ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Veleta	√		
Ziegner	√		

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 AN ORDER: (1) AUTHORIZING CEI SOUTH TO ENTER INTO A POWER PURCHASE AGREEMENT ("PPA") TO PURCHASE ENERGY AND CAPACITY FROM A 170 MW WIND PROJECT IN EASTERN IOWA TAMA COUNTY (THE "SALT CREEK WIND PROJECT"), AND FINDING THE TERMS OF THE PPA REASONABLE AND NECESSARY; (2) DETERMINING THE SALT CREEK WIND PROJECT TO BE AN ELIGIBLE CLEAN ENERGY PROJECT FOR PURPOSES OF IND. CODE CH. 8-1-8.8; (3) AUTHORIZING THE FULL RECOVERY OF THE POWER PURCHASE COSTS UNDER THE PPA FROM CUSTOMERS THROUGH FUEL ADJUSTMENT CLAUSE ("FAC") PROCEEDINGS OVER THE ENTIRE TERM OF THE PPA; (4) AUTHORIZING EXPENSES ASSOCIATED WITH ENTERING INTO THE PPA BE DEFERRED AS A REGULATORY ASSET FOR RECOVERY THROUGH THE FAC; AND (5) APPROVING CONFIDENTIAL TREATMENT OF THE PPA PRICING AND OTHER NEGOTIATED COMMERCIAL TERMS AND RELATED CONFIDENTIAL INFORMATION	)	**CAUSE NO. 46218** **APPROVED: NOV 05 2025**

ORDER OF THE COMMISSION

Presiding Officers:
David E. Veleta, Commissioner
Kristin E. Kresge, Administrative Law Judge

On April 14, 2025, Southern Indiana Gas and Electric Company d/b/a CenterPoint Energy Indiana South ("Petitioner" or "CEI South") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission") in this Cause requesting approval and associated cost recovery of a power purchase agreement ("PPA") to purchase energy, capacity, and Renewable Energy Credits ("RECs") from Salt Creek Wind, LLC for a 170 megawatt ("MW") wind farm in Tama County, Iowa (the "Salt Creek Wind Project"), over a 27-year term (the "Wind PPA").[1]

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[1] The Verified Petition referenced the Wind PPA's 25-year term, which was subsequently amended to a 27-year term in the Third Amendment to the Wind PPA as described further herein.

Also, on April 14, 2025, Petitioner filed the direct testimony and attachments of the following witnesses in support of its Verified Petition: F. Shane Bradford, Vice President, Indiana Electric; Joshua A. Swanson, Director, Power Supply Services; Matthew A. Rice, Director, Indiana Electric Regulatory and Rates; and Chrissy M. Behme, Manager, Regulatory Reporting.

On June 10, 2025, the Presiding Officers granted CEI South's Unopposed Motion to Stay the proceedings because CEI South and Salt Creek Wind, LLC were negotiating amendments to the Wind PPA.

CEI South filed supplemental testimony on June 30, 2025 and filed corrections to its direct testimony on July 7, 2025.

On July 24, 2025, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the direct testimony of Brian R. Latham, Electric Division Director for the OUCC. On August 11, 2025, CEI South filed its rebuttal testimony.

The Commission held an evidentiary hearing in this matter on September 9, 2025, at 2:30 p.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. CEI South and the OUCC, by counsel, appeared and participated in the evidentiary hearing, during which the parties' respective evidence was admitted into the record without objection
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Based upon the applicable law and the evidence of record, the Commission finds:

1. **Notice and Jurisdiction.** Notice of the evidentiary hearing in this Cause was given and published as required by law. CEI South is a "public utility" as defined in Ind. Code § 8-1-2-l and an "eligible business" as defined in Ind. Code § 8-1-8.8-6. The Commission may establish financial incentives to encourage clean energy projects pursuant to Ind. Code ch. 8-1-8.8 and approve changes to Petitioner's rates and charges, including recovery of certain costs through tracking mechanisms pursuant to Ind. Code § 8-1-2-42; therefore, the Commission has jurisdiction over CEI South and the subject matter of this proceeding.

2. **CEI South's Characteristics.** CEI South is a public utility incorporated under Indiana law and has its principal office at 211 NW Riverside Drive, Evansville, Indiana. CEI South has authority to engage in and is engaged in rendering electric service within Indiana. CEI South owns, operates, manages, and controls, among other things, plant, property, equipment, and facilities that are used and useful for production, storage, transmission, distribution, and furnishing of electric utility service to approximately 150,000 customers in southwestern Indiana. CEI South is authorized by the Commission to provide electric utility service in all or parts of Pike, Gibson, Dubois, Posey, Vanderburgh, Warrick, and Spencer counties.

3. **The Salt Creek Wind Project.** The Salt Creek Wind Project is being developed in Tama County, in eastern Iowa, by Salt Creek Wind, LLC, an affiliate of NextEra Energy, Inc. The project is expected to have a nameplate capacity of 170 MW. Under the Wind PPA, Salt Creek Wind, LLC will sell to CEI South all product and attributes of the Salt Creek Wind Project, including all energy, capacity, and RECs associated with the wind plant for a 27-year term.

4. Requested Relief. In its Verified Petition, CEI South requested that the Commission issue an Order: (1) authorizing CEI South to enter into the PPA , finding the terms of the PPA reasonable and necessary, and approving the PPA, in its entirety; (2) determining the Salt Creek Wind Project to be an eligible clean energy project for purposes of Ind. Code ch. 8-1-8.8; (3) authorizing full recovery of the power purchase costs under the Wind PPA through Petitioner's fuel adjustment clause ("FAC") over the term of the Wind PPA; (4) authorizing CEI South to defer expenses actually incurred by CEI South associated with entering into the PPA as a regulatory asset for recovery through the FAC; and (5) approving confidential treatment for pricing and other negotiated commercial terms and related confidential information.

5. Evidence Presented.

A. CEI South's Case-in-Chief.

i. F. Shane Bradford. Mr. Bradford provided an overview of CEI South's existing generation resources and recent changes to CEI South's generation portfolio. Mr. Bradford testified that CEI South's generation mix includes approximately 689 MW of installed capacity, following the removal of A.B. Brown coal-fired Units 1 and 2 and the exit of the Warrick Unit 4 Joint Operating Agreement. Mr. Bradford testified that CEI South plans to cease operations of its F.B. Culley Unit 2 (90 MW coal-fired unit) at the end of 2025 and two PPAs currently within CEI South's generation mix—the Benton County PPA[2] and the Fowler Ridge PPA[3]—expire in 2028 and 2029, respectively. He testified that CEI South will not renew these two wind PPAs at the current PPA rates, noting that the current rates under those PPAs are much higher than the rate under the Salt Creek Wind PPA. Mr. Bradford testified that CEI South expects to have 460 MW of natural gas combustion turbines ("CT") (A.B. Brown Units 5 and 6) and a 191 MW solar site (the Posey County Solar Project) operational in 2025.

Mr. Bradford provided an overview of CEI South's Generation Transition Plan ("Plan"), stating that CEI South has been facing near-term decisions about its investments in its generation portfolio over the past two Integrated Resource Plans ("IRP"). Mr. Bradford testified that CEI South's 2019/2020 IRP identified a Preferred Portfolio focused on retiring certain existing generation resources and replacing them with new generation resources, including approximately 700-1,000 MW of solar, 300 MW of wind, and 460 MW of natural gas generation. Mr. Bradford testified that CEI South's 2022/2023 IRP called for an additional 200 MW of solar and 200 MW of wind generation by 2030, along with the conversion of F.B. Culley Unit 3 from coal to natural gas by 2027 and an addition of 400 MW of wind generation split in 2032 and 2033. Mr. Bradford testified that CEI South has begun to implement its Plan and has received Commission approval for approximately 626 MW of solar, 347 MW of wind, and 460 MW for the CTs. Mr. Bradford noted that CEI South has paused its decision to convert F.B. Culley 3 to natural gas and will reassess in CEI South's 2025 IRP. He also noted that, on March 15, 2024, CEI South filed notice in Cause No. 45754 explaining that, due to market dynamics, the 130 MW solar build transfer agreement ("BTA") ("Crosstrack Solar Project") has been terminated.

[2] Cause No. 43259, approved April 9, 2007.
[3] Cause No. 43635, approved January 30, 2009.

Mr. Bradford noted the challenges regarding the process and timing of sourcing and acquiring renewable generation, stating that while CEI South has made progress, supply chain issues, market fluctuations, and escalating commodity costs have impacted projects; for example, the Posey County Solar Project was revised from 300 MW to 191 MW and only recently achieved Mechanical Completion rather than its original commercial operation date ("COD") of 2023. He testified that CEI South has worked to overcome these hurdles, and CEI South is actively working to bring projects online. Mr. Bradford stated that the Warrick County PPA, the Vermillion County PPA, and the 45836 Wind Project are all experiencing delays as well.

Mr. Bradford provided an overview of the Salt Creek Wind Project and described the terms and transaction structure of the Wind PPA. He testified that Salt Creek Wind, LLC is developing a 170 MW wind generating facility located in Tama County, in eastern Iowa. Mr. Bradford testified NextEra Energy, Inc. is the leading renewable developer in the U.S. with extensive experience in project development and was the developer CEI South contracted for the 147 MW Galesburg Wind PPA. He stated NextEra Energy, Inc. will own and maintain the facility and sell all products and attributes of the 170 MW wind facility, including energy, capacity, and RECs, to CEI South through a PPA for the term of the PPA, with a target COD of December 2025.

Mr. Bradford testified that the Salt Creek Wind Project falls within the Midcontinent Independent System Operator ("MISO") footprint and has an executed generator interconnection agreement ("GIA"). He explained that, because the Salt Creek Wind Project has an executed GIA, NextEra Energy, Inc. has three years (July 2026) to get the project in-service. He stated that the Wind PPA is contingent on CEI South obtaining regulatory approval from the Commission no later than November 15, 2025; otherwise, NextEra Energy, Inc. has the option to terminate the PPA and pursue another off-taker.[4]

Mr. Bradford testified that the Wind PPA's rate is favorable in comparison to CEI South's other wind PPAs and to other PPA rates for wind projects submitted in response to CEI South's 2024 Request for Proposals ("RFP"). Mr. Bradford testified that the Wind PPA offers an off-ramp which provides flexibility when combined with other generation resources that would allow CEI South to react to changing market conditions, regulations, or technological advancements.

Mr. Bradford testified that the relief requested in this proceeding is consistent with CEI South's IRP and its Generation Transition Plan. He stated that the Plan provides a mix of resources that will enhance or maintain the reliability and efficiency of service, is available to serve customer load, and is complementary of the other resources in Plan by offering protection from market volatility while minimizing the risk of disturbances and supporting swift recovery when disruptions occur. Mr. Bradford testified that the wind and solar assets in the Plan complement each other, hitting their peaks at different times of the day as well as different seasons of the year. Mr. Bradford stated that wind assets are well suited to provide a source of energy in the winter when solar energy output is at its lowest and customer usage is at its second-highest annual level, while solar assets are well suited to provide a stable source of energy in the summer when usage is at its highest. Mr. Bradford testified that the Wind PPA fulfills a portion of the capacity identified

4 As indicated, CEI South and NextEra Energy, Inc. amended this term to provide that if CEI South is unable to obtain the necessary regulatory approvals by March 31, 2026 (i.e., a final, non-appealable order), then NextEra Energy, Inc. has the right to terminate the agreement and pursue another off-taker. See Petitioner's Ex. 2S at 4.

in Petitioner's Preferred Portfolio and supplies a portion of the aggregate energy requirements necessary to meet CEI South's electric retail load.

Mr. Bradford testified that CEI South has assessed potential congestion risks for the Salt Creek Wind Project, since it is located in eastern Iowa. He testified that CEI South's analysis indicates that the risk of congestion is likely but minimal in the long term due to MISO's coordination of the wholesale power system; MISO's Long Range Transmission Planning ("LRTP") initiative, particularly Tranche 1.0 and 2.1, which is expected to significantly alleviate existing congestion in this area; and a negotiated PPA rate that helps minimize risk to customers. Mr. Bradford testified that he believes these factors collectively support the conclusion that the congestion risk for delivering wind energy from eastern Iowa, near the Galesburg Wind Project, is a viable solution.

Mr. Bradford testified that the Salt Creek Wind PPA represents a component of a balanced mix of generation sources and fills a portion of the identified need to meet CEI South's retail electric load and adequate reserve margins while also meeting CEI South's customers' expectations and demand for safe, affordable, reliable, and sustainable energy.

Mr. Bradford described the requirements of Ind. Code § 8-1-2-0.6 ("Five Pillars") and testified how the Salt Creek Wind PPA is consistent with each of the Five Pillars—reliability, resiliency, stability, affordability, and environmental sustainability. Mr. Bradford described how the structure of the Wind PPA, use of renewable resources, and development of a balanced diversified portfolio supports affordability for CEI South customers. Mr. Bradford testified that CEI South also engaged various other stakeholders, including the OUCC and Citizens Action Coalition of Indiana, Inc., on April 4, 2025, prior to filing its Petition in this Cause.

Mr. Bradford testified that the Salt Creek Wind PPA will provide CEI South's customers with competitively priced energy from a clean energy resource and is supported by CEI South's 2022/2023 IRP. He testified that the Salt Creek Wind PPA is in the public interest and is reasonable, prudent, and beneficial for CEI South's customers. He testified that the Salt Creek Wind PPA diversifies CEI South's generation portfolio and supports its sustainability goals and is necessary to meet CEI South's energy and capacity needs.

ii. Joshua A. Swanson. Mr. Swanson provided an overview of CEI South's Generation Transition Plan. He testified CEI South does not plan to renew two wind PPAs currently in its generation mix that expire in 2028 and 2029 at their current rates; and that CEI South has engaged, and will continue to engage, the respective wind owners for these PPAs to determine whether extension or renewal of the PPAs or purchase of the assets is an option. Mr. Swanson testified that CEI South's Preferred Portfolio in the 2022/2023 IRP addressed these potential retirements by including 600 MW of wind and 200 MW of solar through 2033. Petitioner's Exhibit No. 2, Attachment JAS-2 provides a timeline of CEI South's Generation Transition Plan.

Mr. Swanson testified regarding CEI South's progress in executing its Generation Transition Plan, detailing the Commission's approval for approximately 626 MW of solar, 347 MW of wind, and 460 MW for CTs. He testified the CTs (approved in Cause No. 45564) are anticipated to be in-service in 2025. He testified that there have been challenges getting various renewable projects online because of delays, which are consistent across the industry due to global supply chain constraints, escalating commodity costs, labor shortages, and a variety of other factors.

Mr. Swanson described the impact of these delays on getting renewable projects in-service. He testified that new generation developments that were previously estimated to take around 3.5 years from project solicitation and contract negotiation through development and commercial operation are now taking six or more years. He also described the effects of the lengthening MISO Interconnection Queue timeline on the estimated time to completion for new projects. Mr. Swanson testified that, because of these delays, CEI South has needed to rely on the capacity and wholesale energy market during the time period between when CEI South's coal generation units started being retired and when the new generation comes online.

Mr. Swanson testified that the Salt Creek Wind PPA aligns with CEI South's Generation Transition Plan in that it contributes to the diversity of CEI South's Preferred Portfolio and positions CEI South to react to changing circumstances, while managing risk related to changing regulations, technologies, and market conditions. He stated it is critical that CEI South continue to work to bring projects online and identify new projects to meet system needs, which is one reason that obtaining approval of the Salt Creek Wind PPA is key.

Mr. Swanson described how the Salt Creek Wind PPA aligns with CEI South's Generation Transition Plan, as adding wind resources helps diversify CEI South's resource mix with clean renewable energy while adding value through a balanced portfolio that reduces risk by having a proportional set of resources available to serve customer load. Mr. Swanson testified that wind resources complement solar resources, as the two hit their peaks at different times of the day and during different seasons of the year. He testified that the Salt Creek Wind PPA not only diversifies CEI South's generation resource mix by resource type but also continues to provide additional options and/or off-ramps and flexibility for customers when combined with CEI South's other approved renewable BTAs and PPAs.

Mr. Swanson provided a description of CEI South's RFP process to date and how RFP proposals were evaluated, scored, and ranked against one another. He stated that each renewable proposal was assessed using the following factors: levelized cost of energy ("LCOE"), energy settlement location, interconnection and development status, and project risk factors. Mr. Swanson testified that the Salt Creek Wind PPA was the lowest cost and highest scoring proposal from the recent 2024 All-Source RFP.

Mr. Swanson provided an overview of the Salt Creek Wind Project and its developer, Salt Creek Wind, LLC. He testified that the Salt Creek Wind Project is located in MISO Local Resource Zone 3 ("LRZ 3") and will interconnect at the ITC Midwest 161kV substation. He testified that the Salt Creek Wind Project has successfully completed the MISO Definitive Planning Phase ("DPP") study process, secured a MISO GIA in July 2023, and has 100% of the project boundary secured through land lease options and all necessary permits in place, targeting to become operational by the end of 2025.

Mr. Swanson testified that CEI South's primary considerations when choosing a wind facility are: (1) sufficiency of the wind resource, (2) a viable point of interconnection nearby to offtake the energy generated by the wind turbines, (3) the sufficiency of land to site wind turbines, (4) community support for a wind project, (5) environmental considerations (e.g., endangered species) that would cause negative impacts, (6) geotechnical conditions in the area conducive to supporting a large structure like a wind turbine, (7) local ordinances (e.g., height or noise restrictions) that may inhibit the use of utility scale wind turbines, and (8) turbine location as it relates to potential hazards to air navigation. Mr. Swanson testified that the Salt Creek Wind Project was carefully selected to optimize key factors for successful wind energy development and offers several advantages, including a strong wind resource, proximity to a substation with available offtake capacity, ample geotechnically suitable land, a favorable avian environmental assessment, Federal Aviation Administration approval, and a convenient location near a major interstate, facilitating efficient turbine transport, construction, and operation.

Mr. Swanson testified that CEI South compared the proposed rate of the Salt Creek Wind PPA with the results of the 2024 All-Source RFP—which included four wind proposals based on three unique projects—and the rates approved for CEI South's Galesburg Project (Cause No. 46058), Benton County Wind PPA (Cause No. 43259), and Fowler Ridge Wind PPA (Cause No. 43635). He testified that the Salt Creek Wind PPA rate was the lowest-cost project from the recent 2024 All-Source RFP and has a lower rate than CEI South's previously approved wind PPAs. Mr. Swanson also testified that the Salt Creek Wind PPA price is lower than MISO's average wind PPA price, as reported by LevelTen Energy in Q3 2024, which reflects that this Wind PPA is competitively priced.

Mr. Swanson testified that CEI South used a similar process in evaluating reasonableness of projects from the 2019 All-Source RFP, the 2020 Renewable RFP, and the 2022 All-Source RFP; and the process used by CEI South is consistent with the process used by other utilities in evaluating power supply options. He testified that qualitative criteria, such as the preference for projects showing greater maturity in the development cycle, interconnection status, and relevant developer experience, was used to evaluate the Salt Creek Wind Project. The more mature a project is, the less risk there is in the project for unknowns, specifically around permits, costs, environmental surveys, and long lead items. Mr. Swanson testified that the Salt Creek Wind Project is a mature project with a signed GIA, meaning it is through the MISO interconnection process; therefore, the interconnection cost estimate and generator interconnection process timeline are complete. Mr. Swanson testified that the Salt Creek Wind PPA rate is significantly less than the other projects' rates and the Wind PPA was the best scoring project.

Mr. Swanson testified that CEI South initiated negotiations for the Salt Creek Wind PPA in December 2024 and discussed the structured terms of the Salt Creek Wind PPA, which was provided as Petitioner's Exhibit No. 2, Attachment JAS-1 (CONFIDENTIAL).

Mr. Swanson discussed CEI South's request for approval of certain confidential authority. He testified that, due to the maturity of the project and target COD, it is unlikely that this requested authority will be necessary or used by CEI South, but he stated that it would be beneficial to CEI South to have the confidential authority available to it.

Mr. Swanson testified that timely regulatory approval is essential to enable CEI South to effectuate the PPA, ensure reliability, and reduce reliance on the wholesale market during CEI South's Generation Transition Plan. Mr. Swanson stated that, because the Salt Creek Wind Project has an executed GIA, NextEra Energy, Inc. has a defined window – three years from execution of the GIA, or July 2026 – to get the project in-service. Mr. Swanson testified that CEI South's energy and capacity needs make timely approval of the PPA critical, and the Salt Creek Wind PPA's low rate will help CEI South meet its energy needs while helping hedge against the volatility of energy market and the rising cost of energy. Mr. Swanson testified that without timely approval, CEI South risks losing the project. Mr. Swanson opined that the Salt Creek Wind Project is very competitive, and CEI South is unlikely to see a PPA rate this competitive again, especially attached to a project of this maturity with GIA secured, permitting complete, and construction nearing completion.

Mr. Swanson testified that, because of the maturity of the project having an executed GIA, the interconnection cost is part of the PPA price. Mr. Swanson testified to the protections in place for CEI South in the PPA, which includes customary indemnifications to protect CEI South if NextEra Energy, Inc. does not deliver on all the requirements, representations, and warranties. Mr. Swanson discussed the financial assurances in the PPA to ensure NextEra Energy, Inc. will meet its obligations under the PPA.

Mr. Swanson stated that the Salt Creek Wind PPA aligns with the Five Pillars; provides a lower rate than other comparison projects; is responsive to the Commission's Order in Cause No. 45052 that encouraged supply-side resource flexibility to allow for changing market conditions and technological advancements; diversifies CEI South's renewable portfolio; fills a portion of the capacity and energy necessary to meet CEI South's system load and adequate reserve margins; and supplies accredited capacity to meet Planning Reserve Margin Requirements ("PRMR") in the MISO wholesale market.

Mr. Swanson testified that the term of the Salt Creek Wind PPA fits well into CEI South's generation mix, and it provides additional options and/or off-ramps and flexibility for CEI South customers. He testified that the length of the PPA term hedges against the trends of rising prices, which benefits customers.

Mr. Swanson described the MISO energy market and how CEI South will account for the Salt Creek Wind Project's energy output. He testified regarding electric transmission congestion, stating that CEI South will manage this unit in the MISO market just as it does its other units and PPAs both inside and outside its service territory, and the difference in Locational Marginal Pricing is handled through the FAC. Mr. Swanson discussed how congestion risks of the Salt Creek Wind Project have been assessed, providing that, on a historical basis over the past three years, the average day-ahead Marginal Congestion Component ("MCC") of the two pricing nodes geographically closest to the Salt Creek Wind Project point of interconnection is $(4.28)/MWh. Mr. Swanson testified that the Salt Creek Wind PPA proposal was evaluated with a potential $4.28 unfavorable price impact due to congestion, and even with this consideration, the Salt Creek Wind Project still scored as the top project in the 2024 All-Source RFP. He stated that, even with the potential congestion cost factored in, the Salt Creek Wind Project would have a lower rate than the Galesburg Wind Project. Mr. Swanson also noted the historical three-year average MCC for

Benton County ($(6.04)/MWh) and Fowler Ridge ($(1.46)/MWh), both of which are in Indiana. Mr. Swanson testified that expansion of transmission facilities throughout MISO, specifically from the MISO LRTP projects in Tranche 1.0 and 2.1, should reduce congestion across the northern MISO region; improve the deliverability for energy generated by the Wind Project; and give MISO additional flexibility in dispatching generation resources and the ability to move power throughout the entire system, which helps reduce overall system congestion and its effect long term.

Mr. Swanson testified that the Salt Creek Wind PPA moves CEI South toward meeting its PRMR beyond the 2025/2026 Planning Year. Mr. Swanson testified that, per MISO requirements, CEI South must have adequate generating capacity to serve the annual peak demand of its customer base plus PRMR. Mr. Swanson described the penalties CEI South would have to pay in the long term if capacity is not available to meet MISO's requirements. Mr. Swanson stated that if CEI South did not have the required capacity to meet its PRMR, then CEI South would have to participate in the MISO Planning Resource Auction ("PRA"), exposing CEI South and its customers to the risk of price increases. Mr. Swanson testified that, due to potential MISO-wide unit retirements, it is uncertain if future capacity will be available to purchase and at what cost. He testified that if capacity is not available in the long term, based on current MISO rules, CEI South could be required to pay Cost of New Entry ("CONE") for each MW it is short of meeting its PRMR, which, for 2025-2026, was set at $340.71/MW-day for MISO Zone 6. Mr. Swanson testified that when CONE was utilized in 2022, CEI South purchased 50 MW of capacity at $236.66/MW-day, approximately $4,300,000 annually. At the current CONE price, purchasing 50 MW of capacity at CONE would cost $6,218,000 annually.

Mr. Swanson testified regarding MISO's Direct Loss of Load ("DLOL") proposal, which was approved by the Federal Energy Regulatory Commission in 2024. Mr. Swanson testified that MISO's DLOL proposal is likely to decrease both the accreditation granted to resources as well as the seasonal reserve margin requirement; wind accreditation is not expected to be as negatively affected as solar. Mr. Swanson testified that the planned accredited capacity for the Salt Creek Wind Project for the 2026/2027 Planning Year is 30.8 for summer, 26.5 for fall, 90.3 for winter, and 30.6 for spring; however, when MISO DLOL goes into effect in the 2028/2029 Planning Year, the Salt Creek Wind Project's planned accredited capacity changes to 17.3 for summer, 21.1 for fall, 27.9 for winter, and 13.9 for spring. Mr. Swanson testified CEI South will likely use Network Integrated Transmission Service ("NITS") to get capacity back to CEI South load node for capacity credit. Mr. Swanson testified that the Salt Creek Wind Project is necessary to support CEI South's PRMR position and ensure that the required capacity is met each season, especially in the 2028/2029 Planning Season and beyond.

Mr. Swanson testified to the risks of over-reliance on the PRA for capacity, adding that per Indiana House Bill 1007, each public utility can reasonably acquire not more than 15% of its PRMR from the PRA. He testified that CEI South is currently in an energy deficit through spring 2026, and that the retirement of F.B. Culley Unit 2 and expiration of the Benton County PPA in 2028 and the Fowler Ridge PPA in 2029 will create a gap in capacity and energy for CEI South. He stated that the addition of the Salt Creek Wind PPA to CEI South's generation portfolio will enable it to better meet its energy needs in the near-term and fulfill its long-term energy demands.

Mr. Swanson testified that the Salt Creek Wind PPA is prudent and in the public interest. He stated wind energy is a comparatively low-cost energy and capacity resource that provides diversity to CEI South's resource mix; the structure of the Salt Creek Wind PPA is responsive to the Commission's 2019 Order in Cause No. 45052 that requested diversity of CEI South's generation fleet and encouraged supply-side resource flexibility to allow for changing market conditions and technological shifts; the PPA is consistent with the needs identified in CEI South's 2022/2023 IRP; and the PPA structure diversifies the renewables portfolio to optimize cost and reliability while reducing customer risk and managing impacts of market volatility. He testified that the Salt Creek Wind PPA is a valuable project with competitive pricing with a rate that is favorable in comparison to other wind options, and that it would not be prudent for CEI South to pass on this Wind PPA in the hope that a different PPA with better terms might materialize. Mr. Swanson stated that because of the project's maturity with a signed GIA, the project risks associated with this PPA are minimal, and the Salt Creek Wind PPA helps CEI South meet both its energy and capacity needs in the near and long term, and is necessary for CEI South to continue to provide adequate and reliable service. He testified that Commission approval of the Salt Creek Wind PPA and associated relief sought herein is in the public interest, will enhance or maintain the reliability and efficiency of service provided by CEI South, and is otherwise consistent with Ind. Code ch. 8-1-8.8.

iii. Matthew A. Rice. Mr. Rice testified regarding CEI South's 2022/2023 IRP process and the benefits of the Preferred Portfolio. He stated the 2022/2023 IRP was a structured, collaborative, and comprehensive analysis spanning 15 months, and CEI South worked with several industry experts to conduct the technical analysis, including Itron, GDS Associates, Inc., and 1898 & Co. Mr. Rice testified that CEI South reviewed stakeholder comments from its 2019/2020 IRP and leveraged stakeholder feedback to formulate improvements to the IRP process.

Mr. Rice described CEI South's process to develop the 2022/2023 IRP, explaining how stakeholders were involved in the process via stakeholder meetings and stated that CEI South carefully considered past Commission orders issued in connection with CEI South's requests in Cause Nos. 45564, 45501, and 45600. Mr. Rice briefly described CEI South's RFP process as it relates to its 2022/2023 IRP and what steps CEI South took to ensure its IRP pricing model was as accurate as possible. Mr. Rice testified that CEI South relied upon several industry experts and utilized multiple forecasts as inputs for the IRP analysis. He stated that CEI South also worked with stakeholders to provide input to ensure multiple perspectives were captured to create a wide range of potential futures.

CEI South's ten portfolios were created through leveraging CEI South's development process and utilizing stakeholder input throughout. From these, CEI South selected the Convert F.B. Culley 3 by 2027 portfolio as the Preferred Portfolio. Mr. Rice testified that the major components of the Preferred Portfolio include the conversion of CEI South's F.B. Culley 3 to natural gas by 2027, the addition of 200 MW of wind resources and 200 MW of solar resources by 2030, and an additional 400 MW of wind generation between 2032 and 2033. Mr. Rice stated the Preferred Portfolio includes a diverse mix of resources, led by renewables, and supported to the extent necessary by natural gas. He named several benefits of the Preferred Portfolio and stated that the risk analysis showed minimized risk to customers and performed among the best in the following categories: affordability/cost risk, environmental sustainability, reliability, and market risk mitigation.

Mr. Rice testified that, although CEI South has paused its natural gas conversion for re-evaluation in the 2025 IRP, the benefits of the Preferred Portfolio are still valid. He testified that the Convert F.B. Culley 3 to Natural Gas by 2030 had been strongly considered as the Preferred Portfolio in the 2022/2023 IRP and was the same in every way except for the timing of the conversion. Mr. Rice testified that the Salt Creek Wind PPA is still needed if the conversion of F.B. Culley 3 is paused until 2030 or if the unit is retired by 2032.

Mr. Rice testified that a significant amount of wind resources were selected in nine of ten portfolios, including the Preferred Portfolio. Mr. Rice stated that the Salt Creek Wind PPA fulfills a portion of the 600 MW of additional wind by 2033 identified in the Preferred Portfolio; provides abundant renewable energy; and provides capacity needed to meet CEI South's electric load requirements, particularly when MISO's DLOL accreditation methodology is deployed. Mr. Rice testified that the Salt Creek Wind PPA is a reasonable addition to CEI South's generation resource portfolio that increases reliability and efficiency, while mitigating risk through diversification.

Mr. Rice stated that the Salt Creek Wind PPA is consistent with the needs of the Preferred Portfolio and the Commission's state-wide analysis of expansion of electric generating capacity; fulfills part of the capacity need identified in CEI South's 2022/2023 IRP; and helps CEI South meet MISO's seasonal PRMR. Mr. Rice also testified that he believes wind will still be identified as an attractive resource in its 2025 IRP.

Mr. Rice testified that the Salt Creek Wind Project qualifies as a clean energy project under Ind. Code § 8-1-8.8-2, and as a renewable energy resource under Ind. Code § 8-1-8.8-10.

Mr. Rice provided a summary of the rate impact of the Salt Creek Wind PPA, submitted as Petitioner's Exhibit No. 3, Attachment MAR-3 (confidential) to his testimony. He testified that the estimated net residential bill impact for a residential customer using 878 kWh to 1,000 kWh per month is approximately $0.41 to $0.48 per month, respectively. He stated that this amount includes estimated congestion, an offset for REC sales, and an offset for avoided energy/capacity cost.

Mr. Rice testified that CEI South's current practice is to sell RECs on behalf of its customers to directly offset the cost of renewable energy projects. He testified that the benefit of REC sales, net of costs, would be included as an offset to the FAC.

Mr. Rice described how avoided energy/capacity is calculated. He stated that in total, the avoided cost is approximately $32 million. Mr. Rice testified that his calculations do not include the regulatory asset requested for this Project; he stated the regulatory asset, when amortized over the next ten years and recovered through the FAC, will have an immaterial bill impact of less than a penny per month on residential customer bills.

iv. **<u>Chrissy M. Behme</u>.** Ms. Behme testified in support of CEI South's request for approval to create and include in a regulatory asset any direct incremental expenses actually incurred related to the procurement, review, execution, or implementation of the Wind PPA. Ms. Behme stated that CEI South is proposing to amortize and recover these direct incremental costs over a ten-year period through the FAC.

Ms. Behme testified that the Clean Energy Statute, Ind. Code ch. 8-1-8.8, specifically authorizes an electric utility to recover costs associated with clean energy projects outside of a general rate case. She further testified that allowing CEI South to recover incremental costs actually incurred in connection with the Wind PPA is a modest incentive available under Ind. Code § 8-1-8.8-11, and the Commission has previously approved similar proposals from CEI South in Cause Nos. 45600, 45786, and 45839 for the authority to create a regulatory asset for the deferral, and subsequent recovery of, incremental costs associated with renewable projects.

Ms. Behme testified that CEI South's base rates include a level of operations and maintenance ("O&M") expenses to cover the costs of providing regulated services, but that they do not include the incremental costs associated with entering contracts for new generation projects. Ms. Behme stated that, unless the requested authorization is obtained to defer these costs into a regulatory asset and seek recovery through the FAC, CEI South will incur costs that would not otherwise be eligible for future recovery. She stated these costs are necessary and prudent expenses associated with entering a PPA and are appropriately recovered through rates.

Ms. Behme testified that, absent the ability to recover its incremental costs associated with entering into PPAs, CEI South may have less incentive to enter into contracts for these types of transactions, particularly when it has the alternative of purchasing or constructing a similar project, and that the Commission's authorization of the recovery of necessarily incurred costs provides an incentive to entering into these types of transactions and, therefore, encourages clean energy projects.

Ms. Behme testified that the incremental costs associated with the Salt Creek Wind PPA are non-recurring and apply only to this PPA and would not necessarily be appropriately recovered through a future base rate case. Ms. Behme estimated the amount of expenses associated with negotiating and obtaining necessary approvals for the Wind PPA to be $160,000. She testified that she expects actual costs to be consistent with this estimate.

B. **<u>CEI South's Supplemental Testimony</u>.** Mr. Swanson provided supplemental testimony that discussed two additional amendments to the Wind PPA and explained why the Second and Third Amendments were necessary and agreed upon by CEI South, and why the Wind PPA still benefits CEI South and its customers, and remains reasonable, necessary, and in the public interest.

Mr. Swanson testified that the Second Amendment extended NextEra Energy, Inc.'s time for providing notice of its intent to terminate the PPA from 10 to 15 days. He stated the Third Amendment gives NextEra Energy, Inc. the right to terminate without financial penalty if certain confidential terms are met and extends the term of the PPA from 25 to 27 years. He testified that the Third Amendment also extends the date by which CEI South must obtain approval of the Wind

PPA from November 15, 2025, to March 31, 2026; however, CEI South still hopes to have regulatory approval (i.e., a final, non-appealable order) before December 31, 2025.

Mr. Swanson testified regarding the necessary approval timeline for the Wind PPA, stating that if CEI South is unable to obtain the necessary regulatory approvals by March 31, 2026 (i.e., a final, non-appealable order), then NextEra Energy, Inc. has the right to terminate the agreement and pursue another off-taker. Mr. Swanson stated that CEI South would prefer to purchase energy and capacity generated by the Salt Creek Wind Project once it is operational and requests that the Commission issue a final Order in this case before December 31, 2025, so that the PPA is effective at the same time the Salt Creek Wind Project is targeted to become operational.

Mr. Swanson testified that CEI South's energy and capacity needs still make approval of this Wind PPA critical, and since filing its case-in-chief in this Cause, CEI South has had to cancel two solar PPAs—the 185 MW Vermillion County Solar PPA and the 100 MW Warrick County Solar PPA—due to a change in market dynamics. Mr. Swanson testified that the Salt Creek Wind PPA's low rate will help CEI South meet its energy needs while helping hedge against potentially higher future market prices. He testified that approval of the Wind PPA is still prudent, in the public interest, will enhance or maintain the reliability and efficiency of service provided by CEI South, and is otherwise consistent with Ind. Code ch. 8-1-8.8.

C. <u>OUCC's Case-in-Chief</u>. Mr. Latham evaluated CEI South's request for approval of the Salt Creek Wind PPA and discussed the OUCC's recommendations to the Commission regarding CEI South's request.

Mr. Latham described the characteristics of the Salt Creek Wind Project and testified that the OUCC generally agrees that the Salt Creek Wind Project is consistent with CEI South's 2022/2023 IRP. He testified that the Preferred Portfolio included 200 MW of wind resources above the amount of wind approved in Cause No. 45836 to be added prior to 2024; however, since that time, CEI South has acquired a 25-year PPA with the Galesburg Wind Project with a nameplate capacity of 147 MW. Thus, all else equal, to meet the requirements of its Preferred Portfolio prior to 2030, CEI South would only need 53 MW of wind, not the total of the Salt Creek Wind Project. Mr. Latham testified that, despite the excess generation, the economics of the Salt Creek Wind PPA compare favorably to other wind projects, and accordingly, the Commission may find it reasonable to approve the Salt Creek Wind PPA. He also maintained that exactly matching the Preferred Portfolio may be impractical.

Mr. Latham testified that he does not consider the Salt Creek Wind PPA rate to be unreasonable. He also stated that the OUCC agrees with CEI South's forecasted congestion adjustment. He testified that CEI South has not performed any evaluation into how MISO's Tranche 1 or 2.1 transmission upgrades may alleviate congestion between Zones 3 and 6, nor did it quantify potential congestion reductions or savings due to the number of variables.

Mr. Latham testified that, under MISO's Module E requirements, capacity for a resource must be both accredited and deliverable to the utility's load zone to count toward its PRMR, and since the Salt Creek Wind Project is in LRZ 3, CEI South must show the capacity can be delivered to LRZ 6 during peak load conditions. He testified that, without the guarantee of reliability, the capacity from the Salt Creek Wind Project may not be credited toward CEI South's PRMR. Mr. Latham testified that capacity must not only be accredited but also must be deliverable to the utility's load to count toward the PRMR. He stated that, without meeting Module E's accreditation and deliverability requirements, the amount of capacity from the Salt Creek Wind Project counted towards CEI South's PRMR beginning in the 2028/2029 Planning Year may be at risk. Mr. Latham testified that uncertainty remains regarding whether CEI South will be able to count the full potential accredited capacity of the Salt Creek Wind Project toward its PRMR in future planning years, as CEI South has not secured NITS. Mr. Latham testified that if CEI South cannot secure NITS or otherwise demonstrate deliverability of the Salt Creek Wind Project's accredited capacity to LRZ 6, MISO may disallow CEI South from counting the expected capacity toward its PRMR, thus leaving CEI South in a capacity shortfall position. Mr. Latham testified that MISO's evolving accreditation policies may limit the Salt Creek Wind Project's effectiveness as a capacity resource.

Mr. Latham stated that the Commission should discount CEI South's calculation of the REC sales offset in deciding whether to approve or deny the Salt Creek Wind PPA. He testified that CEI South used an outlier data point in its calculation, which would inflate its estimate of the average price.

Mr. Latham testified that the OUCC recommends the Commission deny CEI South's request related to the confidential provisions explained in his testimony and stated that, if the Commission approves the Wind PPA, including its confidential provisions, the OUCC recommends the Commission require CEI South to comply with additional reporting requirements, as set forth below.

Mr. Latham stated that, according to the testimony of Mr. Rice, the forecasted impact on a residential class customer's monthly 1,000 kWh bill would be an increase of $0.48. He stated this calculation included offsets from REC sales, congestion loss, and avoided energy/capacity cost. Mr. Latham testified this distinguishes the Salt Creek Wind PPA's bill impact from that of the Galesburg Wind PPA, which included offsets for RECs but not avoided energy/capacity. He testified CEI South could have, but chose not to, present its bill impacts in a more transparent manner, as it had in Cause No. 46058. Mr. Latham recommended that CEI South present in its rebuttal, publicly and without redaction, the estimated net residential bill impact for a residential customer using 878 kWh to 1,000 kWh per month, excluding avoided energy/capacity from the calculation.

Mr. Latham testified that, if the Commission approves the Salt Creek Wind PPA, the OUCC recommends CEI South's request to track and recovery its direct incremental expenses be denied. He stated that the way CEI South presented its public residential bill impact, netting the actual forecasted residential bill impact by an estimated market avoided cost, represents a serious departure from accepted or typical practice, and recommended that the Commission disincentivize this practice by disallowing CEI South's recovery of direct incremental costs. Mr. Latham further testified that CEI South's base rates already embed a substantial amount of O&M expenses, including legal and regulatory expenses, so it is reasonable to disallow this requested additional incentive.

Mr. Latham testified that he reviewed CEI South's supplemental testimony and stated that the amendments to the Wind PPA do not change his analysis or recommendations.

Mr. Latham described risks to wind and solar energy parts because of potential trade restrictions or barriers, such as the Uyghur Forced Labor Prevention Act. He testified that the implementation of tariffs may present risks to generation projects, and wind and solar projects may be susceptible to supply chain issues and material and equipment cost increases, which may increase risk concerning the Salt Creek Wind Project.

Mr. Latham recommended that, if the Salt Creek Wind PPA is approved, CEI South should report on project progress and on certain events, benchmarks, or notification requirements that are set forth in the terms of the PPA, including the following: (1) semi-annual reporting for the Salt Creek Wind Project, interconnection, and progress towards attaining NITS that includes the updated expected date of completion if not completed, or if completed, the date of completion and the status of energy testing, the status or results of the studies required to attain NITS, and related progress; (2) timely reporting for the Salt Creek Wind PPA that includes notifications received from the seller pursuant to any notification requirements within the PPA; and for each notification detailed, information regarding the impact or potential impact the subject of the notification may have on the Salt Creek Wind PPA; (3) reporting related to the confidential provisions included in CEI South's request for approval and any impact or potential impact on the Salt Creek Wind PPA.

D. Petitioner's Rebuttal.

i. Joshua A. Swanson. Mr. Swanson testified that he disagrees with Mr. Latham's testimony implying the Salt Creek Wind PPA creates an "excess" or unnecessary capacity. Mr. Swanson stated that Mr. Latham's narrow focus on wind resources overlooks broader factors that influence CEI South's resource portfolio, including MISO's approval to change its capacity accreditation related to DLOL, as well as CEI South's exit of the 130 MW Crosstrack BTA, the 185 MW Vermillion County Solar PPA, and 100 MW Warrick County Solar PPA. He testified that entering the Salt Creek Wind PPA would not yield excess capacity as it relates to the 2022/2023 IRP and that the Salt Creek Wind PPA contributes to CEI South's overall capacity and energy needs, especially when accounting for the changes in MISO accreditation and CEI South's evolving renewable portfolio. Mr. Swanson testified that the Salt Creek Wind PPA rate is low, and entering the PPA helps protect customers from future volatility both in the market and in the cost of replacement projects.

In response to Mr. Latham's testimony regarding the fact that CEI South has not performed evaluations on the impact of MISO's LRTP Tranche 1 and 2.1 projects on the Salt Creek Wind Project, Mr. Swanson testified that the cost of that type of evaluation would not justify the result, which is limited and unreliable. He testified that CEI South cannot reasonably model the direct impact of the LRTP projects to the Salt Creek Wind Project because of the dynamic nature of the power system, the inherent future uncertainties, the complex interdependencies within the grid, and the practical limitations of available sophisticated modeling tools.

Mr. Swanson testified that he does not share Mr. Latham's concerns about whether CEI South will be able to count the full potential accredited capacity of the Salt Creek Wind Project towards its PRMR in future planning years. He stated that MISO assesses all generation annually to determine its accreditation capacity; and while he agreed with Mr. Latham that there is no guarantee that the Salt Creek Wind Project's capacity will count towards CEI South's PRMR, he stated that this is the case for every generation asset within MISO, regardless of which LRZ it is within. Mr. Swanson testified that the Salt Creek Wind PPA has mandatory contractual parameters that help mitigate risk in this respect as they help protect customers against subpar performance that could impact the reliability of the asset and its capacity accreditation.

Mr. Swanson testified that CEI South will use NITS to deliver the capacity of the project to LRZ 6, and annual studies will be performed to confirm CEI South's ability to secure the use of NITS. Mr. Swanson testified that CEI South will also work with MISO to perform long-term studies that allow the ability to lock in long-term transferability of the capacity. He stated the MISO node in MISO's Network and Commercial model is currently being created by MISO and will be available before the COD. Mr. Swanson testified that CEI South has successfully used NITS for many years to account for capacity inside and outside MISO Zone 6, as do most other utilities, and there is no reason to believe that the Salt Creek Wind PPA would be any different from any of these other arrangements entered by Indiana electric utilities.

Mr. Swanson responded to Mr. Latham's testimony related to certain confidential aspects of CEI South's request for approval. He testified that CEI South's requested relief would not change the economics of the transaction and would limit the impact to customer bills to approximately $1.00. He testified that the project's maturity and target COD of December 2025 mitigate the likelihood that this requested authority would be necessary or used. He stated that CEI South maintains that the requested authority is prudent but noted that CEI South would move forward with the Salt Creek Wind PPA even if the request is denied. Mr. Swanson also emphasized the importance of maintaining the confidentiality of this request.

Regarding Mr. Latham's reporting recommendations, Mr. Swanson testified that if its requested confidential authority were granted, CEI South agrees that it will notify the Commission within 30 days of certain confidential occurrences. Mr. Swanson stated that CEI South will provide notice in this Cause when COD is achieved, which may happen before receiving Commission approval. Mr. Swanson testified that CEI South does not believe additional reporting is necessary, but at the OUCC's request, CEI South agrees to provide updates from the confidential annual studies performed with MISO about CEI South's ability to secure NITS. Regarding additional reporting related to other confidential provisions, Mr. Swanson testified that Mr. Latham's specific concerns are primarily considerations for solar projects, and because of the maturity of the Project, the target COD of December 2025, and the type of turbines being used for the Project, Mr. Latham's concerns should not impact the project such that additional reporting requirements are necessary.

ii. **<u>Matthew A. Rice</u>.** In response to Mr. Latham's recommendation to publicly and without redaction show net residential bill impact that excludes the energy and capacity impact, Mr. Rice provided Petitioner's Exhibit No. 3-R, Attachment MAR-R1, which is a redacted version of the confidential bill impact breakdown presented in his direct testimony. He disagreed with Mr. Latham's statement that CEI South did not present its bill impact in a transparent manner; individual bill impact components were displayed in Petitioner's Exhibit No.

3, Attachment MAR-3 (CONFIDENTIAL). In addition to the attachment included with his rebuttal testimony, Mr. Rice provided a public table that shows each component of the net bill impact. He provided that the monthly residential bill impact per 1,000 kWh and per 878 kWh, respectively, of $7.10 and $6.23, without the impacts of the REC sales, congestion cost, and avoided cost, as well as the net total cost.

Mr. Rice testified that he also disagrees with Mr. Latham's assertion that CEI South's REC price calculation included an inflated average price per REC. He testified that CEI South relied on the historic average price used for the recently approved Green Energy Rider in Cause No. 45990 for RECs sold between June 2023 and May 2024. Mr. Rice testified that the REC price included in the bill impact is not meant to be a forecast for future REC prices, but rather an indicative amount based on a historic average. He testified that the historic average for the period was $4.98; excluding the data point referenced by Mr. Latham lowers the indicative average amount by $0.86 and increases the net bill impact on a customer that uses 878 kWh per month by $0.10.

Mr. Rice disagreed with Mr. Latham's assessment that it is not useful to offset or credit against bill impact. He testified that, in recent years, CEI South has had to purchase capacity and energy from the market, which are costs that are both avoided by locking in a reasonably priced PPA. He stated that CEI South regularly considers avoided energy and costs to compare PPAs of varying lengths to one another, and the calculation provided for the bill impacts in this case is an extension of that practice and is more comprehensive and a better representation of incremental costs that CEI South customers are likely to see should the Salt Creek Wind PPA be approved. Mr. Rice noted that Mr. Latham did not take issue with the inclusion of congestion costs in the bill impact, although congestion costs are not typically shown.

Mr. Rice disagreed with Mr. Latham's recommendation that the Commission deny CEI South's recovery of prudently incurred costs associated with entering the Salt Creek Wind PPA because the OUCC believes CEI South should have displayed bill impacts more comprehensively. He testified that Ind. Code § 8-1-8.8-11 authorizes the Commission to approve financial incentives for renewable energy projects, and incentives are not designed to be used as a punishment where a party believes the utility could have presented its case better or in a different manner but are designed to encourage clean energy projects.

Mr. Rice also responded to Mr. Latham's testimony regarding his contention that the Salt Creek Wind Project is larger than what was called for by 2030 in CEI South's most recent IRP. He testified that Mr. Latham acknowledged it is often impractical to match the IRP Preferred Portfolio megawatt for megawatt and acknowledged that the economics of this project compare favorably with other wind projects. He testified that the IRP is a guide to selection of resources to meet forecasted load obligations; timing and size of attractive resources will rarely match exactly with modeling assumptions. He testified that CEI South has walked away from the 130 MW Crosstrack Solar Project and cancelled the 185 MW Vermillion County Solar PPA and the 100 MW Warrick County Solar PPA; and that the Salt Creek Wind PPA will help affordably fill the gap needed for energy and capacity.

iii. Chrissy M. Behme. Ms. Behme responded to Mr. Latham's testimony regarding recovery of direct incremental expenses associated with CEI South entering into the Salt Creek Wind PPA. She testified that she disagrees with Mr. Latham's opinion that CEI South's bill impact presentation departed from standard practices, and any concerns Mr. Latham had regarding the netting of the actual forecasted residential bill and the estimated avoided cost is addressed by Mr. Rice's rebuttal.

Ms. Behme further testified that Mr. Latham's perception of the level of O&M within CEI South's base rates is inaccurate, as he implied that CEI South built an arbitrary amount of O&M into its base rates. Ms. Behme testified that CEI South's base rates include a level of O&M cover the cost of providing regulated services; this amount is not arbitrary. She stated that the direct incremental costs associated with entering the Salt Creek Wind PPA that CEI South is requesting recovery of in this case were not included in the O&M that was built into CEI South's current base rates and the OUCC has not presented any basis for the Commission to change its findings that allowing recovery of these one-time costs is an appropriate financial incentive under Ind. Code § 8-1-8.8-11, as the Commission has found in past similar cases.

6. Commission Discussion and Findings.

A. Clean Energy Projects and Financial Incentives. Indiana Code § 8-1-8.8-11 provides that "[a]n eligible business must file an application to the commission for approval of a clean energy project" and directs the Commission to encourage clean energy projects by creating financial incentives for clean energy projects, if the projects are found to be just and reasonable.

An "eligible business" includes an energy utility that "undertakes a project to develop alternative energy sources, including renewable energy projects[.]" Ind. Code § 8-1-8.8-6(3). Although CEI South is not constructing and will not own the physical facilities comprising the Salt Creek Wind Project, it is proposing to enter into the Salt Creek Wind PPA to purchase the capacity and energy from the Salt Creek Wind Project and is, therefore, contributing to the development of the project. Accordingly, we find CEI South is an "eligible business" for purposes of reviewing its request for the creation of financial incentives under Ind. Code § 8-1-8.8-11.

A "clean energy project" includes "[p]rojects to develop alternative energy sources, including renewable energy projects[.]" Ind. Code § 8-1-8.8-2(2). "Energy from wind" is a "renewable energy resource" through the application of Ind. Code § 8-1-37-4(a)(1) and Ind. Code § 8-1-8.8-10. Therefore, the Salt Creek Wind Project is a clean energy project.

As noted above, Ind. Code § 8-1-8.8-11 provides that the Commission shall encourage clean energy projects by creating financial incentives for such projects, if found to be just and reasonable. While Ind. Code ch. 8-1-8.8 does not set forth specific factors the Commission should consider in determining whether a clean energy project is just and reasonable, the Commission has previously considered some of the factors in Ind. Code chs. 8-1-8.5 and 8-1-8.7 in undertaking such an analysis.[5] Therefore, in determining whether the Salt Creek Wind Project is just and

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[5] *See S. Ind. Gas & Elec. Co.*, Cause No. 46058, at 8-10 (Nov. 6, 2024); *S. Ind. Gas & Elec. Co.*, Cause No. 45600, at 9 (May 4, 2024); *S. Ind. Gas & Elec. Co.*, Cause No. 45501, at 27-33 (Oct. 27, 2021); *N. Ind. Pub. Serv. Co.*, Cause

reasonable, we find it is appropriate to consider the following factors: (1) the cost of the project; (2) the consistency of the project with CEI South's most recent IRP; (3) the need for the project; and (4) the competitiveness of the project.

i. __Cost of the Wind PPA__. Petitioner provided the PPA pricing for the Salt Creek Wind PPA in Petitioner's Exhibit No. 2-C. The Salt Creek Wind PPA rate was the lowest cost project from the recent 2024 All-Source RFP; has a lower rate than CEI South's previously approved wind PPAs; and has a lower price than MISO's average wind PPA price, as reported by LevelTen Energy pricing index. The Salt Creek Wind Project has an executed GIA, which mitigates the risk of increases to the cost of power purchased under the Salt Creek Wind PPA due to interconnection costs. The evidence reflects that the Salt Creek Wind Project is competitively priced and favorable compared to other projects that might be available in the market. The evidence reflects that finding a substitute project at a comparable price is unlikely in the current market. Based on the uncontested evidence presented, the Commission finds the cost of the energy to be produced by the Salt Creek Wind Project is reasonable for a wind PPA of this nature and scope.

ii. __Consistency of the Wind PPA with Petitioner's Generation Transition Plan and 2022/2023 IRP__. The record demonstrates that the Salt Creek Wind PPA is consistent with the Preferred Portfolio identified in CEI South's 2022/2023 IRP. The Preferred Portfolio indicated a need to add wind resources and to diversify CEI South's resource mix. The Salt Creek Wind PPA represents 170 MW of wind generation that will help fill a portion of CEI South's capacity and energy need. CEI South witnesses noted that the addition of wind resources through the Salt Creek Wind Project will help diversify CEI South's resource mix not only by adding a clean renewable energy asset, but also by adding a generation asset that will complement solar production by peaking at different times of the day and year than solar generation. Based on the evidence, the Commission finds the Salt Creek Wind PPA is consistent with CEI South's 2022/2023 IRP and CEI South's Generation Transition Plan.

iii. __Need for the Wind PPA__. The wind generation from the Salt Creek Wind PPA fills a portion of the capacity and energy needed to meet CEI South's retail electric load and adequate reserve margins. Specifically, the evidence reflects that CEI South must make near-term changes to its generation portfolio to meet future capacity needs of the system, and the Salt Creek Wind PPA is a component of that Plan. CEI South has recently announced its exit from three solar projects. Thus, the Salt Creek Wind PPA fills a portion of the capacity and energy necessary to meet CEI South's PRMR position and ensures that the required capacity is met each season, especially in the 2028/2029 Planning Season and beyond.

Per MISO requirements, CEI South must hold adequate generating capacity to serve the annual peak demand of its customer base plus a PRMR. If CEI South does not have the required capacity, it may need to procure the capacity through MISO's PRA or purchase from a third party. Under MISO's new DLOL accreditation methodology, wind is not expected to be as negatively affected as solar, which makes the Salt Creek Wind Project a suitable addition to CEI South's generation mix.

No. 45403, at 24-25 (Jan. 27, 2021); *N. Ind. Pub. Serv. Co.*, Cause No. 45310 at 29 (Feb. 19, 2020); *N. Ind. Pub. Serv. Co.*, Cause No. 45194, at 52 (Aug. 7, 2019).

The evidence reflects that the Salt Creek Wind PPA contributes to CEI South's overall capacity and energy needs, especially when accounting for the changes in MISO accreditation and CEI South's evolving renewable portfolio. The evidence further reflects that the Salt Creek Wind Project will diversify Petitioner's overall generation portfolio, which may help mitigate risk. Based on the evidence of record, the Commission finds Petitioner has shown a need for the capacity and energy to be obtained from the Salt Creek Wind PPA.

iv. Competitiveness of the Wind PPA. The evidence of record demonstrates that the Salt Creek Wind PPA is the result of a thorough and competitive RFP process that reflects current market conditions. The Salt Creek Wind PPA was the lowest-cost and highest-scoring proposal from CEI South's recent 2024 All-Source RFP. The Salt Creek Wind PPA rate is lower than that of all CEI South's previously approved wind PPAs and is lower than MISO's average wind PPA price, as reported by LevelTen Energy.

The record demonstrates the Salt Creek Wind PPA terms, including pricing, were reached after significant negotiations between CEI South and the seller. The Salt Creek Wind Project is competitive, particularly for a project of maturity with an executed GIA, permitting complete, and construction nearing completion. We further note the reduced risk of future interconnection costs that could significantly increase the Wind PPA price or cause Petitioner to exit the Wind PPA because of the already executed GIA. Accordingly, we find that the Wind PPA terms are competitive with those of other projects that are available in the current market.

v. Conclusion. The Commission finds that the Salt Creek Wind Project is a clean energy project under Ind. Code § 8-1-8.8-11 and is a just and reasonable addition to CEI South's portfolio of generating resources to meet the need for electricity within CEI South's service area. We further find the project will mitigate risk through diversification and the use of an economic mix of resources that provides flexibility. The evidence of record shows that adding the Salt Creek Wind PPA to CEI South's resource mix will timely provide needed energy and capacity. We find that the terms of the Salt Creek Wind PPA are reasonable and in the public interest, and the energy and capacity produced by the Salt Creek Wind PPA will be a reasonable addition to CEI South's resource mix. Therefore, we find CEI South's proposal to enter the Salt Creek Wind PPA is approved.

B. Financial Incentives and Cost Recovery. CEI South proposed that timely cost recovery of the Salt Creek Wind PPA be administered through its FAC proceedings (or successor mechanism) without regard to the Ind. Code § 8-1-2-42(d)(1) test or other FAC benchmarks. Ind. Code § 8-1-8.8-11 provides that renewable energy projects, such as Salt Creek Wind Project, are eligible for reasonable financial incentives. The Commission has broad authority to decide what is appropriate to be recovered through rates under Ind. Code § 8-1-8.8-11, including assurances of timely and lifetime recovery of costs.

Based on the evidence of record, we find the costs to be incurred pursuant to the Salt Creek Wind PPA are reasonable and in the public interest. The Commission further finds that the recovery of all purchased power costs over the full term of the Salt Creek Wind PPA should be approved. Consistent with prior Commission decisions in PPA proceedings, we further find that CEI South should be authorized to recover the Salt Creek Wind PPA costs through its FAC proceeding (or successor mechanism) without being subject to the requirements of Ind. Code § 8-1-2-42(d) tests or any other tests or benchmarks.

In this Cause, CEI South requests the Commission authorize CEI South to create and include in a regulatory asset any direct incremental expenses actually incurred related to the procurement, review, execution, or implementation of the Salt Creek Wind PPA. The costs incurred in negotiating and seeking approval of the Salt Creek Wind PPA are estimated at $160,000, including legal costs and expenses for regulatory filings. These costs, amortized over ten years and recovered through the FAC, would have an immaterial bill impact of less than a penny per month on residential customer bills.

CEI South's base rates include an amount of O&M to cover the cost of providing regulated services, and the direct incremental costs associated with entering the Salt Creek Wind PPA that CEI South is requesting recovery of in this case are not included in the O&M built into CEI South's current base rates.

The Commission has previously authorized CEI South to recover the same type of expenses with substantially similar amounts in three cases, including Cause Nos. 45786,[6] 45839,[7] and 45600 (noting "the costs at issue are one-time expenses reasonably incurred as part of entering into . . . PPAs").[8] No basis was provided for the Commission to change its findings allowing recovery of these one-time costs in an appropriate financial incentive under Ind. Code § 8-1-8.8-11. Moreover, Ind. Code § 8-1-8.8-11 provides that incentives should be created to encourage clean energy projects.

CEI South's request to recover the amount of costs necessarily incurred as part of entering the Salt Creek Wind PPA is within the Commission's authority under this statute and consistent with prior Commission decisions. The costs at issue are one-time expenses reasonably incurred as part of entering the Salt Creek Wind PPA. Absent the ability to recover incremental costs associated with entering the Salt Creek Wind PPA, CEI South may have less incentive to enter contracts for these types of clean energy transactions even when it would benefit customers and the environment, CEI South might instead pursue the construction of alternative projects where these types of incremental costs could be capitalized.

Accordingly, we approve CEI South's proposal to recover the incremental costs described through a regulatory asset for future recovery through the FAC mechanism in accordance with Ind. Code § 8-1-8.8-11.

C. Five Pillars. Through Ind. Code § 8-1-2-0.6, the Indiana General Assembly declared it is the continuing policy of the state that decisions concerning Indiana's electric generation resource mix, energy infrastructure, and electric service ratemaking constructs must consider Five Pillars of electric utility service: reliability, affordability, resiliency, stability, and environmental sustainability.

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[6] *S. Ind. Gas & Elec. Co.*, Cause No. 45786, at 11 (Feb. 22, 2023).
[7] *S. Ind. Gas & Elec. Co.*, Cause No. 45839, at 14-15 (May 30, 2023).
[8] *S. Ind. Gas & Elec. Co.*, Cause No. 45600, at 11-12 (May 4, 2022).

The Commission considered the Five Pillars enumerated in Ind. Code § 8-1-2-0.6 in reaching our decision in this proceeding and we find that the proposed Salt Creek Wind PPA is consistent with the legislative directives. Regarding affordability, we considered how the PPA will impact customer bills and find that the generation diversification offered by the Salt Creek Wind Project will help guard against market volatility. In terms of reliability, resiliency, and stability, the evidence of record shows that the Salt Creek Wind Project will: (1) help meet CEI South's energy and capacity requirements, (2) mitigate the risk of service interruptions and aid in the recovery of service disruptions, and (3) add a wind resource that will diversify CEI South's generation portfolio. We considered the environmental sustainability pillar in recognizing that the Salt Creek Wind Project will add a renewable generation asset.

D. Additional Requested Authority. CEI South confidentially requested approval of certain authority, which is discussed on pages 14-15 of Mr. Swanson's confidential direct testimony. CEI South proposed the requested authority for administrative efficiency purposes and to avoid delay, which could increase costs. CEI South indicated the requested relief would not change the economics of the transaction and would limit the impact to customer bills to approximately $1.00. The OUCC recommends CEI South's request be denied, as discussed on page 13 of Mr. Latham's confidential testimony. Based on the evidence presented, due to the maturity of the project and target COD, it is unlikely that this requested authority will be necessary or used. Nevertheless, we recognize the benefits put forward by CEI South's proposal, and we approve the requested relief.

E. Post-Order Reporting. CEI South will provide notice under this Cause within 30 days of exercising the confidential authority authorized in Paragraph 6.D above. CEI South will also provide notice in this Cause when commercial operation of the Salt Creek Wind Project is achieved within 30 days of the COD. CEI South will provide updates from the confidential annual studies performed with MISO about CEI South's ability to secure NITS.

CEI South shall provide an update regarding the lawsuit filed by NextEra on behalf of the project upon its resolution.

7. Confidential Information. On April 14, 2025, CEI South filed its Motion for Protection and Nondisclosure of Confidential and Proprietary Information with a supporting affidavit asserting that certain information to be submitted to the Commission was trade secret information as defined in Ind. Code § 24-2-3-2 and should be treated as confidential in accordance with Ind. Code §§ 5-14-3-4 and 8-1-2-29. A Docket Entry was issued on April 25, 2025, in which the Presiding Officers determined the information should be held confidential on a preliminary basis, and after which the information was submitted under seal. After reviewing the information and considering the affidavit, we find the information is trade secret information as defined in Ind. Code § 24-2-3-2, is exempt from public access and disclosure pursuant to Ind. Code §§ 5-14- 3-4 and 8-1-2-29 and shall be held confidential and protected from public access and disclosure by the Commission.

IT IS THEREFORE ORDERED BY THE INDIANA REGULATORY COMMISSION that:

1. Petitioner is authorized to enter the Salt Creek Wind PPA with Salt Creek Wind, LLC or its assigns and/or successor.

2. Petitioner's proposed Salt Creek Wind Project is approved as a just and reasonable clean energy project under Ind. Code § 8-1-8.8-11.

3. Petitioner is authorized to recover the Salt Creek Wind PPA's costs over the full term of the PPA as proposed by Petitioner, pursuant to Ind. Code §§ 8-1-2-42(a) and 8-1-8.8-11, to be administered within CEI South's FAC proceedings (or a successor mechanism). This recovery shall not be subject to Ind. Code § 8-1-2-42(d) tests or FAC benchmarks.

4. Petitioner is authorized to use the proposed ratemaking treatment to defer actual expenses incurred to enter the Salt Creek Wind PPA as a regulatory asset and recover such deferred costs through its FAC mechanism in accordance with Ind. Code § 8-1-8.8-11.

5. Petitioner shall comply with all reporting requirements outlined above.

6. The information submitted under seal in this Cause pursuant to Petitioner's request for confidential treatment is determined to be confidential trade secret information as defined in Ind. Code § 24-2-3-2 and shall continue to be held as confidential and exempt from public access and disclosure pursuant to Ind. Code §§ 5-14-3-4 and 8-1-2-29.

7. This Order shall be effective on and after the date of its approval.

HUSTON, VELETA, AND ZIEGNER CONCUR:

APPROVED: NOV 05 2025

I hereby certify that the above is a true and correct copy of the Order as approved.

Dana Kosco Digitally signed by Dana Kosco Date: 2025.11.05 10:12:00 -05'00'

Dana Kosco
Secretary of the Commission