

ORIGINAL

STATE OF INDIANA

Commissioner	Yes	No	Not Participating
Huston	√		
Veleta	√		
Ziegner	√		

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF DUKE ENERGY INDIANA, LLC)
(“DUKE ENERGY INDIANA”) PURSUANT TO IND. CODE)
CHS. 8-1-8.5, 8-1-8.8, AND IND. CODE §§ 8-1-2-0.6 AND 8-1-)
2-23 FOR (1) ISSUANCE OF A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY (“CPCN”) PURSUANT)
TO IND. CODE CH. 8-1-8.5 TO CONSTRUCT TWO)
COMBINED CYCLE (“CC”) NATURAL GAS UNITS, AT)
APPROXIMATELY 738 MEGAWATTS (WINTER)
RATING) EACH, AT THE EXISTING CAYUGA)
GENERATING STATION (“CAYUGA CC PROJECT”); (2))
APPROVAL OF THE CAYUGA CC PROJECT AS A)
CLEAN ENERGY PROJECT AND AUTHORIZATION FOR)
FINANCIAL INCENTIVES INCLUDING TIMELY COST)
RECOVERY THROUGH CONSTRUCTION WORK IN)
PROGRESS (“CWIP”) RATEMAKING THROUGH A)
GENERATION COST ADJUSTMENT (“GCA”) TRACKER)
MECHANISM UNDER IND. CODE CH. 8-1-8.8; (3))
AUTHORITY TO RECOVER COSTS INCURRED IN)
CONNECTION WITH THE CAYUGA CC PROJECT; (4))
APPROVAL OF THE BEST ESTIMATE OF COSTS OF)
CONSTRUCTION ASSOCIATED WITH THE CAYUGA CC)
PROJECT; (5) APPROVAL OF CHANGES TO DUKE)
ENERGY INDIANA’S ELECTRIC SERVICE TARIFF)
RELATING TO THE PROPOSED GCA TRACKER)
MECHANISM; (6) APPROVAL OF SPECIFIC)
RATEMAKING AND ACCOUNTING TREATMENT; AND)
(7) ONGOING REVIEW OF THE CAYUGA CC PROJECT.)

CAUSE NO. 46193

APPROVED: OCT 29 2025

ORDER OF THE COMMISSION

Presiding Officers:

James F. Huston, Chairman

Loraine L. Seyfried, Chief Administrative Law Judge

On February 13, 2025, Duke Energy Indiana, LLC (“Duke” or “Petitioner”) filed its Verified Petition with the Indiana Utility Regulatory Commission (“Commission”) seeking, among other relief, a certificate of public convenience and necessity (“CPCN”) to construct two combined cycle natural gas-fired units (“CCs”), approximately 738 megawatts (“MW”) each winter rating, at the existing Cayuga Generating Station (“Cayuga CC Project” or “Project”) and associated ratemaking and accounting treatment for the Cayuga CC Project. On February 14, 2025, Petitioner filed its case-in-chief testimony and attachments.

Petitions to intervene were filed by the Citizens Action Coalition of Indiana, Inc. (“CAC”), Duke Industrial Group (“IG”), Nucor Steel-Indiana (“Nucor”), Vote Solar, Reliable Energy, Inc. (“REI”), and Steel Dynamics, Inc. (“SDI”), all of which were granted.

The Commission held two public field hearings on April 17, 2025, one of which was held in Bloomington, Indiana and the other in Terre Haute, Indiana, during which members of the public presented testimony related to the relief sought in this Cause.

On May 8, 2025, the Indiana Office of Utility Consumer Counselor (“OUCC”) filed testimony and attachments of its witnesses. The OUCC also filed written consumer comments.¹ Testimony and attachments of witnesses were also filed by the IG and jointly filed by the CAC and Vote Solar (“CAC/VS”). Nucor, REI and SDI did not file testimony.

On May 29, 2025, Duke filed its rebuttal testimony and attachments. The OUCC also filed cross-answering testimony.

On June 17, 2025, the Presiding Officers requested additional information from Duke in a docket entry, to which Petitioner responded on June 18, 2025.

Also on June 17, 2025, Duke filed Petitioner’s Submission of Settlement Agreement and Request for Settlement Hearing, notifying the Commission and participating parties that an agreement had been reached between itself and REI (“Duke-REI Settlement”). On June 20, 2025, Duke and REI filed settlement supporting testimony and attachments.

On July 10, 2025, an attorneys’ conference was convened to discuss the revision of the procedural schedule to allow consideration of an additional settlement agreement entered into between Duke and the IG (“Duke-IG Settlement”). On July 11, 2025, Petitioner filed the Duke-IG Settlement and supporting testimony and attachments. The IG also filed settlement testimony and attachments.

On August 5, 2025, OUCC and CAC/VS (jointly, “Non-Settling Parties”) filed testimony and attachments responsive to the Duke-REI Settlement and the Duke-IG Settlement (jointly “Settlement Agreements”).

On August 8, 2025, Duke, REI, and the IG (jointly, “Settling Parties”) filed settlement rebuttal testimony and attachments.

The evidentiary hearing in this matter commenced on August 21, 2025, at 9:30 a.m. in Room 222 of the PNC Center, 101 W. Washington Street, Indianapolis, Indiana, at which time the prefiled evidence was offered by Petitioner, the OUCC, CAC/VS, IG, and REI without objection. Stipulations between certain parties with respect to the admissibility of certain data requests and other evidence were also offered into evidence.

Based upon the applicable law and the evidence of record, the Commission finds:

¹ The OUCC late filed additional public comments on June 13, 2025.

1. **Notice and Commission Jurisdiction.** Notice of the hearings held in this Cause was given and published by the Commission as required by law. Petitioner is a public utility within the meaning of that term as used in Ind. Code § 8-1-2-1 and an “eligible business” as that term is defined in Ind. Code § 8-1-8.8-6. The Commission has jurisdiction over a public utility’s construction of generation facilities under Ind. Code ch. 8-1-8.5 and requests for financial incentives by eligible businesses for clean energy projects under Ind. Code ch. 8-1-8.8. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this proceeding.

2. **Petitioner’s Characteristics.** Duke is an Indiana limited liability corporation with its principal office at 1000 East Main Street, Plainfield, Indiana. It has the corporate power and authority to engage, and it is engaged, in the business of supplying electric utility service to the public in Indiana. Petitioner is a wholly-owned subsidiary of Duke Energy Indiana Holdco, LLC.

Petitioner directly supplies electric energy throughout its approximately 22,000-square mile service area to approximately 900,000 customers located in 69 counties in the central, north central, and southern parts of Indiana, and supplies steam service to one customer from its Cayuga Generating Station and to Purdue University via a combined heat and power facility. Petitioner also sells electric energy for resale to other public utilities that in turn supply electric utility service to numerous customers in areas not served directly by Petitioner.

3. **Relief Requested.** Duke requests the Commission: (1) issue a CPCN pursuant to Ind. Code ch. 8-1-8.5 to construct the Cayuga CC Project; (2) approve the Cayuga CC Project as a clean energy project and authorize financial incentives, including timely cost recovery through construction work in progress (“CWIP”) ratemaking through a Generation Cost Adjustment (“GCA”) mechanism under Ind. Code ch. 8-1-8.8; (3) authorize recovery of costs incurred in connection with the Cayuga CC Project; (4) approve the best estimate of costs of construction associated with the Cayuga CC Project; (5) approve changes to Duke’s electric service tariff relating to the proposed GCA mechanism; (6) approve specific ratemaking and accounting treatment; and (7) conduct ongoing review of the Cayuga CC Project.

4. **Field Hearings and Customer Comments.** Comments made by members of the public at the Field Hearing in Terre Haute, Indiana were generally supportive of Petitioner’s requested relief, noting the Cayuga CC Project will provide cleaner energy and economic benefits to the community. However, comments made by members of the public at the Field Hearing in Bloomington, Indiana were generally opposed to Petitioner’s requested relief, arguing Duke should pursue renewable generation as opposed to that which use fossil fuels and expressing concerns with affordability. The OUCC also filed customer comments it had received during the pendency of this proceeding, many of which raised concern with Duke’s requests, including its rate impact.

5. **Overview of the Parties’ Evidence.**

A. **Duke Case-in-Chief.** Mr. Stan C. Pinegar, President, provided an overview of Petitioner’s request and the proposed Cayuga CC Project to be constructed at the existing Cayuga Generating Station site. He addressed applicable statutory requirements, how Duke’s

planned retirement of the existing coal units at the Cayuga Generating Station supports Indiana's five pillars of energy policy as set forth in Ind. Code § 8-1-2-0.6 ("Five Pillars"), and the economic development benefits from the Project.

Ms. Kelley A. Karn, Vice President, Regulatory Affairs & Policy, identified the applicable environmental regulations and how they were incorporated into Duke's 2024 Integrated Resource Plan ("IRP"), resulting in Petitioner's decision to construct the Cayuga CC Project. She testified the Cayuga coal facilities are nearing the end of their useful life and current environmental regulations make it difficult and cost prohibitive for Duke to continue to burn coal. She explained the environmental compliance issues unique to the Cayuga coal units, in particular the existing cooling towers that struggle to keep up with increasingly stringent regulations. She described how Duke's National Pollutant Discharge Elimination System permit limits the units' run times, particularly during hot and dry summers, which create a risk of reducing accredited capacity and affecting resource adequacy. In light of the need to comply with environmental requirements, Ms. Karn testified that continued operation of the Cayuga steam generators into the 2030s or later would require additional environmental and maintenance expenditures in the near term of about \$430 million.

Ms. Karn stated that Duke approached its 2024 IRP with flexibility in mind and the chosen path forward was strategic in considering alternate futures, including potential changes in environmental laws and regulations that come with legal challenges and changes in federal and state administrations. She testified the Cayuga CC Project will allow Duke to comply with current regulations and provide flexibility to address future regulations. She identified the environmental permits needed for the Cayuga CC Project and explained how the Project is a clean energy project under Indiana law.

She discussed how the Cayuga CC Project will interconnect into the Midcontinent Independent System Operator ("MISO"). She said on February 7, 2024, Duke submitted a Generator Replacement Request for 1,040 MW for the Cayuga CC Project. She explained that MISO performed a Replacement Impact Study and Reliability Assessment Study and reported no adverse impacts on November 21, 2024. Petitioner notified MISO that it planned to proceed with the Project on December 11, 2024. She said MISO would start an Interconnection Customer Interconnection Facilities study and draft the Generator Interconnection Agreement in early 2025, which MISO and Duke expected to sign by mid-2025. She said on April 18, 2024, Duke submitted a new queue request in MISO's 2023 Definitive Planning Phase queue cycle for up to 500 MW of incremental network interconnection capability. Ms. Karn clarified this would apply to up to 500 MW on the second CC only, as the first CC is entirely covered under the existing rights, as is most of the second CC. She explained that Petitioner is leveraging the MISO replacement generation interconnection queue process to the benefit of customers.

Ms. Karn provided background on Duke's demand side resource programs, including conservation efforts and load management programs. She also discussed Petitioner's evaluation of the option to refuel the existing Cayuga units, outlining several reasons why the Cayuga CC Project is more beneficial to customers than converting the units to natural gas or co-firing the units with coal and natural gas. First, to overcome the issue of frequent derates of the units due to river

temperature limits, continued operation of the units would require additional investments to address the environmental requirements of the existing cooling towers. Second, natural gas conversion or co-firing the units would require significant ongoing maintenance and capital investments. Finally, she opined that investing significant capital in 60-year old units does not make sense for the long-term reliability of the generation onsite.

Ms. Karn discussed the benefits of the Cayuga CC Project, including its expected contribution to Duke's system reliability. She testified the Cayuga CC Project is expected to be an economic energy resource and run at a high-capacity factor if unconstrained by the greenhouse gas ("GHG") standards under the Environmental Protection Agency's ("EPA") Clean Air Act Section 111 Rule ("Rule 111"), and at a 40% capacity factor if the GHG standards are required. She stated this Project is exactly the type of generating asset Duke's growing customer load needs—around-the-clock energy, not just energy during peak hours. She explained that converted or co-fired Cayuga units are expected to have a lower capacity in the IRP modeling Petitioner performed because they would provide some capacity value in MISO but would not be economically useful for baseload energy needs. She further noted that the Cayuga CC Project is adding an additional 471 MW winter rating of capacity using the same station footprint, which converting the existing units to natural gas would not provide. Additionally, the Cayuga CC Project is a more flexible resource with the ability to ramp up and down more quickly and in a wider range than converted or co-fired units could, providing the reliability attributes that MISO has indicated it needs.

Ms. Karn also addressed Duke's request for the Commission to make findings related to the retirement of the Cayuga coal units pursuant to House Bill 1007 ("HEA 1007").²

Mr. John Robert Smith, Jr., General Manager for New Gas Generation Development within the Project Management and Construction Department for Duke Energy Business Services, LLC, discussed the contracting approach, the best estimate of construction cost, and the schedule for the Cayuga CC Project. Mr. Smith stated the Cayuga CC Project will consist of two natural gas-fired combustion turbine generators ("CTG") each paired with a heat recovery steam generator ("HRSG"), which utilizes the heat from the exhaust produced by the CTGs (that the exhaust stack would otherwise remove) to generate steam. The HRSGs individually produce and deliver the steam to two steam turbine generators ("STG") that produce additional electricity beyond that produced by the CTGs alone, making the combined-cycle configuration more efficient than a simple cycle CTG. Each CTG/HRSG/STG in combination is referred to as a "1x1." Mr. Smith explained that each 1x1 will have a winter rating of approximately 738 MW, for a combined capacity for the two 1x1s of approximately 1,476 MW winter rating. Duke is proposing to construct and place the first CC in service by September 1, 2029 and the second CC by May 29, 2030. He explained that Kiewit Power Constructors, Co. ("Kiewit"), will be procuring the HRSGs and constructing the Cayuga CC Project under a lump sum, turnkey contract. He stated the total best cost estimate is \$3.3 billion, including allowance for funds used during construction ("AFUDC"), property taxes, and reserves.

² During the pendency of this proceeding, House Bill 1007 was ultimately passed into law as House Enrolled Act 1007.

Mr. Smith described Petitioner’s competitive bidding process for the Cayuga CC Project. He testified that Duke competitively bid the major components of the Cayuga CC Project, as well as the engineering, procurement, and construction (“EPC”) contract. He said, as required by Ind. Code § 8-1-8.5-5(e)(1)(A), the bids and/or contracts were then used for the estimated costs of the Project. In addition, he said Kiewit’s EPC bid met the technical, commercial, and other specifications required by Duke for the proposed facility, as required by Ind. Code § 8-1-8.5-5(e)(1)(B).

Mr. James J. McClay, III, Managing Director of Natural Gas Trading for Duke Energy Corporation, provided an overview of Duke’s plan to fuel the Cayuga CC Project. He testified that Duke has contracted for firm transportation (“FT”) capacity with Rockies Express Pipeline (“REX”) for 110,000 million British thermal units per day (“MMBtu/day”) of the East to West path and 130,000 MMBtu/day of West to East path for a total of 240,000 MMBtu/day. In addition to providing firm gas supply to the Cayuga CC Project, he said the pipeline has interconnections with Petitioner’s existing natural gas fleet, enhancing deliverability to the entire Duke system and providing supply reliability.

Mr. Robert J. Lee, Vice President of CRA International d/b/a Charles River Associates, Inc. (“CRA”), testified regarding the competitive request for proposal (“RFP”) process and analysis that Duke used to evaluate its resource options, which resulted in the selection of the Cayuga CC Project. He stated that Duke engaged CRA to administer RFP processes in 2022 and 2023/2024 for consideration of both intermittent and non-intermittent resources, either existing or in development. He said the role of the 2023/2024 RFPs in Duke’s broader resource planning was to identify the best actionable projects available in the market to fulfill Duke’s 2024 IRP capacity and energy resource requirements for advancement for more detailed modeling and due diligence efforts. He testified Petitioner was open to a range of transaction structures, including build transfer agreements, asset purchase agreements, and power purchase agreements, and the RFPs attracted proposals from a broad set of bidders and resources, including, solar, solar plus storage, storage, thermal, and wind.

Mr. Nathan D. Gagnon, Managing Director, IRP & Analytics for Duke Energy Business Services, LLC,, described Duke’s 2024 IRP analyses and how the Cayuga CC Project is consistent with the Preferred Portfolio and Short-Term Action Plan. He explained the goal of the IRP, which represents a snapshot in time of the planning analysis Petitioner performs on an ongoing basis, is to determine a combination of resources that can be used to reliably and cost-effectively meet customers’ future electric service requirements. He noted Duke’s 2024 IRP was submitted to the Commission on November 1, 2024.

Mr. Gagnon described Duke’s IRP process, which included stakeholder engagement, modeling, and evaluating a range of strategies and scenarios to develop a resource plan designed to provide reliable, affordable, and increasingly clean energy for customers. He explained that the IRP process is structured to develop and analyze a diverse set of portfolios and resource options over the 20-year planning horizon from which to select a preferred long-term resource mix. He said the preferred portfolio must meet customers’ energy adequacy and reliability needs with an increasingly clean resource mix, while maintaining affordability for customers and prudently

managing risk and uncertainty. Mr. Gagnon testified to some of the complexities and uncertainty affecting planning that have developed or evolved since Petitioner's 2021 IRP, including, (1) regulatory requirements under Rule 111; (2) the potential for significant increases in load resulting from economic development in the region; (3) cost volatility for new resources as Petitioner plans to replace aging coal units; and (4) MISO's evolving resource capacity accreditation methodology. He described how the Preferred Portfolio for the 2024 IRP includes opportunities to adjust course in responding to changing conditions in these and other areas. Mr. Gagnon testified that even amidst these complexities and uncertainties, the 2024 IRP is designed to reliably and affordably meet current and future customers' needs over the next 20 years, adding incremental generating capacity to support growth and economic development, retiring and replacing aging assets, and upgrading and repurposing other assets where reasonable and prudent, while maintaining optionality to respond to changing market and regulatory conditions.

Mr. Gagnon described the impact of economic development on the load forecast used in the 2024 IRP and how Petitioner considered uncertainty related to load growth in its planning. He stated Petitioner conducted a "high load" sensitivity analysis using a load forecast that included more rapid economic growth in general, a higher proportion of potential economic development projects, plus the addition of a hypothetical data center customer with peak demand of 500 MW. He testified that the incremental capacity provided by the Cayuga CC Project will help Petitioner meet its capacity needs and support continued economic growth over the long term.

Mr. Gagnon described how Duke assessed six different potential generation strategies in the 2024 IRP, evaluating each strategy in three sensitivity analyses for the future, resulting in 18 resource portfolios. The six generation strategies, which explore various potential pathways for compliance with Rule 111 included: (1) Converts/Co-Fire Coal; (2) Retire Coal; (3) Blend 1; (4) Blend 2; (5) Blend 4; and (6) Exit Coal Earlier. Petitioner also analyzed a "No Rule 111" Strategy Variation optimized for a future in which the rule is overturned or otherwise does not persist. Petitioner examined the various generation strategies in a reference scenario or worldview that included existing rules and regulations, as well as in a worldview that included more aggressive environmental compliance regulations and rapid technological innovation and a worldview that included assumptions of less stringent environmental regulations and lagging innovation. He said that using this analytical framework, Petitioner identified Blend 2 as the Preferred Portfolio, in which the Cayuga steam units are retired, Gibson units 1 and 2 are co-fired, Gibson units 3-5 are retired, and Edwardsport is converted to natural gas. He said that the Blend 2 approach is an executable plan that reasonably and prudently mitigates risk and balances near-term and long-term cost impacts for customers and provides flexibility to adjust to changing market and regulatory conditions, particularly related to Rule 111.

Mr. Gagnon testified that the Cayuga CC Project is consistent with Petitioner's 2024 IRP. He stated the two 1x1 CCs constitute a critical component of the Preferred Portfolio, and most of the other portfolios developed for the 2024 IRP include an equivalent or greater amount of new natural gas-fired combined cycle capacity to be placed in service by 2032. He further testified that although Duke considered conversion of the existing Cayuga coal units to natural gas in the 2024 IRP, Duke ultimately determined that replacing the units with CCs is a lower cost and lower risk option for customers. He stated that the present value of revenue requirements ("PVRR") for the

conversion to natural gas is nearly \$400 million higher than for the replacement of the coal units with CCs.

Mr. Justin G. Sufan, Vice President, Rates & Regulatory Strategy, addressed Duke's request for financial incentives for the Cayuga CC Project as a clean energy project, including timely cost recovery through CWIP under Ind. Code § 8-1-8.8-11. He also addressed Duke's request for a GCA mechanism to implement the timely cost recovery.

Mr. Sufan testified that Duke anticipates making the GCA filings by November 15 (reflecting the forward-looking period of April through September) and May 15 (reflecting the forward-looking period of October through March). Petitioner anticipates a 120-day procedural schedule from filing to Commission order and rate implementation (on a bills rendered basis). Any variance between the forecasted tracker revenue requirement and the amounts collected will be compared to the actual revenue requirement based on the final books and records. The resulting variance would be captured in a reconciliation report within each tracker filing.

Mr. Sufan testified that the revenue requirement for capital costs included in the GCA will be calculated by first computing the monthly average CWIP, or net plant in service when appropriate, over the forecasted six-month period. Petitioner would then multiply the weighted monthly average for the forecasted billing period by Petitioner's monthly effective weighted average cost of capital ("WACC"). Until the Cayuga CC Project is placed in service, there would be no operation and maintenance ("O&M") or depreciation expense. He further said when and to the extent the Cayuga CC Project is projected to be placed in service in a six-month forecast period, the GCA will begin recovery of O&M and depreciation expense, which would be reconciled to actual expenses incurred. Duke proposed the depreciation rate of 2.86%, which reflects an expected useful life of 35 years.

Mr. Sufan testified Duke proposes to allocate the costs associated with the Cayuga CC Project based on Petitioner's demand allocators approved in Cause No. 46038. He also stated that Duke is requesting an additional financial incentive for the operating income associated with the Cayuga CC Project to be included in the total electric comparison of electric operating income for purposes of the Ind. Code § 8-1-2-42(d) earnings test.

Mr. Sufan explained the proposed CWIP ratemaking treatment and the benefits it provides to customers. He said CWIP ratemaking treatment mitigates the negative impact to Petitioner's credit metrics by improving near term cash flow during a potentially lengthy construction period and by minimizing the amount of additional debt taken on during construction. Also, spreading the recovery of costs over time avoids lumpy rate increases when projects are completed, benefitting customers through gradual, rather than abrupt, rate adjustments. He testified the construction financing costs will result in gross financing savings over the life of the Project, as shown in Petitioner's Exhibit 2, Attachment 7-A (JGS), which calculates the gross financing costs under three scenarios: (1) Petitioner's forward-looking CWIP proposal; (2) traditional rate case recovery; and (3) backward-looking CWIP recovery. He said the proposed forward-looking CWIP ratemaking treatment will result in the greatest gross financing cost savings over the life of the Project, compared to the other scenarios. He testified the alternative scenarios result in higher rate

base (and therefore higher returns and higher depreciation and amortization expense) produced by the accrual of AFUDC, in addition to the accrual of post-in-service carrying costs (“PISCC”) as a regulatory asset.

Mr. Sufan concluded that under Petitioner’s forward-looking GCA mechanism proposal, the total revenue from financing costs is \$5,303,888,000, and under the traditional general rate case scenario, the total revenue from financing costs is \$6,116,222,000, with the difference between these two amounts of \$812,334,000 being the gross financing savings over the life of the Cayuga CC Project. With a backward-looking GCA mechanism, the total gross financing savings over the life of the Cayuga CC Project would be \$559,388,000.

Mr. Sufan testified Duke’s proposed financial incentive of CWIP ratemaking is just and reasonable because the gross financing savings produces lower rates for customers. He said it also improves Petitioner’s cash flows and avoids rate shock to customers. He explained that the primary benefit for a utility from CWIP ratemaking, from a financial health standpoint, is that it will improve utility cash flow and mitigate negative impacts to its credit metrics during a potentially lengthy construction period.

B. OUCC Case-in-Chief. Mr. Brian M. Latham, Electric Division Director, addressed the Five Pillars and the current status of state and federal policy on coal and other generation resources. He testified that the OUCC is concerned with the affordability of the proposed Cayuga CC Project, particularly given the changing environmental standards. He said the OUCC recommends denial of the CPCN for the Project as proposed and that Duke be directed to consider other alternatives, including continuing to operate the existing Cayuga units on coal or refueling the units with natural gas.

Ms. Cynthia M. Armstrong, Assistant Director of the Electric Division, challenged Duke’s environmental regulatory costs, noting that multiple events have occurred since the 2024 IRP that impact or invalidate Duke’s assumptions and cost inputs. She described the Trump Administration’s intent to reduce regulatory requirements, with a particular interest in promoting the coal industry and coal-fired generation. She stated it is likely that the environmental rules driving cost increases for the continued operation of the existing Cayuga steam units will be rescinded, repealed, or replaced with less stringent regulations.

Ms. Armstrong testified that the 2024 IRP analysis did not fairly evaluate the option to extend the operation of Cayuga units 1 and 2 on coal. She noted that even in the “No Rule 111” portfolio, Duke still determined the Cayuga units will retire by 2032. She stated the portfolio is based on cost assumptions that favor construction of new gas CC units over the continued operation of the Cayuga coal units. She stated Duke also assumed other environmental regulations that EPA is reconsidering will still be implemented. Ms. Armstrong testified that it is imperative for Duke to model another No Rule 111 “business as usual” portfolio where no coal units retire until the 2038-2040 timeframe.

She identified three issues with the variation Duke modeled of the Blend 2 portfolio where the Cayuga steam units would be modified to burn a blend of natural gas and coal at the beginning of 2030. First, the inclusion of both the cost of converting the coal units to burn coal and gas and all maintenance and compliance costs for continuing to operate the existing coal units without performing an analysis to isolate the cost of continuing to operate the units solely on coal. Second, the variation of the Blend 2 portfolio assumed the units will have to retire by 2038, but if other environmental compliance and maintenance upgrades are made to the units it would be appropriate to determine if the units could operate longer than 2038. And third, the co-fire variation saddles replacement generation with additional compliance costs greater than the costs associated with the Cayuga CC Project evaluated in the Preferred Portfolio.

Ms. Armstrong recommended Duke reexamine the retirement schedule and related activities associated with the existing Cayuga units and take appropriate measures to extend their useful lives consistent with the reevaluation. She stated a reexamination will allow time to confirm how EPA acts on environmental regulations and allow Duke to respond accordingly. She said it will also allow time for new, lower-emitting technologies, such as small modular nuclear reactors, to emerge, or existing technologies, such as battery storage and hydrogen generation, to improve in efficiency and cost. She stated if Petitioner invests in the Cayuga CC Project now, it limits the opportunity to invest in potentially more robust generation technologies that can withstand future environmental regulations.

Ms. Armstrong recommended that Petitioner evaluate the cost of extending the operation of the Cayuga coal units for at least another 10 years. She stated it is unlikely that Rule 111 will be implemented or that the EPA will replace the rule with similar stringent standards in the near term. She stated the Cayuga CC Project may be more vulnerable to future carbon regulations since Duke anticipates the Cayuga CC Project will operate for 35 years, whereas any extension of the steam units past 2030 is not expected to last beyond 10-15 years. She also addressed how future carbon regulations could increase natural gas costs and cause the future operation of the Cayuga CC Project to be uneconomical.

John W. Hanks, Utility Analyst, discussed alternative resource options to the proposed Cayuga CC Project that were considered in Duke's 2024 IRP and recommended the Commission deny the CPCN based on recent regulatory developments and the availability of less capital-intensive alternative resource options. He said Duke's 2024 IRP does not incorporate the latest state and federal policies, including Executive Order 25-50 ("EO 25-50") that calls for the reevaluation of coal unit retirements. He testified that if Rule 111 is repealed, the resulting resource portfolio has an annual revenue requirement that is \$1.1 billion lower than Petitioner's Preferred Portfolio. He said these potential savings make it incumbent on Duke to adjust its Short-Term Action Plan and Preferred Portfolio to realize these savings.

Mr. Hanks testified that Duke has insufficiently supported its Preferred Portfolio over other resource plans that were evaluated. He expressed concern that Duke's Short-Term Action Plan calls for an additional CPCN for a 2x1 CC to be in service at the beginning of 2032 as replacement for Gibson units 3 and 4. He compared Blend 1 and Blend 2, stating there do not seem to be significant differences between the two portfolios apart from Inflation Reduction Act exposure and

lower costs for customers with fewer resource additions prior to 2030 for Blend 1, which converts the Cayuga units to natural gas. Mr. Hanks testified the current regulatory environment is more consistent with the “Minimum Policy & Lagging Innovation” scenario, which relaxes Rule 111 requirements. He said it is notable that in the Minimum Scenario, the difference between the PVRR of Blend 1 and Blend 2 is even greater than in the Reference Scenario and that Blend 1, which includes conversion of the Cayuga units to natural gas, will be less costly to ratepayers in both the Reference Scenario and the Minimum Policy scenario.

Mr. Hanks testified that the costs of a CC included in the 2024 IRP for the base scenario are significantly lower than the costs proposed for the Cayuga CC Project. He asserted that Mr. Gagnon’s capital cost comparison understates the costs of the new CCs and makes the retirement of the Cayuga coal units look more attractive. Mr. Hanks said it does not appear the selection of Blend 2 is driven by reliability or resiliency benefits because, based on the scorecard, Blend 1 is comparable to Blend 2. He estimated the Cayuga CC Project is approximately 46% or 56% more expensive than the reference case, which is much higher than the 20% increase over the base scenario. He testified that the conversion or co-firing of natural gas was not a selectable option selectable by the portfolio optimization modeling as a strategy variation of Blend 2 even though it is possible that conversion to natural gas or co-firing could economically extend the life of the Cayuga units if these options were included as possibilities in the High CC Cost strategy. He further stated the type of CC selected in the High CC Cost strategy included a single 2x1 CC selected at the beginning of 2032, and the capacity of the generic 2x1 CC is equal to the combined capacity of two generic 1x1 CCs. He said this is significant because in the 2024 IRP, 2x1 CCs were much less expensive relative to the 1x1 CC cost and the 2x1 CC was added in 2032 rather than 2030, which allows the existing Cayuga coal units to continue operating and delays the addition of new projects with high capital costs.

Mr. Hanks concluded that Duke had not established that its Preferred Portfolio is the best resource strategy for its customers, relative to alternative strategies that include natural gas conversion and operating the coal units longer. He said the alternative strategies merit further study and consideration.

Jared J. Hoff, Utility Analyst, discussed the transportation and energy costs of the natural gas supply for the proposed Cayuga CC Project and the allocation of construction costs for the proposed pipeline lateral connecting the Cayuga CC Project and the REX pipeline. He asserted that Duke understated the operational cost of the Cayuga CC Project and its financial impact on customers by excluding the annual natural gas energy and transportation costs.

Roopali Sanka, Utility Analyst, raised concerns regarding Petitioner’s RFP processes and argued that Petitioner did not sufficiently evaluate several bids that were competitive with the proposed Cayuga CC Project. She testified that the insufficient scrutiny and the disqualification of competitive bids without fully evaluating alternative approaches, showed the bidding process was inadequate to support the Cayuga CC Project’s final selection. She recommended the CPCN be denied due to these substantial flaws in Petitioner’s and CRA’s evaluation of RFP bids.

Patrick A. Kelley, Utility Analyst, challenged the reasonableness of Duke's best estimate for the Cayuga CC Project. He testified that Duke failed to provide sufficient information to justify the Project's indirect costs. He said, based on a comparison of costs from the U.S. Energy Information Administration ("EIA"), the indirect costs are overstated. Mr. Kelley also testified that certain overhead costs, such as for project management and construction, are unreasonable. He also took issue with Duke's estimated transmission upgrade costs, asserting that Duke applied an improper measure resulting in a 60.5% overestimation.

Brittany L. Baker, Utility Analyst, addressed Duke's requested accounting and ratemaking treatment for the Cayuga CC Project. She discussed the projected rate impact and the OUCC's affordability concerns. Ms. Baker also recommended the following if the Commission were to approve the CPCN: (1) setting the financing rate at the lower of Duke's approved cost of debt or its most recently approved WACC; (2) changing the name of GCA mechanism; (3) authorizing recovery of only the incurred IRP and RFP costs associated with the Cayuga CC Project over five years; and (4) authorizing recovery of external support costs related to property tax incentives over five years.

C. IG Case-in-Chief. Mr. Colin T. Fitzhenry, Associate, Brubaker & Associates, Inc., testified that the IG did not take a position on Duke's request for a CPCN. However, he recommended that if certain changes to Duke's cost estimate or the regulatory environment occur, either during the pendency of the CPCN proceeding or after the Commission approves the CPCN, Duke should be required to notify the Commission and update its 2024 IRP so that Duke's request for a CPCN can be evaluated using current data.

He also made several ratemaking recommendations, including denying Duke's request to recover CWIP and other costs of the Project through the proposed GCA mechanism. He said the proposed CWIP ratemaking treatment will require customers to pay the construction period financing costs of the Cayuga CC Project before it is placed in service and before the plant is available to be operated and used to serve customer demands for service reliability and to dispatch to keep energy costs economical. Further, Mr. Fitzhenry testified that Duke has not established a need to timely recover its construction period carrying cost via its proposed CWIP forward looking cost of service adjustment. Duke will be fairly compensated for its development cost of the Cayuga CC Project using the traditional AFUDC method of deferring construction period financing cost and recovering the cost as a component of gross plant in-service costs. If the GCA mechanism is approved, he recommended Duke be required to remove the cost of inventory and O&M currently in base rates that is associated with the existing Cayuga units and deny Duke's request to defer historic and future costs related to the Cayuga CC Project (or any future generation project) into a regulatory asset. He also recommended Duke be required to depreciate the Cayuga CC Project over 40 years. Finally, Mr. Fitzhenry addressed Duke's proposed gas delivery cost accounting, asserting that the gas delivery costs to serve the Cayuga CC Project are firm costs and should be allocated across all customers based on production demand.

D. CAC/VS Case-in-Chief. Mr. Benjamin Inskeep, Program Director at CAC, recommended retirement of the Cayuga coal units but opposed the Cayuga CC Project in favor of Duke developing a more balanced generation portfolio based primarily on distributed energy

resources (“DERs”). He described what he dubbed a “no regrets” strategy that includes procuring utility-scale generation options; remodeling demand response, energy efficiency, and distributed generation; working with Duke’s Demand Side Management Oversight Board to develop a system-wide opt-out or default time-varying rates offering; allowing DER incentive programs to be included as supply-side resources eligible for selection in IRP modeling; and expanding DER program offerings, including an incentive program to reduce Duke’s load forecast or add resources that could help meet its resource adequacy requirements.

Mr. Inskeep also asserted that Duke’s 2024 IRP contained deficiencies, including materially understating CC capital costs in modeling, using overly optimistic forced outage rates for the proposed CC units, failing to consider repowering or extending existing wind purchase power agreements, using a flawed market potential study, and evaluating portfolios based on flawed scorecard metrics. Mr. Inskeep contended that Duke only evaluated carbon dioxide emissions in its consideration of environmental risk in its 2024 IRP, which he opined incorporates bias in favor of gas generation. He also argued that Petitioner’s “non-intermittent” RFP for new resources failed to elicit competitive responses for thermal generation.

Mr. Inskeep also addressed the Five Pillars, raising affordability and environmental sustainability concerns. He testified that Duke failed to adequately consider how reliability, resiliency, and stability could be affected by transitioning its resource fleet to an over-reliance on natural gas resources.

Mr. Inskeep testified that if the Commission approves the Cayuga CC Project, he recommends the Commission: (1) make the CPCN expressly conditional on Duke retiring the Cayuga Generating Station and additional compliance filing requirements; (2) deny Duke’s proposal to use CWIP and instead approve the GCA mechanism to begin recovering costs upon each CC unit being placed in service; (3) require Duke to file a new base rate case within 180 days of placing the Cayuga CC Project in service; (4) deny Duke’s requested authorization for blanket deferral authority in perpetuity for 12 unknown generation projects; (5) deny Duke’s proposal to continue charging customers for Cayuga Generating Station costs after the units are retired and require Duke to credit customers through the proposed GCA for all Cayuga Generating Station costs currently in base rates until new rates are established; and (6) address affordability concerns by reducing the best estimate to remove costs that exceed what are just and reasonable and mitigating the risk to Duke’s customers of future compliance costs.

E. Duke Rebuttal. Mr. Pinegar testified that neither the CAC/VS’s call to retire the Cayuga coal units without adequate replacement nor the OUCC’s recommendation to prolong coal operations (or convert to natural gas) offers a viable solution for meeting Duke’s statutory obligation to provide safe and reliable service at just and reasonable rates. He stated that the CAC/VS’s recommendation overlooks the importance of firm capacity in a diversified portfolio and the OUCC’s recommendation fails to provide the incremental generation Duke needs to meet its load obligations.

He said that since 2018, Duke’s IRPs have consistently reflected retirement of the aging Cayuga coal units and the addition of a CC facility. He stated that the Cayuga CC Project is consistent with EO 25-50, which directs the Secretary of Energy and Natural Resources to

encourage an additive energy strategy. Mr. Pinegar also addressed arguments concerning the Five Pillars and explained why the Cayuga CC Project reflects a careful balance of all the pillars. He testified that continued investment in the existing coal units is inconsistent with the affordability pillar, explaining that there would need to be at least \$830 million in net book value invested in a plant that even the OUCC cannot see lasting beyond 2040.

Mr. Pinegar reiterated that continuing to invest in and operate the existing Cayuga coal units or transitioning the units to natural gas would leave Petitioner without the additional capacity and energy that can be provided by the Cayuga CC Project. He testified adding 471 MW of generation to Duke's system will help to reduce Petitioner's need for capacity and energy purchases from what appears to be a shrinking bilateral marketplace, meet customer demands, and serve the growing demands seen from some of Petitioner's new and expanding customers.

Ms. Karn identified the benefits of adding natural gas CC generation to Duke's portfolio of resources. She addressed issues raised by the parties regarding environmental compliance, the potential for future environmental rule changes, and how the Cayuga CC Project is in line with recent government announcements regarding the importance of dispatchable generation and of adding generation to the grid. She reiterated how the Cayuga CC Project is well situated to withstand future environmental compliance rule changes. She also responded to the parties' arguments regarding the viability of continuing to operate the Cayuga coal units and the risks associated with not moving forward with the Cayuga CC Project. Ms. Karn also addressed issues raised regarding the RFP process, the transmission interconnection for the Cayuga CC Project, and Duke's investment in energy efficiency, demand response, and DERs. She also provided updates on HEA 1007 and its continued applicability to this proceeding.

Regarding CAC/VS's arguments about Petitioner's consideration of DERs and energy efficiency, Ms. Karn explained that Duke has invested in energy efficiency for over three decades, with its latest three-year, \$175 million plan expected to reduce eligible retail sales by about 1%. She noted that Petitioner's 623 MW of summer demand response or load modifying resource capability is higher than all other utilities in the state. She testified that Petitioner offers an Excess Distributed Generation tariff and a Green Source Advantage offering to incent customers to install or contract with third parties to develop solar or wind resources. Ms. Karn testified Petitioner also included assumptions for distributed solar as a reduction to its load forecast and modeled utility-scale solar as a selectable resource in its most recent IRP. She stated that modeling still demonstrated a need for the Cayuga CC Project and that demand side management and DER resources are an important part of Petitioner's portfolio, but there is simply not enough to forego the need for the 1,400 MW of reliable, dispatchable generation that the Cayuga CC Project provides.

Regarding CAC/VS's assertions that DERs provide the required reliability and stability benefits that are needed on the grid today, Ms. Karn cited to the North American Electric Reliability Corporation's ("NERC") latest Summer Reliability Assessment (released in May 2025) which emphasized the need for dispatchable generation. Ms. Karn explained that MISO needs more firm resources like the Cayuga CC Project to combat the risks of MISO operating reserve shortfalls during periods of high demand or low resource output. She explained that DERs are not

firm resources and relying on them to replace coal units is a risky approach for Duke customers who rely on Petitioner to keep the lights on every day.

Ms. Karn also testified regarding why Petitioner's plan to construct the Cayuga CC Project is the most reasonable path for Petitioner compared to continuing operation of the coal units as recommended by the OUCC. She explained there is a significant additional cost associated with keeping the coal plants running to 2040 or longer and investing in a 60-year-old coal plant raises the specter of significant stranded costs. Ms. Karn testified Petitioner analyzed the affordability of these options, and converting the plants to natural gas or continuing coal by co-firing the units with natural gas is not the most affordable option for Petitioner's customers.

Regarding CAC/VS's affordability concerns, Ms. Karn further testified that Petitioner and the Commission are charged with balancing all Five Pillars, not just one pillar. Ms. Karn stated that this investment provides more value than alternatives from an affordability perspective, noting that Petitioner plans on reusing existing assets and facilities that customers have already paid for, including existing transmission assets, Duke's existing air permit, and the existing interconnection rights. Ms. Karn also noted Duke's proactive steps before even receiving a CPCN from the Commission, including early deposits on the infrastructure required to build the new gas turbines and early engagement with EPC contractors, will result in additional cost savings for customers. Further, she testified that the most efficient natural gas turbines available today are more environmentally sustainable than continuing to operate on aging coal.

Mr. Smith discussed the measures Duke has taken to address the "unprecedented uncertainty" in the industry and provided an update as to the current status of the best cost estimate for the Cayuga CC Project. He also addressed several points raised by the OUCC regarding the cost estimate and explained why the cost estimate is neither overstated nor faulty. He explained why drawing a conclusion that Duke's indirect costs are overstated based on an EIA report is unreasonable and why it is not relevant to compare Duke's indirect costs to those listed by Kiewit in the EPC contract. With respect to overhead costs, Mr. Smith explained why he disagreed with how Mr. Kelley grouped several owner's cost categories into one he called overheads, removing the additional descriptive information. Finally, regarding transmission interconnection costs, Mr. Smith testified that it is unreasonable to assume no network upgrades are required. He said absent word from MISO, using what was assumed in the 2024 IRP is appropriate. He also addressed the OUCC's criticisms regarding Duke's selection of the EPC contractor for the Cayuga CC Project.

Mr. McClay responded to parties' comments, critiques, and recommendations regarding Duke's transportation and natural gas supply strategy. He explained how, during contract negotiations, the intent to procure REX FT solely for the Cayuga CC Project changed to becoming a strategic asset for the entire Duke gas generation fleet for the benefit of customers. He also addressed the OUCC's concerns with the need and sizing for the new lateral pipeline to the Project. Finally, he addressed the CAC/VS's concerns with natural gas supply reliability and price volatility.

Mr. Lee responded to certain OUCC and CAC/VS testimony regarding Duke's competitive RFP process. He explained that certain threshold requirements for the RFPs were developed based on discussions with Duke regarding its range of needs for the capacity resources, as well as the risks and concerns about current and future market conditions and regulations that may impact the medium and longer-term value of assets in MISO. He testified that CRA has been very active in RFP development and execution over the past ten years and the threshold requirements for Duke's RFPs were similar to many others that CRA has executed and were not overly or unusually restrictive. Mr. Lee noted that Petitioner's RFP structure was previously reviewed in Cause No. 45907, where no party raised any concerns with the RFP process and the Commission found the power purchase agreement was the result of a "thorough and competitive RFP process."

Mr. Lee also responded to the OUCC's claim that Petitioner narrowed the scope of its RFP by not fully evaluating the possibility of importing external capacity. Mr. Lee testified this is an unfair criticism because Petitioner specifically included a MISO Local Resource Zone 6 ("LRZ6") resource preference in the 2023/2024 RFPs to recognize that more distant, long-term resources represented a potential risk for customers. He testified that the ability to import external capacity and the value of that external capacity is subject to change over time based on changes in load, resources, transmission capability, and other factors. Mr. Lee explained that while resources located outside LRZ6 were eligible to bid, the 2023/2024 RFPs clearly stated that resources located outside LRZ6 would only be considered to the extent there were insufficient LRZ6 resources bid by technology. Mr. Lee also disagreed with the OUCC's arguments that certain bids should have been considered despite their nonconformance with the RFP bid requirements and explained why considering the bids would have required a change in the stated requirements associated with RFP evaluation and would have been improper.

Regarding CAC/VS's argument that the 2022 RFP was not successful because of the thermal bids received, Mr. Lee explained that evaluating the competitiveness of an RFP is not simply a matter of the number of projects or MWs bid. He stated that the 2022 RFPs solicited bids from a range of technologies, and those bids were used as part of Petitioner's broader resource planning. Mr. Lee explained the thermal resources bid into the process were competing not only with other potential thermal resources, but also with intermittent resources, storage, and other technologies. He testified all bids in the RFPs were bids that were competitive with the Cayuga CC Project, even if the rank ordering of RFP bids was technology-based. He also responded to the OUCC's and CAC/VS's criticisms regarding how Petitioner scored certain projects and explained CRA's justification for each score.

Responding to testimony regarding Duke's IRP process, Mr. Gagnon said uncertainty is always present in resource planning, which is why Duke evaluated a broad range of potential future conditions. He reiterated that Petitioner's analytical framework included alternative regulatory environments, including the rollback of Rule 111 and the elimination of tax credits. He said in general, costs tend to be lower in lighter regulatory environments, and the capacity expansion model favors new CC capacity. Mr. Gagnon explained how Petitioner's Short-Term Action Plan provides flexibility to adapt to changing conditions, noting that items fall into two categories: those that can be executed with a high degree of confidence that are reasonable and prudent across a wide range of future conditions, and those that could be subject to reevaluation as conditions

change. He stated that with the additions of solar energy resources and battery energy storage by 2030 and execution of the next phase of Petitioner's energy efficiency plan, the Cayuga CC Project also belongs in the "high confidence" category. In the second category of "subject to reevaluation," Mr. Gagnon put the co-firing gas conversion and Gibson CC projects because those projects are driven largely by Rule 111, the future of which appears in doubt.

In response to CAC/VS's criticism that Duke only evaluated carbon dioxide emissions in its consideration of environmental risk in its IRP, Mr. Gagnon explained that Petitioner analyzed a range of emissions. He explained that these other emissions are highly correlated with carbon dioxide emissions, which is why Petitioner did not include the non-carbon dioxide emissions in the scorecard summary of results.

Mr. Gagnon explained that the 2024 IRP identified a need for incremental capacity in the early 2030s in addition to the immediate need for capacity and energy that will be met with battery energy storage (for capacity) and solar (for energy) resources. He said the 2024 IRP shows that Petitioner is projected to come within about 23 MW of falling below its winter reserve margin requirement in 2030, the year before the incremental capacity from the Cayuga CC Project becomes available. In addition, MISO's recent adoption of a reliability-based demand curve in its planning resource auctions creates risk that utilities may be required to secure capacity above the initial reserve margin requirement. He testified that it is unclear whether the same amount of incremental energy and capacity could be procured from other resource types on favorable terms and placed in service within the timeframe needed. He noted that even if other resource types were available, the amount of installed MW necessary to provide the same amount of energy and firm capacity offered by the incremental 471 MW from the Cayuga CC Project would be significant. He said this underscores that the Cayuga CC Project will be a reliable and cost-effective source of both energy and capacity, whereas other resource types tend to provide mostly (or only) one or the other.

Mr. Gagnon disagreed with the OUCC that additional analysis is needed to account for major shifts in policy before making a final decision on the Cayuga CC Project, noting the Project was developed in response to specific capacity and energy needs, asset condition, and long-term planning considerations. He explained the Cayuga CC Project will replace aging steam units with advanced class CC generators, adding essential incremental generating capacity, lowering operating costs for customers, reducing risks to reliability, resiliency, and system stability, and improving environmental sustainability. He said the OUCC's concerns that future GHG regulations could render the project uneconomic before the end of its useful life considers the Cayuga CC Project in a vacuum, rather than as part of the broader MISO market. Mr. Gagnon testified that it is reasonable to expect that any cost impact to the Cayuga CC Project would be felt by other generators as well. He said it is also reasonable to expect that carbon-emitting generators would make up a substantial portion of the MISO market at the time any GHG-limiting regulation was enacted, in which case the operating cost increase would result in a corresponding increase in power prices, with limited impact to the relative economic competitiveness of the Cayuga CCs. He noted that there is no alternative technology with comparable reliability characteristics close enough to commercial viability for it to be reasonably expected to support all projected growth and to displace over two-thirds of the existing MISO resource portfolio in a timeframe that would

render the Cayuga CC Project uneconomic during its planned life, even if GHG controls must be implemented. He acknowledged that the function of the Cayuga CCs is likely to evolve over their lifetimes, but said the reliability and system stability provided by the agile, fast ramping, and dispatchable CCs will only increase in importance.

Regarding CAC/VS's argument that the O&M and fuel costs of the Cayuga CC Project will increase customer bills, Mr. Gagnon said the projected operating costs of the Cayuga CC Project should be considered in the context of the costs of alternative sources of that energy. He stated that projections from the 2024 IRP analysis indicated that the Cayuga CC units will operate economically at capacity factors in the high 80% range and would continue that strong economic performance throughout the 2030s if unconstrained by Rule 111. He said this suggests that the Cayuga CC units will be consistently "in the money" in the MISO energy market, and that relying on energy market purchases to meet the needs of Duke's customers would be more costly. He testified that the low operating costs of the new, highly efficient Cayuga CCs can be expected to reduce customer bills compared to the cost of energy from either the existing units or the MISO market. In addition, the relatively lower operating costs compared to the existing units will generally lead to the Cayuga CCs being dispatched by MISO ahead of when the existing coal units would be dispatched.

Mr. Gagnon disagreed with the OUCC's contention that there is little difference between the Blend 1 and Blend 2 strategies in Petitioner's 2024 IRP and described several significant differences between the two strategies. Mr. Gagnon stated that Mr. Hanks's conclusion that gas conversion of the Cayuga units is the reason that Blend 1 has a lower PVRR than Blend 2 is not a valid conclusion because the other significant differences between the generation strategies make it difficult to ascribe the PVRR difference solely to gas conversion without further evaluation. He pointed out the general premise that the conversion of aging coal units to natural gas fuel yields a lower PVRR than retirement conflicts with the fact that the Retire Coal strategy, in which all existing coal fired steam units are retired, consistently yielded the lowest PVRR of all strategies evaluated in the 2024 IRP, while the Convert/Co-fire Coal strategy, in which four existing units are converted to gas fuel, consistently yielded the highest PVRR. He explained that the most likely primary source of the cost difference between the two strategies is simply the different amounts of renewable energy and energy storage resources added under the two strategies. He stated it is more likely that converting the existing Cayuga steam units to natural gas would increase costs to customers over the long term, offsetting the impact of the larger renewables and storage buildout in Blend 2. He explained that to properly isolate the variable of gas conversion and draw conclusions about the impact that variable has on PVRR, it would be more useful to compare the Convert/Co-fire Coal strategy to the Blend 4 strategy. Based on that comparison, he stated it is reasonable to conclude that converting the existing Cayuga coal units to natural gas increases the PVRR relative to retiring the aging units and replacing them with advanced class CCs. He explained that Duke did not select Blend 1 as the Preferred Portfolio because of the unreasonably high reliability risk, cost risk, and execution risk.

Responding to the OUCC's suggestion that Petitioner adjust its Short-Term Action Plan and Preferred Portfolio to the No Rule 111 generation strategy evaluated in the 2024 IRP to achieve the savings associated with that strategy, Mr. Gagnon explained that the No Rule 111 strategy

includes a 1x1 CC by 2031 (i.e., in 2030) and two 2x1 CCs by 2032 (i.e., in 2031). Thus, Mr. Gagnon stated the results of the analytics for the No Rule 111 strategy favored by the OUCC supports the Cayuga CC Project.

Mr. Gagnon also responded to Mr. Hanks's contention that the capital cost of the Cayuga CC Project is 46% or 56% more expensive than the Reference Case in Petitioner's 2024 IRP. He explained that Mr. Hanks based his calculation on Duke's cost estimate of \$3.3 billion, whereas Mr. Smith's estimate includes AFUDC, transmission network upgrades, and project reserves. In addition, the cost is for CC projects expected to be completed in 2029 and 2030, whereas the costs from the 2024 IRP that Mr. Hanks referenced are stated in 2025 dollars. Therefore, Mr. Gagnon explained, the appropriate comparison for the \$3.3 billion cost estimate in the 2024 IRP would be the inflated installed (i.e., "all in") cost for generic 1x1 CCs completed at the beginning of 2030 and the beginning of 2031. Mr. Gagnon stated that this is the basis on which he estimated the cost for the Cayuga CC Project is approximately 20% higher than the generic cost assumption in the 2024 IRP. Mr. Gagnon did, however, acknowledge one adjustment to his calculation to be on a \$/kW basis, since the Cayuga CC Project will provide slightly more capacity than the generic unit used in the 2024 IRP analysis. On a \$/kW basis, Mr. Gagnon stated the estimated cost of the Cayuga CC Project is about 16% greater than the generic base case estimate used in the 2024 IRP. He said at 16% over the base case, the estimated cost of the Cayuga CC Project remains far closer to the base case forecast than to the High Combined-Cycle/Combustion Turbine ("CC/CT") Cost sensitivity analysis, which was 60% greater than the base case. However, even in the High CC/CT Cost case, Blend 2, the Preferred Portfolio, includes 1,438 MW of new CC capacity selected by the capacity expansion model, which amount is consistent with the capacity of the Cayuga CC Project. He said this means that even if the cost of the Cayuga CC Project was 60% greater than the base case forecast used in the 2024 IRP rather than only 16% greater, the Project would still be consistent with the Preferred Portfolio.

In response to Mr. Hanks's contention that natural gas conversion and co-firing should have been evaluated in the High CC/CT Cost case, Mr. Gagnon testified that they were, explaining that Blend 2 does assume co-firing of Gibson units 1 and 2. Petitioner also evaluated all six generation strategies, including Blend 1, in the High CC/CT Cost sensitivity analysis, analyzing all combinations of co-firing, gas conversion, and retirement that were contemplated in the base case analysis.

Mr. Sufan responded to parties' arguments and recommendations regarding Petitioner's requested ratemaking and accounting treatment for the Cayuga CC Project, specifically CWIP ratemaking treatment and proposed GCA mechanism, proposed depreciation rates, requested ratemaking for plan development costs related to the Cayuga CC Project, retirement of the Cayuga coal generating units, estimated retail rate impact of the Cayuga CC Project, and proposed recovery of gas FT costs.

Mr. William C. (Bill) Luke, Vice President of Midwest Generation of Duke Energy Business Services, LLC, addressed the OUCC's recommendation that Duke should not build the Cayuga CC Project and instead continue operating the existing coal units, even as those units approach 60 years of operations. Mr. Luke addressed the potential additional maintenance, capital,

and environmental compliance expenditures that would be required to keep the coal plants operating past 2030, estimating it will cost hundreds of millions of dollars to keep the coal plants running.

F. **OUC Cross-Answering.** Mr. Michael D. Eckert, Chief Technical Advisor, addressed the IG's recommendations regarding the allocation of gas service costs. Mr. Eckert noted Duke is not requesting recovery of gas-related costs in this proceeding and testified that recovery and allocation of gas service costs should be addressed in Duke's next base rate case.

6. **Settlement Agreements.**

A. **Duke-REI Settlement.** The Duke-REI Settlement provides that REI will support Duke's request for a CPCN for the Cayuga CC Project, including its best estimate of costs and schedule, as well as the requested ratemaking relief. It also provides that the Commission should make the findings required under HEA 1007 that the Cayuga CC Project will result in at least equivalent accredited capacity and will provide economic benefit to ratepayers as compared to the continued operation of the existing coal generating units to be retired by Duke and that this proceeding shall act as the investigation required by HEA 1007, subject to certain additional commitments by Duke. In exchange, Duke agrees to perform an engineering study ("Feasibility Study") to evaluate the technical feasibility of extending the lives of the Cayuga units as coal units, for the benefit of third parties that may be interested in purchasing the Cayuga coal unit(s). Duke will then use the results of the Feasibility Study to inform an RFP process, using an independent third-party administrator, to solicit the market for interest in purchasing the coal units.

B. **Duke-IG Settlement.** The Duke-IG Settlement provides that the IG will support Duke's request for a CPCN for the Cayuga CC Project, including its best estimate of costs, schedule, and requested ratemaking relief, with certain modifications related to possible changes in the best estimate, accounting at the retirement of the coal units, coal unit O&M costs, depreciation associated with the Cayuga CC Project, regulatory asset/deferral of certain 2021 IRP and RFP costs, and gas pipeline costs. The Duke-IG Settlement Agreement resolves all issues between Duke and the IG.

C. **Settlement Evidence.**

1. **Duke-REI Settlement Supporting Testimony.** Duke witness Pinegar summarized the terms of the Duke-REI Settlement. He explained that in exchange for REI supporting Duke's requested relief in this case, Duke agreed to hire an external engineering firm to perform a Feasibility Study to evaluate the technical feasibility of extending the lives of the Cayuga units as coal units, for the benefit of third parties that may be interested in purchasing the unit(s). The Feasibility Study must be completed within eight months of Commission approval of the Duke-REI Settlement. Mr. Pinegar explained Duke will then use the results of the Feasibility Study to inform an RFP process, using an independent third-party administrator to solicit the market for interest in purchasing the coal units. He stated demolition of the units will be paused during the RFP process. Petitioner also agreed not to retire or cease commercial operation of the Cayuga coal units before December 31, 2028, unless continued operation becomes unlawful,

infeasible, or impractical due to events beyond its control. The coal units are expected to operate until their forecasted retirement dates (2029–2030) in accordance with good utility practice. He said any sale or transfer of the coal units would require a separate Commission proceeding with opportunity for other parties to participate.

Mr. Pinegar testified that the Duke-REI Settlement recognizes that there is a need for the reliable additional generation from the Cayuga CC Project and provides for a reasonable process to evaluate whether a pathway for continued operation of the Cayuga coal unit(s) by a potential third party purchaser after Petitioner’s planned retirement dates of 2029 and 2030 exists. It also recognizes Duke’s intention to use certain existing coal assets for the Cayuga CC Project, such as the transmission interconnection rights, switch yard, environmental permit netting, land, and potentially the water intake structures. Additionally, Duke and REI agree that the process will not negatively impact Duke’s construction schedule, cost, or future operations of the Cayuga CC Project and is intended to take advantage of any efficiencies and synergies that could result from the parallel process.

Mr. Pinegar testified that although EO 25-50 was signed after Duke filed its case-in-chief, it aligns with Petitioner’s proposal because it not only directs the Secretary of Energy and Natural Resources to lead an evaluation of the extension of life for Indiana’s remaining coal units, but it also recognizes the value of additive generation. He testified that granting a CPCN for the Cayuga CC Project does not foreclose the possibility that a third party may have interest in continuing to operate the coal units and the Duke-REI Settlement sets a pathway for that evaluation.

Mr. Pinegar further testified that the Duke-REI Settlement will benefit customers by allowing Duke to proceed with construction of the Cayuga CC Project while also providing the opportunity for the coal units to be repurposed for future use by a third party because any net proceeds from the potential sale of the coal units would flow back to customers. Furthermore, the Commission and the public will be given status updates through the ongoing tracker filings.

Duke witness Karn discussed why Duke’s plan for the Cayuga coal units continues to qualify as a retirement for purposes of HEA 1007 even though there remains a possibility that the coal generating assets could be repurposed by transfer to another entity. She also discussed how the Cayuga CC Project continues to be a clean energy project and eligible for CWIP ratemaking under Ind. Code ch. 8-1-8.8.

REI witness Nasi testified the Duke-REI Settlement provides certainty on the resolution of a variety of issues and ensures an outcome that is at least equal to or better than that which would result from continued litigation. Mr. Nasi discussed national trends in extending the lives of coal generation assets, noting that other utilities are delaying coal retirements due to demand growth and challenges in building new capacity. He pointed to Hallador Power’s acquisition of the Merom coal plant in Indiana as a model. Mr. Nasi also testified that the Duke-REI Settlement is consistent with state and federal executive orders that encourage extending coal plant lives.

2. Duke-IG Settlement Supporting Testimony. Duke witness Karn summarized the terms of the Duke-IG Settlement and testified that it will benefit customers and will allow Duke to proceed with the Cayuga CC Project, which will bring fast-ramping additive energy in a time of load growth for Petitioner.

Ms. Karn explained that Duke and the IG agree that if the contingency is less than a specified amount upon execution of the EPC or the best estimate is higher than \$3,320,006,881 plus actual AFUDC, then Duke will submit certain additional evidence in the first GCA subdocket proceeding, which will be filed within one month of the approval of the CPCN, to justify that the best estimate remains reasonable and prudent or request a modification of the CPCN. She also noted that Duke has requested ongoing review and if the projected costs for the Cayuga CC Project exceed the approved best estimate, then the Commission in the ongoing review proceeding can either approve the updated cost or disapprove all or part of the construction or costs under review and may modify or revoke the certificate. In addition, all parties retain all rights to raise any arguments in the future with respect to cost increases and material regulatory changes affecting the Project.

Further, Ms. Karn testified that the Duke-IG Settlement operates independently of the Duke-REI Settlement. However, the IG agreed not to oppose the Duke-REI Settlement subject to the modifications set forth in Section I.G. and the non-waiver provisions in Section I.H. of the Duke-IG Settlement. She noted that the Duke-IG Settlement modifies the Duke-REI Settlement with regard to cost recovery for the Feasibility Study and the RFP process and preserves the rights of all non-Duke parties to raise issues related to the continued operation of the Cayuga coal units in the event that emergent issues arise resulting in materially increased costs to Duke's operation of the coal units. Further, Duke and the IG agreed to additional provisions regarding processes associated with conducting the Feasibility Study and RFP and the ability for all non-Duke parties to raise any issue regarding the terms of any agreement concerning the disposition of the Cayuga coal units.

Duke witness Smith explained Duke's and the IG's agreement concerning the best estimate and the EPC contract. He also explained their agreement on how the EPC total contract price will be established and how Duke may seek recovery of any EPC contract price increases.

Duke witness Sufan provided an overview of the various accounting and ratemaking treatment provisions contained in the Duke-IG Settlement. He addressed the provisions related to: (1) the CPCN, ratemaking, and cost estimate; (2) accounting at retirement; (3) O&M; (4) depreciation; (5) regulatory asset/deferral; and (6) pipeline costs. He testified that the Settling Parties' agreement for CWIP ratemaking treatment reduces capitalized financing costs and avoids the compounding effects of AFUDC and PISCC, resulting in a lower base rate and more gradual rate impacts. As to Duke's accounting at retirement of the coal units, he noted the possibility that, upon retirement, a tax basis will exist and the retirement could generate a tax gain or loss. He said any such gains or losses will be factored into the taxable income calculation. Mr. Sufan testified that Duke will also create an "envelope" around depreciation and O&M expense at the Cayuga facility (both the coal units and the new CC units), adjusted to exclude any costs authorized for recovery in other trackers. To the extent the adjusted total expense differs from what is reflected

in base rates for the Cayuga coal units at retirement, the difference will either be recovered from or credited to customers through the GCA. Mr. Sufan also noted Duke's obligation to attempt to liquidate any remaining Cayuga fuel and materials and supplies inventories through market transactions to the extent they are not repurposed or transferred.

Mr. Sufan stated that Duke and the IG agreed that a 40-year life should apply to the Cayuga CC Project until a depreciation study is performed and new depreciation rates are approved by the Commission, which potentially mitigates customer rate increases in the near term. Duke also agreed to withdraw its three requests for regulatory asset treatment in this proceeding. Because Duke also agreed not to seek in any future proceeding to defer and recover incremental costs incurred with the 2021 IRP and RFP processes, which will result in lower costs for customers. Finally, Mr. Sufan stated that the parties agreed that the FT costs of REX and the natural gas lateral will be recovered through the fuel adjustment clause ("FAC") on the basis of production demand, which is consistent with the Commission's decision in Cause No. 45564 S1 and aligns cost allocation with the type of costs incurred.

IG witness Fitzhenry summarized the Duke-IG Settlement and testified regarding certain of the provisions. He explained that the Settling Parties' agreement concerning the CPCN, ratemaking, and cost estimate provides adequate price protection to customers by the general structure of refreshing the IRP if material cost changes occur and the timing of any such refresh. It also preserves parties' rights to raise issues in the future concerning any cost increases or material regulatory changes. He testified that the Settling Parties' agreement of accounting at retirement is also reasonable as it generally aligns with typical industry practice. Mr. Fitzhenry also testified regarding the creation of an "envelope" for depreciation and O&M expense, noting that this mechanism and the use of the GCA offers a structured framework for retiring the coal units and integrating the new CCs within a regulated utility construct. He also testified that the agreement limits the circumstances in which Duke can recover the costs of the Feasibility Study and RFP process, as well as the amount of any such recovery. He explained that Duke can only recover up to \$1.5 million of such costs, and only to the extent any sale of the Cayuga coal units results in positive realized net proceeds.

Mr. Fitzhenry concluded that the Duke-IG Settlement provides price protection mechanisms related to the Cayuga CC Project cost estimate, reasonable accounting treatment at retirement, appropriate handling of O&M costs, and the prudent disposition of regulatory assets and pipeline costs. He testified that the explicit reservation of rights for non-Duke parties ensures ongoing protection for customers regarding future cost increases and the disposition of the Cayuga coal units.

3. Non-Settling Parties' Testimony. OUCC witness Latham testified the Settlement Agreements do not balance the interests of Petitioner and its ratepayers because they do nothing to address the OUCC's concerns about the \$3.3 billion estimated cost of the Cayuga CC Project that Duke intends to recover from its ratepayers, nor do they address Duke's refusal to perform a feasibility study to evaluate whether its continued operation of the Cayuga coal units at a much lower cost could potentially save ratepayers billions of dollars. Mr. Latham testified that the Settlement Agreements do not include provisions that would mitigate the Cayuga

CC Project's cost or address possible cost overruns. He also expressed affordability concerns related to the potential repurposing or sale of the current Cayuga assets. Finally, he opposed the Duke-IG Settlement Agreement's provisions regarding depreciation and pipeline costs. Mr. Latham recommended the Commission reject both Settlement Agreements and deny Petitioner's CPCN request. Further, Mr. Latham recommended the Commission order Petitioner to engage a third party to perform a feasibility study evaluating Duke's costs to continue operating the Cayuga generating facility as a coal burning facility.

CAC/VS witness Inskeep also recommended the Commission reject the Settlement Agreements. Regarding the Duke-REI Settlement, Mr. Inskeep asserted that there are significant, unresolved challenges with keeping the Cayuga coal units open while proceeding with the Cayuga CC Project. He also explained why he believes the Duke-REI Settlement is inconsistent with the statutory relief Duke is requesting under HEA 1007 and Ind. Code ch. 8-1-8.8 and the environmental sustainability pillar. Mr. Inskeep testified if the Commission approves the Duke-REI Settlement, it should deny Petitioner's requests: (1) that the Commission find that this proceeding meets the requirements of HEA 1007's retirement investigation because Petitioner is no longer planning to retire the units and (2) to receive CWIP ratemaking, as the Cayuga CC Project is not displacing coal-fired electricity generation.

Regarding the Duke-IG Settlement, Mr. Inskeep testified it does not meaningfully address the most significant problems with Petitioner's proposals that he raised in his direct testimony, including affordability and environmental sustainability. He stated that the Duke-IG Settlement would increase the portion of firm natural gas transportation costs paid for by residential customers, further exacerbating affordability issues. He asserted that production demand allocation for FT is not consistent with cost causation and the existing energy-based FAC cost recovery is the appropriate mechanism for assigning these costs for recovery. Mr. Inskeep testified that approval of the CPCN and forward-looking CWIP ratemaking are not in the public interest, do not represent a reasonable resolution to contested issues, and should be denied. However, if the Duke-IG Settlement is not denied, he recommended that Paragraph I.F., which modifies the current cost allocation of firm gas transportation costs, be removed.

4. Settling Parties' Rebuttal Testimony. Duke witness Pinegar responded to the OUCC's recommendations. First, Mr. Pinegar testified the OUCC's proposal is inconsistent with EO 25-50 and does not recognize the need for the additive, baseload generation that is required to serve existing needs and growing demands. Second, he said the OUCC's proposal does not offer a viable solution for Petitioner to fulfill its fundamental obligation as a regulated utility to provide safe and reliable service at just and reasonable rates. And third, he stated the OUCC's proposal does not promote affordability for customers today or in the future.

Noting Petitioner's additional capacity purchases and the addition of new customers, he testified that of all the plans analyzed, the Cayuga CC Plant was the only plan that could add incremental dispatchable generation as early as 2030 and help Duke meet its obligation to serve. As for the OUCC's assertions about potentially lower cost alternatives becoming available in the future, Mr. Pinegar stated that if current market trends are any indication, the cost of proposed generation projects is only going up. Mr. Pinegar disagreed that a feasibility study to review

continuing coal operations was necessary because Duke needs additive baseload capacity, additional amounts would need to be invested in the aging coal units along with additive baseload capacity, and Duke's IRP already evaluated the costs of various alternatives.

As to the Non-Settling Parties' affordability concerns, Mr. Pinegar noted that the Five Pillars requires a broader, balanced view, rather than simply focusing on the rate impact. He also testified that Duke currently maintains the lowest residential rates among the five investor-owned utilities, and even with the Cayuga CC Project cost, Duke expects to remain competitive. Mr. Pinegar sponsored an analysis performed by the CAC/VS, which showed Petitioner currently maintains the lowest residential rates among the five investor-owned utilities in the state. He noted the analysis shows that Duke's annual rate of change has been 2.90% per year.

Ms. Karn addressed CAC/VS's statutory arguments and explained why the Cayuga CC Project continues to qualify as a "clean energy project" eligible for financial incentives under Ind. Code ch. 8-1-8.8. She testified that under Ind. Code § 8-1-8.8-2(5) a "clean energy project" includes a project to construct a facility described in Ind. Code § 8-1-37-4(a)(21), which includes "[e]lectricity that is generated from natural gas at a facility constructed or repowered in Indiana after July 1, 2011, which displaces electricity generation from an existing coal-fired generation facility." Ms. Karn testified this is the only requirement necessary to meet the definition of clean energy project and be eligible for financial incentives, such as the requested forward-looking CWIP ratemaking. She further testified that this definition does not include a requirement that the existing coal fired generation facility be retired, rather, only that electricity from the newly constructed natural gas facility "displace" electricity that is generated by the existing coal fired generation facility.

Regarding HEA 1007 and the requirements under Ind. Code § 8-1-8.5-13, Ms. Karn testified that these requirements have nothing to do with Petitioner's eligibility for financial incentives. Rather, she said Ind. Code § 8-1-8.5-13 deals with the Commission's required findings when a utility plans to retire a coal-fired facility. Ms. Karn explained that Ind. Code § 8-1-8.5-13(u)(2)(B) applies because the Duke-REI Settlement provides that the Commission should make these findings, conditionally. She testified Petitioner believes it has provided adequate evidence that retirement of the coal units by the public utility meets the findings and that the Commission can make such findings conditioned upon Duke following through with the commitments made in the Duke-REI Settlement. She noted, however, if the Commission is concerned with making the required findings under HEA 1007 at this time, the Commission may choose to delay making these findings.

Duke witness Sufan responded to certain accounting and ratemaking arguments presented by the Non-Settling Parties. Mr. Sufan disagreed with the OUCC's claim that the Duke-IG Settlement term regarding depreciation is "irrelevant" due to anticipated rate case frequency. He testified Petitioner has not made any commitments regarding timing of future base rate cases and cannot make any such commitments. Regarding the OUCC's continued concern with the name of the proposed tracking mechanism, Mr. Sufan testified Petitioner does not object to the Commission adopting a different name for the GCA. Regarding the CAC/VS's opposition to allocating FT costs based on production demand, Mr. Sufan testified this term is consistent with the Commission's

finding regarding recovery of similar FT costs in Cause No. 45564 S1. As to the OUCC's and CAC/VS's assertion that cost allocation changes should be addressed in a base rate case, he testified that the Cayuga CC Project is a major generation addition and the associated FT arrangements are integral to its operation; therefore, it is appropriate to consider in this proceeding how these costs will be allocated.

Regarding CAC/VS witness Inskeep's estimated bill impact and his criticisms of Petitioner's estimates, Mr. Sufan reiterated that Mr. Inskeep's longer-term estimate of the residential bill impact is misleading for reasons previously outlined in Duke's direct and rebuttal testimony. He testified that under Petitioner's forward-looking CWIP proposal, the impact would be phased in gradually over time, not all at once. Additionally, he said Mr. Inskeep's analysis ignores potential offsetting cost reductions and revenue streams, which together would reduce the actual impact, making his estimate overstated. Mr. Sufan testified that estimating a long-term customer bill impact that is not sufficiently accurate is worse than limited information.

Regarding CAC/VS' criticism of CWIP ratemaking, Mr. Sufan testified the Indiana General Assembly has already spoken regarding the public interest of CWIP ratemaking. Mr. Sufan explained that Petitioner's requested forward-looking CWIP ratemaking treatment will save customers approximately \$812 million in gross financing costs over the life of the Cayuga CC Project, while also phasing the costs into rates gradually over time, avoiding larger step-increases.

Responding to arguments raised by CAC/VS, REI witness Nasi testified it is unrealistic to believe that Duke can meet its load obligations to its customers using only renewables, distributed generation, and energy efficiency. He testified that a resilient and reliable power grid cannot be built on intermittent resources; distributed generation requires transmission extensions and upgrades that can significantly increase cost of service; and energy efficiency can only mitigate consumption, not substitute for baseload generation. Mr. Nasi testified that Mr. Inskeep ignores that if there are increased costs of extending the coal units' lives, these costs will be borne by a third-party buyer and not Duke's ratepayers. Mr. Nasi also explained his disagreement with Mr. Inskeep's statutory arguments.

Regarding the OUCC's recommendations that Duke should evaluate a scenario where Duke continues to operate the coal plants, Mr. Nasi testified the time for analysis of different resource plans has passed and Duke's 2024 IRP supports Duke's position that it should move forward with the Cayuga CC Project. As to the OUCC's affordability concerns, Mr. Nasi testified the sale of the coal plant would be far more beneficial to ratepayers than decommissioning those assets, and those benefits would not otherwise be possible but for the Duke-REI Settlement. He further testified it is not in the ratepayer interest for the OUCC to disregard significant revenue that the possible sale of the coal units could provide to mitigate costs on ratepayers.

IG witness Fitzhenry addressed the allocation of costs associated with the REX contracts and the lateral pipeline and whether the issue should be reserved for a rate case. Mr. Fitzhenry disagreed with the CAC/VS's assertion that the pipeline costs are not demand-related. He testified that the pipeline costs are fixed and ensure that Cayuga has gas available to operate the units, regardless of whether they actually operate. He said it is a fundamental principle of cost allocation

that fixed costs should be allocated on a demand basis because those costs exist regardless of the amount of energy used. Mr. Fitzhenry also testified that the Commission should not reserve the allocation of the pipeline costs for a rate case because it is unclear when Duke will bring its next rate case, a portion of these costs are already being recovered from ratepayers, and prior Commission determinations support addressing the allocation of firm costs to serve a new generating unit at the time of CPCN approval.

7. Commission Discussion and Findings. Duke seeks the issuance of a CPCN for the Cayuga CC Project and approval of associated ratemaking treatment along with certain other related requests in accordance with both the Duke-REI Settlement and the Duke-IG Settlement. Both the OUCC and the CAC/VS opposed Duke's requested relief. The Commission acknowledges the complex proposal brought by Duke and the alternatives presented for our determination.

Our consideration of Duke's proposed Cayuga CC Project is governed by the factors enumerated in Ind. Code §§ 8-1-8.5-4 and -5, which includes the recently enacted Five Pillars. We also address Duke's qualification to receive financial incentives for the Cayuga CC Project as a clean energy project under Ind. Code ch. 8-1-8.8, its proposed ratemaking treatment, and its planned retirement of the existing Cayuga coal units under HEA 1007.

As for the Settlement Agreements, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coal. of Ind., Inc. v. PSI Energy, Inc.*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996). Thus, before we can approve the Settlement Agreements, the Commission must determine whether the evidence in this Cause sufficiently supports a conclusion that the Settlement Agreements are reasonable, just, and consistent with the purpose of Ind. Code ch. 8-1-2 and that they serve the public interest.

The record demonstrates Duke needs additional dispatchable baseload capacity to serve current customers' needs. Petitioner purchased 470 MW of additional capacity to serve its customers for summer 2025 and cleared the MISO auction with an additional purchase need of 133 MW (or 2% of Petitioner's overall requirement). Further, Petitioner's 2024 IRP identified a need for additional incremental energy and capacity in the early 2030s. The 2024 IRP shows that Duke is projected to come within about 23 MW (approximately 0.4% of forecasted peak load) of falling below its winter reserve margin requirement in 2030.

Further, the record demonstrates Duke is experiencing significant load growth in its service territory as well. Petitioner has added 116,000 new customers since 2013, the date of Petitioner's last baseload addition. During that same period, Duke also retired the Gallagher baseload units 2 and 4. Petitioner's growth is expected to continue with strong residential growth and committed economic development projects, requiring additional dispatchable base load capacity.

Recent reports from MISO and NERC also support this need, demonstrating that there is a need in Indiana and throughout the MISO region to add incremental generation to the grid. As demonstrated in EO 25-50, Governor Braun has also recognized the need for additive baseload

generation to meet this increased demand and maintain reliability.

To help address its need and the needs of the MISO region as a whole, Petitioner is seeking a CPCN for two 1x1 combined-cycle natural gas-fired units, at approximately 738 megawatts winter rating each, for a combined total of 1,476 MW, at the existing Cayuga Generating Station. The first unit will be available starting in September 2029 and the second unit in May 2030. Thus, the Cayuga CC Project will provide an incremental 471 MW of generation to Duke's system by 2030 over the capacity of the current Cayuga coal units. Further, the record demonstrates that of all the plans Petitioner analyzed, this was the only plan that could add incremental dispatchable energy generation as early as 2030.

As noted above, the OUCC and CAC/VS opposed Petitioner's requested CPCN. It is important, however, to underscore here that neither the CAC/VS's call to retire the Cayuga coal units without adequate replacement nor the OUCC's proposal to prolong coal operations or convert the units to gas offers a viable solution to Duke's demonstrated need for incremental energy and capacity and the urgent need for additive baseload capacity on the grid today.

As set forth below, we find Petitioner's proposal to construct the Cayuga CC Project appropriately balances and serves the Five Pillars of reliability, resiliency, stability, affordability, and environmental sustainability. The record demonstrates the Cayuga CC Project also aligns with current policy signals and is a future-focused step to ensure Petitioner and Indiana have the appropriate resources in place to meet energy demand today and into the future.

For these reasons, and through the discussion below, we conclude that approval of Petitioner's request for a CPCN and financial incentives as a clean energy project for the Cayuga CC Project, as modified and supplemented by the Settlement Agreements, appropriately balances the Five Pillars and is a reasonably economic and reliable decision for Duke's customers and the State of Indiana. Therefore, we are granting Petitioner's requested CPCN for the Cayuga CC Project and the associated cost recovery, as modified by the Settlement Agreements and our decision concerning the cost recovery mechanism presented by Duke as the GCA.

A. CPCN Under Ind. Code § 8-1-8.5-5. Ind. Code § 8-1-8.5-2 states that a public utility must obtain a CPCN from the Commission prior to constructing, purchasing, or leasing a facility for the generation of electricity. Ind. Code § 8-1-8.5-5 sets forth the criteria for approving a utility-specific generation proposal. In granting the requested CPCN in this case, the Commission must make findings on the best estimate of the project's construction cost, whether the proposal is consistent with our statewide analysis or a utility-specific proposal, whether public convenience and necessity require the project, and Petitioner's compliance with applicable competitive bidding requirements. The Commission must also consider the items set forth in Ind. Code § 8-1-8.5-4. We address the required findings and review each factor below.

1. Best Estimate of Costs. Under Ind. Code § 8-1-8.5-5(b)(1), a CPCN may be granted only if the Commission makes a finding "as to the best estimate of construction, purchase, or lease costs based on the evidence of record[.]"

The evidence shows that Duke conducted an all source RFP, which resulted in Duke's proposal to construct two CCs, one to be in-service by September 1, 2029, and the other by May 29, 2030, with a combined capacity of 1,476 MW winter rating. Duke competitively bid the major components of the Cayuga CC Project, including the EPC contract with Kiewit. Duke witness Smith testified the estimated cost of the Cayuga CC Project is \$2.97 billion, plus AFUDC, property taxes, and project reserve. When those items are included, the total best estimate is \$3.3 billion.

Duke witness Karn discussed how the Cayuga CC Project will interconnect into MISO, with Duke taking advantage of the Generator Replacement process and submitting a new queue request for up to an incremental 500 MW. Duke included an estimate of transmission network upgrades for the additional 500 MW and included them in Petitioner's Exhibit 3-C, Confidential Workpaper 12-JRS. Duke witness Smith explained that network upgrades required by MISO for projects in the 2020 queue, on average, were required to construct projects at a cost of approximately \$0.27/watt.

The IG raised concerns about potential tariff impacts on the cost estimate and the dynamic regulatory environment. Duke witness Smith committed to reporting on these issues during ongoing review and noted that Duke has been able to procure much of its major equipment in advance of or in tandem with this proceeding. As for labor shortages and construction delays, Mr. Smith testified that Kiewit is a well-respected EPC contractor that will bear those risks based on their expertise and shift risk away from Duke and its customers. Duke also included contingency and project reserves in its estimate to address remaining risks inherent in such large construction projects.

The OUCC raised issues with the indirect costs included in the best estimate, certain overhead costs, and estimated transmission interconnection costs. On rebuttal, Duke witness Smith explained why comparing Duke's indirect costs to an EIA report or the indirect costs in the EPC contract is unreasonable. He also explained why the OUCC's grouping of several owner's cost categories into "overheads" was inappropriate. Mr. Smith also explained that regardless of whether the mean or median of previous MISO queue network costs should have been used, it is unreasonable to assume no network upgrades would be required, and thus, using what was assumed in the 2024 IRP is appropriate.

The Duke-IG Settlement resolved all issues between Duke and the IG. As set forth in that settlement, the currently forecasted best estimate of cost remains at \$3,332,623,420, inclusive of AFUDC, as set forth in Duke's case-in-chief. In other words, the estimated AFUDC is still \$12,616,539 and the best estimate of costs is still \$3,320,006,881 plus actual AFUDC. Further, the Duke-IG Settlement provides that if the projected actual costs excluding AFUDC exceed the current estimate of \$3,320,006,881 during the Cayuga CC Project construction period, Duke will request a modification of the CPCN in a future GCA subdocket proceeding.

The Duke-IG Settlement provides that, upon execution of the EPC Contract, Duke expects that the amount of contingency will be the confidential amount set forth in Petitioner's Exhibit 3-C, Highly Confidential Attachment 3-B (JRS), and that the best estimate will remain at

\$3,320,006,881, plus actual AFUDC (currently estimated at \$12,616,539).³ Once the EPC price has been adjusted for known changes to support EPC contract and exhibit finalization, Duke will file an updated Highly Confidential Attachment 3-B (JRS) under this Cause. If the contingency is less than the confidential amount identified in the Duke-IG Settlement at Paragraph I.A.4 upon execution of the EPC or if the best estimate is higher than the current estimate of \$3,320,006,881 plus actual AFUDC, then Duke shall submit additional evidence in the first GCA subdocket proceeding explaining why the amount of contingency included and the best estimate at that time remains reasonable and prudent or shall otherwise request a modification of the CPCN. The Duke-IG Settlement sets forth the additional evidence to be provided in such an event, including a rerun of Duke's 2024 IRP analysis. It further provides that to the extent the EPC total contract price increases from the amount established in the executed contract, any such increases shall not be recovered unless and until Duke has provided additional evidence that such updated EPC costs remain reasonable, prudent, and still the best estimate in a subsequent GCA subdocket proceeding and the Commission approves it.

After reviewing the evidence of record, we find that Duke has submitted sufficient evidence on its estimated cost to construct the Cayuga CC Project, and that the estimate set forth in the Duke-IG Settlement is the best estimate of the construction cost. Duke's best estimate is based on a detailed engineering analysis and reasonably reflects the current market, industry trends, and the potential cost impact of project risk and factors beyond Petitioner's control. The evidence reflects that the Cayuga CC Project is reasonably designed to manage industry and economic challenges while facilitating the capacity and energy resources required by Duke to meet its customers' ongoing need for electricity in a cost-effective manner. Petitioner applied this design into its contracting strategy, working to procure long lead time equipment and planning for any potential construction or other delays. Petitioner also satisfactorily explained the difference between its indirect costs and Kiewit's, and we find the OUCC's recategorization of costs unpersuasive. Recognizing that it is simply an estimate and MISO's completed study will provide the final price, we find Petitioner's use of the 2024 IRP transmission network upgrade estimated cost to be reasonable given it was such cost that supported the IRP selection of the Cayuga CC Project. In addition, as set forth in the Duke-IG Settlement, if Petitioner's overall estimate turns out to be inaccurate, it must explain any overages in ongoing review and seek approval in a subsequent GCA subdocket proceeding.

We find Duke has taken steps to reasonably mitigate unknown future cost issues and the Duke-IG Settlement reasonably addresses the concerns over the cost estimate. It also addresses how overall project contingency and any increases in the EPC cost should be handled and the process for doing so. The Duke-IG Settlement allows Duke to proceed with construction of the Cayuga CC Project, while providing a level of certainty and transparency with respect to the construction costs and Petitioner's best estimate. It also provides protections for customers in the event of material regulatory changes and reserves the right of the non-Duke parties to raise any arguments in the future with respect to cost increases and material regulatory changes affecting the Cayuga CC Project.

³ As set forth in the Duke-IG Settlement, this commitment assumes a Commission order before the end of October 2025.

Thus, based on the evidence of record, we find that \$3,320,006,881 plus actual AFUDC is the best estimate of the cost of construction of the Cayuga CC Project.

2. Consistency with Statewide Analysis or IRP. Ind. Code § 8-1-8.5-5(b)(2) provides that a CPCN shall be granted only if the Commission has made a finding that either:

(A) the construction, purchase, or lease will be consistent with the commission's analysis (or such part of the analysis as may then be developed, if any) for expansion of electric generating capacity; or

(B) the construction, purchase, or lease is consistent with a utility specific proposal submitted under [Ind. Code § 8-1-8.5-3(e)(1)] and approved under subsection (d).

...

The Commission last developed and published a statewide analysis in 2018. Mr. Gagnon sponsored Petitioner's 2024 IRP. We have previously noted that the statute is clear that the Commission can either rely on whatever current statewide analysis exists or determine whether the proposal is consistent with a utility-specific IRP. *See Ind. Municipal Power Agency*, Cause No. 46109 (April 9, 2025). As discussed below, we find that the Cayuga CC Project is consistent with and supported by Duke's 2024 IRP.

The parties disagreed regarding Petitioner's IRP analysis and timeline. While the OUCC and the IG (to some degree initially) recommended Duke engage in further analysis with updated assumptions before retiring the existing Cayuga units and constructing the Cayuga CC Project, the CAC/VS recognized that Duke has been analyzing its transition plan for the Cayuga Generating Station almost continuously since the 2021 IRP. CAC/VS criticized Petitioner for not acting faster to retire and replace the Cayuga coal units as called for in its 2021 IRP, but recommended Duke undertake actions other than the Cayuga CC Project to replace the generation associated with the current units' retirement.

The evidence demonstrates that Duke's 2024 IRP identified a Preferred Portfolio that features a measured approach to energy transition, adding needed incremental capacity to support Indiana's growing economy while reducing reliance on aging coal units and executing a balanced transition to a more efficient, reliable, and environmentally sustainable resource mix. The Preferred Portfolio lays out a balanced strategy to mitigate ongoing cost and reliability risks by retiring and replacing aging coal units while upgrading others to co-fire coal and natural gas in compliance with Rule 111, providing long-term benefits for customers and limiting near-term cost impacts. By adding over 1,500 MWs of incremental firm summer capacity above and beyond the retiring coal capacity by 2032, it provides support for Indiana's growing economy and ensures a reliable energy transition. It also provides the flexibility needed to navigate dynamic market conditions and evolving environmental regulations, which is critical during these times of change and uncertainty. The 2024 IRP also identified a Short-Term Action Plan to begin to implement the Preferred Portfolio. The Short-Term Action Plan includes, among other things, filing a CPCN for two Cayuga 1x1 CCs to be in-service beginning of year 2030 and 2031. The Short-Term Action Plan further incorporates flexibility to adjust to changing conditions, an essential aspect of

planning, particularly in light of the considerable uncertainty that comes with the changing energy landscape discussed by the parties.

The evidence demonstrates that Duke chose its Preferred Portfolio in the 2024 IRP, which includes the Cayuga CC Project at its core, as the best plan to balance the Five Pillars while remaining flexible enough to allow for adjustments in the event Rule 111 is delayed or overturned. The benefits of this flexibility were detailed in the testimony of Duke witnesses Karn and Gagnon. The IRP modeling demonstrates that in virtually every portfolio and sensitivity run, natural gas combined cycle was the cost-effective choice to replace the aging Cayuga coal units. Duke performed an extensive risk and uncertainty analysis through the study of various scenarios, strategy variations, and stochastic analyses as part of its 2024 IRP. It remains current, robust, and relevant, and provides sufficient evidence upon which to base our decision.

This Project will replace aging steam units with advanced class CC generators, adding essential incremental generating capacity, lowering operating costs for customers, reducing risks to reliability, resiliency, and system stability, and improving environmental sustainability, as discussed further below.

IRPs are created at a point in time and use modeled scenarios to show how resources perform over a variety of alternative future conditions. *See, e.g., N. Ind. Pub. Serv. Co., LLC*, Cause No. 45462, at 62 (IURC May 5, 2021). The evidence demonstrates that Duke's 2024 IRP appropriately considered the potential for a variety of regulatory and policy changes and did not rely on a single set of assumptions that could later be invalidated by evolving conditions. Duke's 2024 IRP reflects careful consideration of the options for maintaining reliability of its system, as well as emerging energy and capacity needs, while also adding incremental generation.

Although Duke did not perform an IRP type of analysis of keeping the Cayuga units operating as coal-fired units as recommended by the OUCC, the portfolios examined included natural gas conversion by 2030, retiring Cayuga by 2032, retiring by 2030 and 2031, and natural gas conversion by 2029. Ideally, Duke would have modeled a portfolio with the Cayuga units remaining as coal fired. However, such analysis was not undertaken due to a variety of factors related to the existing units, including their age, the large capital investment necessary to keep the units running, the reliability issues with the older units versus a new CC facility, the likely lower level of accredited capacity, and less flexibility to ramp. Further, retention of the units as coal fired resources would still require incremental capacity resources to be truly comparative to the units presented in the portfolio selected. Under a broad range of circumstances, significant amounts of CC capacity were selected by the IRP model by the early 2030s, including the construction cost for a CC being 60% higher than the base assumption. As Mr. Gagnon explained, the CC facilities were almost always in the money with capacity factors exceeding 80% over an extended period.

We also note that the IG's issues were resolved through the Duke-IG Settlement, which provides that upon EPC contract and finalization, Duke will submit additional evidence in the first GCA subdocket proceeding in the event the contingency is less than the amount originally set forth in Petitioner's Exhibit 3-C, Highly Confidential Attachment 3-B (JRS) or the best estimate is higher than the current estimate of \$3,320,006,881 plus actual AFUDC. The additional evidence

Duke agreed to submit includes a rerun of the same 2024 IRP analysis, inclusive of the six generation strategies (Converts/Co-fire Coal, Retire Coal, Blend 1, Blend 2, Blend 4, and Exit Coal Earlier) in the Reference Scenario with the capital costs of the CC units or combustion turbines increased commensurate with the best estimate of cost for the Cayuga CC Project plus an assumption that the contingency is at least the same amount included in Highly Confidential Attachment 3-B (JRS) to confirm that a similar amount of CC capacity is still reasonable in the early 2030 timeframe. Further, all parties retain all rights to raise any arguments in the future with respect to cost increases and material regulatory changes affecting Cayuga.

The evidence of record demonstrates that the Cayuga CC Project is consistent with and supported by the 2024 IRP, including the Preferred Portfolio and the Short-Term Action Plan. Duke developed a thorough and robust analytical framework for the 2024 IRP in which it evaluated a broad range of potential future conditions to identify Duke's Preferred Portfolio that appropriately balances planning objectives, mitigates risk, and provides flexibility to adapt to changing conditions. The inclusion of new CC capacity consistent with the Cayuga CC Project in the portfolios of so many generation strategies and sensitivity analysis cases from the 2024 IRP supports that the Project is reasonable, prudent, and in the best interest of Duke customers. The record shows the Cayuga CC Project will provide much-needed incremental capacity to support Indiana's growing economy, while cost-effectively replacing aging coal units to mitigate long-term risk for Duke's customers, improving system reliability, resiliency, stability, and environmental sustainability. As the 2024 IRP analysis demonstrates, the Cayuga CC Project is reasonable and prudent under a wide range of future regulatory and market conditions, including futures with and without the constraints of Rule 111. Importantly, the value of the Cayuga CC Project increases and the overall affordability of the Preferred Portfolio is improved with the newly proposed Rule 111, which would eliminate operating restrictions on new natural gas plants. The incremental capacity provided by the Cayuga CC Project will help ensure that Petitioner is able to maintain reliable service for its existing customers and projected growth while providing support for additional economic development in Indiana.

3. Consideration of Alternatives. Ind. Code § 8-1-8.5-4(b) provides that the Commission must, in acting on any petition for the construction, purchase, or lease of any facility for the generation of electricity, consider the following:

- (1) The applicant's current and potential arrangement with other electric utilities for:
 - (A) The interchange of power;
 - (B) The pooling of facilities;
 - (C) The purchase of power; and
 - (D) Joint ownership of facilities.
- (2) Other methods for providing reliable, efficient, and economical electric service, including the refurbishment of existing facilities, conservation, load management, cogeneration and renewable energy sources.

We address these considerations below.

(a) **Ind. Code § 8-1-8.5-4(b)(1).** As noted by Duke witness Gagnon, the statutory concepts of “interchange of power” and “pooling of facilities” preceded utility participation in regional transmission organizations, such as MISO. Mr. Gagnon described Duke’s involvement in MISO. He explained that while the current MISO market effectively utilizes the existing capacity resources in the region to meet the overall energy requirements of the region, including Duke, Petitioner’s membership in MISO does not eliminate its need to meet the capacity requirements of its customers, including adding new capacity resources to address potential load growth and reliable load following generation. In other words, for the MISO market to function properly, each of its members must plan to have sufficient capacity resources for their own load growth.

Mr. Gagnon also explained that Duke issued two all-source RFPs and the RFPs were open to all resource types, including power purchase agreements and proposals involving joint ownership. Duke witness Lee provided additional details regarding Petitioner’s RFP processes, which included consideration of both intermittent and non-intermittent resources. He testified that Petitioner was open to a range of transaction structures, and the RFPs attracted proposals from a broad set of bidders and resources.

The evidence of record shows that Duke’s participation in MISO was specifically considered in the development of the 2024 IRP and Short-Term Action Plan, including the proposed Cayuga CC Project, which supports the conclusion that Petitioner’s current and potential options for arrangements with other utilities related to the interchange of power, pooling of facilities, purchase of power, and joint ownership of facilities have been evaluated, and Ind. Code § 8-1-8.5-4(b)(1) has been satisfied. While certain parties raised concerns regarding Petitioner’s RFP processes, we address those concerns further below as part of our discussion regarding Ind. Code § 8-1-8.5-5(e).

(b) **Ind. Code § 8-1-8.5-4(b)(2).** The Commission is required to consider “[o]ther methods for providing reliable, efficient, and economical electric service, including the refurbishment of existing facilities, conservation, load management, cogeneration, and renewable energy sources.”

The OUCC and CAC/VS took issue with Duke’s proposed construction of the Cayuga CC Project and recommended alternative solutions. Specifically, CAC/VS recommended Duke retire the existing Cayuga coal units and replace the capacity with a more balanced portfolio of resources, primarily with DER solutions, including demand response, energy efficiency, and distributed generation. The OUCC recommended Duke continue to operate Cayuga as a coal-fired generating plant while continuing to review other alternatives, such as refueling and operating the existing Cayuga units with natural gas.

We address each aspect of electric service identified below.

(i) **Reliability.** The record shows there is a need for reliable, dispatchable generation resources within Duke’s service territory, the State of Indiana, and across the MISO footprint to maintain grid reliability. Duke witnesses Pinegar and Karn

addressed the additional capacity needs in both Duke's and MISO's system. In particular, the evidence shows that to meet Duke's customers' needs, Petitioner made several bi-lateral capacity purchases totaling 470 MW for summer 2025 and cleared the auction with an additional purchase of 133 MW (or 2% of Petitioner's overall requirement) to satisfy the new MISO reliability-based demand curve reserve requirements. This demonstrates there is a current need for the additive capacity the Cayuga CC Project will provide. Further, with respect to the MISO system, NERC recently announced as part of the 2025 Summer Reliability Assessment that record load growth and high temperatures were expected to strain the grid, which, combined with the retirement of natural gas and coal resources, puts MISO at an elevated risk of operating reserve shortfalls. More specifically, the NERC report provides that:

MISO is expecting to have an existing certain capacity of 142,793 MW in the 2025 SRA, which is a slight reduction from the 143,866 MW submitted for the 2024 SRA. The retirement of 1,575 MW of natural gas and coal-fired generation since last summer, combined with a reduction in net firm capacity transfers due to some capacity outside the MISO market opting out of the MISO planning resource auction, is contributing to less dispatchable generation in MISO. With higher demand and less firm resources, MISO is at elevated risk of operating reserve shortfalls during periods of high demand or low resource output. MISO's most recent energy assessment reveals that the period of highest energy shortfall risk has shifted from July to August. This shift is driven by the decline in dispatchable generation and the increasing share that solar and wind resources have in meeting demand. The risk of supply shortfalls increases in late summer as solar output diminishes earlier in the day, leaving variable wind and a more limited amount of dispatchable resources to meet demand.

Pet. Ex. 9 at 12-13.

As Mr. Gagnon noted, wind and solar resources provide energy but are projected to receive relatively low capacity accreditation under MISO's proposed direct loss of load methodology. Conversely, battery energy storage and simple-cycle CTs are capacity resources. Batteries provide no energy, and in fact consume small amounts of energy in the form of efficiency losses, while CTs are relatively inefficient, making them relatively costly sources of energy.

Further, as discussed by Ms. Karn, MISO continues to caution that retirement of dispatchable generation needs to be at least replaced with like-kind dispatchable and accredited generation. MISO also continues to warn of tight capacity conditions, noting that surplus generation above the target planning resource margin dropped this summer by 43% compared to last summer, reinforcing "the need to increase capacity, as demand is expected to grow with new large load additions." Pet. Ex. 9 at 13.

In addition to providing net additive capacity of 471 MW, the record demonstrates that the Cayuga CC Project will support reliability in other ways. For example, the average capacity factor for the Cayuga CC Project was estimated to be 87% for the first five years of operations when unconstrained by the Rule 111 requirements. Further, the two 1x1 configuration of the Cayuga CC

Project allows the total Project to be split across the two voltages (230 kV and 345 kV) coming into the Cayuga Generating Station, providing stability on these two lines and reducing the potential for major network upgrades on either line. Petitioner's plan to construct two smaller 1x1 CC units also promotes system stability by limiting the system impact of a unit trip event. Duke witness Karn testified that the two 1x1 configuration will also make it easier to manage planned outages, and the risk of forced outages will be less. The plant will also provide valuable contingency, supplemental, spinning, and regulating reserves, and much faster ramp capability than existing coal or gas-converted units.

CAC/VS recommends Petitioner be directed to replace needed capacity using primarily DER solutions. However, as demonstrated by Petitioner's 2024 IRP and the NERC report cited above, there is an urgent need for firm resources by Petitioner and in MISO, and DERs are not primarily considered firm resources of material scale. We agree with Ms. Karn and Mr. Pinegar that retiring the Cayuga coal units without replacing that generation with dispatchable generation would be a risky approach for Petitioner and its customers. As such, we do not find that the CAC/VS's approach will serve reliability or Duke's customers with equivalent reliability attributes at the scale or in the timeframe required.

As for the OUCC's recommendation that Petitioner continue to operate the coal units and/or convert the units to natural gas to allow for refurbishment of existing facilities, such proposal does not address the need of Duke or MISO for additive, dispatchable baseload generation today. As the record demonstrates, continuing to operate the coal units, or converting them to natural gas, will not provide the additional capacity Petitioner needs to fulfill its service obligation to customers. In contrast, Petitioner's proposal to construct the Cayuga CC Project will produce net additive capacity of 471 MW that will help fulfill its service obligation. We believe the inability of the OUCC's proposal to provide additive baseload capacity to the grid is the primary factor that must be considered when evaluating the reliability of the various proposals presented by the parties in this case. Further, the evidence also shows that making continued investments in the coal units is not a financially prudent course of action for Duke or its customers.

Ultimately, no party disputed that Petitioner needs additional capacity to serve its customers today or provided a reasonable alternative solution for serving this need that is on par with Duke's proposal. The record demonstrates that the Cayuga CC Project is a reasonable generation resource addition that will contribute to the reliability of Duke's system and the MISO region overall.

(ii) **Efficiency.** The evidence demonstrates that the Cayuga CC Project is an efficient solution that provides 471 MW of additional needed energy and capacity. The record demonstrates that it is expected to dispatch economically with an estimated 87% capacity factor if unconstrained by Rule 111. The accredited capacity for the proposed CCs is higher than that of the existing coal units, and Duke has demonstrated the advantage of managing planned outages with the two 1x1 configurations and the reduced risk of forced outages. The plant will also provide valuable contingency, supplemental, spinning, and regulating reserves, and much faster ramp capability than either existing coal or gas-converted units. Further, the proposed split voltage transmission interconnection minimizes the potential for grid issues or required network

upgrades. Finally, the Cayuga CC Project is a highly efficient generation technology available today, which positions it well to comply with future environmental regulations. As such, we find that the Cayuga CC Project is designed to efficiently meet the needs of Duke's customers at the scale required pursuant to the 2024 IRP and will provide reliable, resilient, and stable power to its customers while satisfying current environmental regulations.

(iii) **Economical Electric Service.** While we have indicated in previous cases that least-cost planning is an essential component of Indiana's CPCN law, we have also recognized that least-cost planning does not require selection of the absolute lowest cost alternative. *See, e.g., Indianapolis Power & Light Co.*, Cause No. 44339, at 20 (IURC May 14, 2014) (quoting *S. Ind. Gas & Elec. Co.*, Cause No. 38738, at 5 (IURC Oct. 25, 1989)). We have defined least-cost planning as a planning approach that will find the set of options most likely to provide utility services at the lowest cost once appropriate service and reliability levels are determined. Provided the utility reasonably considers and evaluates alternative options for meeting its statutorily required service obligations, we have also afforded the utility with some discretion in exercising its reasonable judgment to select the option to implement. *Id.* In many respects, this analysis aligns with the evaluation required under Ind. Code § 8-1-8.5-4(b)(4), which requires us to evaluate a resource decision based on its impact on all Five Pillars, and not simply on the anticipated rate impact of a particular decision.

As discussed previously, Petitioner conducted a thorough, year-long IRP process to evaluate a combination of resources that could be used to meet customers' future electric service requirements, while considering factors like reliability and cost. As discussed by Duke witness Gagnon, Petitioner's Preferred Portfolio, based on the "Blend 2" strategy, lays out a balanced strategy to mitigate ongoing cost and reliability risks by retiring and replacing aging coal units while upgrading others to co-fire coal and natural gas in compliance with Rule 111, providing long-term benefits for customers and limiting near-term cost impacts. Further, the IRP modeling demonstrates that in virtually every portfolio and sensitivity run, natural gas combined cycle was the cost-effective choice to replace the aging Cayuga coal units.

In light of the evidence of record, we find that Duke has exercised reasonable judgment in selecting an option that both minimizes the risks of future cost uncertainty and allows it to meet its obligation to provide reliable service to its customers.

(iv) **Conclusion.** The evidence demonstrates that Petitioner considered a wide range of supply- and demand-side resource types in its 2024 IRP. Mr. Gagnon explained Petitioner's Preferred Portfolio is a diverse "all of the above" approach, which includes traditional generation such as coal and natural gas plants, renewable energy such as solar and wind, energy storage, and demand side options, such as energy efficiency and demand response programs.

Duke conducted two all-source RFPs to meet its capacity needs, and the RFP responses enabled Petitioner to consider a variety of alternatives. As previously discussed, there is an urgent need for additive, baseload capacity not only in Duke's service territory but across the entire MISO footprint. The record demonstrates Petitioner is facing a capacity shortfall, and MISO is

forecasting capacity shortfalls across its entire footprint in the coming years. The evidence supports Petitioner's need for incremental capacity, and the evidence of record supports the Cayuga CC Project as a reasonable, required addition that will help fill this need.

Based on the evidence, the Commission finds that Petitioner has satisfied the requirement under Ind. Code § 8-1-8.5-4(b) to consider arrangements with other utilities and alternative methods for providing reliable, efficient, and economical electric service, including the refurbishment of existing facilities, conservation, load management, cogeneration, and renewable energy sources.

4. Utility Specific Proposal. Ind. Code § 8-1-8.5-5(d) requires us to “consider and approve, in whole or in part, or disapprove a utility specific proposal . . . jointly with an application for a certificate under this chapter [but] solely for the purpose of acting upon the pending certificate for the construction, purchase, or lease of a facility for the generation of electricity.” Given our approval of the CPCN as discussed herein, we approve Duke's 2024 IRP as related to the Cayuga CC Project.

5. Competitive Procurement. Ind. Code § 8-1-8.5-5(b)(5) requires us to make certain findings if the proposed facility has a generating capacity of more than 80 MW, as is the case here. Specifically, Ind. Code § 8-1-8.5-5(e) provides that the Commission:

- (1) must, in addition to the findings required under subsection (b), find that:
 - (A) the estimated costs of the proposed facility are, to the extent commercially practicable, the result of competitively bid engineering, procurement, or construction contracts, as applicable; and
 - (B) if the applicant is an electricity supplier (as defined in IC 8-1-37-6), the applicant allowed or will allow third parties to submit firm and binding bids for the construction of the proposed facility on behalf of the applicant that met or meet all of the technical, commercial, and other specifications required by the applicant for the proposed facility so as to enable ownership of the proposed facility to vest with the applicant not later than the date on which the proposed facility becomes commercially available; and
- (2) shall also consider the following factors:
 - (A) Reliability.
 - (B) Solicitation by the applicant of competitive bids to obtain purchased power capacity and energy from alternative suppliers.

The applicant, including an affiliate of the applicant, may participate in competitive bidding described in this subsection.

Ind. Code § 8-1-8.5-5(e)(1) establishes two different requirements. The first is to confirm the reasonableness and reliability of the cost estimate. The second is to “assure that the actual costs that are incurred are, to the extent commercially practicable, based on competitive procurement.” *N. Ind. Pub. Serv. Co.*, Cause No. 45194 at 56 (IURC Aug. 7, 2019).

Regarding Ind. Code § 8-1-8.5-5(e)(1)(A), the statute requires the cost estimate to be the result, to the extent commercially practicable, of competitively bid EPC contracts. Duke witness Smith testified that Petitioner competitively bid the major components of the Cayuga CC Project, as well as the EPC contract. These bids and/or contracts were then used to determine the estimated costs of the proposed Cayuga CC Project. Duke's best estimate of construction costs also reflects information received from equipment bid events. Accordingly, we find Ind. Code § 8-1-8.5-5(e)(1)(A) has been satisfied and that the cost estimates of the proposed facility are, to the extent commercially practicable, the result of competitively bid engineering, procurement, or construction contracts.

Regarding Ind. Code § 8-1-8.5-5(e)(1)(B), Petitioner issued a competitive RFP seeking an EPC contractor for the Cayuga CC Project, and ultimately selected Kiewit as the EPC contractor for the Project. Mr. Smith testified that Kiewit's EPC bid met the technical, commercial and other specifications required by Duke for the proposed facility. Accordingly, we find that Ind. Code § 8-1-8.5-5(e)(1)(B) has been satisfied.

Regarding Ind. Code § 8-1-8.5-5(e)(2)(A), we have previously discussed and found, based on the evidence of record, that the proposed Cayuga CC Project provides favorable reliability characteristics.

Regarding the requirement under Ind. Code § 8-1-8.5-5(e)(2)(B) that the Commission consider the solicitation by the applicant of competitive bids to obtain purchased power capacity and energy from alternative suppliers, certain parties raised concerns regarding Petitioner's RFP processes. The OUCC argued that Petitioner did not sufficiently evaluate several bids that were competitive with the proposed Cayuga CC Project. CAC/VS argued that Petitioner's RFP contained deficiencies, particularly due to the failure of Petitioner's "non-intermittent" RFP for new resources to elicit competitive responses for thermal generation and alternative options being unreasonably discarded from consideration. The OUCC and CAC/VS also raised concerns regarding Petitioner's evaluation of a specific thermal bid and argued Petitioner did not appropriately consider the bid as part of its evaluation.⁴

The record demonstrates that Duke engaged in two all-source RFP processes to inform its overall generation transition plan. The RFPs were structured similarly to those executed by CRA for several other Indiana and MISO utilities. Duke witnesses Lee and Karn both responded to the OUCC's and CAC/VS's criticisms of Petitioner's RFP processes and reasonably supported why each of the criticisms is unpersuasive. We have also reviewed the Highly Confidential portions of the OUCC and CAC/VS testimony on the specific thermal bid they contend Petitioner did not appropriately evaluate. The record demonstrates Petitioner conducted due diligence on the thermal project but ultimately determined the project was not feasible for the reasons described in Ms. Karn's Highly Confidential rebuttal testimony.

Based on our review of the evidence, we find that the RFP processes Petitioner engaged in for purposes of this proceeding were thorough and competitive. We find Petitioner adequately addressed the OUCC's and CAC/VS's criticisms of the evaluation process and justified why the

⁴ All testimony on this topic of the thermal bid was identified and supported as confidential information.

specific thermal project was not feasible. Thus, having considered the reliability and solicitation by Duke of competitive bids to obtain purchase power capacity and energy from alternative suppliers, we find that the requirements of Ind. Code § 8-1-8.5-5(e) are satisfied.

6. 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 each of "Five Pillars" of electric utility service: reliability, affordability, resiliency, stability, and environmental sustainability. In addition, when acting on a request for a CPCN, Ind. Code § 8-1-8.5-4(b)(4) specifically requires the Commission to consider whether the proposed construction of a generation facility will result in the provision of electric utility service consistent with the attributes of the Five Pillars.

We consider and evaluate each of the Five Pillars in making our determination in this case, acknowledging that no one pillar takes precedence over the others and that each must be balanced against the others.

(a) Reliability. We addressed the reliability attributes of the Cayuga CC Project as part of our discussion above concerning the requirements under Ind. Code § 8-1-8.5-4(b)(2). In that section, we determined that the Cayuga CC Project is reliable and will contribute to the overall reliability of Duke's system and the MISO region as a whole.

Ultimately, the evidence of record supports a finding that reliability is best served by approving the Cayuga CC Project. Load growth is accelerating across Duke's service territory and in Indiana, capacity shortfalls are emerging across the MISO region, and there is clear policy support via the Governor's Executive Orders for the development of additive generation to meet rising demand and maintain reliability. Forgoing the addition of new generation at this time has negative reliability implications for Duke's customers and across the MISO region. As noted earlier, the projections from the 2024 IRP analysis indicate that the Cayuga CC units will operate economically at capacity factors in the high 80% range. The OUCC and CAC/VS proposals do not offer viable solutions to address these needs and could negatively impact reliability. We find Petitioner's proposal to construct the Cayuga CC Project, as modified and supplemented by the Settlement Agreements, is best situated to address the needed capacity as well as the reliability of Duke's system.

(b) Affordability. The addition of a large generation resource such as the Cayuga CC Project will necessarily impact the cost of electric service Duke provides to its customers. However, it illustrates the balancing and tension between and among the Five Pillars that naturally occurs as a utility invests to ensure the availability and delivery of reliable energy to its customers. The Commission has previously discussed this tension in a prior CPCN proceeding where it found: "[...]that no one pillar takes precedence over the others and that each must be balanced against the others." *N. Ind. Pub. Serv. Co. LLC*, Cause No. 45947 at 37, 40 (IURC Oct. 16, 2024).

The OUCC and CAC/VS each raised affordability concerns with Petitioner's proposed Cayuga CC Project and related cost recovery through the GCA mechanism. The OUCC argued Petitioner failed to adequately consider lower cost generation options. CAC/VS argued the Cayuga CC Project raises "major affordability concerns" for customers, and urged the Commission to closely scrutinize the Project's best estimate and direct Petitioner to make modifications as appropriate to mitigate the rate impact. While the IG did not initially take a position on Petitioner's request for a CPCN, Mr. Fitzhenry did make recommendations in the event of cost estimate changes, as well as ratemaking recommendations, including rejecting Petitioner's requested CWIP tracker, to support affordable rates.

The OUCC and CAC/VS again raised affordability concerns in their testimony opposing the Settlement Agreements. OUCC witness Latham testified that neither of the Settlement Agreements do anything to address the OUCC's concerns with the significant estimated cost of the Project, which will be recovered from ratepayers. CAC/VS witness Inskeep testified the Commission should deny the Duke-IG Settlement Agreement because it does not meaningfully address the most significant problems with Petitioner's proposal, including the affordability and environmental sustainability issues.

In considering the affordability of a recent utility rate request, we stated that:

[a]ffordability is always an important consideration for the Commission when establishing just and reasonable rates. Affordability is an ongoing concern for all consumers in the State of Indiana. However, our role in addressing this concern is not to reach a conclusion as to whether the rates approved herein are "affordable" for each and every customer, particularly given the difficulty in defining affordability in general and for the many diverse customers and communities [the utility] serves.

Ind. American Water Co., Cause No. 45870 at 105 (IURC Feb. 14, 2024). Although we are not approving specific customer rates as part of this proceeding, we are authorizing Duke's construction of a generation facility that will operate for many years and approving a recovery mechanism for costs associated with that construction. The approach we discussed in *Ind. American Water Co.* thus applies in many respects as we evaluate the affordability of the CPCN request in the context of a large electric utility's generation transition and incremental capacity expansion, which stands to impact its customers in significant ways. Because a utility has limited control over nearly all the external factors that could impact its customers' ability to pay for utility service, the challenge for public utilities in the face of highly consequential generation resource decisions is to meet their customers' need for electric generation cost-effectively. Petitioner's evidence supports that the Cayuga CC Project does this.

As discussed by Duke witnesses Pinegar and Gagnon, the proposed Cayuga CC Project originated from Duke's 2024 IRP in which a Preferred Portfolio was selected as a lower cost option as compared to other alternatives. The Cayuga CC Project was modeled to have a 35-year useful life for depreciation purposes. The Duke-IG Settlement pushes out the initial depreciable life to 40 years thus lowering any initial recovery amounts to be included in rates. Also, Duke's

(confidential) figures shown in the production cost modeling from the 2024 IRP indicated the Cayuga CC Project will have significantly lower O&M costs than the other options for needed energy. These relatively lower operating costs, coupled with the relatively higher capacity factors, suggest, as pointed out by Mr. Gagnon, that the Cayuga CCs will be consistently, economically dispatched by MISO and that relying on energy market purchases would be more costly. Mr. Gagnon's testimony demonstrates how Petitioner's Preferred Portfolio, which specifically calls for the Cayuga CC Project, balances near-term and long-term cost impacts for customers, and, when comparing IRP portfolios that include either cofiring or converting Cayuga to natural gas, the Cayuga CC Project has a lower PVRP of nearly \$400 million.

The record also demonstrates that Petitioner further considered affordability through the issuance of two RFPs, and in the selection of projects for which to request Commission approval. Duke witness Lee's testimony details how both of the CC components of the Cayuga CC Project received high scoring in CRA's independent RFP analysis, which considered the economics along with other scoring criteria. The affordability of the Cayuga CC Project is shown by the project's consistency with the IRP analysis, which was informed by the RFPs. Petitioner also considered affordability by reusing the existing infrastructure at the Cayuga site, which includes valuable transmission interconnection, and investing in the most efficient natural gas turbines on the market, which will result in lower overall fuel costs.

While we acknowledge that a project of this size will inevitably lead to an increase in customer rates, we find that Duke's Cayuga CC Project supports the goal of utility service costs that are affordable and competitive across the customer classes. The Cayuga CC Project will bring much needed additive capacity that Duke and the State of Indiana needs, as well as improvements in reliability and resiliency, while still allowing Petitioner to maintain some of the most affordable rates in the state.

(c) **Resiliency.** Resiliency is similar to reliability but not the same thing. Resiliency is also characterized by ensuring the availability of electricity under changing or extraordinary system conditions. Duke witnesses Pinegar and Karn discussed Petitioner's current need for additional capacity, as well as the need across the MISO system. The Cayuga CC Project will provide 471 MW of additional on-demand energy and capacity. The additional amount comes in a form that is able to be quickly dispatched when other types of generation are unavailable for the bulk system's needs, thus supporting resiliency. Further, the Project's two 1x1 turbine configuration will allow the turbines to come online at different times and allow the capacity and energy from the first turbine to come online sooner.

The record demonstrates the need for additional capacity on Duke's system today and we find the Cayuga CC Project directly fulfills this need and supports overall system resiliency.

(d) **Stability.** Stability is defined in Ind. Code § 8-1-2-0.6 as the ability of the electric system to: (a) maintain a state of equilibrium during normal and abnormal conditions or disturbances and (b) deliver a stable source of electricity, in which frequency and voltage are maintained within defined parameters, consistent with industry standards. Stable sources of power provide a critical backbone to the grid, which is particularly vital during this

dynamic time of significant generation transition. The record demonstrates the average capacity factor for the Cayuga CC Project was estimated to be 87% for the first five years of operations when unconstrained by Rule 111 requirements, and the two 1x1 configuration will make it easier to manage planned outages and reduce the risk of forced outages. The plant will also provide valuable contingency, supplemental, spinning, and regulating reserves, and much faster ramp capability than existing coal or gas-converted units.

The undisputed record evidence supports a finding that the Cayuga CC Project offers these needed generation attributes and supports system stability for Duke, the State of Indiana, and the broader MISO region.

(e) **Environmental Sustainability.** Environmental sustainability considers both the impact of regulations and the demand from customers for power from environmentally sustainable resources. All the parties recognized the changing federal and state regulatory landscape, particularly on environmental regulatory policy. The evidence demonstrates that Duke considered a variety of potential futures extensively in its IRP modeling with the proposed Cayuga CC Project faring well under many, including the “Minimum Policy & Lagging Innovation Scenario” and the “No Rule 111” Strategy Variation. Further, Duke witness Karn explained that the Cayuga CC Project will yield environmental benefits and how the Project is best positioned to deal with changes in environmental regulations. The Cayuga CC Project will also provide needed incremental generating capacity to meet growing customer needs and support economic development in the State.

CAC/VS witness Inskeep raised several concerns in his testimony opposing the Settlement Agreements regarding the environmental sustainability pillar. However, as noted by Duke witness Gagnon, the Cayuga CC Project represents a significant improvement in environmental sustainability over coal-fired generation. The new, state-of-the-art, advanced class CC generators will lower operating costs; improve capacity accreditation; improve environmental sustainability by reducing emissions of GHGs, nitrous oxides, sulfur dioxide, mercury, and particulate matter; address the need to comply with current effluent limitation guideline requirements and river water temperature discharge limits; and reduce risks to reliability, resiliency, and system stability.

Duke is transitioning its portfolio of resources used to serve its customers by replacing coal-fired generation of electricity with natural gas, a lower emitting resource, and, as noted above, that change will improve the environmental characteristics of Duke’s generation fleet. This is true even if the coal units are transferred to a third party. Any eventual new owner of the Cayuga coal units will need to comply with existing and future environmental rules and regulations. While it is uncertain whether the Feasibility Study and ensuing RFP will result in a sale of the Cayuga coal units to a third party for reuse, we note that a subsequent Commission proceeding is required by the Duke-REI Settlement for Commission approval of such a transfer. Further, the Duke-IG Settlement maintains all rights of non-Duke parties to raise any argument regarding the terms of any agreement concerning the future disposition of the Cayuga coal units in any future proceeding. In sum, whatever terms may be included in a subsequent agreement to transfer the Cayuga coal units to a third party, if any, will be subject to further proceedings and review by the Commission. We also note that the Five Pillars may also be considered when reviewing such a sale and any sale

proceeds could provide additional support to the affordability pillar.⁵

Based on the evidence presented, we find the Cayuga CC Project will promote environmental sustainability.

(f) **Conclusion.** For the reasons discussed above, we find the record demonstrates the Cayuga CC Project, as modified and supplemented by the Settlement Agreements, appropriately balances all Five Pillars. The Cayuga CC Project supports reliability, resiliency, and stability through the addition of 471 MW of additional dispatchable generation needed to serve Duke’s system and support the MISO region as a whole. The record further demonstrates that the Cayuga CC Project utilizes the most efficient gas turbines on the market today and will fare well under changing environmental conditions, such as a scenario with no GHG emissions restrictions or with even stricter GHG emission restrictions. Thus, the Cayuga CC Project offers an environmentally sustainable option for Petitioner and its customers. Finally, the record demonstrates the Cayuga CC Project is a cost-effective option for Petitioner and its customers, satisfying the affordability pillar as well.

Ultimately, we agree with Petitioner that the Cayuga CC Project reflects a balance of the Five Pillars, an alignment with regulatory requirements and policy signals, and a reasonable step in ensuring that Petitioner has the right resources in place to meet its customers’ needs. The Cayuga CC Project, as proposed and modified by the Settlement Agreements, is a flexible, dispatchable resource designed to support reliability, system resilience, and the demands of a growing state. Therefore, we find the Five Pillars support granting a CPCN to Petitioner to construct the Cayuga CC Project.

7. **General Administrative Orders.** Duke witness Pinegar noted the Commission has issued several General Administrative Orders (“GAOs”), including GAO 2022-01, 2023-03, and 2023-04, that are applicable to this proceeding.⁶ The attachments to Duke’s Verified Petition identified and addressed the applicable requirements, including witness testimony of the issues. Based on the evidence presented, we find Duke complied with these requirements.

8. **Public Convenience and Necessity.** Under Ind. Code § 8-1-8.5-5(b)(3), before granting a CPCN, the Commission must make “a finding that the public convenience and necessity require or will require the construction, purchase, or lease of the facility[.]”

As discussed above, the record demonstrates that Duke needs additional dispatchable baseload energy and capacity to serve current and expected customer needs and the Cayuga CC Project is a reasonable and cost-effective solution. None of the recommended alternatives or arguments raised by the OUCC or the CAC/VS persuade us otherwise. In addition, the provision of, and opportunities for, additional customer benefits under the Settlement Agreements provide

⁵ We note that if the third party intends to place the Cayuga coal units on the grid, it will be a public utility under Indiana law, thus implicating the Five Pillars in connection with its proposed acquisition of generating facilities.

⁶ GAO 2022-01 was superseded on July 16, 2025 by GAO 2025-02.

further support for the public convenience and necessity of the Cayuga CC Project.

Thus, based on the evidence presented, the Commission finds that the public convenience and necessity require the construction of the proposed Cayuga CC Project, as modified and supplemented by the Settlement Agreements.

9. Conclusion on CPCN. Based on the evidence presented as discussed above, we conclude that approval of Petitioner's request for a CPCN for the Cayuga CC Project, as modified and supplemented by the Settlement Agreements, appropriately balances the Five Pillars and is a reasonably economic and reliable decision for Duke's customers. Thus, we approve issuance of a CPCN for the Cayuga CC Project as set forth herein.

B. Ongoing Review Under Ind. Code § 8-1-8.5-6(a). Having granted Petitioner's request for a CPCN for the Cayuga CC Project, we address Petitioner's request for ongoing review. Ind. Code § 8-1-8.5-6(a) provides:

[i]n addition to the review of the continuing need for the facility under construction . . . the commission shall, at the request of the public utility, maintain an ongoing review of such construction as it proceeds. The applicant shall submit each year during construction, or at such other periods as the commission and the public utility mutually agree, a progress report and any revisions in the cost estimates for the construction.

Duke requested ongoing review of the Cayuga CC Project, including review of construction progress at the site and changes to the expected in-service date or the cost estimate. Petitioner proposes to establish and implement a GCA tracker mechanism to timely recover costs associated with the Cayuga CC Project.⁷ Petitioner also proposed that ongoing review be conducted during the semi-annual filings.

As discussed previously, the parties raised concerns regarding Petitioner's best estimate and the potential for cost increases due to tariffs and other shifts in government policy. On rebuttal, Petitioner committed to specifically reporting on potential tariff impacts, as well as updating the Commission through the ongoing review process on the cost estimate as construction proceeds. This is in addition to Petitioner's initial commitments to report on construction progress at the site, any necessary changes to the expected in-service date or the cost, and updates to the construction schedule. Duke also made additional commitments in the Duke-IG Settlement in the event projected actual costs excluding AFUDC exceed the current estimate of \$3,320,006,881 during the Cayuga CC Project construction period. Based on the evidence presented, we believe the ongoing review process provides an appropriate opportunity for the parties to address any cost estimate variances or project development concerns and we find that the semi-annual tracker proceeding is the appropriate venue to raise those concerns.

⁷ As indicated below, while we are authorizing Petitioner's cost recovery through a tracker mechanism, the name of the tracker mechanism shall be "GCT" rather than "GCA" to avoid confusion with gas cost adjustment proceedings.

We find that an effective and administratively efficient ongoing review process should employ both compliance filings in this docket and the ongoing tracker mechanism proceedings. Accordingly, we find that until the Cayuga CC Project reaches commercial operation, Duke shall semi-annually report to the Commission through compliance filings under this Cause, a summary of the information related to the Cayuga CC Project, including: (1) construction progress, and (2) revisions to the cost estimate. The final report, submitted within 30 days of when commercial operation is achieved, shall contain: (1) the actual total cost of construction; (2) the total MW output for the facility; and (3) the actual in-service (commercial operation) date for the facility. Additionally, Duke shall provide an update on any changes to the scope, best estimate, or supply-chain challenges related to the Cayuga CC Project in its semi-annual tracker filings to afford all parties an opportunity to address any cost estimate variances or project development concerns.

C. Clean Energy Project and Financial Incentives. In addition to the CPCN, Duke seeks approval of its Cayuga CC Project as a clean energy project pursuant to Ind. Code § 8-1-8.8-11. Ind. 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 that “[t]he commission shall encourage clean energy projects by creating financial incentives for clean energy projects, if the projects are found to be reasonable and necessary.” An “eligible business” is an energy utility that (among other options) “proposes to construct or repower a facility described in IC 8-1-37-4(a)(21).” Ind. Code § 8-1-8.8-6(5). A “clean energy project” similarly includes “[p]rojects to construct or repower a facility as described in IC 8-1-37-4(a)(21).” Ind. Code § 8-1-8.8-2(5).

Having already found that Duke is an “energy utility,” we must now determine whether the Cayuga CC Project qualifies as a clean energy project described in Ind. Code § 8-1-37-4(a)(21). That subsection describes an included project as: “[e]lectricity that is generated from natural gas at a facility constructed or repowered in Indiana after July 1, 2011, which displaces electricity generation from an existing coal fired generation facility.”

As set forth in its case-in-chief, Duke plans to retire the Cayuga coal units coincident with the placement in service of the Cayuga CC Project, with the first coal unit planned for retirement in 2029 and the second in 2030. If those units were to be retired as described in Petitioner’s case-in-chief, it is clear that the Cayuga CC Project would generate electricity that would displace electricity generated by the Cayuga coal units. However, given the Duke-REI Settlement, the question is whether that conclusion is changed.

Pursuant to the Duke-REI Settlement, Duke is to conduct a Feasibility Study to evaluate the technical feasibility of extending the lives of the coal units for the benefit of potential third parties who may be interested in purchasing the coal units when Petitioner retires them. After the Feasibility Study, Duke will solicit requests for the potential purchase of the Cayuga coal units. The Settling Parties agree that the Feasibility Study and RFP Process will not negatively impact Duke’s construction schedule, cost, or future operations of the Cayuga CC Project. Rather, the Feasibility Study and RFP Process will be explored in tandem with the Project, with the goal of taking advantage of any efficiencies and synergies that could result from a parallel process. The details on how the Feasibility Study and RFP are to be conducted are set forth in the Duke-REI Settlement.

CAC/VS argued that under the Duke-REI Settlement, the Cayuga CC Project no longer fits the definition in Ind. Code § 8-1-37-4(a)(21) because coal-fired generation would not be displaced. Mr. Inskeep claimed that if the Cayuga coal units continued to operate, the gas generation from the Cayuga CC Project would no longer “take the place of” the Cayuga units’ coal generation. He argued that instead, the Cayuga CC Project would be adding to, instead of displacing, electricity generation at the Cayuga site and on the MISO grid.

Based on a plain reading of the statute, we find the Cayuga CC Project, even as approved with the Duke-REI Settlement, is a clean energy project. The statutory language defining “clean energy project” does not require the retirement of a coal unit. As noted by Duke witness Karn, nothing in Ind. Code § 8-1-37-4(a)(21) requires the retirement of a coal-fired generating unit. Instead, it only requires that electricity that is generated by burning coal be displaced by electricity generated from burning natural gas. The words “retire” and “capacity” are not used in the statute.

We also do not find persuasive the CAC/VS’s argument that if the Cayuga coal units continue to operate, the Cayuga CC Project is adding, rather than displacing, electricity generation at the Cayuga site and on the MISO grid. Again, nothing in the statute, requires a project to “displace” other electrical generation at the same location or in MISO.

As noted above, the purpose of Ind. Code ch. 8-1-8.8 is to encourage energy utilities, such as Duke, to undertake certain types of projects. The Merriam-Webster online dictionary defines the word “displace” as “to remove from the usual or proper place [or] . . . to take the place of.” Under the Duke-REI Settlement, Duke will no longer own or operate the Cayuga coal units to generate electricity for its customers. Instead, it will be using natural gas from the Cayuga CC Project to generate electricity for its customers. Thus, the electricity currently being generated from the Cayuga coal units in Duke’s portfolio of resources used to serve customers is being displaced by the electricity that will be generated from the Cayuga CC Project. This is true regardless of whether a third party purchases the Cayuga coal units (which will be for the third-party’s use) or whether Duke later determines that it needs additional generation in excess of the Cayuga CC Project and enters into a purchase power agreement with the third-party purchaser of the coal units.

Accordingly, we find that Duke is constructing the Cayuga CC Project to displace electricity from an existing coal-fired generation facility and the Project is therefore eligible to apply for the relief provided in Ind. Code § 8-1-8.8-11.

1. The Clean Energy Project. According to Ind. Code § 8-1-8.8-11, 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 approving a clean energy project, the Commission has typically considered some of the factors outlined in Ind. Code chs. 8-1-8.5 and 8.7. *See, e.g., Indianapolis Power & Light Co*, Cause No. 45920 at 18 (IURC Jan. 17, 2024). Thus, we find it appropriate to consider: (1) the cost of the project; (2) the project’s consistency with Duke’s 2024 IRP; (3) the need for the project; and (4) the competitive solicitation of the project. We have

considered all of these factors above in support of our finding to issue a CPCN for the Cayuga CC Project.

Based on the evidence presented, we find the Cayuga CC Project is just and reasonable and approve it as a clean energy project. The record shows that the addition of the Cayuga CC Project to Duke's resource mix will provide needed energy and capacity. We also find that the Cayuga CC Project is a reasonable and necessary addition to Duke's portfolio of generating resources to meet the need for electricity within its service area.

2. Cost Recovery. Duke proposes to recover its costs for the Cayuga CC Project during construction through a semi-annual forecasted capital tracker until such time as the Project is included in base rates subsequent to being placed in service. Duke proposed to call the tracker a Generation Cost Adjustment, or "GCA" mechanism. Petitioner's witness Sufan described the proposed GCA mechanism, how it would work, and the benefits it would provide, including lower rates for customers, improved utility cash flows, and avoidance of rate shock.

CAC/VS objected to the forward-looking version of the GCA mechanism, asserting it was inconsistent with the verb tense of the statute, which allows for timely recovery of costs and expenses "incurred" as opposed to those "it will incur." Mr. Inskeep also testified that such a forward-looking mechanism could allow Duke to begin collecting CWIP financing costs before they were actually incurred, which is inconsistent with the "timely" recovery of costs.

The OUCC objected to Petitioner using the WACC in the calculation of CWIP ratemaking in the GCA mechanism, recommending instead that Duke use the lower of the cost of debt or the WACC at the time each tracker filing is made. Ms. Baker recommended using Duke's cost of debt because it reflects how Duke would finance the Project if funds were received through more traditional methods and the actual costs and expenses incurred during construction.

The IG initially contended that the GCA mechanism creates intergenerational inequity, Petitioner did not show a financial integrity need to recover CWIP, and the GCA mechanism will disincentivize management of costs. However, the Duke-IG Settlement resolved those issues between Duke and the IG. Under the Duke-IG Settlement, those parties agree that Duke should receive a CPCN to construct the Cayuga CC Project, including forward-looking CWIP ratemaking treatment as proposed by Petitioner.

Ind. Code § 8-1-8.8-11(a)(1) provides that we may approve "[t]he timely recovery of costs and expenses incurred during construction and operation of the project," but that we may not do so unless "the eligible business has demonstrated that the timely recovery of costs and expenses during the construction and operation of the project: (A) is just and reasonable; and (B) in the case of construction financing costs, will result in a gross financing cost savings over the life of the project."

Duke witness Sufan provided calculations showing that under Petitioner's forward-looking GCA proposal, the total revenue from financing costs is \$5,303,888,000, and under the traditional general rate case scenario, the total revenue from financing costs is \$6,116,222,000, with the

difference between these two amounts of \$812,334,000 being the gross financing savings over the life of the Cayuga CC Project. With a backward-looking GCA mechanism, the total gross financing savings over the life of the Cayuga CC Project would be \$559,388,000. There was no dispute in the evidence as to Mr. Sufan's calculation of gross financing cost savings. Accordingly, we find that, as calculated by Duke, both the forward-looking and backward-looking versions of the proposed GCA mechanism will generate gross financing cost savings over the life of the Cayuga CC Project.

We are unpersuaded by CAC/VS's contention that Duke did not demonstrate the proposed GCA mechanism is just and reasonable. By recovering costs through the GCA mechanism during the construction period, the rate impact from the Cayuga CC Project will be reflected in steps over six-month increments, helping to reduce any rate shock that could be otherwise associated with implementing a construction project in base rates through a single step. The ultimate cost to Duke's customers once the Project is fully reflected in rates will be lower because of the greatly reduced AFUDC.

As we explained in *N. Ind. Pub. Serv. Co.*, Cause No. 45947 at 35-36 (IURC Oct. 16, 2024) ("*NIPSCO*"), where we considered a similar request,

The General Assembly has specifically directed affordability as one of the attributes to be considered in the context of generation transition. One of the tools provided by the General Assembly in the case of transition to clean energy projects is a CWIP tracker, which, as explained by Mr. Blissmer, produces the benefits of lower rates and smaller rate increases. We cannot simply ignore the benefits a CWIP tracker will contribute to affordability by lowering rates and smoothing and mitigating rate increases during generation transition. NIPSCO's testimony on the overall benefits of CWIP ratemaking on credit quality, which ultimately informs the carrying charge applied to NIPSCO's investment and, therefore, customer rates, was effectively un rebutted. Mr. Inskeep asserted various other arguments against CWIP ratemaking generally, including that it creates generational inequities and erodes a utility's incentive to efficiently manage a project. These are not objections to whether this proposal meets the requirements of the statute, and they ignore the fact that the legislative decision has already been made to allow CWIP ratemaking. We find that, under Section 11, both the forward- and backward-looking versions of NIPSCO's proposed GCT Mechanism are just and reasonable.

We find this language equally applicable to Duke's proposal and find the proposed GCA mechanism is just and reasonable.

We now move to the question of which method we should approve: the forward-looking or backward-looking GCA mechanism. With the forward-looking GCA, Duke would reflect CWIP financing costs projected to occur over the next six-month billing period in each tracker filing. The projected CWIP financing costs would then be adjusted to the actual incurred costs and expenses by way of the reconciliation process. In this fashion, there would be no AFUDC reflected in the total cost of the Cayuga CC Project except for the AFUDC that has already been accrued and

expected to be accrued until rates take effect in the first GCA proceeding. In addition, there would be no PISCC to defer. The backward-looking GCA, in contrast, would reflect CWIP financing costs that had been incurred over the previous six months. With the backward-looking GCA, there would be AFUDC accrued during each six-month period until the costs are reflected in the GCA. In addition, there would be PISCC deferred between the in-service date and reflection of the Cayuga CC Project cost in rates. This AFUDC and deferred PISCC would increase the overall financing cost of the Cayuga CC Project, which is why the backward-looking version of the GCA produces less gross financing cost savings.

CAC/VS raised two objections to the forward-looking version of the GCA based on the language of the statute. We rejected both arguments in *NIPSCO* and we remain equally unpersuaded by either argument in this proceeding. It is important to note that whether the tracker looks forward or backward, Duke will only recover its actual costs. With the forward-looking mechanism and its reconciliation process, Duke's proposal provides for recovery of costs that are actually "incurred," with recovery beginning during the same six-month period in which those costs are being incurred. In addition, given that the forward-looking GCA mechanism produces approximately \$253 million in gross financing cost savings (\$812 million less \$559 million) when compared to the backward-looking mechanism, it is the method that creates a more affordable result for Duke customers. We also note that Ind. Code § 8-1-8.8-11(a)(4) authorizes the Commission to approve other financial incentives we consider appropriate. Based on the evidence presented concerning the additional gross financial savings for customers, we consider the forward-looking GCA to be appropriate and consistent with Ind. Code § 8-1-2-0.5 and the affordability pillar we are charged with considering.

While we are approving Duke's proposed GCA mechanism, we agree with the OUCC concerning the proposed name and its possible confusion with gas cost adjustment proceedings. Therefore, we find that the mechanism should be called a Generation Cost Tracker ("GCT"). Duke's first GCT subdocket proceeding shall be filed under Cause No. 46193 GCT X, where X is the next sequentially numbered subdocket filing.

The remaining issue we must address is the OUCC's recommendation that Duke use the lower of the WACC or the cost of debt when seeking cost recovery. Duke witness Sufan explained that Duke chose the WACC because it supports the utility's rate base. Ind. Code § 8-1-8.8-11 calls for the provision of financial incentives. Specifically, the timely recovery of costs and expenses incurred during construction of projects. Reducing the recovery of financial costs below Duke's approved cost of financing (i.e., WACC), or even AFUDC, is inconsistent with this statutory directive. Ms. Baker's proposal fails to consider the costs incurred by Duke in the construction of the Cayuga CC Project. Since rate base is financed with both debt and equity, it is just and reasonable for the full financing costs of the Project to be recovered through the GCT mechanism. We therefore find the GCT mechanism should be calculated using Petitioner's WACC.

We further approve Petitioner's request that the operating income associated with the Cayuga CC Project through the GCT mechanism be included in the total electric comparison of electric operating income for purposes of the Ind. Code § 8-1-2-42(d) earnings test on a timely basis. We find this is a reasonable and appropriate additional financial incentive, and it is therefore

approved.

D. Other Ratemaking and Accounting Issues.

1. Firm Transportation and Lateral Pipeline Cost Allocation.

Duke has contracted for FT capacity with REX, which will provide firm gas supply to the Cayuga CC Project. Mr. McClay testified that the REX pipeline already has interconnections with Petitioner's existing natural gas fleet, which will enhance deliverability to the entire Duke system.

IG raised two issues regarding Petitioner's plan to procure natural gas to serve the Cayuga CC Project. First, in the event the CPCN were denied, the IG contended that no costs associated with the natural gas firm transportation REX contracts should be recovered. Second, the IG contended that the FT costs along both the REX and lateral pipelines should be allocated to customers on the basis of production demand for purposes of the FAC.

The Duke-IG Settlement resolves the issues between Duke and IG on the REX pipeline. The first issue is moot because the Settling Parties agree the Commission should issue the CPCN for the Cayuga CC Project and the associated costs should be recovered. The second issue is resolved as proposed by the IG. In other words, for purposes of settlement, the Settling Parties agree that the FT costs of REX (both east-to-west and west-to-east) and the natural gas lateral ("Pipeline Costs") will be recovered through Duke's FAC on the basis of production demand.

In response to the Duke-IG Settlement, the OUCC argued that the recovery and allocation of Pipeline Costs should not be decided in this proceeding but should be addressed in a base rate case. The CAC/VS also disagreed with the Duke-IG Settlement position, arguing that recovering the costs based on production demand via the FAC is a significant change from the status quo and the long-standing ratemaking treatment for these fuel costs. The CAC/VS argued a base rate case is the more appropriate proceeding to consider changes to Petitioner's cost allocation methodologies for Pipeline Costs.

The evidence demonstrates that the contracted FT service with REX is strategic to Duke's entire gas generation fleet and increases the reliability of both the Cayuga CC Project and Petitioner's system as a whole. Further, the Settling Parties' agreement that the Pipeline Costs should be recovered through the FAC on the basis of production demand is consistent with our finding regarding recovery of similar firm gas transmission costs in Cause No. 45564 S1. As in that case, the Pipeline Costs pay for firm pipeline capacity and are fixed over the life of the contract. They are unlike fuel costs or non-firm delivery costs that vary based on the energy output of the generation resource. Rather, the Pipeline Costs of REX and the lateral are necessary to allow the CCs to operate as a capacity resource and as such, the costs should be allocated based on system demand. Therefore, we find the Duke-IG Settlement on this issue is reasonable and aligns cost allocation with the types of costs incurred.

2. Plan Development Costs. Duke initially requested authority to recover the incremental costs it had incurred related to its 2021 and 2024 IRPs and the RFP processes. Petitioner indicated it also expected to incur costs associated with external support

related to potential property tax incentives for the Cayuga CC Project and proposed to recover those costs as a regulatory asset over a two-year amortization period. Duke also sought approval to defer future new generation-related plan development, preliminary engineering, testing and pre-construction costs for recovery in a future docketed proceeding.

The OUCC did not oppose Duke's recovery of the already incurred IRP costs and property tax incentive work, provided the Commission issues the requested CPCN. However, it did recommend a five-year amortization period, rather than Duke's proposed two-year period. The IG opposed recovery of the IRP costs and tax incentive work on the grounds that Duke had not been conferred authority to defer these costs. The CAC/VS recommended that the costs be amortized over the life of the Cayuga CC Project. The OUCC, IG and CAC/VS all opposed the deferral of future new generation-related plan development and other costs.

In the Duke-IG Settlement under Section I.E., Petitioner agreed to:

- Withdraw its request to defer and recover as a regulatory asset past costs associated with the incremental costs incurred in connection with its 2021 IRP and RFP processes and not to seek recovery of these costs in any future proceeding.
- Withdraw its request in this proceeding to defer and recover as a regulatory asset: (1) costs associated with the incremental costs incurred in connection with its 2024 IRP and RFP processes; and (2) costs associated with external support related to potential property tax incentives. All parties reserve their rights with respect to recovery of such costs as may be requested in future proceedings.
- Withdraw its request in this proceeding to defer future new generation-related plan development, preliminary engineering, testing and pre-construction costs. All parties reserve their rights with respect to the recovery of such costs as may be requested in future proceedings.

Thus, the Duke-IG Settlement Agreement resolves the issues related to the recovery of plan development costs in this proceeding. Neither the OUCC nor the CAC/VS disputed these settlement terms, which benefit Duke's customers and preserves the parties' rights should Duke request recovery of some of these costs in future proceedings. We find the terms are a reasonable resolution of the issues and should be approved.

3. Depreciation, Accounting at Retirement and Other Ratemaking

Issues.

(a) **Depreciation.** Petitioner initially proposed to depreciate the plant over a 35-year period, which corresponds to the estimated useful life of the Cayuga CC Project as modeled. The only opposition was from the IG, which recommended a 40-year life based upon the life assumed by Indianapolis Power & Light Company for its Eagle Valley CC gas

turbine. As set forth in the Duke-IG Settlement in Section I.D., Petitioner agreed to depreciate the Cayuga CCs using a 40-year operating life until a formal depreciation study is conducted and a final order adjudicating the depreciation study is issued. That settlement makes clear that the Settling Parties reserve all rights to raise all issues related to depreciation of the Cayuga CCs in future proceedings.

The OUCC recommended the Duke-IG Settlement Agreement's depreciation position be rejected because Duke is likely to file rate cases with enough frequency to render the agreed 40-year operating life irrelevant. Duke witness Sufan disagreed, noting that Petitioner has not made any commitments regarding timing of future base rate cases and many factors dictate why and when a base rate case may be needed. Mr. Sufan also noted the potential customer benefit of the longer agreed-upon depreciation term.

Based on the evidence presented, we find depreciating the Cayuga CCs using a 40-year operating life until a formal depreciation study is conducted and approved, is a reasonable resolution of the issue. The longer depreciation period than what Duke initially requested provides customer benefits by reducing the annual depreciation revenue requirement once the plant is placed in service until the issue can be formally addressed through a depreciation study. The OUCC, and any other party, may challenge the 40-year depreciation term in a future rate case.

(b) Accounting at Retirement. Under Section I.B. of the Duke-IG Settlement, Duke agreed to the following with respect to the retirement of the Cayuga coal units:

- The retirement of the Cayuga coal units will be accounted for as a normal retirement. Under the Duke-IG Settlement, any unrecovered remaining net plant and cost of removal, including all applicable decommissioning, demolition, and coal ash closure-related costs will be addressed normally in a subsequent depreciation study. Any remaining tax basis will be factored into the tax gain/loss calculation with the associated accumulated deferred income taxes being included in Duke's accumulated deferred income tax balance.
- Upon retirement of the Cayuga coal units as a normal retirement, book depreciation expense of those units will cease per normal accounting practice. At retirement, an envelope will be created around the Cayuga facility (the coal units plus the new CC units) encompassing the total book depreciation expense of the facility, adjusted to exclude any costs authorized for recovery in other trackers currently or in the future that are not reflected in base rates at the time. If the adjusted total book depreciation expense is higher than what is in base rates for the Cayuga coal units at the time of retirement, then the incremental amount will flow to customers as a cost through the GCA mechanism. If the adjusted total book depreciation expense is less than what is in base rates for the Cayuga coal units at the time of retirement, then the difference will flow to customers as a credit through the GCA. Any incremental depreciation expense incurred on the Cayuga CC Project prior to a Cayuga coal unit retirement will

flow to customers through the GCA, as proposed by Duke.⁸

- To the extent any remaining materials and supplies inventory is not transferred and/or repurposed at other Duke facilities, Petitioner will attempt to liquidate the inventory after retirement via market transaction for the fuel and materials and supplies. Any remaining materials and supplies inventory at retirement of the Cayuga coal units will be recorded as a regulatory asset to be considered for recovery in a future rate case. At that time, parties and the Commission will be able to review the actions taken by Duke to manage the end-of-life inventory in advance of retirement.

At the hearing there was some discussion as to whether Duke would still retire the coal units even if such units would be transferred to a third party. Mr. Pinegar confirmed that Petitioner planned to retire the units as each Cayuga CC came online. The Duke-IG Settlement provides for the accounting treatment indicated above, which we find to be reasonable. Pursuant to the Federal Energy Regulatory Commission (“FERC”) Uniform System of Accounts, this means that Utility Plant will be credited and Accumulated Depreciation will be debited for the original cost of the units. In the event the Duke-REI Settlement leads to a transfer of some of the coal assets, any proceeds from a potential sale would be salvage and treated as a credit to Accumulated Depreciation upon receipt in accordance with 18 C.F.R. Part 101, Instruction 10.B.(2).

(c) **Operation and Maintenance.** Finally, as set forth in Section I. C. of the Duke-IG Settlement, Duke agreed to the following:

At retirement, an envelope will be created around the Cayuga facility (the coal units plus the new CC units) encompassing the total O&M costs of the facility, adjusted to exclude any costs authorized for recovery in other trackers currently or in the future that are not reflected in base rates at the time. If the adjusted total O&M cost is higher than what is in base rates for the Cayuga coal units at the time of retirement, then the incremental amount will flow to customers as a cost through the GCA. If the adjusted total O&M cost is less than what is in base rates for the Cayuga coal units at the time of retirement, then the difference will flow to customers as a credit through the GCA. Any incremental O&M costs incurred on the Cayuga CC Project prior to a Cayuga coal unit retirement will flow to customers through the GCA, as proposed by Duke.

The envelope treatment of the Cayuga CC Project is a reasonable effort to acknowledge the changing cost profiles of the old and new resources in a timely manner as it recognizes that the coal unit costs are included in base rates and the gas unit costs will be tracked in the GCT mechanism. This treatment serves to remove the traditional regulatory constraint of affording the utility recovery of costs in base rates that are no longer being incurred until a subsequent base rate case. Accordingly, we find this term provides a customer protection measure that should be approved.

⁸ As indicated earlier, the GCA mechanism is to be renamed the GCT mechanism.

(d) **Conclusion.** Having reviewed the accounting and ratemaking terms of the Duke-IG Settlement, we find the Settling Parties' resolution of the issues is reasonable and should be approved. These provisions provide benefits to customers by ensuring that costs associated with the coal units are timely removed from retail rates, just as the costs associated with the new Cayuga CC Project are included in retail rates. They also ensure Duke prudently manages any remaining materials and supply inventory in the event such items are not included in any eventual sale of the coal unit assets.

E. **HEA 1007 (Public Law 217-2025).** After this case was filed, the Indiana General Assembly passed, and Governor Braun signed HEA 1007 into law. HEA 1007 amended Ind. Code § 8-1-8.5-13 in connection with future planned generation retirements. Under this statute, public utilities must file an annual report identifying the generation sources that are planned for retirement during the next three MISO planning years. Ind. Code § 8-1-8.5-13(n). If the Commission identifies concerns with the public utility's ability to meet its planning reserve requirements or reliability adequacy metrics, Ind. Code § 8-1-8.5-13(u) requires the Commission to commence an investigation into the retirement decision.

The statute also imposes certain additional requirements beginning after December 31, 2025, both with respect to what a public utility must include in its annual report and what the Commission must investigate if a public utility plans to retire an electric generating facility within a year of the report date. *See* Ind. Code § 8-1-8.5-13(n)(2) and (u). A public utility can also affirmatively request this investigation, provided the planned retirement is within the next three years. Ind. Code § 8-1-8.5-13(u).

Finally, and most germane to the issues raised in this proceeding, Section 13(u) goes on to provide that:

[i]f a certificate is granted by the commission under this chapter for a facility intended to repower or replace a generation unit that is planned for retirement, and the certificate includes findings that the project will result in at least equivalent accredited capacity and will provide economic benefit to ratepayers as compared to continued operation of the generating unit to be retired, the certificate under this chapter constitutes approval by the commission for purposes of an investigation required under this subsection. However, if the commission finds that facts and circumstances regarding the planned retirement have changed significantly since the certificate was granted and that those changes concern the public utility's ability to meet the requirements described in [Ind. Code § 8-1-8.5-13(u)(1)], the commission may conduct an investigation into the planned retirement of the unit.

Duke contends that the evidence warrants us making this Section 13(u) finding in connection with issuing the requested CPCN for the Cayuga CC Project and thereby providing the limited safe harbor from a subsequent investigation into the retirement question.

The CAC/VS argued that under the Duke-REI Settlement, Duke is no longer planning to “retire” the Cayuga coal units but instead will issue an RFP to sell them. However, HEA 1007 defines “retirement” as “a planned permanent ceasing of electric generation operations with respect to an electric generation resource with a nameplate capacity of at least one hundred twenty-five (125) megawatts *by a public utility.*” Ind. Code § 8-1-8.5-13(i), *emphasis added*. Duke witness Karn testified that Duke, a public utility, is planning a permanent ceasing of electric generation operations of the Cayuga coal units. Mr. Pinegar also confirmed that Petitioner would retire and no longer operate the existing units as each Cayuga CC came online. That the units may be sold to a third party after Duke ceases operation of the units does not change the fact that Duke is planning to permanently cease operation of those units. This plain reading of the statutory language is also consistent with the remainder of HEA 1007’s amendments to Ind. Code § 8-1-8.5-13, which specifically address the Commission’s ability to ensure a public utility can meet its planning reserve margin and reliability metric requirements with its generation resources. Ind. Code § 8-1-8.5-13(u)(1). These considerations are equally relevant whether the public utility plans to decommission the plant or sell the plant. Therefore, we find that Duke is planning to retire the Cayuga coal units for purposes of HEA 1007.

It is undisputed that the Cayuga CC Project will provide more capacity than the existing Cayuga coal units, and so we find that the Cayuga CC Project will result in at least equivalent accredited capacity. In addition, we find the evidence supports that the Cayuga CC Project will provide economic benefit to ratepayers as compared to continued operation of the Cayuga coal units. Duke witness Gagnon testified that under the existing Rule 111, the retirement of all coal units consistently yielded the lowest PVRR of all strategies. That conclusion did not change under the assumption that Rule 111 is eliminated. Under that scenario, the life of the coal units at Gibson is retained and the Cayuga coal units are still replaced with the Cayuga CC Project. The economic advantage of the Cayuga CC Project is based on multiple factors, including the hundreds of millions of dollars of investment that would be required to prolong the life of the Cayuga coal units; the fact that Petitioner would still need additive baseload capacity in the short term; the significant reliability risk from continuing to operate Petitioner’s oldest coal units decades beyond their expected lives; and that at the end of any extended period of coal unit operation, Petitioner would still ultimately need to build replacement generation, presumably at a much higher cost than today.

While we are making the required findings under Ind. Code § 8-1-8.5-13(u) based on the evidence presented, Duke does not plan to retire the Cayuga coal units any sooner than four and five years from now. We also note that Section 13(u) further provides that even if the Commission makes the required findings when issuing a CPCN, should circumstances change significantly after the CPCN is granted and those changes concern the public utility’s ability to meet the statutory requirements, the Commission may conduct an investigation into the planned retirement of the unit at a later date. The Duke-REI Settlement presents a circumstance in which the market, rather than Duke alone, will provide information to determine the economic value of the Cayuga coal units. The settlement includes a number of terms designed to ensure that the market is informed as it makes its decision. This creative solution to a complex regulatory challenge facing not only Duke but the industry as a whole will afford all stakeholders an opportunity to ensure any retirement of this long-serving baseload resource is appropriate.

In summary, the Commission finds, for purposes of HEA 1007 and the reasons discussed herein, that the Cayuga CC Project will result in at least equivalent accredited capacity and will provide economic benefit to customers as compared to the continued operation of the Cayuga coal units that Duke plans to retire. However, should circumstances change significantly in the future the Commission may open an investigation to consider the changed circumstances and planned retirement of the coal units. Such changed circumstances include those concerning Duke's ability to meet the requirements set forth in Ind. Code § 8-1-8.5-13(u)(1) or its compliance with this Order and the commitments made in the Settlement Agreements.

8. Effect of Settlement Agreements. The Settlement Agreements are not to be used as precedent in any other proceeding or for any other purpose except to the extent necessary to implement or enforce its terms; consequently, with regard to future citation of the Settlement Agreements or of this Order, we find our approval herein should be treated in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434, 1997 WL 34880849 at *7-8 (March 19, 1997).

9. Confidentiality. Duke filed motions for protection and nondisclosure of confidential and proprietary information on February 14, 2025, and May 20, 2025. These motions related to information Petitioner claimed to be trade secrets and protected from disclosure under Ind. Code §§ 8-1-2-29 and 5-14-3-4. Docket entries were issued on February 24, 2025, and May 29, 2025, finding such information to be preliminarily confidential and protected from disclosure under Ind. Code §§ 8-1-2-29 and 5-14-3-4. The confidential information was subsequently submitted under seal. The Commission finds the information that is the subject of these motions is confidential pursuant to Ind. Code § 8-1-2-29 and Ind. Code § 5-14-3-4, is exempt from public access and disclosure by Indiana law, and shall continue to be held by the Commission as confidential and protected from public access and disclosure.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Duke-REI Settlement, a copy of which is attached to this Order, is approved.
2. The Duke-IG Settlement Agreement, a copy of which is attached to this Order, is approved.
3. Duke is issued a certificate of public convenience and necessity under Ind. Code ch. 8-1-8.5 to construct an approximately 1,476 MW natural gas-fired combined cycle plant consisting of two approximately 738 MW winter rating CC units to be located at Petitioner's existing Cayuga Generating Station site. This Order constitutes the certificate.
4. Duke's estimated total cost of the Cayuga CC Project in the amount of \$3,320,006,881 plus actual AFUDC is approved as set forth herein.

5. Duke's request for ongoing review of the Cayuga CC Project is approved. Petitioner shall file reports as described herein for the purpose of ongoing review in accordance with Ind. Code § 8-1-8.5-6.

6. The Cayuga CC Project is approved as a clean energy project and Petitioner's request for financial incentives, including timely cost recovery through forward-looking construction work in progress ratemaking under Ind. Code ch. 8-1-8.8 is approved.

7. Duke is granted authority to recover costs incurred in connection with the Cayuga CC Project through a GCT tracker mechanism, as proposed, including approval of the specific ratemaking and accounting treatment approved herein. Duke's proposed changes to its Electric Service Tariff relating to the GCT tracker mechanism are approved as set forth in this Order.

8. The CPCN granted by this Order shall constitute our approval for purposes of an investigation required by Ind. Code § 8-1-8.5-13(u) as set forth herein.

9. The Confidential Information submitted under seal in this Cause pursuant to the parties' requests 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 under Ind. Code §§ 8-1-2-29 and 5-14-3-4.

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

HUSTON, VELETA, AND ZIEGNER CONCUR:

APPROVED: OCT 29 2025

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

Dana Kosco
Secretary of the Commission

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF DUKE ENERGY INDIANA,)
LLC (“DUKE ENERGY INDIANA”) PURSUANT TO IND.)
CODE CHS. 8-1-8.5, 8-1-8.8, AND IND. CODE §§ 8-1-2-0.6)
AND 8-1-2-23 FOR (1) ISSUANCE OF A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY (“CPCN”))
PURSUANT TO IND. CODE CH. 8-1-8.5 TO CONSTRUCT)
TWO COMBINED CYCLE (“CC”) NATURAL GAS UNITS,)
AT APPROXIMATELY 738 MEGAWATTS (WINTER)
RATING) EACH, AT THE EXISTING CAYUGA)
GENERATING STATION (“CAYUGA CC PROJECT”); (2))
APPROVAL OF THE CAYUGA CC PROJECT AS A)
CLEAN ENERGY PROJECT AND AUTHORIZATION)
FOR FINANCIAL INCENTIVES INCLUDING TIMELY)
COST RECOVERY THROUGH CONSTRUCTION WORK) CAUSE NO. 46193
IN PROGRESS (“CWIP”) RATEMAKING THROUGH A)
GENERATION COST ADJUSTMENT (“GCA”) TRACKER)
MECHANISM UNDER IND. CODE CH. 8-1-8.8; (3))
AUTHORITY TO RECOVER COSTS INCURRED IN)
CONNECTION WITH THE CAYUGA CC PROJECT; (4))
APPROVAL OF THE BEST ESTIMATE OF COSTS OF)
CONSTRUCTION ASSOCIATED WITH THE CAYUGA)
CC PROJECT; (5) APPROVAL OF CHANGES TO DUKE)
ENERGY INDIANA'S ELECTRIC SERVICE TARIFF)
RELATING TO THE PROPOSED GCA TRACKER)
MECHANISM; (6) APPROVAL OF SPECIFIC)
RATEMAKING AND ACCOUNTING TREATMENT; AND)
(7) ONGOING REVIEW OF THE CAYUGA CC PROJECT)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement Agreement”) is entered into as of this 17th day of June, 2025, by and between Duke Energy Indiana, LLC (“Duke Energy Indiana”) and Reliable Energy, Inc. (“REI”) (together, the “Settling Parties” and each individually, a “Settling Party”). The Settling Parties, solely for purposes of compromise and settlement and having been duly

advised by their respective staff, experts, and counsel, stipulate and agree that the terms and conditions set forth below represent a fair, just, and reasonable resolution of the issues in this Cause, subject to their incorporation by the Indiana Utility Regulatory Commission (“Commission”) into a final, non-appealable order (“Final Order”) without any modification or further condition that is not acceptable to any Settling Party. If the Commission does not approve this Agreement, in its entirety, the entire Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

SETTLEMENT TERMS AND CONDITIONS

1. Subject to the settlement provisions below, REI will support the relief Duke Energy Indiana requested in this proceeding, including:
 - A. Granting a certificate of public convenience and necessity (“CPCN”) for the Cayuga Natural Gas Combined Cycle Project (1476 MW, winter rating) (the “CC Project” or “Cayuga CC Project”) as Duke Energy Indiana has proposed, including its best estimate of costs and schedule.
 - B. Duke Energy Indiana’s ratemaking request should be approved, including forward looking construction work in progress (“CWIP”).
 - C. Duke Energy Indiana’s requested relief in its case in chief (as modified by its rebuttal testimony, if applicable) should be approved as proposed subject to the following provisions.
2. The Settling Parties agree Duke Energy Indiana’s request for findings that the CC Project will result in at least equivalent accredited capacity and will provide economic benefit to ratepayers as compared to the continued operation of the existing coal generating units to be retired by Duke Energy Indiana shall be approved, and acts as the investigation required by HEA 1007 (2025), subject to the following conditions:
 - A. Duke Energy Indiana agrees that as a condition of Commission approval of this Settlement Agreement, it will perform an engineering study (“Feasibility Study”) to evaluate the technical feasibility of extending the lives of the Cayuga units as coal units, for the benefit of third parties that may be interested in purchasing the Cayuga coal unit(s). Thereafter, Duke Energy Indiana will conduct a request for proposal (“RFP”) process, using an independent third-party administrator (the “RFP Process”). The Settling Parties agree that that this Feasibility Study and RFP

Process will not negatively impact Duke Energy Indiana's construction schedule, cost, or future operations of the Cayuga CC Project, but will be explored in tandem with the CC Project with the goal of taking advantage of any efficiencies and synergies that could result from a parallel process.

- B. **The Feasibility Study.** Duke Energy Indiana agrees to engage a qualified, external engineering firm to perform an engineering study to determine the technical feasibility of simultaneous operation of the Cayuga coal unit(s) and the Cayuga CC Project, including the potential for full decoupling of the coal facility from the CC Project. The Feasibility Study shall begin upon Commission Order in this Cause approving this Settlement and shall be completed in no later than eight months. The Settling Parties recognize the efficiency of performing the Feasibility Study in tandem with work on the CC Project may help guide any decisions that may be made to preserve both coal-fired and natural gas-fired generation at the site as the CC Project moves forward. The Feasibility Study will help inform the terms of the RFP Process.

The Feasibility Study will include at least the following:

1. An assessment of primary assets associated with the electrical generation facility, including real property, equipment, water rights, mineral rights, and any other associated assets;
2. An analysis of any encumbrances on the coal generating units;
3. Whether the air permitting process for the CC Project can be conducted to enable permitting of the CC Project so that the CC Project is able to stay on its current construction and in-service schedule, without operating restrictions, while also allowing the coal unit(s) to continue to operate or restart;
4. Preliminary review of permitting, regulatory compliance, and CC Project construction impacts with potential continued operation of the coal generation facilities;
5. Review of coal combustion residual landfill location, management, and liability allocation;
6. How the following existing assets or facilities are planned to be used, reconstructed, or otherwise utilized for the Cayuga CC Project (and additional issues or assets as may be identified by the Feasibility Study):

- a. existing transmission switch yard;
 - b. transmission interconnection;
 - c. the MISO replacement generation process for interconnection to the grid for 1040 MW;
 - d. air permit emissions netting for one coal unit;
 - e. water rights, water intake, and discharge; and
 - f. land and land rights at the Cayuga site needed for the Cayuga CC Project's current and future operations.
- 7. The purpose of the Feasibility Study shall be to review and update the list in Section 2.B.6 above. Duke Energy Indiana agrees to document its review of the scope of existing facilities intended to be reused such that it could enable the continued operation of the coal units and also would not unreasonably interfere with the proposed cost, construction, or in-service date of the CC Project;
- 8. Detail the MISO process and estimated timeline for determining available transmission interconnection capacity at the Cayuga site that would be necessary to operate the Cayuga CC Project and one or both coal units simultaneously, including a review of transmission congestion.
- C. Duke Energy Indiana agrees that after the Feasibility Study is completed and before the RFP is issued, Duke Energy Indiana will enter into 30 calendar days of discussion and information sharing among interested stakeholders.
- D. **The Request for Proposal:** The Settling Parties agree that 60 days after the conclusion of the Feasibility Study and subsequent 30 calendar day review period, Duke Energy Indiana will begin the RFP Process. It is anticipated the RFP bidding window will be approximately 90 days. The RFP shall include at least the following:
 - 1. A summary report of the Feasibility Study.

2. The procedures and timelines for potential purchasers to submit purchase offers for the coal generation assets;
3. Details of historical operating metrics for the Cayuga coal unit(s);
4. Details for allocation of environmental and other liabilities for the Cayuga site;
5. Draft purchase and sale agreement terms and conditions;
6. Objective selection criteria including financial and non-financial criteria, and a process to evaluate qualifying purchase offers submitted for the coal generation assets and determine the best purchase offer. Such criteria may include, but not be limited to:
 - Purchase price, including investment required to achieve commitments provided in Section 2.F.3 of this agreement;
 - Benefits that will accrue to Duke Energy Indiana retail customers;
 - Financial capability of a potential purchaser, including experience raising capital, access to capital, financial stability, and ability to provide security for obligations related to decommissioning, remediation, and other liabilities;
 - Operational experience and capability of a potential purchaser, including experience operating electrical generation facilities, contracting history;
 - Acceptance of purchase and sale agreement terms and conditions;
 - A demonstration of how continued operation of the coal generation facility would impact electrical capacity in the state;
 - Alternative business models for continued operation of the facility, including special contract structures or purchased power agreement alternatives to serving new potential large load customers;
 - Plans for permitting and regulatory compliance for continued operation of the coal generation facilities;
 - Environmental stewardship;
 - Potential community and regional impacts resulting from continued operation of the facility.
7. The process and timing for gaining Commission approval of the sale of the coal generation assets to the purchaser that has submitted the best purchase offer.

- E. After a review period of approximately 90 days after the bidding window closes, Duke Energy agrees to enter into a due diligence period, including access to an electronic data room, and negotiate in good faith with applicants submitting qualified proposal(s) to the RFP for at least 180 days, whereupon Duke Energy Indiana's duty to continue negotiations will cease, and the RFP Process will conclude unless agreed to otherwise by Duke Energy Indiana. Nothing in this Settlement Agreement requires Duke Energy Indiana to enter into a purchase and sale agreement related to one or both of the Cayuga coal units. The Settling Parties recognize that any potential sale would be contingent upon the successful in-service of both Cayuga CC Projects.

F. Other Commitments:

1. Duke Energy Indiana agrees to keep the Commission and stakeholders informed of the Feasibility Study and RFP Process in reports included in the semi-annual ongoing review dockets for the Cayuga CC CPCN or at least every six months, with, the first report being due 30 days after the Final Order is issued in this Cause.
2. Duke Energy Indiana agrees to pause demolition activity on the Cayuga coal units as necessary to accommodate the RFP Process, and to not restart any demolition activity until the RFP Process is complete and the Commission approves continuation of the demolition through an entry in this docket, or other order.
3. Duke Energy Indiana agrees not to retire or cease commercial operation of the Cayuga coal units before December 31, 2028, unless continued operation becomes unlawful, infeasible, or impractical due to governmental, environmental, or regulatory mandates, orders or rules, catastrophic failure, force majeure, or other events beyond its control. In such cases, Duke Energy Indiana will provide timely notice to the Commission and parties with supporting documentation.

Subject to these same limitations, Duke Energy Indiana intends to operate the Cayuga coal units through their currently forecasted retirement dates in 2029 and 2030 in accordance with good utility practice. In the event the RFP winner requests additional investments, such additional investments should be included in the purchase price.

4. Subject to Section 2.F.3 above, Duke Energy Indiana agrees to continue operating the Cayuga coal units while the RFP Process is pending. The Company retains the right to make capital investments it deems prudent to maintain safe and reliable operation of the coal units in accordance with good utility practice, and to seek retail rate recovery of such expenditures. Nothing in this Settlement Agreement shall require or guarantee any specific level of dispatch, run time, or capacity utilization. The Cayuga coal units will be dispatched based on economic, reliability, and system needs, in accordance with applicable MISO rules and protocols.
5. Duke Energy Indiana should be authorized to defer and recover the costs associated with the Feasibility Study and RFP Process, including any additional costs for the Cayuga CC Project that are attributable to the Feasibility Study and/or the RFP Process. Such recovery shall occur in the ongoing review proceedings for the Cayuga CC Project and shall include carrying costs at Duke Energy Indiana's then currently approved weighted average cost of capital (WACC).
6. Duke Energy Indiana may (but shall not be compelled to) purchase capacity or energy from potential RFP third party purchasers, subject to demonstrating need and future Commission approval.
7. Duke Energy Indiana agrees that if the RFP Process results in the sale of the Cayuga coal unit(s), including any change to the scope of existing facilities intended to be reused (as listed in Section 2.B.6 above), Duke Energy Indiana will make a compliance filing in an ongoing review proceeding for the Cayuga CC Project itemizing those facilities and costs.
8. Duke Energy Indiana agrees any realized net proceeds from the potential sale of the Cayuga coal units will flow to Duke Energy Indiana customers, which will be reviewed in a subsequent Commission filing. For the avoidance of doubt, realized net proceeds shall mean the gross proceeds received by Duke Energy Indiana from any sale of the Cayuga coal unit(s), less any remaining net book value, site remediation costs, demolition costs, transaction costs, and other reasonable and prudently incurred expenses associated with the sale. The Settling Parties acknowledge that realized net proceeds may reflect a gain or a loss and agree that Duke Energy Indiana shall recover its remaining investment and reasonably incurred costs prior to providing any net proceeds to customers.

9. Settling Parties agree that Duke Energy Indiana's plan, as proposed in this proceeding and as modified by this Settlement Agreement, is a reasonable plan consistent with Governor Braun's Executive Order 25-50, Ensuring Economic Opportunity and Indiana's Energy Future by Supporting Life Extensions for Coal Energy Generation and Assessing Natural Gas Supplies.
10. Duke Energy Indiana agrees to act in good faith and shall diligently complete the Feasibility Study and RFP Process and its commitments under this Agreement, including seeking or maintaining any necessary documentation, consents, permits, or approvals within its control, as may be reasonably required to evaluate the potential for continued operations of one or both coal units by a third party.

G. Presentation of the Settlement Agreement to the Commission and the Public.

1. The Settling Parties agree to file a Notice of Settlement that requests the Commission continue the Evidentiary Hearing scheduled to begin on June 19, 2025, and request a settlement procedural schedule which will still permit the Commission to issue a Final Order in this Cause within 240-days (by October 11, 2025).
2. The Settling Parties shall file testimony specifically supporting the Settlement Agreement. The Settling Parties agree to provide each other with an opportunity to review drafts of testimony supporting the Settlement Agreement and to consider the input of the other Settling Parties. Such evidence, together with the evidence previously pre-filed in this Cause, will be offered into evidence without objection and the Settling Parties hereby waive cross-examination of each other's witnesses. The Settling Parties submit this Settlement Agreement and related evidence conditionally, and if the Commission fails to approve this Settlement Agreement in its entirety without any change or condition(s) unacceptable to any Settling Party, the Settlement and supporting evidence shall be withdrawn, and the Commission will continue to hear Cause No. 46193 with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.
3. A Commission Order approving this Settlement Agreement shall be effective immediately, and the agreements contained herein shall be unconditional, effective, and binding on all Settling Parties upon incorporation and approval in a Final Order of the Commission.

4. Each Settling Party will submit public news releases and social media statements, in any, related to the Settlement Agreement to all Settling Parties for prior approval.

H. Effect and Use of Settlement Agreement.

1. It is understood that this Settlement Agreement is reflective of a negotiated settlement, and neither the making of this Settlement Agreement nor any of its provisions shall constitute an admission by any Settling Party in this or any other litigation or proceeding except to the extent necessary to implement and enforce its terms. It is also understood that each and every term of this Settlement Agreement is in consideration and support of each and every other term.
2. Neither the making of this Settlement Agreement (nor the execution of any of the other documents or pleadings required to effectuate the provisions of this Settlement Agreement), nor the provisions thereof, nor the entry by the Commission of a Final Order approving this Settlement Agreement, shall establish any principles or legal precedent applicable to Commission proceedings other than those resolved herein.
3. This Settlement Agreement shall not constitute and shall not be used as precedent by any person or entity in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce this Settlement Agreement.
4. This Settlement Agreement is solely the result of compromise in the settlement process and except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any Settling Party may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.
5. The Settling Parties agree the evidence in support of this Settlement Agreement constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Settlement Agreement, as filed. The Settling Parties shall prepare and file an agreed proposed order with the Commission as soon as reasonably possible after the filing of this Settlement Agreement and the final evidentiary hearing.
6. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be confidential, without prejudice to the position of any Settling Party, and

are not to be used in any manner in connection with any other proceeding or otherwise.

7. The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their respective clients, and their successor and assigns, which will be bound thereby.
8. The Settling Parties shall not appeal or seek rehearing, reconsideration, or a stay of the Commission Order approving this Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement).
9. The provisions of this Settlement Agreement shall be enforceable by any Settling Party upon approval and incorporation into a Final Order first before the Commission and thereafter in any state court of competent jurisdiction, as necessary.
10. This Settlement Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

ACCEPTED AND AGREED this 17th day of June, 2025.

[SIGNATURE PAGES FOLLOW]

RELIABLE ENERGY, INC.

A handwritten signature in dark ink, reading "Kristina Kern Wheeler". The signature is fluid and cursive, with a horizontal line drawn underneath the name.

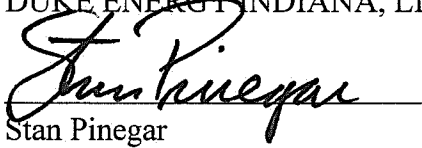
Kristina Wheeler

Bose McKinney & Evans LLP

Counsel for Reliable Energy, Inc.

[This is a signature page to the June 17, 2025 Settlement Agreement in Indiana Utility
Regulatory Commission Cause No. 46193.]

DUKE ENERGY INDIANA, LLC

A handwritten signature in black ink, appearing to read "Stan Pinegar", written over a horizontal line.

Stan Pinegar

President

Duke Energy Indiana, LLC

[This is a signature page to the June 17, 2025 Settlement Agreement in Indiana Utility
Regulatory Commission Cause No. 46193.]

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF DUKE ENERGY INDIANA,)
LLC (“DUKE ENERGY INDIANA”) PURSUANT TO IND.)
CODE CHS. 8-1-8.5, 8-1-8.8, AND IND. CODE §§ 8-1-2-0.6)
AND 8-1-2-23 FOR (1) ISSUANCE OF A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY (“CPCN”))
PURSUANT TO IND. CODE CH. 8-1-8.5 TO CONSTRUCT)
TWO COMBINED CYCLE (“CC”) NATURAL GAS UNITS,)
AT APPROXIMATELY 738 MEGAWATTS (WINTER)
RATING) EACH, AT THE EXISTING CAYUGA)
GENERATING STATION (“CAYUGA CC PROJECT”); (2)) CAUSE NO. 46193
APPROVAL OF THE CAYUGA CC PROJECT AS A)
CLEAN ENERGY PROJECT AND AUTHORIZATION)
FOR FINANCIAL INCENTIVES INCLUDING TIMELY)
COST RECOVERY THROUGH CONSTRUCTION WORK)
IN PROGRESS (“CWIP”) RATEMAKING THROUGH A)
GENERATION COST ADJUSTMENT (“GCA”) TRACKER)
MECHANISM UNDER IND. CODE CH. 8-1-8.8; (3))
AUTHORITY TO RECOVER COSTS INCURRED IN)
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APPROVAL OF THE BEST ESTIMATE OF COSTS OF)
CONSTRUCTION ASSOCIATED WITH THE CAYUGA)
CC PROJECT; (5) APPROVAL OF CHANGES TO DUKE)
ENERGY INDIANA’S ELECTRIC SERVICE TARIFF)
RELATING TO THE PROPOSED GCA TRACKER)
MECHANISM; (6) APPROVAL OF SPECIFIC)
RATEMAKING AND ACCOUNTING TREATMENT; AND)
(7) ONGOING REVIEW OF THE CAYUGA CC PROJECT)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement Agreement”) is entered into as of this 11th day of July, 2025, by and between Duke Energy Indiana, LLC (“Duke Energy Indiana”) and the Duke Industrial Group (“IG”) (together, the “Settling Parties” and each, individually, a “Settling Party”). The Settling Parties, solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts, and counsel, stipulate and agree that the terms and conditions set forth below represent a fair, just, and reasonable resolution of the issues in this Cause, subject to their incorporation by the Indiana Utility Regulatory Commission (“Commission”) into a final, non-appealable order (“Final Order”) without any modification or further condition that is not acceptable to any Settling Party. If the Commission does not approve this Agreement, in its entirety, the entire Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

I. SETTLEMENT TERMS AND CONDITIONS

Subject to the settlement provisions below, IG will support the relief Duke Energy Indiana requested in this proceeding. All items and issues not specifically addressed in this Settlement Agreement shall be approved as proposed by Duke Energy Indiana. The terms and conditions set forth in this Settlement Agreement are as follows:

A. CPCN, Ratemaking, and Cost Estimate.

1. Settling Parties agree Duke Energy Indiana shall receive a certificate of public convenience and necessity ("CPCN") for the Cayuga CC Project, including forward-looking construction work in progress ("CWIP") ratemaking treatment as proposed by Duke Energy Indiana.
2. Settling Parties agree the currently forecasted best estimate of cost remains at \$3,332,623,420, as set forth in Duke Energy Indiana's case-in-chief, inclusive of allowance for funds used during construction ("AFUDC") in the same amount as set forth in Duke Energy Indiana's case-in-chief. In other words, the estimated AFUDC is still \$12,616,539 and the best estimate of costs approved by the Commission still will be \$3,320,006,881 plus actual AFUDC.
3. If the projected actual costs excluding AFUDC exceed the current estimate set forth in Paragraph 2 above of \$3,320,006,881 during the Cayuga CC Project construction period, Duke Energy Indiana will request approval of an updated cost estimate for the CPCN in a future ongoing review proceeding, in a Generation Cost Adjustment ("GCA") subdocket proceeding.
4. Duke Energy Indiana anticipates that the engineering, procurement, and construction ("EPC") contract will be executed no later than two weeks after Commission approval of the CPCN and that its first GCA subdocket filing will be filed within one month of CPCN approval. Upon the execution of the EPC contract, Duke Energy Indiana expects that the amount of contingency as identified in Highly Confidential Attachment 3-B (JRS) included in the cost estimate above will be at least <BEGIN CONFIDENTIAL> [REDACTED] <END CONFIDENTIAL> (i.e., approximately <BEGIN CONFIDENTIAL> [REDACTED] <END CONFIDENTIAL> % of the Sub Total Project Cost shown in Highly Confidential Attachment 3-B (JRS)), and that the best estimate will remain at \$3,320,006,881, plus actual AFUDC (currently estimated at \$12,616,539).¹ Once the EPC price has been adjusted for known changes to support EPC contract and exhibit finalization, Duke Energy Indiana will file an updated Highly Confidential Attachment 3-B (JRS) with the Commission. If the contingency is less than <BEGIN CONFIDENTIAL> [REDACTED] <END CONFIDENTIAL> upon execution of the EPC or the best estimate is higher than the current estimate of \$3,320,006,881 plus

¹ This commitment assumes a Commission order before the end of October 2025. <BEGIN CONFIDENTIAL> [REDACTED] <END CONFIDENTIAL>

actual AFUDC, then Duke Energy Indiana shall submit additional evidence in the first GCA subdocket proceeding explaining why the amount of contingency included and the best estimate at that time remains reasonable and prudent or shall otherwise request a modification of the CPCN. The additional evidence shall include a rerun of the same 2024 IRP analysis, inclusive of the six generation strategies (convert/Co-fire Coal, Retire Coal, Blend 1, Blend 2, Blend 4, and Exit Coal Earlier) in the Reference Scenario with the capital costs of the combined cycle units or combustion turbines increased commensurate with the best estimate of cost for the Cayuga CC Project plus an assumption that the contingency is at least <BEGIN CONFIDENTIAL> [REDACTED] <END CONFIDENTIAL> to confirm that a similar amount of combined cycle capacity is still reasonable in the early 2030 timeframe. The Settling Parties agree if the additional analysis is similar to the results of the high CC/CT cost case included in the 2024 IRP, then the CC Project remains reasonable.

5. Once the lump sum turnkey EPC contract is executed, the EPC total contract price as identified in Highly Confidential Attachment 3-B (JRS) will be established at the amount set forth in the executed contract. The EPC total contract price will be based on the scope of work included when the EPC contract is executed. To the extent the EPC total contract price increases from the amount established in the executed contract, any such increases shall not be recovered unless and until Duke Energy Indiana has provided additional evidence that such updated EPC costs remain reasonable and prudent in a subsequent GCA subdocket proceeding and the IURC has approved. The additional evidence shall demonstrate that notwithstanding the increase in the EPC contract price, Duke Energy Indiana has sufficient contingency, escalation and/or management reserve remaining in its best estimate of costs given the remaining construction timeline. Notwithstanding the foregoing, to the extent the scope of work is modified from the executed EPC contract, the modification in scope shall result in a corresponding modification to the EPC total contract price and shall not trigger the requirement to provide additional evidence.
6. All parties reserve all rights to raise any arguments in the future with respect to cost increases and material regulatory changes affecting Cayuga.

B. Accounting at Retirement.

1. The retirement of the Cayuga coal units will be accounted for as a normal retirement. Any unrecovered remaining net plant and cost of removal, including all applicable decommissioning, demolition, and coal ash closure-related costs will be addressed normally in a subsequent depreciation study. Any remaining tax basis will be factored into the tax gain/loss calculation with the associated accumulated deferred income taxes being included in Duke Energy Indiana's accumulated deferred income tax balance.
2. Upon retirement of the Cayuga coal units as a normal retirement, book depreciation expense of those units will cease per normal accounting practice. At retirement, an envelope will be created around the Cayuga facility (the coal units plus the new CC units) encompassing the total book depreciation expense of the facility, adjusted to exclude any costs authorized for recovery in other trackers currently or in the future that are not

reflected in base rates at the time. If the adjusted total book depreciation expense is higher than what is in base rates for the Cayuga coal units at the time of retirement, then the incremental amount will flow to customers as a cost through the GCA. If the adjusted total book depreciation expense is less than what is in base rates for the Cayuga coal units at the time of retirement, then the difference will flow to customers as a credit through the GCA. Any incremental depreciation expense incurred on the Cayuga CC Project prior to a Cayuga coal unit retirement will flow to customers through the GCA, as proposed by Duke Energy Indiana.

3. To the extent any remaining materials and supplies inventory is not transferred and/or repurposed at other Duke Energy facilities, Duke Energy Indiana will attempt to liquidate the inventory after retirement via market transaction for the fuel and material and supplies. Any remaining materials and supplies inventory at retirement of the Cayuga coal units will be recorded as a regulatory asset to be considered for recovery in a future rate case. At that time, parties and the Commission will be able to review the actions taken by Duke Energy Indiana to manage the end-of-life inventory in advance of retirement.

C. Operation and Maintenance.

At retirement, an envelope will be created around the Cayuga facility (the coal units plus the new CC units) encompassing the total O&M costs of the facility, adjusted to exclude any costs authorized for recovery in other trackers currently or in the future that are not reflected in base rates at the time. If the adjusted total O&M cost is higher than what is in base rates for the Cayuga coal units at the time of retirement, then the incremental amount will flow to customers as a cost through the GCA. If the adjusted total O&M cost is less than what is in base rates for the Cayuga coal units at the time of retirement, then the difference will flow to customers as a credit through the GCA. Any incremental O&M costs incurred on the Cayuga CC Project prior to a Cayuga coal unit retirement will flow to customers through the GCA, as proposed by Duke Energy Indiana.

D. Depreciation.

Duke Energy Indiana will depreciate the Cayuga CCs using a 40-year operating life, until a formal depreciation study is conducted and a final order adjudicating the depreciation study is issued. The Settling Parties reserve all rights to raise all issues related to depreciation of the Cayuga CCs in future proceedings.

E. Regulatory Asset/Deferral.

1. Duke Energy Indiana will withdraw its request to defer and recover as a regulatory asset past costs associated with the incremental costs incurred in connection with its 2021 integrated resource plan and request for proposal processes (approximately \$882,186) and agrees to not seek recovery of these costs in any future proceeding.

2. Duke Energy Indiana will withdraw its request in this proceeding to defer and recover as a regulatory asset (1) costs associated with the incremental costs incurred in connection with its 2024 integrated resource plan and request for proposal processes (approximately \$518,564); and (2) costs associated with external support related to potential property tax incentives (approximately <BEGIN CONFIDENTIAL> [REDACTED] <END CONFIDENTIAL>). All parties reserve their rights with respect to the recovery of such costs as may be requested in future proceedings.
3. Duke Energy Indiana will withdraw its request in this proceeding to defer future new generation-related plan development, preliminary engineering, testing and pre-construction cost. All parties reserve their rights with respect to the recovery of such costs as may be requested in future proceedings.

F. Pipeline Costs.

Duke Energy Indiana will recover costs of Rockies Express Pipeline firm natural gas transportation (“REX FT”), including both the East to West and the West-to-East Firm Transportation component, and costs of the CenterPoint natural gas lateral based on production demand via the FAC.

G. Duke Energy Indiana – Reliable Energy, Inc. (“REI”) Settlement.

1. Duke Energy Indiana plans to retire the Cayuga coal units from its portfolio and replace that capacity with the Cayuga CC Project pursuant to the requirements of HEA 1007 (2025) and will follow the feasibility study and request for proposal (“RFP”) process laid out in the June 17, 2025 Settlement Agreement between REI and Duke Energy Indiana to determine whether the coal units may be purchased by a third party. IG will not oppose the settlement agreement with REI, subject to the modifications set forth in Section I.G herein and non-waiver provisions identified in Section I.H herein. This Settlement Agreement operates independently of the June 17, 2025 Duke Energy Indiana and REI Settlement Agreement, except as described in this Section I.G and Section I.H, and does not otherwise affect the rights or obligations established in the June 17, 2025 Duke Energy Indiana and REI Settlement Agreement.
2. If the RFP process results in positive realized net proceeds due to a sale of the Cayuga coal units, Duke Energy Indiana may recover up to \$1,500,000 of the Feasibility Study and RFP process costs (excluding carrying costs), but only up to the amount of the realized net proceeds if less than \$1,500,000. If the RFP does not result in positive realized net proceeds, none of these costs will be recovered from customers.
3. Non-Duke Energy Indiana parties reserve all rights to raise any issues related to continued operation of the Cayuga coal units in the event that emergent issues arise (either prior to or after their currently forecasted retirement dates in 2029 and 2030) that results in materially increased costs to Duke Energy Indiana to operate the coal units. This includes, but is not limited to, material increases in capital costs, O&M, and fuel costs.

4. Duke Energy Indiana will keep all parties who have intervened in Cause No. 46193 and the OUCC apprised of the status of the Feasibility Study and RFP process. This provision of information includes, at a minimum, provision of the following information. However, to the extent that a party who intervened in Cause No. 46193 has a competitive interest in the RFP process, Duke Energy Indiana may designate sensitive information as “attorneys’ eyes only” and provide a high-level, non-confidential version of information that can be shared with that party. The Non-Duke Energy Indiana parties’ receipt of the information provided by Duke Energy Indiana in no way constitutes waiver by the Non-Duke Energy Indiana parties of any issue in any future proceeding:
 - i. 30-60 days after completion of the Feasibility Study, Duke Energy Indiana will hold a meeting with all interested parties who have intervened in Cause No. 46193 and the OUCC to apprise them of the status and progress of the Feasibility Study;
 - ii. Within three business days of completion of the Feasibility Study, Duke Energy Indiana will provide a copy of the Feasibility Study to all parties who have intervened in Cause No. 46193 and the OUCC, subject to a non-disclosure agreement (“NDA”);
 - iii. At least 30 days prior to issuing the RFP, Duke Energy Indiana will provide a copy of the proposed RFP to all parties who have intervened in Cause No. 46193 and the OUCC, subject to an NDA; and
 - iv. If the RFP Process results in a sale of the Cayuga coal units, Duke Energy Indiana will provide a copy of the sales contract to all parties who intervened in Cause No. 46193 and the OUCC within five business days, subject to an NDA with both Duke Energy Indiana and the winning bidder.

H. Reservation of Rights.

Non-Duke Energy Indiana parties reserve all rights to raise all arguments regarding the terms of any agreement regarding the future disposition of the Cayuga coal units in any future proceeding. This reservation of rights includes, but is not limited to, the following:

1. Duke Energy Indiana specifically agrees that non-Duke Energy Indiana parties do not waive any rights to challenge any aspect of any future sale or other disposition of the Cayuga coal units and resulting impact on ratepayers; and
2. Duke Energy Indiana also specifically agrees that non-Duke Energy Indiana parties are not precluded by res judicata, by settlement, or on any other basis from (1) challenging the scope of proceeds that should flow to customers as the result of any sale of the Cayuga coal units in any future proceeding; and (2) raising any arguments that Duke Energy Indiana cannot recover any losses as the result of a sale in a future proceeding.

II. PRESENTATION OF THE SETTLEMENT AGREEMENT TO THE COMMISSION AND THE PUBLIC

- A. The Settling Parties agree to file this Settlement Agreement and request the Commission continue the Evidentiary Hearing scheduled to begin on August 1, 2025, and request a settlement procedural schedule which will still permit the Commission to issue a Final Order in this Cause within 240-days (by October 11, 2025).
- B. The Settling Parties shall file testimony specifically supporting the Settlement Agreement. The Settling Parties agree to provide each other with an opportunity to review drafts of testimony supporting the Settlement Agreement and to consider the input of the other Settling Parties. Such evidence, together with the evidence previously pre-filed in this Cause, will be offered into evidence without objection and the Settling Parties hereby waive cross-examination of each other's witnesses. The Settling Parties submit this Settlement Agreement and related evidence conditionally, and if the Commission fails to approve this Settlement Agreement in its entirety without any change or condition(s) unacceptable to any Settling Party, the Settlement and supporting evidence shall be withdrawn, and the Commission will continue to hear Cause No. 46193 with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.
- C. A Commission Order approving this Settlement Agreement shall be effective immediately, and the agreements contained herein shall be unconditional, effective, and binding on all Settling Parties upon incorporation and approval in a Final Order of the Commission.
- D. Each Settling Party will submit public news releases and social media statements, if any, related to the Settlement Agreement to all Settling Parties for prior approval.

III. EFFECT AND USE OF SETTLEMENT AGREEMENT

- A. It is understood that this Settlement Agreement is reflective of a negotiated settlement, and neither the making of this Settlement Agreement nor any of its provisions shall constitute an admission by any Settling Party in this or any other litigation or proceeding except to the extent necessary to implement and enforce its terms. It is also understood that each and every term of this Settlement Agreement is in consideration and support of each and every other term.
- B. Neither the making of this Settlement Agreement (nor the execution of any of the other documents or pleadings required to effectuate the provisions of this Settlement Agreement), nor the provisions thereof, nor the entry by the Commission of a Final Order approving this Settlement Agreement, shall establish any principles or legal precedent applicable to Commission proceedings other than those resolved herein.
- C. This Settlement Agreement shall not constitute and shall not be used as precedent by any person or entity in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce this Settlement Agreement.

- D. This Settlement Agreement is solely the result of compromise in the settlement process and except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any Settling Party may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.
- E. The Settling Parties agree the evidence in support of this Settlement Agreement constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Settlement Agreement, as filed. The Settling Parties shall prepare and file an agreed proposed order with the Commission as soon as reasonably possible after the filing of this Settlement Agreement and the final evidentiary hearing.
- F. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be confidential, without prejudice to the position of any Settling Party, and are not to be used in any manner in connection with any other proceeding or otherwise.
- G. The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their respective clients, and their successor and assigns, which will be bound thereby.
- H. The Settling Parties shall not appeal or seek rehearing, reconsideration, or a stay of the Commission Order approving this Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement).
- I. The provisions of this Settlement Agreement shall be enforceable by any Settling Party upon approval and incorporation into a Final Order first before the Commission and thereafter in any state court of competent jurisdiction, as necessary.
- J. This Settlement Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

ACCEPTED AND AGREED this 11th day of July, 2025.

[SIGNATURE PAGES FOLLOW]

DUKE ENERGY INDIANA, LLC

A handwritten signature in black ink, appearing to read "Stan Pinegar", written over a horizontal line.

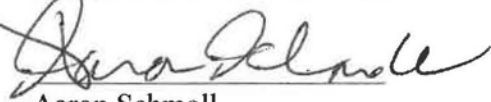
Stan Pinegar

President

Duke Energy Indiana, LLC

[This is a signature page to the July 11, 2025 Settlement Agreement in Indiana Utility Regulatory Commission Cause No. 46193.]

DUKE INDUSTRIAL GROUP

A handwritten signature in black ink, appearing to read "Aaron Schmoll", written over a horizontal line.

Aaron Schmoll

Lewis & Kappes, P.C.

Counsel for Duke Industrial Group

[This is a signature page to the July 11, 2025 Settlement Agreement in Indiana Utility Regulatory Commission Cause No. 46193.]