

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANA MICHIGAN POWER)
COMPANY (I&M), AN INDIANA CORPORATION, FOR)
APPROVAL OF A CLEAN ENERGY SOLAR PILOT)
PROJECT (CESPP); FOR DECLINATION OF)
JURISDICTION OR ISSUANCE OF A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY FOR CESPP;)
FOR APPROVAL OF ACCOUNTING AND RATEMAKING,)
INCLUDING TIMELY RECOVERY OF COSTS INCURRED)
DURING CONSTRUCTION AND OPERATION OF CESPP)
THROUGH A SOLAR POWER RIDER; FOR APPROVAL OF)
CESPP DEPRECIATION PROPOSAL; FOR AUTHORITY TO)
DEFER CESPP COSTS UNTIL SUCH COSTS ARE)
REFLECTED IN THE SOLAR POWER RIDER OR)
OTHERWISE REFLECTED IN I&M'S BASIC RATES AND)
CHARGES; AND FOR APPROVAL OF A GREEN POWER)
RIDER.)

CAUSE NO. 44511

OUCC PREFILED TESTIMONY

OF

RONALD L. KEEN - PUBLIC EXHIBIT #1

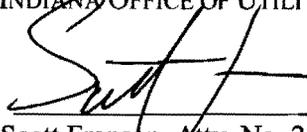
ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

SEPTEMBER 17, 2014

Respectfully Submitted,

INDIANA OFFICE OF UTILITY CONSUMER



Scott Franson, Atty. No. 27839-49
Deputy Consumer Counselor

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Office of Utility Consumer Counselor Testimony of Ronald L. Keen* has been served upon the following counsel of record in the captioned proceeding by electronic service and/or by depositing a copy of same in the United States mail, first class postage prepaid, on September 17, 2014.

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AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



By: Ronald L. Keen
Indiana Office of
Utility Consumer Counselor

SEPT. 17, 2014

Date:

DIRECT TESTIMONY OF RONALD L. KEEN
CAUSE NO. 44511
INDIANA MICHIGAN POWER COMPANY

I. INTRODUCTION AND WITNESS QUALIFICATIONS

1 **Q: Please state your name and your business address.**

2 A: My name is Ronald L. Keen. My business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by the Indiana Office of Utility Consumer Counselor (OUCC) as
6 a Senior Analyst within the Resource Planning and Communication (RPC)
7 Division.

8 **Q: Have you previously testified before the Indiana Utility Regulatory**
9 **Commission (Commission)?**

10 A: Yes. I have testified in a number of Commission dockets on a variety of
11 telecommunications and energy utility issues, including dockets concerning
12 solar and wind farms and the related Purchase Power Agreements (PPA).

13 **Q: What have you done to identify and investigate issues presented in this**
14 **case?**

15 A: I've reviewed the Petition and Direct Testimony filed by Indiana Michigan
16 Power Company (I&M or Petitioner) regarding the proposed Clean Energy
17 Solar Pilot Project (CESPP). I also reviewed various filings and Commission
18 orders issued in a number of wind generation CPCN and PPA cases,¹ as well as

¹ Those cases include, without limitation:

(a) requests for declination of Commission jurisdiction over:

(i) Meadow Lake Wind Farm LLC, Cause Nos. 43678 and 43602 (2009);
(ii) Hoosier Wind Project, Cause No. 43484 (2008); and

1 the recent Indianapolis Power and Light (IPL) petition/final order for Indy Solar
2 I, LLC; Indy Solar II, LLC; and Indy Solar III, LLC (Indy Solar).² I participated
3 in informal meetings with Petitioner and other OUCC staff. Finally, I read the
4 December 2011 report *Indiana Electricity Projections: The 2011 Forecast*,
5 issued by the State Utility Forecasting Group (SUFUG) at Purdue University.

6 **Q: What is the purpose of your testimony?**

7 A: First, I will provide an overview of Petitioner's proposed Clean Energy Solar
8 Pilot Project (CESPP). I briefly discuss environmental issues associated with
9 utility-scale solar energy projects. I will also propose periodic reporting
10 requirements for the CESPP. Additionally, I will discuss the OUCC's view of
11 I&M's proposed voluntary Green Power Rider. Finally, I will propose
12 reporting requirements for the Green Power Program and recommend the
13 Commission approve the requested relief.

II. I&M CLEAN ENERGY SOLAR PILOT PROJECT

14 **Q: What is Petitioner requesting from the Commission?**

15 A: Pursuant to Indiana Code § 8-1-8.5, Petitioner is requesting the Commission
16 decline to exercise jurisdiction to the extent necessary and in the alternative
17 grant I&M a certificate of public convenience and necessity for the CESPP.

(iii) Fowler Ridge Wind Farm, Cause No. 43338 (2007); and

(b) other requests concerning purchase power agreements (PPAs) between:

(i) Benton County Wind Farm and Vectren, Cause No. 43259 (2007);

(ii) Fowler Ridge Wind Farm and Indiana & Michigan Power, Cause No. 43328 (2007); and

(iii) Benton County Wind Farm and Duke, Cause No. 43068 (2006).

² Indiana Utility Regulatory Commission Cause No. 44304.

1 I&M is also requesting the cost estimate, accounting and ratemaking treatment,
2 proposed Solar Power Rider and proposed Green Power Rider be approved.³

3 **Q: Please describe Petitioner's proposed CESPP.**

4 A: The CESPP, as proposed, would consist of five (5) separate electric generation
5 facilities totaling approximately sixteen (16) megawatts (MWs) with each
6 facility sized from 1 to 5 MWs. The revenue requirement associated with the
7 CESPP would be recovered through an annual Solar Power Rider filing.

8 **Q: Has Petitioner requested the use of public rights-of-way, eminent domain
9 or other rights and powers of an Indiana utility in this Petition?**

10 A: No.

11 **Q: What is the typical lifespan for these types of solar facilities?**

12 A: Typically, solar panels for these types of facilities have a warranty period of 25
13 years. In the past, Petitioners for similar types of facilities have explained to the
14 OUCG that the inverter systems associated with these types of facilities may
15 require some overhaul prior to 25 years, but the infrastructure, panels, and
16 overall facility generally can remain operational well-beyond 25 years with
17 proper maintenance and upkeep. Based on discussions with Petitioner, the
18 OUCG believes this would be the case for these projects as well.

III. ENVIRONMENTAL ISSUES

19 **Q: Is the OUCG aware of any environmental issue associated with the
20 construction and operation of solar energy generation facilities such as
21 this?**

22 A: Yes. While solar energy generation facilities pose little danger to the
23 environment once operational, there should be some attention paid to potential

³ Petition filed in this cause dated July 7, 2014, page 9, paragraph titled "Relief Requested". .

1 impact to endangered plant and animal life during the construction phase. This
2 could include, but may not be limited to, destruction of habitat used by the
3 Indiana Bat or other endangered species, destruction or contamination of
4 wetland, etc.

5 **Q: Is the OUCC convinced that Petitioner has taken environmental issues**
6 **under consideration in the development of this project?**

7 A: Yes.

IV. GREEN POWER RIDER

8 **Q: Please describe Petitioner's proposed Green Power Rider.**

9 A: As proposed by I&M, the Green Power Rider (GPR) would allow customers to
10 voluntarily subscribe each month to a specific number of Solar Renewable
11 Energy Certificate (SREC) blocks in increments of 50 kWh per block. The
12 source of the SRECs would be any generation from the CESSP or potential
13 future company solar generation resources, and the SREC blocks available to
14 customers to purchase would be limited to 90% of the Company's Indiana retail
15 jurisdictional share of projected SRECs available during the same period. The
16 charge per block will initially be based upon the most applicable vintage of
17 Pennsylvania Solar REC. I&M will retire the SRECs purchased by the GPR
18 customers in the PJM-Generation Attributes Tracking System (GATS).
19 Payment for subscription to the Green Power Rider would be billed to the
20 customer on their normal monthly bill and will appear as a separate line item.⁴
21 A customer may terminate service under the rider by notifying the company at

⁴ Petitioner's Witness Halsey's direct testimony at 11-12.

1 least 30 days prior to the customer's regular scheduled meter reading date.⁵

2 I&M is proposing to update the fixed block rate annually through the 30-Day
3 filing process.⁶ Any associated revenues from the GPR will be reflected as a
4 reduction to the Solar Power Rider (SPR) revenue requirement.⁷

5 **Q: Does the OUCC view I&M's proposed GPR to be reasonable?**

6 A: While the program may be reasonable, the OUCC is concerned about the
7 dynamics of the program being too confusing to customers as to the exact
8 product that I&M is offering through the GPR. I&M's proposed GPR is a
9 different situation than other Indiana utility green power tariffs in that the utility
10 will own the generation that supplies the RECs sold to GPR customers. The
11 construction and operating costs of developing the generation will already be
12 charged to all I&M ratepayers via the proposed SPR. While the issue of double
13 recovery from GPR customers is avoided because the revenues from the GPR
14 will be applied as a credit to all customers in the SPR, I&M's GPR customers
15 will essentially be funding more of the CESPP than other I&M customers. The
16 benefit that GPR customers will receive from the program is that they can claim
17 that a larger portion of their electricity use is supplied by solar energy than the
18 average I&M customer. The OUCC is concerned that I&M's GPR customers
19 may not be fully informed that they are voluntarily choosing to fund more of the
20 CESPP than other I&M ratepayers without this being communicated clearly
21 through both the GPR's marketing materials and tariff language. Therefore, the

⁵ Petitioner's Exhibit CMH-3.

⁶ Halsey Direct at 12, lines 3-5.

⁷ *Id.* at 9, lines 10-11.

1 OUCC recommends that I&M ensure that the wording of the GPR's tariff and
2 the marketing materials accurately reflect the details of the program.

3 **Q: What changes to the proposed GPR's tariff language does the OUCC**
4 **recommend to make it clear for customers?**

5 A: The OUCC recommends I&M change the Conditions of Service under the tariff
6 to reflect the following language:

7 "Customers who wish to **additionally** support the development
8 of electricity generated by **I&M's** solar resources may
9 voluntarily subscribe to purchase each month a specific number
10 of fixed SREC blocks in increments of 50 kWh per block. The
11 Company will retire the SRECs associated with the energy
12 purchased by participating customers on an annual basis upon the
13 receipt of payment from the customer. **The proceeds of this**
14 **rider will be used toward offsetting the cost of the Solar**
15 **Power Rider (SPR) for all customers."** (*Emphasis indicates*
16 *added language.*)

17 Inserting the above language provides a more transparent description of the
18 product the customer is purchasing and how the proceeds will be used to help
19 develop solar resources in I&M's resource portfolio.

20 **Q: What does the OUCC recommend I&M include in its marketing materials**
21 **for the GPR to make the program clear to customers?**

22 A: The OUCC recommends that I&M provide a general explanation about RECs
23 and what they represent. I&M should further explain that the SRECs for the
24 program will be sourced from the CESPP that ratepayers pay for through the
25 SPR and the revenues they contribute through the GPR will offset the cost to all
26 I&M customers through the SPR.

V. RECOMMENDED REPORTING REQUIREMENTS

1 **Q: In recommending approval of the requested relief in this docket, does the**
2 **OUCG propose reporting requirements?**

3 **A:** Yes. However, unlike previous wind case reporting requirements, the OUCG
4 believes a different set of reporting requirements (which can use specific
5 elements from the typical wind reporting requirements) may be required for a
6 solar energy generation facility. With that in mind, the OUCG recommends an
7 initial report to contain (to the extent such information is available) at a
8 minimum, the following:

- 9 1. Project name(s) of the Facility;
- 10 2. Name, title, address and phone number(s) for primary contact
11 person(s) for the Facility;
- 12 3. Specific locational address for the solar energy generation facility;
- 13 4. Number and configuration of arrays and total number of panels for
14 the complete facility;
- 15 5. Anticipated output per panel, per array and total output for the
16 Facility;
- 17 6. Manufacturer, model number, and operational characteristics of
18 each type of panel used in each specific facility;
- 19 7. Copy of all Interconnection System Impact Studies;
- 20 8. Expected in-service (commercial operation) date;
- 21 9. An estimate of the engineering/construction timeline and critical
22 milestones for the Facility;

1 The OUCC also recommends Petitioner file subsequent annual reports as an
2 addendum to Petitioner's Annual Report. Each annual report would contain, as
3 a minimum:

- 4 1. Any changes of the information provided in the Initial Report;
- 5 2. A monthly summarization of the actual output in generation for
6 each facility with a willingness on behalf of Petitioner to provide,
7 upon request, more detailed generation performance data for any
8 specific facility as requested by the OUCC and/or Commission.

9 **Q: Why would the OUCC and/or Commission want additional detailed**
10 **generation performance data from any of these facilities?**

11 A: As the way in which energy is generated continues to change, the OUCC will
12 want to periodically understand and investigate the effectiveness and efficiency
13 of various renewable energy (RE) generation resources, from wind to solar to
14 other less commonly known RE generation assets such as landfill gas, bio-
15 digestion, microhydro, etc.

16 **Q: Is the OUCC recommending additional reporting requirements for I&M's**
17 **Green Power Rider (GPR)?**

18 A: Yes. The OUCC recommends I&M submit an annual report with its annual
19 GPR update filing to inform the Commission, the OUCC, and any other
20 interested parties with the progress of GPR. At the minimum, the following
21 items should be included in the annual report:

- 22 1. A detailed marketing plan and copies of marketing materials sent to
23 program participants;
- 24 2. Number of customers enrolled in the program per month, including the

1 breakdown by residential and C&I customers and by participation level;

2 3. Number of blocks of SRECs sold, including the breakdown of blocks
3 sold by customer class;

4 4. Actual marketing costs for the GPR and a description of the activities
5 encompassing these costs;

6 5. Actual administrative costs for the GPR and a description of the
7 activities encompassing these costs;

8 6. Prices of Pennsylvania Solar RECs as of the beginning of each month of
9 the reporting period; and

10 7. If I&M decides to change the reference market for setting the price of
11 the SREC blocks, the name of the SREC market providing the basis of
12 I&M's updated SREC block price and the market prices of the SREC for
13 each month of the reporting period.

14 The above reporting components are similar to what the OUCC has requested
15 and Commission has approved other Indiana electric utilities report for their
16 green power programs,⁸ modified to fit the structure of I&M's program. These
17 components are necessary for the OUCC and the Commission in reviewing the
18 appropriate block rate for SRECs, confirming the appropriate amount of GPR
19 revenue credit under the SPR, and ensuring that customers are receiving
20 accurate information about the product they are purchasing through the GPR.
21 The OUCC believes filing this annual report with I&M's annual GPR update
22 would be administratively efficient and would provide the OUCC and other

⁸ See Cause Nos. 43251, 43617, 44198, and 44283.

1 interested parties the opportunity to discuss the program's progress in the
2 context of setting the rate for the upcoming year. Furthermore, it would allow
3 the Commission, the OUCC, and any interested parties to address any concerns
4 they have with the marketing of the green power program to I&M's customers.

5 **Q: Does the OUCC agree the annual GPR update should be done through the**
6 **30-day filing process?**

7 **A:** No. No other utility updates their GPR through the 30-day filing process and
8 recent experience in other similar cases has shown there are questions that
9 require the OUCC to ask discovery and there are issues that require analysis not
10 possible within the 30-day timeframe. In addition and specifically regarding
11 this case, the OUCC believes there is a potential for such a filing to be
12 controversial due to the OUCC's concerns about marketing and customer
13 transparency. Therefore, it is not appropriate for I&M to file the GPR update
14 through the expedited 30-day filing process.⁹

VI. OUCC RECOMMENDATIONS

15 **Q: What does the OUCC recommend regarding Petitioner's request?**

16 **A:** The OUCC recommends the Commission:

- 17 1. Approve Petitioner's request for the Commission to decline to exercise
18 jurisdiction over Petitioner's construction, ownership and operation of,
19 and other activities in connection with, the solar project as described in
20 the petition;

⁹ 170 IAC 1-6-1(b).

- 1 2. Order Petitioner to submit reports on the status of this project as
2 recommended in my testimony, and;
- 3 3. Approve Petitioner's request to implement the GPR and SPR. Deny
4 Petitioner's request to file annual GPR updates through the 30-day filing
5 process.

6 **Q: Does this conclude your testimony?**

7 A: Yes.