

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**PETITION OF DUKE ENERGY INDIANA, LLC)
PURSUANT TO IND. CODE §§ 8-1-2-42.7 AND)
8-1-2-61, FOR (1) AUTHORITY TO MODIFY)
ITS RATES AND CHARGES FOR ELECTRIC)
UTILITY SERVICE THROUGH A STEP-IN OF)
NEW RATES AND CHARGES USING A)
FORECASTED TEST PERIOD; (2) APPROVAL)
OF NEW SCHEDULES OF RATES AND)
CHARGES, GENERAL RULES AND)
REGULATIONS, AND RIDERS; (3))
APPROVAL OF A FEDERAL MANDATE) CAUSE NO. 45253
CERTIFICATE UNDER IND. CODE § 8-1-8.4-1;)
(4) APPROVAL OF REVISED ELECTRIC)
DEPRECIATION RATES APPLICABLE TO)
ITS ELECTRIC PLANT IN SERVICE; (5))
APPROVAL OF NECESSARY AND)
APPROPRIATE ACCOUNTING DEFERRAL)
RELIEF; AND (6) APPROVAL OF A)
REVENUE DECOUPLING MECHANISM FOR)
CERTAIN CUSTOMER CLASSES)**

**VERIFIED PETITION FOR GENERAL RATES AND CHARGES INCREASE AND
ASSOCIATED RELIEF UNDER IND. CODE § 8-1-2-42.7 AND NOTICE OF
PROVISION OF INFORMATION IN ACCORDANCE WITH THE
MINIMUM STANDARD FILING REQUIREMENTS**

Duke Energy Indiana, LLC, (“Duke Energy Indiana” or “Company”) respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) for authority to increase its retail rates and charges for electric service rendered by Duke Energy Indiana in the State of Indiana through a step-in rate adjustment using a forecasted test period; and for approval of related relief including: revised depreciation rates; accounting deferral requests; inclusion in rate base of all utility plant in service (and that will be in service by the end of 2020), including qualified pollution control property and clean energy projects and including a prepaid pension asset; a revenue decoupling mechanism (“RDM”) for certain customer classes; a federal

mandate certificate of public convenience and necessity for its plans for complying with the U.S. Environmental Protection Agency's ("EPA") Coal Combustion Residuals ("CCR") Rule; and new schedules of rates, charges, rules and regulations. This filing is made pursuant to Ind. Code § 8-1-2-42.7 ("Section 42.7"). In support of this Petition, Duke Energy Indiana represents the following:

1. Petitioner's Corporate Status.

Duke Energy Indiana is an Indiana limited liability corporation with its principal office in the Town of Plainfield, Hendricks County, Indiana. Its address is 1000 East Main Street, Plainfield, Indiana 46168. It has the corporate power and authority, among others, to engage, and it is engaged, in the business of supplying electric utility service to the public in the State of Indiana. Accordingly, Petitioner is a "public utility" within the meaning of that term as used in the Indiana Public Service Commission Act, as amended, I.C. § 8-1-2-1, and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana, including I.C. § 8-1-2-1 *et seq.* As such, Petitioner is also an "energy utility" as provided for in I.C. § 8-1-2.5-3. Petitioner is a second tier wholly-owned subsidiary of Duke Energy Corporation.

2. Petitioner's Service Territory.

Duke Energy Indiana directly supplies electric energy throughout its 22,000-square mile service area to approximately 840,000 customers located in 69 counties in the central, north central, and southern parts of the State of Indiana, and supplies steam service to one customer from its Cayuga Generating Station. Petitioner also sells electric energy for resale to municipal utilities, Wabash Valley Power Association, Inc. ("WVPA"), Indiana Municipal Power Agency ("IMPA"), Hoosier Energy Rural Electric Cooperative, Inc. ("Hoosier Energy"), and to other

public utilities that in turn supply electric utility service to numerous customers in areas not served directly by Petitioner.

3. Petitioner’s “Public Utility” Status.

Duke Energy Indiana is a “public utility” under Ind. Code § 8-1-2-1 and is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana.

4. Petitioner’s Electric Utility System.

Petitioner owns, operates, manages, and controls plants, properties, and equipment used and useful for the production, transmission, distribution, and furnishing of electric utility service to the public in the State of Indiana. Duke Energy Indiana’s electric generating properties currently consist of: (1) two syngas/natural gas-fired combustion turbines (“CT”) and one steam turbine located at Edwardsport; (2) one solar-powered facility located at NSA Crane; (3) steam capacity located at three stations comprised of nine coal-fired generating units; (4) combined cycle capacity located at one station comprised of three natural gas-fired CTs and two steam turbine-generators; (5) a run-of-river hydroelectric generation facility comprised of three units; and (6) peaking capacity consisting of four oil-fired diesels and twenty-four natural gas-fired CTs, one of which is configured with dual natural gas and fuel oil capability. Petitioner’s generating fleet also includes numerous environmental compliance facilities, including Flue Gas Desulfurization technology (*i.e.*, “scrubbers”), Selective Catalytic Reduction technology, low-Nitrogen Oxide burners, baghouses, monitors, *etc.*, added to meet various federal and state environmental requirements.

Petitioner jointly owns its transmission system with WVPA and IMPA. The transmission properties currently consist of over 5,000 circuit miles of 345 kV, 230 kV, 138 kV,

and 69 kV transmission lines, along with approximately 500 transmission and distribution substations and associated equipment.

Pursuant to the Commission's Order in Cause No. 42027 (December 27, 2001), Duke Energy Indiana's transmission system is under the functional control of Midcontinent Independent System Operator, Inc. ("MISO"), a Federal Energy Regulatory Commission ("FERC")-approved regional transmission organization ("RTO"), and is used for the provision of open access non-discriminatory transmission service pursuant to MISO's Open Access Transmission Tariff on file with the FERC. As a member of MISO, charges and credits are billed to Duke Energy and allocated to Duke Energy Indiana for functional operation of the transmission system, management of the MISO markets including the assurance of a reliable system, and general administration of the RTO. As a MISO member, Duke Energy Indiana must also adhere to the federal reliability standards developed and enforced by the North American Electric Reliability Corporation ("NERC"), which is the electric reliability organization certified by the FERC to establish and enforce reliability standards for the bulk power system. ReliabilityFirst ("RF") is one of eight NERC Regional Entities and is responsible for overseeing regional reliability standard development and enforcing compliance. Duke Energy Indiana's transmission facilities are wholly located within the RF region.

Duke Energy Indiana's electric distribution properties currently consist of over 22,000 circuit miles of distribution lines, as well as control rooms, transformers, circuit breakers, poles, substations, and other associated distribution equipment.

Duke Energy Indiana's electric system properties, together with its offices, call centers, and associated equipment, are used and useful in providing safe and reliable electric utility service to its customers.

Duke Energy Indiana's property is classified in accordance with the Uniform System of Accounts as prescribed by the FERC and adopted by this Commission.

5. Statutory and Regulatory Authority for Requested Relief.

This Petition is filed pursuant to Ind. Code §§ 8-1-2-42.7 and 8-1-2-61. Other provisions of the Public Service Commission Act, as amended, Ind. Code § 8-1-2-1, et seq., that may be applicable to the subject matter of this proceeding, include, but are not limited to: Ind. Code §§ 8-1-2-4, 6, 6.7, 6.8, 8.5, 8.8, 10, 12, 14, 19, 20, 21, 23, 24, 25, 29, 42, 61, 68 and 71 and, Ind. Code ch. 8-1-8.4, 8-1-8.7, and 8-1-39, and to the extent necessary, Ind. Code ch. 8-1-2.5. Certain of the Commission's administrative rules are or may be applicable to the subject matter of this proceeding, as well, including but not limited to: 170 IAC 4-1-13(a)(a); 170 IAC 4-1-15(f); 170 IAC 4-1-16.

6. Commission General Administrative Order ("GAO") 2013-5.

In accordance with the guidance provided by the Commission's General Administrative Order 2013-5 (Rate Case Standard Procedural Schedule and Recommended Best Practices for Rate Cases Submitted under Ind. Code § 8-1-2-42.7) ("GAO 2013-5"), Duke Energy Indiana hand-delivered its Notice of Intent to File Rate Case to the Commission on May 28, 2019, more than 30 days prior the date of filing this Petition.

Duke Energy Indiana has met with the Indiana Office of Utility Consumer Counselor ("OUCC") and other stakeholders to discuss this filing.

7. Test Year, Rate Base Cutoff Dates.

Pursuant to Section 42.7(d), Duke Energy Indiana is proposing a forward-looking test period determined on the basis of projected data for the twelve (12) months ending December 31, 2020 ("Test Year"). In accordance with Section 42.7, this Test Year (which commences

January 1, 2020), begins not later than 24 months after the date on which this Petition is filed. This test period is entirely within the twenty-four month period following the date on which Duke Energy Indiana is filing its Petition.

Duke Energy Indiana proposes that the Commission establish Duke Energy Indiana authorized net operating income by applying the overall weighted average cost of capital to the Test Year end original cost rate base. The Company also proposes the Test Year end original cost rate base be used as the fair value of the Company's utility property.

8. Submission of Case-in-Chief and Other Supporting Documentation.

Duke Energy Indiana will file its case-in-chief, including the information required by Section 42.7(b), in written form concurrent with this Verified Petition. Additionally, for convenience, Petitioner has included Attachment A, Duke Energy Indiana 2019 Base Rate Case Index of Issues, Requests and Supporting Witnesses, to this Verified Petition. Attachment A is identical to Petitioner's Exhibit 2-A, which is sponsored by Duke Energy Indiana witness Mr. Brian P. Davey in the Company's case-in-chief testimony and exhibits.

Duke Energy Indiana has elected to file its case in accordance with the Commission's Minimum Standard Filing Requirements ("MSFRs") (170 IAC 1-5-1 et seq.). MSFRs will be filed concurrently with Duke Energy Indiana's case-in-chief testimony in this proceeding. As recognized in GAO 2013-5, a future test year does not align with all of the Commission's pre-existing MSFRs. In accordance with the guidance in the GAO 2013-5, Duke Energy Indiana has provided supporting documentation in accordance with the Commission's MSFRs, modified where appropriate to conform with the forward-looking test year authorized by Section 42.7. This information is provided electronically (in Excel format where appropriate) and includes workpapers for the forecast, the revenue requirements, the rate design, the cost of service study,

the proposed cost of equity and fair rate of return, the depreciation study and decommissioning and dismantlement study, and various amortizations of regulatory assets. Duke Energy Indiana's supporting documentation also includes historical data for the calendar year 2018 and recent 2019 financial statements. Petitioner will update for actual quarterly financial data for 2019 and 2020 as the proceeding progresses and as such data becomes available.

9. Petitioner's Existing Rates and Rate Structure; Compliance with Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") Statute.

Duke Energy Indiana's existing retail rates in Indiana were established pursuant to the Commission's Order in Cause No. 42359, dated May 18, 2004. Those basic rates and charges remain in effect today, as modified by various riders approved by the Commission from time to time. These riders adjust Duke Energy Indiana's rates for service to timely recover changes in certain costs associated with the provision of service.

In accordance with Ind. Code. 8-1-39-9,¹ Duke Energy Indiana is filing this proceeding for a change in its basic rates and charges prior to the expiration of its currently approved TDSIC Plan under Commission Cause No. 44720, which ends December 31, 2022.

10. Petitioner's Operating Results Under Existing Rates.

Duke Energy Indiana's underlying revenue requirements have changed and continue to change since its retail electric basic rates and charges were last established. Duke Energy Indiana's parent company has been involved in various mergers, creating efficiencies in personnel and processes. Duke Energy Indiana has continued to make significant capital expenditures for additions, replacements, and improvements to its electric utility system. Duke Energy Indiana has and must continue to make significant capital expenditures for additions as a

¹ "(e) A public utility that implements a TDSIC under this chapter shall, before the expiration of the public utility's approved TDSIC plan, petition the commission for review and approval of the public utility's basic rates and charges with respect to the same type of utility service." Ind. Code § 8-1-39-9(e).

result of environmental requirements. The open access requirements applicable to Duke Energy Indiana's transmission system impose obligations, costs and risks on Duke Energy Indiana as a grid user and operator and require the way in which these costs are recognized for ratemaking purposes to be updated. At the same time, Duke Energy Indiana faces the challenges of declining customer usage and the expiration of a number of wholesale contracts.

As a result, Duke Energy Indiana's Test Year return upon its electric utility property is projected to be below the level required to: (1) permit Duke Energy Indiana to earn a fair return on its electric utility property commensurate with returns available on other investments of comparable risk; (2) provide revenues that will enable Duke Energy Indiana to continue to attract capital required for additions, replacements, and improvements to its electric utility system and to comply with regulatory mandates at a reasonable cost; and (3) maintain and support Duke Energy Indiana's credit, and to assure confidence in Duke Energy Indiana's financial soundness. For the Test Year, Duke Energy Indiana's existing rates and charges will be insufficient to provide revenues adequate to cover its necessary and reasonable operating expenses and to provide the opportunity to earn a fair return. Duke Energy Indiana's existing rates, therefore, are unjust, unreasonable, insufficient and confiscatory, and should be increased.

11. Petitioner's Proposed Rates and Charges and Tariff Terms.

Adequate rates are essential to allow Duke Energy Indiana to achieve the financial results that will be necessary to attract needed debt and equity capital on reasonable terms, to comply with environmental and other mandates, and to otherwise invest to meet the continued need for electricity within Duke Energy Indiana's service area. Duke Energy Indiana's filing supports the Company's ongoing effort to address aging infrastructure, secure long-term reliability, address system modernization, and otherwise meet the ongoing energy and capacity

needs of its customers. Duke Energy Indiana requests that new rates and charges and the associated relief be authorized to provide Duke Energy Indiana with an opportunity to realize a reasonable and adequate net operating income in order to continue render adequate and reliable service and facilities to the public.

As proposed in its case-in-chief, Duke Energy Indiana requests the Commission to approve an overall annual increase in revenues from base rates and charges, including rate adjustment mechanisms, in the total amount of approximately \$395 million (inclusive of the Step 1 and 2 increases). Petitioner proposes to implement the requested revenue increase in two steps: Step 1 would increase revenue by approximately \$345.0 million, representing a 13.54% increase; Step 2 would reflect a revenue increase of approximately \$49.6 million, representing a 1.95% incremental increase. This two-step rate increase will ensure that only plant that is in-service and used and useful will be reflected in Petitioner's retail electric rates. The proposed customer charge for residential customers, Rate RS, is \$10.54 per month and for small commercial customers, Rate CS, is \$10.70 per month.

The key drivers behind this rate increase include the addition of significant transmission and distribution investments to serve existing and new customers, the recovery of costs spent to date for coal ash removal costs at its generating stations, and vegetation management costs increases. Duke Energy Indiana also seeks to modify its depreciation rates including coal-fired generating assets to reflect the useful lives of those assets as reflected in Duke Energy Indiana's Integrated Resource Plan, submitted to the Commission on July 1, 2019.

Duke Energy Indiana is proposing a decoupling mechanism for its residential and small commercial customers. Consistent with the Commission's Order in Cause Nos. 42943 and 43046 and the Commission's Order in Cause No. 43427, Petitioner is making its decoupling

proposal in a general base rate case. As explained in Petitioner’s case-in-chief testimony, the proposed decoupling mechanism will address not only energy efficiency impacts but, importantly, will address the need for revenue stability while Petitioner is pursuing innovative dynamic pricing and service options for customers. Petitioner is proposing lower customer charges in conjunction with the decoupling proposal. If decoupling is approved, the proposed customer charge for Rate RS is \$9.80 per month and for Rate CS is \$9.27 per month.

Duke Energy Indiana is also seeking approval to: (1) lower the interest rate to be paid on customer deposits; (2) implement a fee-free payment option for residential customers who use credit and debit cards or electronic checks for bill payments, and include the costs of such in Petitioner’s cost of service; and (3) bill for the Indiana Utility Receipts Tax on a separate line item in the customer bill. Petitioner also seeks a limited waiver of applicable Commission rules to allow the Company to utilize its smart grid technology for remote disconnections in most circumstances.

12. Rate Adjustment Mechanisms.

The relief sought by Duke Energy Indiana in this case includes proposals to modify or eliminate certain existing riders. Specifically, Duke Energy Indiana is proposing to eliminate Rider 61 – Integrated Gasification Combined Cycle Generating Facility (“IGCC”), and include the test period costs associated with the Edwardsport IGCC Generating Station in base rates. The Company is proposing to combine the three environmental expense-related riders filed together in the Company’s Environmental Compliance Cost Recovery proceedings, into one consolidated rider. Rider 63 (SO₂, NO_x and Hg Emission Allowance Adjustment) and Rider 71 (Environmental Compliance Operating Cost Adjustment) will be consolidated into Rider 62 (Environmental Compliance Investment Adjustment). Petitioner is seeking to modify Rider 70

to make it a zero-based tracking mechanism that will allow for the sharing of non-native sales losses as well as profits, and that will include a new category of bundled short-term capacity and energy sales. Duke Energy Indiana is also seeking an ongoing waiver of the purchased power benchmark procedures in the FAC proceedings.

Costs currently collected in riders (with the exception of the energy efficiency rider, Rider No. 66-A, and certain other costs and credits currently included in other riders as described more fully in testimony) are proposed to be included in base rates, and the riders are proposed to continue to reflect new charges and credits after the implementation of new base rates in this proceeding.

13. Federal Mandate Certificate for Compliance with Coal Combustion Residual Rule.

Duke Energy Indiana seeks a certificate of public convenience and necessity under Indiana Code ch. 8-1-8.4, for its plans for complying with the federal Resource Conservation and Recovery Act (“RCRA”) and the U.S. EPA’s CCR Rule requirements relating to coal ash. As described more fully in Petitioner’s case-in-chief testimony, RCRA and the CCR require that Petitioner undertake significant coal ash remediation activities in order to meet certain closure and post-closure requirements at its coal-fired generating stations. As also described in more detail in Petitioner’s case-in-chief testimony, Duke Energy Indiana has chosen its CCR compliance plans, among various alternative plans, so as to meet criteria such as cost, safety, schedule, constructability, regional factors, and environmental protection and impacts. Notably, the Company has submitted coal ash basin closure plans to Indiana Department of Environmental Management, which are currently awaiting approval. However, the CCR Rule contains deadlines that necessitated Duke Energy Indiana to begin its coal ash remediation activities several years ago. To date, Duke Energy Indiana has incurred approximately \$212

million in connection with these coal ash remediation activities; the specific activities and the costs incurred therefor are detailed in case-in-chief testimony.

In addition to requesting a federal mandate certificate of public convenience and necessity, the Company is requesting in this proceeding to recover its reasonable and necessary compliance expenses incurred through 2018 (and in limited instances through 2020). For compliance costs incurred after calendar year 2018, the Company proposes to continue to defer these expenses (with carrying costs) for subsequent recovery in a future rate adjustment proceeding under Indiana Code 8-1-8.4 and/or through a future base rate proceeding.

14. Accounting Proposals Included In Filing.

Duke Energy Indiana is seeking authority to defer and subsequently recover costs associated with an IGCC major planned maintenance outage in 2020; distribution vegetation management expenses; costs associated with the Customer Connect platform; storm recovery expenses; coal ash basin closure and remediation costs; and for electric transportation pilot program costs. In addition, Duke Energy Indiana has proposed continued recovery of the costs of certain retired coal plants, pension settlement cost, and SO₂ emission allowance costs via regulatory asset amortization and has proposed various amortization periods for existing regulatory assets and liabilities.

15. Cost Allocation and Rate Design Proposals Included in Filing.

Duke Energy Indiana is seeking approval of a cost of service study that uses a 4-CP methodology for production-related demand costs. Petitioner is also proposing a number of innovative rate design proposals, including:

- A decoupling mechanism, as referenced above;
- Dynamic pricing pilot programs for Rates RS and CS;

- An Experimental Market Pricing Program and an Experimental Demand Management Stability Program applicable to Rate LLF and Rate HLF;
- An Electric Transportation Pilot program.

16. Confidential Information.

Duke Energy Indiana is also filing a motion for protective order to protect certain confidential, proprietary, competitively sensitive, and/or trade secret information related to Duke Energy Indiana's filing from public disclosure. Duke Energy Indiana is in the process of negotiating acceptable confidentiality agreements with potential intervenors to facilitate the production of the confidential information as appropriate.

17. Request for Prehearing Conference and Preliminary Hearing and Procedural Schedule.

Pursuant to 170 IAC 1-1.1-15, Duke Energy Indiana requests that a date for a prehearing conference and preliminary hearing be promptly set by the Commission to address procedural matters including setting a procedural schedule that will allow completion of the case within 300 days in accordance with GAO-2013-5 and Section 42.7. In the interim, Duke Energy Indiana will continue to work with the OUCC and potential intervenors to develop an agreed procedural schedule and discovery parameters.

18. Customer Notification and Field Hearings.

Pursuant to Ind. Code § 8-1-2-61(a), Duke Energy Indiana will publish notice of the filing of this Petition in a newspaper of general circulation published in each Indiana county in which Duke Energy Indiana renders service. Duke Energy Indiana will furnish to residential customers within forty-five (45) days of this Petition, a notice which fairly summarizes the nature and extent of the proposed changes, in accordance with 170 IAC 4-1-18(c). Such notice will be provided via bill insert.

Ind. Code § 8-1-2-61 requires a field hearing in the largest municipality served by the utility. The largest municipality in Petitioner's service territory is currently Carmel, Indiana. Given that Petitioner's service territory covers portions of much of Indiana, additional field hearings may also be considered by the Commission.

19. Attorneys for Petitioner.

The names and addresses of Duke Energy Indiana's duly authorized representatives, to whom all correspondence and communications concerning this Petition should be sent, are as follows:

Kelley A. Karn (Atty. No. 22417-29)
Melanie D. Price (Atty. No. 21786-49)
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WHEREFORE, Duke Energy Indiana respectfully requests that the Commission promptly conduct a prehearing conference and preliminary hearing, make such investigation

and hold such hearings as are necessary or advisable in this proceeding, and thereafter make and enter an appropriate order in accordance with the time frame provided in GAO- 2013-5 and Section 42.7:

(1) finding that the existing rates for electric service rendered by Duke Energy Indiana in the State of Indiana are insufficient to provide revenues to cover the reasonable and necessary Test Year operating expenses and a fair return and are therefore unjust, unreasonable, insufficient, and confiscatory; (2) determining and, by order, fixing increased rates and charges to be imposed, observed, and followed commencing as soon as practicable in lieu of those so found to be unjust, unreasonable, insufficient, and confiscatory and authorizing and approving the filing new schedules of rates and charges applicable to its electric utility service on a stepped-in basis that will provide just, reasonable, sufficient, and non-confiscatory rates; (3) authorizing Duke Energy Indiana to revise and place into effect new depreciation rates as proposed in its evidence; (4) including the Company's prepaid pension asset in rate base; (5) including all of Duke Energy Indiana's utility plant in service, including plant to be in-service by the end of 2020, qualified pollution control property, and clean energy projects, in the revenue requirement to be established in this Cause; (6) including Edwardsport IGCC in the revenue requirement to be established in this Cause; (7) granting Petitioner a federal mandate certificate of public convenience and necessity for its plans for complying with the U.S. EPA's CCR Rule; (8) approving the accounting relief, deferrals and other requests identified in Duke Energy Indiana's evidence; (9) approving the Company's other rate adjustment mechanism proposals, as proposed by Duke Energy Indiana in its case-in-chief; (10) approving Duke Energy Indiana's proposed cost allocation and rate design, including the its proposed decoupling mechanism for residential and small commercial customers; (11)

approving and authorizing Duke Energy Indiana to implement various changes in the terms, conditions, and provisions of Duke Energy Indiana's tariff and bill format for electric service rates as proposed in Duke Energy Indiana's evidence; (12) approving Duke Energy Indiana's Test Year and proposal to step in the new rates as discussed in Duke Energy Indiana's case-in-chief; (13) authorizing and approving the filing by Duke Energy Indiana of new schedules of increased rates and charges for electric service so as to provide just, reasonable, sufficient, and non-confiscatory rates; and (14) granting such other and further relief to Duke Energy Indiana as may be appropriate and proper.

Dated this 2nd day of July, 2019.

Respectfully submitted,

DUKE ENERGY INDIANA, LLC



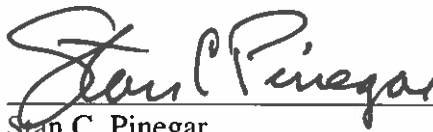
By: _____
Counsel for Duke Energy Indiana, LLC

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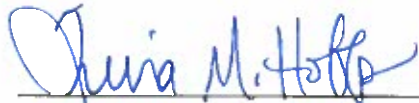
STATE OF INDIANA)
) SS:
COUNTY OF HENDRICKS)

Stan C. Pinegar, being first duly sworn, depose and say that they are the State President for Duke Energy Indiana LLC, the service company affiliate of Duke Energy Indiana, LLC, respectively, the Petitioner in the foregoing Petition; that as such they have executed the foregoing Petition and have authority to do so; that they have read said Petition and know the contents thereof; and that the statements therein contained are true to the best of their knowledge, information and belief.



Stan C. Pinegar
State President

Subscribed and sworn to before me,
This 27 day of June, 2019.



Notary Public

My Commission Expires: 11.12.26

My County of Residence: Hendricks



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was electronically delivered this 2nd day of July, 2019 to the following:

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Dated this 2nd day of July, 2019.



By:

Counsel for Duke Energy Indiana, LLC

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**Duke Energy Indiana
 2019 Base Rate Case
 Index of Issues, Requests, and Supporting Witnesses¹**

Subject	Proposal	Supporting Witness
Test Year	Twelve Months Ended December 31, 2020	Davey
Historical Base Period	Twelve Months Ended December 31, 2018	Davey

REVENUE REQUIREMENT		
Subject	Request	Supporting Witness
Overall Revenue Increase	<ul style="list-style-type: none"> • Total annual increase in revenue of approximately \$394.6 million or 15.49% to be implemented in two steps. <ul style="list-style-type: none"> • Step 1: \$345.0 million or 13.54%. • Step 2: \$49.6 million or 1.95%. 	<ul style="list-style-type: none"> • Pinegar (overview) • Davey (summary and drivers) • Basic Accounting Exhibits listing at end of this exhibit
Financial forecast	Set rates based on test year 2020 financial forecast which includes operating expenses, capital investments, other balance sheet components. The forecast will subsequently reflect <i>pro forma</i> adjustments supported by other witnesses.	<ul style="list-style-type: none"> • Jacobi (overall development of financial forecast, including O&M and capital forecast) • Sullivan (Capital structure and cost of long-term debt) • Setser (Cost assignment processes) • Metzler (Compensation and benefits) • Phipps (Fuel inventory)
<i>Pro forma</i> adjustments	<ul style="list-style-type: none"> • Approve <i>pro forma</i> adjustments to financial forecast. Company witness Davey's testimony includes a list of <i>pro forma</i> adjustments and supporting witnesses. 	<ul style="list-style-type: none"> • Graft • Douglas • Sieferman • Flick

¹ This Index of the Company's case-in-chief is intended to highlight issues and is not an exhaustive list of requests in this proceeding. A complete account of requested relief can be found in case-in-chief, including but not limited to petition, testimony, exhibits, workpapers, and minimum standard filing requirement ("MSFR") responses. The table at the end of this exhibit, also provides an index of the MSFR Basic Accounting Exhibits.

ATTACHMENT A
PETITIONER'S EXHIBIT 2-A (BPD)
Duke Energy Indiana 2019 Base Rate Case

REVENUE REQUIREMENT		
Subject	Request	Supporting Witness
Depreciation	<ul style="list-style-type: none"> • Set new depreciation rates and reflect the resulting depreciation expense in base rates based on depreciation study. • Shorter expected lives of generating plants reflected in deprecation study. • Costs of decommissioning and dismantlement reflected in depreciation study. <ul style="list-style-type: none"> ○ Including material and supplies inventory balances, net of salvage credits 	<ul style="list-style-type: none"> • Douglas (depreciation expense) • Spanos (depreciation rates and depreciation study) • Pike (expected lives of generating plants) • Kopp (decommissioning and dismantlement study)
Step 1 and 2 total revenue requirements	Approve proposed jurisdictional retail revenue requirement.	Douglas
Separation study	Reflect results of separation study as the basis to determine jurisdictional retail revenue requirement.	Diaz
Return on Equity	Authorize 10.4%.	Hevert
Taxes	<ul style="list-style-type: none"> • Reflect forecasted Test Year expenses in base rates. 	Panizza
Generating fleet (excluding Edwardsport)	<ul style="list-style-type: none"> • Approval of generating fleet costs including environmental investments as used and useful assets. • Reflect in-service capital expenditures in rate base. • Reflect 2020 operation and maintenance expenses in rates. 	Mosley
Edwardsport generating station	<ul style="list-style-type: none"> • Approval of Edwardsport generating station costs and designation as used and useful. • Reflect 2018, 2019 and 2020 capital expenditures in rate base. • Reflect the Edwardsport materials and supplies inventory in rate base. • Reflect 2020 operation and maintenance expenses in rates as adjusted for the deferral of the 2020 major maintenance outage. 	<ul style="list-style-type: none"> • Gurganus • Douglas (deferral of outage)

REVENUE REQUIREMENT		
Subject	Request	Supporting Witness
Coal ash basin closure and remediation costs	<ul style="list-style-type: none"> • Approval of recovery for Coal Combustion Residual Rule coal ash basin closure costs as of 2018 in rate base and federal mandate certificate of public convenience and necessity • Approval of recovery for IDEM coal ash management area costs as of 2018, including Gibson East Ash Pond through 2019 and former Dresser generating station through 2020. • Approval of the amortization period of 18 years for coal ash basin and remediation costs. • Approval of coal ash basin closure and remediation costs deferrals for 2019 and after, with carrying costs. 	<ul style="list-style-type: none"> • Thiemann (costs) • Douglas (amortization and deferrals)
Transmission	<ul style="list-style-type: none"> • Reflect in-service capital expenditures in rate base. • Reflect 2020 operation and maintenance expenses in rates. 	<ul style="list-style-type: none"> • Abbott
Distribution	<ul style="list-style-type: none"> • Reflect in-service capital expenditures in rate base. • Reflect 2020 operation and maintenance expenses in rates. • Approve deferral treatment for storm costs. 	<ul style="list-style-type: none"> • Hart • Sieferman (deferral treatment)
Distribution vegetation management	<ul style="list-style-type: none"> • Approval of operations and maintenance expenses for five-year trim cycle. • Approval of Hazard Tree Program capital expenditures in rate base. • Approval of deferral treatment for certain 2020 vegetation management costs. 	<ul style="list-style-type: none"> • Christie • Graft (deferral treatment)
Advanced Meter Infrastructure	<ul style="list-style-type: none"> • Reflect in-service capital expenditures in rate base in accordance with transmission, distribution and storage improvement charge (“TDSIC”) Settlement, Cause No. 44720. 	<ul style="list-style-type: none"> • Schneider • Douglas
Changes to Rider 70	<ul style="list-style-type: none"> • Approval to continue Rider 70. • Approval of proposed change in base level non-native sales sharing to zero and ability pass losses through rider. • Approval of non-native sales strategy. • Approval of proposed modification of stacking (FAC and RTO). • Approval to eliminate benchmark (FAC). • Approval of Madison Generating Station (Ohio) recovery of external MISO zone and PJM charges. 	<ul style="list-style-type: none"> • Verderame • Sieferman

ATTACHMENT A
PETITIONER'S EXHIBIT 2-A (BPD)
Duke Energy Indiana 2019 Base Rate Case

REVENUE REQUIREMENT		
Subject	Request	Supporting Witness
Customer services	<ul style="list-style-type: none"> • Reflect 2020 customer-related operation and maintenance expenses in rates. • Approval of residential Fee-Free payment option for residential customers who use credit cards and debit cards. • See also waiver section below. 	Quick
Renewable and storage projects	<ul style="list-style-type: none"> • Approval of the operating Crane solar project as used and useful. • Approval of the planned 2020 in-service for Crane energy storage project and microgrid project as used and useful. • Approval of the planned 2019 in-service for Camp Atterbury microgrid project used and useful. • Approval of the planned 2019 in-service for Nabb battery project as used and useful. • Approval of the planned 2019 in-service for Tippecanoe Solar Power Plant as used and useful. • Approval of the planned 2019 in-service for B-line Heights Solar Power Plant as used and useful. 	Ritch
Customer Connect Platform	<ul style="list-style-type: none"> • Approve deferral of depreciation expense and accrue post-in-service carrying costs until the Company's next retail rate case. • Defer operation and maintenance and payroll tax expense from 2018 and forward with carrying costs until the Company's next retail rate case. 	<ul style="list-style-type: none"> • Hunsicker • Graft (deferral treatment)
Electric transportation pilot programs	<ul style="list-style-type: none"> • Approval of the electric transportation pilot programs. • Deferral of costs with carrying costs until next retail rate case. 	<ul style="list-style-type: none"> • Reynolds • Sieferman (deferral treatment)

COST OF SERVICE AND RATE DESIGN		
Subject	Proposal	Supporting Witness
Cost of service studies	<ul style="list-style-type: none"> • Production and demand allocators based on four coincident peaks per Cinergy merger settlement agreement, Cause No. 42873. • Allocation of revenue increase to eliminate 5% of current subsidies. 	Diaz
Rate design New residential and industrial rate options	<ul style="list-style-type: none"> • Updated rate tariffs based on cost of services revenue by rate code. • Implement new dynamic pricing pilots. • Implement an Experimental Market Pricing Program and an Experimental Demand Management Stability Program applicable to Rate LLF and Rate HLF. • Implement declining block rate structure • Rate RS customer charge if decoupling is approved by Commission - \$9.80 per month. • Rate RS customer charge if decoupling is not approved by Commission - \$10.54 per month. • Rate RS declining block rates closer to flat if decoupling is approved. 	Bailey
General terms and conditions and tariff updates	<ul style="list-style-type: none"> • Tariff changes including proposed rate options mentioned above. • Modifications to lighting programs. • Further clarification and additional definitions for a variety of services. • Go Green program is a permanent offering. • Updated miscellaneous rates and charges. 	Flick
Decoupling	<ul style="list-style-type: none"> • Revenue decoupling for residential and customer classes. • Five-year term. • Revenue per customer model including the impact of weather, weather impacts are normalized for the customer. • Revenue per customer model based on fixed costs only. • Implement new dynamic pricing pilots for rates RS and CS with an objective of more customer options in future base rate cases. • Rate RS and Rate CS will have a lower customer charge and declining block rates that are flatter with the decoupling proposal. • Customer revenue is adjusted annually for the difference in actual revenue and the allowed revenue per customer model amount. 	<ul style="list-style-type: none"> • Hansen • Bailey • Diaz

OTHER		
Subject	Proposal	Supporting Witness
Requests for waiver of Commission rules	<ul style="list-style-type: none"> • Customer Connect <ul style="list-style-type: none"> ○ Self-service aspects for payment agreements, without signature requirement ○ Modify the way in which usage is displayed on a customer’s bill. ○ Enable all customers’ preferred method of communication as it relates to their energy bill. ○ Revert to Owner multi-family building program deposit • Change disconnection of service process to call and text • Change interest rate on customer deposits from 6% to 2%. 	<ul style="list-style-type: none"> • Hunsicker • Quick (disconnection) • Quick (interest rate)

Case in Chief Basic Accounting Exhibits Required to be Filed with the Case-in-Chief Pursuant to Minimum Standard Filing Requirements (“MSFR”) under 170 IAC 1-5-6 ^{1/}			
MSFR Code Reference 170 IAC 1-5-6	Exhibit	Exhibit Number	Sponsoring Witness
(1) (A)	Comparative Balance Sheets for the Forecasted Test Period and Year Prior	3-A (CMJ)	Christopher M. Jacobi
(1) (A)	Comparative Balance Sheets for the Historical Reference Period	4-A (DLD)	Diana L. Douglas
(1) (B)	Statement of Cash Flows for the Forecasted Test Year	3-B (CMJ)	Christopher M. Jacobi
(1) (B)	Statement of Cash Flows for the Historical Reference Period	4-B (DLD)	Diana L. Douglas
(1) (C)	Comparative Income Statement for the Forecasted Test Period and Year Prior	3-C (CMJ)	Christopher M. Jacobi
(1) (C)	Comparative Income Statement for the Historical Reference Period	4-C (DLD)	Diana L. Douglas
(2)	Revenue Requirement Calculation	4-D (DLD)	Diana L. Douglas
(3)	Jurisdictional Net Operating Income	4-E (DLD)	Diana L. Douglas
(4)	Jurisdictional Rate Base	4-F (DLD)	Diana L. Douglas
(5)	Capital Structure and Cost of Capital	4-G (DLD)	Diana L. Douglas
(6)	Gross Revenue Conversion Factor	6-F (CLG)	Christa L. Graft
(7)	Effective Income Tax Rate	4-H (DLD)	Diana L. Douglas

^{1/} The Basic Accounting Exhibits are also included in the MSFRs.