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August 19, 2021

Ms. Beth E. Heline
General Counsel
Indiana Utility Regulatory Commission
101 W. Washington St. Ste. 1500 East
Indianapolis, IN 46204-3407

Re: CenterPoint Energy Comments on Securitization Rulemaking, RM #12-02

Dear Beth,

CenterPoint Energy Indiana South ("CenterPoint Energy") appreciates the effort the Indiana Utility Regulatory Commission ("Commission"), through its staff, invested in developing strawman rules to implement Senate Bill 386, codified at Ind. Code chpt. 8-1-40.5. Our team has reviewed the strawman and suggested some further refinement for the Commission's consideration. We have attached a redline of the proposed rules to this communication identifying some language changes we believe merit consideration. Below, we outline the rationale for these suggestions.

Section 1:

We are suggesting a small revision to Section 1 to ensure the rule matches the purpose of Senate Bill 386—specifically allowing the securitization of generation assets.

Section 4:

(b) We suggest deleting the phrase "at a minimum" because the phrase is unnecessary and adds potential confusion. The definition already states that the case-in-chief must include the items outlined in section 5(c). There is no need to add confusion about the definition by noting that the case-in-chief must include these items "at a minimum"—that is the purpose of the preceding language.

(e) CenterPoint Energy is suggesting a more comprehensive definition of removal. The proposed language is self-explanatory.

(g) CenterPoint Energy has suggested a definition for the term traditional ratemaking to minimize the risk of disputes about the comparison necessary to substantiate the benefits of securitization.

Section 5:

(b) Subsection (b)(3) could be simplified with the language proposed by CenterPoint Energy. Senate Bill 386 does not call for such a synchronization between the electric utility's total rate base and the timing for securitization of the bonds, and such synchronization may be difficult because the time when the bonds will be issued can only be estimated at the time the petition

is filed, creating a perception of a false certainty. The Commission need not restrain its consideration beyond the language in Senate Bill 386.

(c)(1) CenterPoint Energy has suggested revisions to Subsection (c)(1) that clarifies the language and combines the concepts with the Commission's proposed Subsection (c)(3) (we have deleted this subsection). Moreover, "linking" or "mapping" the qualified costs to the rates currently in effect may be futile in many circumstances. Rates are based on a snapshot in time that no longer exists, and the qualified costs of an asset that may have been depreciating for many years beyond when the snapshot in time was taken is not possible. CenterPoint Energy suggests instead that a case-in-chief clearly identify how the assets that make up the qualified costs are recorded on the electric utility's accounting system and, to the extent associated costs are recovered through retail rates, identify how those costs are recovered (whether through base rates or alternative rate mechanisms) to ensure the Commission and stakeholders understand proposed adjustments to rates.

(c)(2) We have suggested some changes to this section to ensure the case-in-chief is not rendered so voluminous, rendering analysis difficult. As written, the strawman could be construed as requiring the electric utility to present, as part of its case-in-chief, every document that somehow supports the analysis in this subsection. Some of the documents underlying these assumptions will not need to be presented to enable the Commission and stakeholders to understand the assumptions used in this analysis. For example, a utility may rely a consumer price index (CPI) or other industry standard to arrive at a discount rate that can be easily verified through available electronic resources. There is no benefit to obligating the electric utility to attach every document that may support the basis for its discount rate. Such a requirement may be utilized by a party that opposes the proceeding to dream-up some remote document that somehow underpins the discount rate to claim the securitization should not be approved. While the Commission will be well situated to sift through such claims, the Indiana Supreme Court appears to be limiting the deference it pays to the Commission's construction of its own rules and may conclude the rule's reference to "supporting assumptions and documentation" should be construed as all such documents, regardless of their actual usefulness in evaluating a proposal, and reverse Commission approval.

(c)(4) We are unclear what is mean by the requirement to identify the use of securitization bond proceeds and accounting entries. We believe clarity in this section is improved by simplifying requiring evidence that describes the use of securitization bond proceeds and the accounting entries at receipt of bond proceeds.

(c)(5) We are suggesting a similar revision to this Subsection to remove the term "identification" for the reasons described in Subsection (c)(4). We also suggested some additional clarity concerning the mechanism to return savings to customers to reflect that it is costs associated with the qualified costs that are being reflected in the mechanism.

(c)(6) We suggested some tweaks to this Subsection to add greater clarity to the tariffs that need to be included with the case-in-chief. Rather than referring to "supporting documentation" we suggest providing the workpapers that support the tariffs. The Commission

staff and stakeholders that participate in Commission proceedings are accustomed to seeing workpapers.

(c)(7) See the discussion in Subsection (c)(4) for the explanation for this suggestion.

(c)(8) We added this subsection because we believe this evidence is a critical component by the Commission and stakeholders will need to understand to evaluate the proposed securitization.

(c)(9) We suggested some clarification that the relevant plan is the 7-year capital plan, in accordance with the statutory language. We understand the strawman was seeking to incorporate the language of the statute in encouraging investment in renewable resources, but the requirement to justify investment that isn't a renewable resource is out of step with the statute, which requires the Commission to encourage investment in renewable resources, not justify investment that isn't a renewable resource. We believe this is better accomplished by allowing the electric utility to explain its proposed capital investment, recognizing the importance of an emphasis on renewable resources.

(c)(10) The Commission should specifically lave itself discretion to determine whether the schedules and supporting documentation are necessary to evaluate the relief sought by an electric utility. Absent the reservation of discretion for the Commission, an appeals court may strictly enforce the rule and reverse a commission order if an appellant can identify some supporting document or "basis" that supported the relief but was not included in the case-in-chief, regardless of whether such document was necessary to evaluate the requested relief.

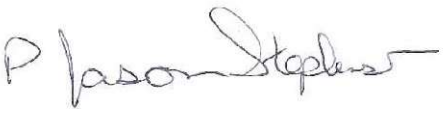
(c)(15) We have also proposed adding an issuance advice letter to part of the case-in-chief. The issuance advice letter is from the Commission and establishes items like the total qualified costs, compliance with issuance standards and identification of the securitization charges. The letter is issued in conjunction with issuance of the bonds. Gaining agreement among this letter during the proceeding will aid the process after issuance of the financing order.

<u>Section 6:</u>

We have modified the language in Section 6 to remove the obligation of the utility to notify anybody it "thinks" may be likely to intervene. This is a nebulous standard and is unnecessary given the significant notice that must be made regarding the filing.

CenterPoint Energy appreciates the opportunity to comment on these proposed rules and intends to continue participating in this important process.

Sincerely,



P. Jason Stephenson
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