analysis, and support during case development. These costs are directly linked with the TDSIC Plan proposed in this filing. CEI South proposes to defer these costs in FERC Account 182.3 for subsequent recovery in the proposed TDSIC. CEI South proposes to amortize and recover this deferred balance through the TDSIC over a period of five (5) years. This is similar to how such costs were treated in the 44910 TDSIC Plan, although in the 44910 TDSIC Plan the costs were amortized over a shorter period of time.

Q. PLEASE EXPLAIN THE PROJECTED EXPENSE RECOVERY RATEMAKING TREATMENT BEING REQUESTED WITHIN THE TDSIC.

A. CEI South is seeking authority of the TDSIC to recover annualized depreciation, amortization, and property tax expenses. To provide for timely recovery, CEI South's proposed TDSIC mechanism will project an annualized level of expense related to the depreciation, amortization and property tax expenses associated with new capital investments.

Q. HOW WILL THE DEPRECIATION EXPENSE INCLUDED FOR RECOVERY BE CALCULATED?

A. Depreciation expense included for recovery in the TDSIC will reflect an annualized level of expense related to the gross new capital investment as of the cut-off date of the TDSIC filing. As the investment is placed in service, it will be classified in the appropriate FERC plant account and depreciated using the depreciation rate approved in the last rate case, as applicable, for the plant account. The projected amount is calculated consistent with the actual depreciation expense, so no reconciliation will be required specific to depreciation expense.

Q. HOW WILL THE PROPERTY TAX EXPENSE INCLUDED FOR RECOVERY BE CALCULATED?

A. Property tax expense included for recovery in the TDSIC will reflect an annualized level of expense related to the gross new capital investment. Consistent with the current TDSIC, the annualized property tax expenses will be calculated by multiplying gross new capital investment by the then current or most recent tax rate for the projected period. Because the projected amount is calculated consistent with the actual property tax expense and the property tax rates do not deviate materially year over year, there will be no reconciliation specific to property tax expense.

Q. PLEASE EXPLAIN THE CWIP RATEMAKING TREATMENT BEING REQUESTED.

A. CEI South proposes to implement CWIP ratemaking treatment related to the recovery of financing costs incurred during the construction of eligible investments under the TDSIC Plan. Under CWIP ratemaking treatment, CEI South will recover, through the TDSIC, financing costs incurred during the construction period attributable to eligible capital investments. CWIP ratemaking treatment allows a utility to recover its costs in a timely manner and avoid the impacts of regulatory lag by recovering financing costs as the capital costs are being incurred. In connection with CWIP ratemaking treatment, CEI South will cease accruing AFUDC the earlier of the date in which the project expenditures receive CWIP ratemaking treatment through the TDSIC or the month after the investment is used and useful and the project is placed into service.

Q. IS THE CWIP RATEMAKING TREATMENT PROPOSED BY CEI SOUTH AUTHORIZED UNDER THE TDSIC STATUTE ASSOCIATED WITH ELIGIBLE TDSIC COSTS?

A. Yes. The TDSIC Statute provides that TDSIC costs include those "incurred with respect to eligible transmission, distribution, and storage system improvements incurred both while the improvements are in construction and post in service." (Ind. Code § 8-1-39-7).

Q. FOR PROJECTS THAT HAVE CONSTRUCTION PERIODS THAT SPAN MULTIPLE TDSIC FILING PERIODS, HOW WILL CEI SOUTH SEGREGATE THE EXPENDITURES THAT HAVE RECEIVED CWIP RATEMAKING TREATMENT THROUGH THE TDSIC FROM THE EXPENDITURES THAT HAVE NOT, IN ORDER TO ENSURE THAT AFUDC IS ACCRUED APPROPRIATELY?

A. CEI South's fixed asset accounting system, PowerPlan, allows the AFUDC eligibility to be "turned off" on specific projects. CEI South will utilize an "AFUDC end date" to mark each individual work order that has been included in CWIP in the TDSIC to cease AFUDC at the date that the TDSIC rate becomes effective.

Q. PLEASE EXPLAIN THE PISCC ACCOUNTING TREATMENT BEING REQUESTED.

A. CEI South proposes to accrue PISCC on all eligible new capital investment from the date the investment is placed in service until the date when the investment is included in rates for recovery. The PISCC balance will be calculated as the gross new capital investment multiplied by the pre-tax rate of return.

Q. WHAT RATES WILL BE USED TO CALCULATE PISCC ON PROJECTS PLACED IN SERVICE BUT NOT YET RECOVERED IN THE TDSIC?

A. The PISCC rate used is the overall WACC, discussed further above.

Q. PLEASE DESCRIBE THE ACCOUNTING ASSOCIATED WITH THE PISCC ACCRUALS.

A. At the point when a work order is placed in service and prior to its inclusion for recovery in the TDSIC, PISCC will be accrued by multiplying the applicable rates by the gross new capital investment, net of retirements. The accrual will be recorded as a regulatory asset under FERC Account 182.3 Other Regulatory Assets, with corresponding entries to income under FERC Account 419.1, Allowance for Other Funds Used During Construction ("AFUDC Debt") for the debt specific component of the PISCC, and FERC Account 432, Allowance for Borrowed Funds Used During Construction ("AFUDC Equity") for the equity specific component of the PISCC.

Q. HOW WILL THE AMORTIZATION OF THE PISCC DEFERRED BALANCE BE CALCULATED?

A. CEI South proposes to amortize the deferred PISCC regulatory asset balance through the TDSIC over the life of the assets that generated the deferred PISCC, using the depreciation rates applicable to the applicable class of plant asset.

Q. IS THE PISCC RATEMAKING TREATMENT PROPOSED BY CEI SOUTH AUTHORIZED UNDER THE TDSIC STATUTE?

A. Yes. The TDSIC Statute allows for the deferral of PISCC (Ind. Code § 8-1-39-9(c)).

Q. IS CEI SOUTH REQUESTING TO ACCRUE AND SUBSEQUENTLY RECOVER PISCC ON THE 20% DEFERRED BALANCE?

A. No. CEI South is not seeking the authority to accrue and subsequently recover in the next base rate case PISCC on the 20% deferred balance previously discussed.

III. <u>ACCOUNTING FOR PROJECT COSTS</u>

Q. PLEASE EXPLAIN THE PROCESS THAT WILL BE USED TO SEGREGATE AND RECORD THE NEW CAPITAL INVESTMENTS UNDER THE TDSIC PLAN WHILE THEY ARE UNDER CONSTRUCTION.

A. To ensure proper accumulation of construction costs related to the TDSIC Plan investments, a unique SAP Superior Order number will be assigned to the capital project. Individual SAP orders related to the capital project will roll up to the Superior Order and will be maintained in the Company's Financial Information System ("FIS")

Projects Accounting module. The individual order number will be required for the recording of all project construction costs into any of the FIS feeder systems. Each of the feeder systems, which include payroll, accounts payable and material inventory, interface with SAP. Total incurred project construction costs can be accurately viewed and/or reported by the Superior Order number at any time as the project progresses. Each project will be sub-categorized in the system as recoverable pursuant to the TDSIC Statute to ensure the exclusion of any capital investment made that does not qualify for recovery under the mechanism. Additionally, each project will be sub-categorized in the system as recoverable pursuant to the TDSIC Plan to help exclude any capital investment made that does not qualify for recovery under the approved mechanism.

Q. WILL THE REQUIREMENTS OF THE FERC USOA BE FOLLOWED IN THE RECORDING OF THE PROJECT CONSTRUCTION COSTS?

A. Yes. Costs incurred during the construction phase will be reflected in FERC Account 107, CWIP. When each project is placed in service, meaning the assets are now used and useful in providing utility service, the costs will be moved to FERC Account 106, Completed Construction Not Classified ("CCNC"). At the point where the final project costs are captured and the project manager formally defines the assets installed and removed, the costs will be transferred for FERC Account 101, Electric Plant In-Service. As explained in more detail below, any existing assets retired as a result of the projects will create a reduction to FERC Account 101, with an offsetting entry to FERC Account 108, Accumulated Provision for Depreciation of Electric Utility Plant.

Q. WHAT TYPES OF COSTS WILL BE INCLUDED AS UTILITY PLANT UPON WHICH THE COMPANY WILL EARN A RETURN?

A. The proposed ratemaking treatment will apply to the construction costs of the projects, including engineering and project management, permitting, contractor costs, site preparation, equipment and installation, financing costs during construction, and other costs approved by the Commission.

Q. WHAT CAPITALIZED OVERHEADS WILL BE INCLUDED IN THE CONSTRUCTION COSTS?

A. An allocation for general oversight, management and administrative costs will be included, consistent with Company policy. Costs associated with accounting, legal services, human resource management, insurance and other similar costs are included as overhead costs that are allocated to construction projects. As part of the workpapers in each TDSIC filing, CEI South will segregate the applicable project costs included for recovery into categories of direct costs and indirect capital overheads.

Q. WILL AFUDC BE RECORDED ON THE PROJECT CONSTRUCTION COSTS?

A. Yes. Under FERC USOA requirements, the accrual of AFUDC on capital projects will cease and depreciation expense will begin in the month after the investment is used and useful and placed in-service, in accordance with accounting policy.

Q. WHAT AFUDC RATE WILL BE USED?

A. CEI South will use the same AFUDC rate it uses for all other construction projects. This AFUDC rate is calculated annually and represents the weighted cost of investor-supplied capital adjusted to include short-term debt, as provided by FERC accounting procedures. The periodic AFUDC rate is based on the actual cost rates for long-term debt during a particular period and the actual cost rate of short-term debt for the same period. The cost rates for common equity are the cost of common equity determined in CEI South's last electric base rate proceeding.

Q. DO CEI SOUTH'S AFUDC ACCRUAL PROCEDURES COMPLY WITH FERC USOA?

A. Yes.

Q. ARE THERE ASSETS CURRENTLY IN UTILITY PLANT IN SERVICE THAT ARE BEING RETIRED AS A PART OF THE PROJECTS?

A. Yes, in certain situations, existing assets will be replaced, and will be retired against the accumulated provision for depreciation, net of removal costs or salvage recoveries as discussed above. Actual retirements will be reflected in the filings, impacting the gross plant balance used to determine the recoverable depreciation expense.

Q. PLEASE EXPLAIN THE ACCOUNTING OF THE RETIREMENTS WITHIN UTILITY PLANT IN SERVICE.

A. In accordance with "Electric Plant Instruction" 10(B)(2) of the USOA, the retirements of utility plant should be recorded against the accumulated depreciation applicable to such property. The accounting treatment of the gross utility plant results in no change to overall rate base upon which the Company will earn a return. Any incremental cost of removal and any salvage proceeds shall be charged or credited to accumulated depreciation.

IV. TDSIC RECOVERY OF APPROVED COSTS

Q. PLEASE GENERALLY EXPLAIN HOW THE TDSIC REVENUE REQUIREMENTS WILL BE CALCULATED.

A. In each semi-annual TDSIC filing, CEI South will calculate a revenue requirement for the TDSIC mechanism, using a set of schedules from the 44910 TDSIC. Exemplars of these schedules are set forth in Attachment CMB-1. The revenue requirement for the TDSIC, shown on Schedule 1, will include the return on new capital investments, property tax and depreciation expenses, both projected and amortized, as well as recovery of the regulatory assets recorded through the interim deferral of depreciation expense, plan development expense, and PISCC through amortization of the regulatory assets. The revenue requirement will be divided between Transmission and Distribution investments, consistent with FERC USOA guidelines, in order to align with the company's TDSIC allocation proposal, discussed in greater detail by CEI South's Witness Rice. CEI South will then multiply the Transmission and Distribution annual revenue requirement by 80% to achieve the recoverable portion of the revenue requirement. Per the TDSIC Statute, 80% of approved costs is to be recovered through a periodic rate adjustment mechanism. As described in greater detail by Petitioner's Witness Rice, the recoverable amounts for Transmission and Distribution investments will be utilized to derive semi-annual TDSIC rates and charges based on annualized billing determinants.

Q. IS CEI SOUTH PROPOSING A TDSIC REVENUE REQUIREMENT AMOUNT FOR RECOVERY IN THIS PROCEEDING?

A. No. The Company expects to include the investments for the TDSIC Plan within the first filing following the approval.

Q. PLEASE DESCRIBE TDSIC REVENUE REQUIREMENT (SCHEDULE 1) AND THE SUPPORTING SCHEDULES.

A. Consistent with the 44910 TDSIC, the revenue requirement calculation will be presented on Schedule 1 and is divided between the "Return on New Capital Investment", which calculates the pre-tax return on the total net new investment (lines

1 through 8), and the "Incremental Expenses" which calculates the recoverable expenses, both projected and amortized from previously deferred balances (lines 9 through 14).

In addition, this schedule, consistent with 44910 TDSIC, defines the accounting that will result with the implementation of the TDSIC rates and charges. This information is required to ensure the Company receives the return on its investments granted by the TDSIC Statute in accordance with Financial Accounting Standards Board ("FASB") ASC Topic 980. The manner of recovery set forth in the schedule is required by accounting rules to recognize the full return on investment, but it does not impact the statutory recovery via the TDSIC nor the amount deferred for future recovery in a base rate case proceeding. The collection priority noted in the schedules shows that the first dollar collected will represent the full return (line 8) and remaining amount covering a portion of the incremental expense (line 14). This is consistent with Cause No. 44910. The amounts included for recovery in the TDSIC mechanism will represent an amount equal to 80% of the total annual revenue requirement. The remaining amount equal to 20% of the total annual revenue requirement will be the amount deferred for future base rate case recovery

All items on Schedule 1 support the overall revenue requirement for TDSIC, consistent with 44910 TDSIC, and are further supported by additional schedules, as explained below:

i. Schedule 2 supports the Gross New Capital Investment, Accumulated Depreciation attributed to the new capital investment, and CWIP balances related to the new capital investment as of the filing date, segregated between Transmission and Distribution investments. These cumulative amounts will be reflected on lines 1-4 on Schedule 1 and utilized in the return on new capital investment calculation. In each TDSIC filing, detail will be provided to show these balances by FERC Plant Account, to link directly to approved depreciation rates.

ii. Schedule 3 summarizes the calculation of the PISCC balance on new capital investments placed in service but not yet captured for recovery under previous TDSIC filings. This schedule will be used to support line 5 of Schedule 1 and the amount will be utilized in the return on new capital investment calculation. In addition, this schedule will be used to determine the recoverable amortization expense on the cumulative deferred PISCC balance, included on line 13 of Schedule 1.

iii. Schedule 4 contains two pages. Page 1 calculates the pre-tax return used in the return on calculation on line 7 of Schedule 1. Page 2 calculates the After Tax return used in the PISCC calculation on eligible investments applicable to the TDSIC Plan prior to the first filing date.

a. Page 1 reflects the current WACC based upon the actual capital structure at the end of the measurement period which, for illustrative purposes, is assumed at April 30, 2024. This capital structure is inclusive of the items captured in the Company's base rate case capital structure: (1) long-term debt, (2) common equity, (3) customer deposits, (4) cost free capital, including deferred income taxes, and (5) investment tax credits. The balances and cost of equity has been set at 10.4% as approved in CEI South's Rate Case Order. The equity component is grossed up for recovery of income taxes, both state and federal, at current statutory tax rates. In addition, the actual measurement date weighted average cost of capital will be utilized to calculate PISCC for investments made from the measurement date through the next TDSIC filing – in this illustrative example, May 1, 2024 through October 31, 2024.

b. Page 2 reflects the WACC based on the actual capital structure that is most recently approved. For illustrative purposes, this would be the October 31, 2023 capital structure. This rate is used on Schedule 3 to calculate the PISCC on eligible TDSIC investments starting our first TDSIC filing under this cause through the measurement date (e.g., October 31, 2024).

iv. Schedule 5 supports the annualized depreciation expense utilized on line 10 of Schedule 1. It is calculated by multiplying the gross new capital investment balance as of the filing cut-off date from Schedule 2, net of retirements, by the approved depreciation rate applicable to the respective classes of plant. The approved depreciation rates are set by FERC USOA Plant Account, which is the basis for the amounts included in the Transmission and Distribution revenue requirements.

v. Schedule 6 calculates amortization of plan development costs and supports line 11 of Schedule 1. The plan development costs will be set prior to the initial TDSIC filing and will be amortized over 5 years. The deferred amortization expense is allocated between Transmission and Distribution based on the ratio of overall spend in the approved TDSIC Plan. This schedule will reflect both the balance to be recovered in the current filing, as well as the remaining balance that will be recovered in future TDSIC filings.

vi. Schedule 7 calculates the annualized level of deferred depreciation amortization expense included for recovery on line 12 of Schedule 1. It is calculated by multiplying the cumulative deferred depreciation balance as of the filing cut-off date, divided between Transmission and Distribution plant based on the actual TDSIC investment categorization, by the annual depreciation rate applicable to the respective classes of plant. As previously discussed, depreciation will be deferred on any in service work order not yet included for recovery in a TDSIC filing.

vii. Schedule 8 captures a summary of the TDSIC amounts which have been deferred in accordance with the Statute. As previously discussed, 20% of the revenue requirement calculated on Schedule 1 will be deferred until such time as the costs can be recovered as part of one of CEI South's next two general rate cases. Line 17 of Schedule 1 in each TDSIC filing will calculate the 20% deferral for the current filing, at which point Schedule 8 will show the cumulative balance inclusive of this amount.

viii. Schedule 9 compares the increase in the TDSIC revenue requirement to the prior 12-month retail revenues for CEI South, to ensure that the amounts included for recovery in the TDSIC adhere to the statutory requirements. As defined in the TDSIC Statute, "the commission may not approve a TDSIC that would result in an average aggregate increase in a public utility's total retail revenues of more than two percent (2%) in a 12-month period." (Ind. Code § 8-1-39-14(a)). The increase in the TDSIC revenue requirement will be calculated as the recoverable TDSIC revenue requirement (line 16 of Schedule 1) in the current TDSIC, less the prior recoverable portion of the TDSIC revenue requirement in the prior TDSIC. This amount will be compared to 2% of the retail revenues from the prior 12 month period. "Retail revenues" used in this calculation will be calculated consistent with CEI South's Operating Revenues, inclusive of TDSIC revenues, from the FAC NOI earnings test. If the increase in the TDSIC revenue requirement exceeds the 2% threshold, then the recoverable increase will be limited to the amount equal to 2% of retail revenues. Any amount in excess (line 12) will be deferred consistent with the TDSIC statute and included with the 20% deferral previously discussed.

ix. Schedule 10 calculates the after-tax return on investment that will be added to the authorized NOI by multiplying the net new capital investment by the after-tax WACC. In accordance with the TDSIC Statute, CEI South will adjust its statutory NOI earnings test by increasing its authorized NOI by the incremental earnings from approved TDSIC filings. This calculates the after-tax return on investment that will be added to the authorized NOI by multiplying the net new capital investment from line 6 of Schedule 1 by the after-tax WACC on line 5 of Schedule 4.

Q. ARE EXCESS ACCUMULATED DEFERRED INCOME TAX CREDITS INCLUDED WITHIN THIS TDSIC?

A. Yes, at least initially. As explained further within Petitioner's Witness Rice's testimony, TDSIC rates and charges include EADIT credits. The Commission's Final Order from Cause No. 45722 will require CEIS to file updated tariff and supporting schedules to reflect EADIT adjustment after issuance of securitization bonds.[2] CEI South must file a general rate case before January 1, 2024 and may propose a different mechanism for EADIT credits.

Q. IN ANY GIVEN YEAR, DOES CEI SOUTH EXPECT TO EXCEED THE 2% CAP DURING THE LIFE OF THE TDSIC PLAN?

A. No, CEI South does not expect that the TDSIC Plan would produce a TDSIC in any year of the Plan that would result in an average aggregate increase in CEI South's total retail revenues of more than 2% in a twelve month period. This calculation is shown in Attachment CMB-2.

V. <u>CONCLUSION</u>

Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?

A. Yes, it does.

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[2] Southern Indiana Gas and Electric Co. d/b/a CenterPoint Energy Indiana South, Cause No. 45722 (IURC 1/4/2023).

Cause No. 45894

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

Chrissy M. Behme
Manager, Regulatory Accounting

5/24/2023
Date

- - - - - ILLUSTRATIVE - - - - -
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
ANNUAL REVENUE REQUIREMENT THROUGH APRIL 30, 2024

Line	Description	A Transmission	B Distribution	C Total Amount	D Reference
	Return on New Capital Investment:				
1	Gross New Capital Investment - As of End of Period	$ -	$ -	$ -	Schedule 2, Line 9, Col. G
2	Accumulated Depreciation - As of End of Period	$ -	$ -	$ -	Schedule 2, Line 18, Col. G
3	Net New Capital Investment - As of End of Period	$ -	$ -	$ -	Line 1 + Line 2
4	New Captial Investment CWIP - As of End of Period	$ -	$ -	$ -	Schedule 2, Line 21, Col. G
5	PISCC Deferred Balance - As of End of Period	$ -	$ -	$ -	Schedule 3, Line 20, Col. G
6	Total New Capital Investment - As of End of Period	$ -	$ -	$ -	Line 3 + Line 4 + Line 5
7	Pre-Tax Rate of Return	0.00%	0.00%	0.00%	Schedule 4, Page 1, Line 17
8	Annualized Return on New Capital Investment	$ -	$ -	$ -	Line 6 x Line 7
	Incremental Expenses				
9	Property Tax Expense - Annualized	$ -	$ -	$ -	(Line 1 x 0.00%) + (Line 4 x 0.00%)
10	Depreciation Expense - Annualized	$ -	$ -	$ -	Schedule 5, Line 8
11	Amortization Expense - Plan Development Costs	$ -	$ -	$ -	Schedule 6, Line 11
12	Amortization Expense - Deferred Depreciation	$ -	$ -	$ -	Schedule 7, Line 9
13	Amortization Expense - Deferred PISCC	$ -	$ -	$ -	Schedule 3, Line 23
14	Total Incremental Expenses	$ -	$ -	$ -	Sum Lines 9-13
15	**Annual Revenue Requirement - TDSIC**	$ -	$ -	**$ -**	Line 8 + Line 14
16	**Recoverable TDSIC (80%)**	$ -	$ -	**$ -**	Line 15 x 80%
17	**To Be Deferred (20%)**	$ -	$ -	**$ -**	Line 15 x 20%

Cause No. 45894 TDSIC-XX

CEI South - Pet.'s Ex. No. 6,
Attachment CMB-1 Schedule 2
Page 1 of 1

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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
NEW CAPITAL INVESTMENT

		A	B	C	D	E	F	G
Line	**Gross New Capital Investment Balance**	Balance at 10/31/2023	11/30/2023	12/31/2023	1/31/2024	2/29/2024	3/31/2024	Balance at 4/30/2024
	Gross Assets							
1	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	**Total Gross Assets**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Retirements							
4	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Total Retirements**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Gross New Capital Investment Balance							
7	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
9	**Total Gross New Capital Investment**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	= (Gross Assets + Retirements)							**To Schedule 1, Line 1**

		A	B	C	D	E	F	G
Line	**Accumulated Depreciation Balance**	Balance at 10/31/2023	11/30/2023	12/31/2023	1/31/2024	2/29/2024	3/31/2024	Balance at 4/30/2024
	Depreciation Expense							
10	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	**Total Depreciation Expense**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Retirements							
13	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
15	**Total Retirements**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total Accumulated Depreciation Balance							
16	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -
17	Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
18	**Total Accumulated Depreciation Balance**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	= - Depreciation Expense - Retirements							**To Schedule 1, Line 2**

Line	**CWIP Balance**	Balance at 4/30/2024
19	Transmission	$ -
20	Distribution	$ -
21	**Total CWIP Balance**	**$ -**
		To Schedule 1, Line 4

Cause No. 45894 TDSIC-XX

CEI South - Pet.'s Ex. No. 6,
Attachment CMB-1 Schedule 3
Page 1 of 1

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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
POST IN-SERVICE CARRYING COSTS (PISCC)

Line	Description	Reference	A	B	C	D	E	F	G
1	PISCC Rate - Monthly	Schedule 4, Page 2, Line 5 / 12		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Debt - PISCC Rate - Monthly	Schedule 4, Page 2, Lines 1,3-4 / 12		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3	Equity - PISCC Rate - Monthly	Schedule 4, Page 2, Line 2 / 12		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4	Transmission Amortization Rate - Monthly	Schedule 7, Line 5 / 12		0.17%	0.17%	0.17%	0.17%	0.17%	0.17%
5	Distribution Amortization Rate - Monthly	Schedule 7, Line 6 / 12		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
	PISCC Cummulative Deferred Balance - DEBT		Balance at 10/31/2023	11/30/2023	12/31/2023	1/31/2024	2/29/2024	3/31/2024	Balance at 4/30/2024
6	Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -
	General Plant		$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Intangible Plant		$ -	$ -	$ -	$ -	$ -	$ -	$ -
8	PISCC Deferred Balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -
	PISCC Cummulative Deferred Balance - EQUITY		Balance at 10/31/2023	11/30/2023	12/31/2023	1/31/2024	2/29/2024	3/31/2024	Balance at 4/30/2024
9	Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Distribution		$ -	$ -	$ -	$ -	$ -	$ -	$ -
	General Plant		$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Intangible Plant		$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	PISCC Deferred Balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -
	PISCC Cumulative Deferred Balance - DEBT + EQUITY		Balance at 10/31/2023	11/30/2023	12/31/2023	1/31/2024	2/29/2024	3/31/2024	Balance at 4/30/2024
12	Transmission	Line 6 + Line 9	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	Distribution	Line 7 + Line 10	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	General Plant	Line 10 + Line 15	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Intangible Plant	Line 11 + Line 16	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	PISCC Deferred Balance	Sum Lines 12-13	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Amortization of PISCC								
15	Less: Amortization of PISCC - Transmission		$ -						
16	Less: Amortization of PISCC - Distribution		$ -						
	Amortization of PISCC - General		$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Amortization of PISCC - Intangible Plant		$ -	$ -	$ -	$ -	$ -	$ -	$ -
17	Less: Amortization of PISCC		$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total PISCC Deferred Balance								
18	Transmission	Line 12 + Line 15	$ -						
19	Distribution	Line 13 + Line 16	$ -						
20	**Total PISCC Deferred Balance**	Line 14 + Line 17	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
									To Schedule 1, Line 5
	Annualized Amortization Expense								
21	Transmission	Line 4 x Line 12 x 12							$ -
22	Distribution	Line 5 x Line 13 x 12							$ -
23	Total Amortization Expense	Sum Lines 21-22							**$ -**
									To Schedule 1, Line 13

- - - - - ILLUSTRATIVE - - - - -
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
PRE-TAX RATE OF RETURN AT APRIL 30, 2024

		A	B	C	D = B x C	
Line	After-Tax (A)	Amount ($000's)	Weighting	Cost	WACC	
1	Debt	$ -	0.00%	0.00%	0.00%	
2	Equity	$ -	0.00%	0.00%	0.00%	
3	Cost Free Capital	$ -	0.00%	0.00%	0.00%	
4	Other	$ -	0.00%	0.00%	0.00%	
5	**Total**	$ -			**0.00%**	**(B)**
					To Schedule 10, Line 2	
	Pre-Tax Equity Component Calculation					
6	After-Tax Cost of Equity per Line 2	0.00%		Line 2, Col. D		
7	One		100.00%			
8	Less State Taxes		4.900%			
9	Federal Taxable		95.10%	Line 7 - Line 8		
10	One Less Federal Income Tax		79.00%	1 - 21%		
11	Effective Gross-Up Factor		75.13%	Line 9 x Line 10		
12	Pre-Tax Equity	0.00%		Line 6 / Line 11		
	Forecast - Adjusted ROR (fixed ROE)					
	Pre-Tax					
13	Debt			0.00%	from Line 1	
14	Equity			0.00%	from Line 12	
15	Cost Free Capital			0.00%	from Line 3	
16	Other			0.00%	from Line 4	
17	**Total Pre-Tax Rate of Return**			**0.00%**	Sum Lines 13-16	
				To Schedule 1, Line 7		

(A) All data in Lines 1 through 5 represent the actual balances as of April 30, 2024.

(B)	Proof	Equity	Debt and Other	Total	
18	Total New Capital Investment	$ -	$ -		from Schedule 1, Line 6
19	Pre-Tax Return	0.00%	0.00%		from Lines 13-16
20	Return	$ -	$ -		Line 18 x Line 19
21	State Tax	$ -			4.900% x Line 20
22	Federal Taxable Return	$ -	$ -		Line 20 - Line 21
23	Federal Tax	$ -			Line 22 x 21%
24	After Tax Return $	$ -	$ -	$ -	Line 20 - Lines 21 and 23
25	After Tax Return %			0.00% equals Line 5	Line 24 / Line 18

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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
AFTER TAX PISCC RATE AT OCTOBER 31, 2023

		A	B	C	D = B x C
Line	After-Tax	Amount ($000's)	Weighting	Cost	WACC
1	Debt	$ -	0.00%	0.00%	0.00%
2	Equity	$ -	0.00%	0.00%	0.00%
3	Cost Free Capital	$ -	0.00%	0.00%	0.00%
4	Other	$ -	0.00%	0.00%	0.00%
5	**Total**	$ -			**0.00%**

Cause No. 45894 TDSIC-XX

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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
ANNUALIZED DEPRECIATION EXPENSE ON NEW CAPITAL INVESTMENT

Line	Description	Balance at 4/30/2024	Reference
	Depreciable In-Service Balance		
1	Transmission	$ -	Schedule 2, Line 7, Col. G
2	Distribution	$ -	Schedule 2, Line 8, Col. G
3	Total	$ -	Sum Lines 1-2
	Monthly Depreciation Rates		
4	Transmission	0.00%	
5	Distribution	0.00%	
	Annualized Depreciation Expense		
6	Transmission	$ -	Line 1 x Line 4 x 12
7	Distribution	$ -	Line 2 x Line 5 x 12
8	**Total Annualized Depreciation Expense**	**$ -**	Sum Lines 6-7
		To Schedule 1, Line 10	

Cause No. 45894 TDSIC-XX

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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
AMORTIZATION OF PLAN DEVELOPMENT COSTS

Line	Description	Transmission	Distribution	Total	Reference
1	Total Plan Development Costs	$ -	$ -	$ -	
2	Amortization Period (in years)	5	5	5	
3	Annual Amortization	$ -	$ -	**$ -**	Line 1 / Line 2
		0%	0%		
4	Amount Recovered in TDSIC-1			$ -	
5	Amount Recovered in TDSIC-2			$ -	
6	Amount Recovered in TDSIC-3			$ -	
7	Amount Recovered in TDSIC-4			$ -	
8	Amount Recovered in TDSIC-5			$ -	
9	Amount Recovered in TDSIC-6			$ -	
10	Amount Recovered in TDSIC-7			$ -	
11	Amount Recovered in TDSIC-8			$ -	
12	Amount Recovered in TDSIC-9			$ -	
13	Amount Recovered in TDSIC-10			$ -	
14	Total Recovered **(C)**	$ -	$ -	$ -	Sum of Lines 4-9
15	Remaining Balance to be Recovered	$ -	$ -	$ -	Line 1 - Line 10
				To Schedule 1, Line 11	

Notes:

Cause No. 45894

Cause No. 45894 TDSIC-XX

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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
AMORTIZATION OF DEFERRED DEPRECIATION

		A	B	C	D	E	F	G
Line	Description	Balance at 10/31/2023	11/30/2023	12/31/2023	1/31/2024	2/29/2024	3/31/2024	Balance at 4/30/2024
	Deferred Depreciation Balance (A)							
1	Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	General Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	Intangible Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Less: Amortization of Deferrals **(B)**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	Total Deferred Depreciation Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Depreciation Rates (C)							
7	Transmission							2.04%
8	Distribution							2.94%
9	General Plant							
10	Intangible Plant							
	Deferred Depreciation Amortization Expense							
11	Transmission						Line 1 x Line 5	$ -
12	Distribution						Line 2 x Line 6	$ -
13	General Plant						Line 3 x Line 9	$ -
14	Intangible Plant						Line 4 x Line 10	$ -
15	**Deferred Depreciation Amortization Expense**						Sum Lines 7-8	**$ -**
								To Schedule 1, Line 12

(A) Calculated by taking the gross new plant investment, less retirements, placed in-service but not yet included in TDSIC recovery.
(B) Captures actual recorded amortization expense for PISCC during period.
(C) Based on Amortization Life of Plant as of December 31, 2023. Annual depreciation rate is 1 divided by Number of Years.
Transmission - 49 years
Distribution - 34 years

- - - - - ILLUSTRATIVE - - - - -
SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
DEFERRED REVENUE REQUIREMENT (20%)

Line	Description	Amount		Reference
1	TDSIC-1 - through 04/30/2024	$	-	TDSIC-1, CMB-1, Sch 8, Line 1
2	TDSIC-2 - through 10/31/2024	$	-	TDSIC-2, CMB-1, Sch 8, Line 2
3	TDSIC-3 - through 04/30/2025	$	-	TDSIC-3, CMB-1, Sch 8, Line 3
4	TDSIC-4 - through 10/31/2025	$	-	TDSIC-4, CMB-1, Sch 8, Line 4
5	TDSIC-5 - through 04/30/2026	$	-	TDSIC-5, CMB-1, Sch 8, Line 5
6	TDSIC-6 - through 10/31/2026	$	-	TDSIC-6, CMB-1, Sch 8, Line 6
7	TDSIC-7 - through 04/30/2027	$	-	TDSIC-7, CMB-1, Sch 8, Line 7
8	TDSIC-8 - through 10/31/2027	$	-	TDSIC-8, CMB-1, Sch 8, Line 8
9	TDSIC-9 - through 4/30/2028	$	-	TDSIC-9, CMB-1, Sch 8, Line 9
10	TDSIC-10 - through 10/31/2028	$	-	TDSIC-10, CMB-1, Sch 8, Line 10
11	**Total Deferred Revenue Requirement**	**$**	**-**	Sum Lines 1 - 10

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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
2% TDSIC ANNUAL RETAIL REVENUE CAP TEST

Line	Description	Total Amount	Reference
1	Current TDSIC Recoverable	$ -	Schedule 1, Line 16
2	Prior TDSIC Recoverable	$ -	
3	Increase in TDSIC Recoverable	$ -	Line 1 - Line 2
4	Total Retail Revenues	$ -	12 Months Ended As of End of Period
5	TDSIC Cap	2%	[Ind. Code § 8-1-39-14(a)]
6	TDSIC Cap - 2% of Retail Revenues	$ -	Line 4 x Line 5
7	Does Increase in TDSIC Exceed 2% Cap?	No	If Line 3 > Line 6, Yes; If not, No
	If Yes:		
8	TDSIC Cap - 2% of Retail Revenues	$ -	If Yes - Line 6; If No, $0
9	Plus: Prior TDSIC Recoverable	$ -	If Yes - Line 2; If No, $0
10	Total TDSIC Recoverable	$ -	Line 8 + Line 9
11	Current TDSIC Recoverable	$ -	If Yes - Line 1; If No, $0
12	TDSIC Deferred in Excess of 2% Cap	$ -	Line 11 - Line 10
	If No:		
13	Current TDSIC Recoverable	$ -	If No, Line 1; If Yes, $0

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SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CENTERPOINT ENERGY INDIANA SOUTH
CEI SOUTH
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
NOI ADJUSTED FOR FAC EARNINGS TEST

Line	Description	Total Amount	Reference
1	Total New Capital Investment - As of End of Period	$ -	From Schedule 1, Line 6
2	After-Tax Rate of Return	0.00%	From Schedule 4, Page 1, Line 5
3	NOI Adjustment for FAC Earnings Test - TDSIC-XX	$ -	Line 1 x Line 2

---ILLUSTRATIVE---

SOUTHERN INDIANA GAS AND ELECTRIC COMPANY
d/b/a CEI South
CEI South
TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM IMPROVEMENT CHARGE (TDSIC)
Estimated Revenue Requirement and Annual Revenue Increase

	$ Millions	Total	*TDSIC-2.2* 2024	*TDSIC-2.4* 2025	*TDSIC-2.6* 2026	*TDSIC-2.8* 2027	*TDSIC-2.10* 2028	
1	Total Annual Investment [1]	$454.0	$93.3	$93.8	$88.9	$89.0	$89.0	1
	Distribution	$254.1	$63.3	$58.3	$42.0	$51.0	$39.5	
	Transmission	$199.9	$30.1	$35.5	$46.9	$37.9	$49.5	
	Total Annual Rev Req		$7.4	$15.4	$24.4	$34.6	$43.3	
	Total Annual Rev Req Increase		$7.4	$8.1	$9.0	$10.2	$8.7	
	Total Annual Revenue		$641.8	$649.9	$658.9	$669.0	$677.7	
2	Total Revenue Change [2]		1.15%	1.24%	1.36%	1.52%	1.28%	2

[1] Investments as shown in Petitioner's Exhibit No. 2, Table SRR-1.
[2] Based on Total Revenues for the projected period ended December 31, 2023.