

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANA)
MUNICIPAL POWER AGENCY (“IMPA”))
FOR COMMISSION APPROVAL TO)
ASSUME THE OBLIGATION OF CERTAIN)
JURISDICTIONAL IMPA MEMBERS TO)
PURCHASE ENERGY AND CAPACITY)
OFFERED BY A QUALIFYING FACILITY)
PURSUANT TO 170 IAC 4-4.1-5(A))

CAUSE NO. 44898

VERIFIED PREFILED TESTIMONY

OF

JACK F. ALVEY

1 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A1. My name is Jack F. Alvey, and my business address is 11610 N. College Avenue,
3 Carmel, Indiana, 46032.

4 **Q2. WHO IS YOUR EMPLOYER?**

5 A2. I am employed by the Indiana Municipal Power Agency ("IMPA"), located at the above
6 address.

7 **Q3. WHAT IS YOUR POSITION AND WHAT ARE YOUR RESPONSIBILITIES**
8 **WITH IMPA?**

9 A3. As Senior Vice President of Generation, I am responsible for IMPA's generation
10 operations, electrical facilities, transmission services, communication facilities,

1 maintenance, safety, environmental compliance, and North American Electric Reliability
2 Council (NERC) compliance.

3 **Q4. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND DESCRIBE**
4 **YOUR EMPLOYMENT EXPERIENCE.**

5 A4. I have a Master of Business Administration degree from Indiana University and a
6 Bachelor of Science degree from Purdue University. Prior to becoming Senior Vice
7 President of Generation, I held positions with IMPA as Senior Combustion Turbine
8 Operator, Manager of Generation Operations and Director of Generation Operations.
9 Prior to joining IMPA in 1992, I served in the U.S. Navy's nuclear power field.

10 **Q5. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

11 A5. Yes. Earlier this year, I testified in Cause No. 44720 in general support of Duke Energy
12 Indiana's ("Duke") Seven Year Plan, explaining to the Commission how IMPA will be
13 affected by that Plan under its Joint Transmission Agreement with Duke and Wabash
14 Valley Power Association ("WVPA").

15 **Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

16 A6. My testimony explains: (1) how the Agency coordinates its member systems as a whole
17 for purposes of power supply; and (2) why it is in the public interest for IMPA to stand in
18 the shoes of its members for purposes of purchases and sales to Qualifying Facilities
19 ("QFs") under the Public Utility Regulatory Policies Act of 1978 ("PURPA").

20 **Q7. PLEASE DESCRIBE IMPA.**

21 A7. IMPA is a joint agency within the meaning of IC 8-1-2.2-2(e) and is a body corporate and
22 politic and a political subdivision of the State of Indiana. IMPA was created in 1980 by a

1 group of municipalities for the purpose of jointly financing, developing, owning, and
2 operating electric generation and transmission facilities that are appropriate to serve the
3 current and projected electric power needs of IMPA's member municipal utilities. Under
4 Power Sales Agreements with each of its Members, IMPA supplies and members
5 purchase all of their power and energy used in the operation of their electric systems.
6 IMPA currently provides the full electric power requirements of 60 member communities
7 in Indiana and one Ohio town, and is responsible for delivering power to each Member's
8 local distribution system. The Agency also owns transmission assets known as the Joint
9 Transmission System ("JTS") through an agreement with Duke and WVPA. IMPA
10 provides its member systems with generation and transmission services, as well as power
11 supply planning, engineering, economic development, government relations and
12 communications services.

13 **Q8. WHAT GENERATION ASSETS DOES IMPA OWN?**

14 A8. IMPA uses a diverse portfolio of generating resources to meet the power supply needs of
15 its member systems. This includes a combination of IMPA- and member-owned
16 generation with long-term, firm power purchases and some seasonal market purchases.
17 IMPA owns generation assets in Indiana, Illinois and Kentucky. IMPA has owned a 156
18 MW share of Gibson Station's Unit 5 since 1983. The Agency also has ownership
19 interests in Trimble County Station's Units 1 and 2. Prairie State Energy Campus is also
20 jointly owned by IMPA and eight other joint action agencies or electric cooperatives. The
21 Agency also owns three combustion turbine units in Anderson, two in Richmond, and
22 two in Indianapolis, for a total of 420 MW of natural gas generation.

1 **Q9. WHAT CONSTITUTES THE REMAINDER OF IMPA'S PORTFOLIO?**

2 A9. The Agency also has various purchased power agreements and participates in the
3 Midcontinent ISO ("MISO") and PJM Interconnection ("PJM") markets. The Agency's
4 diverse portfolio also includes 50 MW of wind energy from Crystal Lake Wind Energy
5 Center in Iowa. In total, the Agency owns and operates 12 solar parks throughout
6 Indiana, generating over 19 MW of electricity. IMPA is constructing one additional park
7 this year in a member community, adding 5 MW of electricity, going online in 2017.
8 IMPA's goal is to install a solar park in every Member community over the next several
9 years.

10 **Q10. WHAT IS THE AGENCY'S RELATIONSHIP WITH THE GENERATION UNITS**
11 **OWNED BY ITS MEMBER, THE CITY OF RICHMOND, INDIANA?**

12 A10. In 2014, IMPA acquired operational control of the Whitewater Valley Station
13 ("WWVS") in Richmond, Indiana. Historically, IMPA had contractual entitlement to the
14 generating capacity of WWVS for the benefit of all Members pursuant to Capacity
15 Purchase Agreements entered into under IC 8-1-2.2-5. IMPA member utility Richmond
16 Power and Light, when faced with the economic decision of closing WWVS due to
17 additional investment needed to comply with impending environmental regulations,
18 chose to transfer control to IMPA. Since acquiring operational control, the station has
19 been controlled and utilized by IMPA during peak load periods in the hot summer and
20 cold winter months. Richmond has no operational control or direct entitlement to the
21 WWVS output.

1 **Q11. HOW DOES IMPA COORDINATE THESE GENERATING RESOURCES TO**
2 **SERVE ITS MEMBERS?**

3 A11. Since 1993, IMPA has performed 24-hour power system coordination and scheduling to
4 serve its Member communities' needs. Since the inception of the MISO and PJM energy
5 markets, IMPA has developed daily load forecasts for its Members, purchased and
6 scheduled Day-Ahead power, scheduled and coordinated generation with MISO and PJM
7 in the Real-Time and Day-Ahead markets, and submitted and approved Financial
8 Schedules. IMPA also provides the Commission with an Integrated Resource Plan
9 ("IRP") biennially pursuant to 170 IAC 4-7 *et seq.* that forecasts its Members' combined
10 energy and capacity needs well into the future. This is reflective of how IMPA's
11 operations and planning functions serve the Agency and its Members as a whole, rather
12 than serving each community as separate parts.

13 **Q12. DOES IMPA PROVIDE OTHER SERVICES TO ITS MEMBERS ON AN**
14 **AGENCY-WIDE BASIS?**

15 A12. Yes, it does. Customers served by an IMPA Member utility can also participate in the
16 IMPA Energy Efficiency Program. The program offers cash incentive opportunities to
17 residents and businesses for saving money and energy. Incentives are currently available
18 in the areas of energy efficient lighting, variable frequency drives, heating, ventilation,
19 and air conditioning as well as refrigeration, food service and controls. In addition,
20 IMPA's Green Power Program enables customers of IMPA's municipal electric utilities
21 to support the use of renewable energy resources in the production of electricity.
22 Customers interested in the Green Power Program must purchase a minimum of 100

1 kilowatt-hour (“kWh”) per month at an additional cost of just one-cent per kWh. IMPA
2 also manages compliance programs for NERC Reliability Standards, which includes
3 interpretation and application of Reliability Standards, creation of reliability documents,
4 scheduling of regulatory reports, NERC Audit preparation, and participation in meetings
5 with regulatory agencies for the Agency as a whole.

6 **Q13. DOES IMPA HAVE A JOINT PURPA IMPLEMENTATION PLAN?**

7 A13. Yes, IMPA’s Board of Commissioners approved the Agency’s Joint PURPA
8 Implementation Plan (“PURPA Plan”) on June 24, 2016, and as shown in Attachment
9 JFA-1, this plan has been subsequently approved by all IURC jurisdictional IMPA
10 Members (“Jurisdictional Members”) to date, except Knightstown (“Authorizing
11 Members”). This Plan allows QFs to interconnect with the electric utility system of
12 IMPA and the Authorizing Members, to sell electric energy and capacity to IMPA, and to
13 purchase retail electric service from the Authorizing Members. Any IMPA Member,
14 regardless of whether it is regulated by the Commission, may participate in the Agency’s
15 PURPA Plan.

16 **Q14. HOW WILL A QF INTERACT WITH IMPA ON A PRACTICAL BASIS?**

17 A14. IMPA will be ready and willing to purchase power from any QF from which an
18 Authorizing Member would otherwise be required to purchase. No QF will be subject to
19 duplicative charges or fees due to dealing directly with IMPA in lieu of the Authorizing
20 Member. As discussed in more detail in the Direct Testimony of Larry A. Brown, QFs
21 will be permitted to sell energy and capacity to IMPA at rates equal to IMPA’s full
22 avoided costs or at a negotiated rate; and QFs will be permitted to purchase supplemental,

1 back-up and maintenance power from an Authorizing Member on either a firm or
2 interruptible basis, at rates that are nondiscriminatory, just and reasonable, and in the
3 public interest. Thus, no QF will be denied retail service on reasonable terms. The
4 Federal Energy Regulatory Commission (“FERC”) has determined that this is all that is
5 necessary to encourage cogeneration and small power production.

6 **Q15. HOW WILL A QF WISHING TO SELL TO IMPA INTERCONNECT WITH THE**
7 **IMPA OR MEMBER TRANSMISSION SYSTEM?**

8 A15. No QF will be permitted to interconnect and operate in parallel with the electric system
9 of IMPA or an Authorizing Member without entering into a written contract. IMPA will
10 require as a condition of the purchase of capacity and energy from a QF the installation of
11 proper metering equipment, on nondiscriminatory basis, to permit inclusion of the
12 quantities in IMPA’s monthly energy and capacity accounting. The PURPA Plan also
13 sets forth additional interconnection requirements.

14 **Q16. HOW WILL THIS INTEGRATED PURPA APPROACH BENEFIT IMPA’S**
15 **MEMBERS AND QUALIFYING FACILITIES?**

16 A16. The PURPA Plan reflects an integrated approach to meeting IMPA’s and the Authorizing
17 Members’ obligations under PURPA and the FERC Rules. This approach recognizes and
18 maintains the function of IMPA as a wholesale supplier to the Authorizing Members and
19 the retail service function of the Authorizing Members.

20 **Q17. WHY IS IT IN THE PUBLIC INTEREST FOR IMPA TO “STAND IN THE**
21 **SHOES” OF ITS MEMBERS FOR PURPOSES OF PURCHASES AND SALES**
22 **TO QFs?**

1 A17. First, as I've described in detail above, IMPA subsuming its Members' PURPA
2 obligations is consistent with the Agency's overall integrated approach to serving our
3 communities' needs, and planning for IMPA as a whole. It is also consistent with one of
4 the goals of PURPA, to promote greater integration of renewable energy resources into
5 the U.S. power supply. Second, it might be difficult for some Members to meet PURPA
6 obligations on their own. IMPA's regulated Members range in size from Kingsford
7 Heights, with a population of less than 1,500, to Anderson, with a population of more
8 than 56,000. The Jurisdictional Members' financial and technical resources to
9 individually comply with federal and state regulatory mandates vary widely from
10 community to community. Finally, the existing Cogeneration Rules do not easily
11 accommodate the unique nature of a joint action agency such as IMPA, which provides
12 an identical rate structure for all of the municipalities it serves. Absent IMPA standing in
13 the shoes of its members, the Jurisdictional Members could be forced to charge QFs for
14 avoided cost for capacity differently than each other, and differently than the other 52
15 non-jurisdictional IMPA members. This would result in inefficiencies and potentially
16 discourage QFs from operating in IMPA member territories.

17 **Q18. HAVE ANY ENTITIES SIMILAR TO IMPA ASSUMED THE PURPA**
18 **PURCHASE OBLIGATIONS OF ITS MEMBERS?**

19 A18. Yes. FERC has granted PURPA waivers to similarly-situated electric cooperatives
20 wishing to stand in the shoes of their members on numerous occasions.¹ Recently,
21 Hoosier Energy Rural Electric Cooperative, Inc. ("Hoosier Energy") received a FERC

¹ See e.g., *North Carolina Elec. Municipal Membership Corp.*, 137 FERC ¶ 62,009 (2011); *Western Farmers Elec. Coop.*, 115 FERC ¶ 61,323 (2006); *Soyland Power Coop., Inc.*, 50 FERC ¶ 62,072 (1990); and *Seminole Elec. Coop., Inc.*, 39 FERC ¶ 61,354 (1987).

1 waiver of certain PURPA obligations on behalf of its eighteen participating electric
2 distribution cooperative member-owners.² FERC approved Hoosier Energy's request for
3 relief on a basis very similar to that which IMPA is seeking from the Commission: in lieu
4 of the members' purchases from QFs, Hoosier will make such purchases at Hoosier's full
5 avoided cost. Since Hoosier Energy and its members are not subject to the jurisdiction of
6 the IURC for purposes of PURPA implementation, this matter was handled entirely at
7 FERC. The Arkansas Public Service Commission, together with the Arkansas Electric
8 Cooperative Corporation ("AECC") and seventeen of its members, also received a waiver
9 of certain PURPA obligations from FERC based on an integrated PURPA
10 implementation plan that is substantively identical to that which IMPA has adopted.³ In
11 that case, the Arkansas Commission had state ratemaking jurisdiction over AECC and its
12 members, and thus indicated to FERC that it had reviewed AECC's PURPA plan and
13 agreed that it provided full encouragement to QFs by ensuring that they receive a rate for
14 their power that is equal to AECC's full avoided costs.⁴ Missouri Basin Municipal Power
15 Agency appears to have been the first joint action agency to receive a FERC waiver of
16 PURPA regulations when that agency proposed it make purchases from QFs on behalf of
17 members beginning in 1994.⁵

² *In the Matter of Hoosier Energy Rural Electric Cooperative, Inc.*, Docket No. QM16-4-000, Letter Order (July 7, 2016).

³ *Arkansas Public Service Commission, et al.*, Docket No. EL09-37-000, Letter Order (April 30, 2009).

⁴ In several other cases, FERC has granted PURPA waivers where, as in the Arkansas case, the state commission filed a joint petition with the regulated electric utilities. See e.g., *North Carolina Utilities Comm'n*, 77 FERC ¶ 62,063 (1996); *Public Utility Comm'n of Texas*, 60 FERC ¶ 62,214 (1992); and *Public Utility Comm'n of Texas*, 50 FERC ¶ 62,125 (1990).

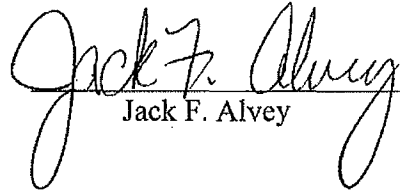
⁵ *Missouri Basin Municipal Power Agency, et al.*, Docket No. IR-1096-001, Letter Order (December 22, 1994). FERC noted that the facts of this case are essentially the same as those in *Oglethorpe Power Corporation, et al.*, 32 FERC ¶ 61,103 (1985), *reh'g granted in part and denied in part, Oglethorpe Power Corp.*, 35 FERC ¶ 61,069

1 **Q18. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2 A18. Yes.

VERIFICATION

I affirm under the penalties of perjury that the facts stated in the foregoing testimony are true to the best of my information and belief.


Jack F. Alvey

Petitioner's Attachment JFA-1
to the Direct Testimony of
Jack A. Alvey (Exhibit JFA)
Indiana Municipal Power Agency's
Joint PURPA Implementation Plan and Municipal Member Authorizations

INDIANA MUNICIPAL POWER AGENCY
JOINT PURPA IMPLEMENTATION PLAN

Overview of Plan

This Joint PURPA Implementation Plan (“Plan”) sets forth the manner in which the Indiana Municipal Power Agency (“IMPA”) and its authorizing member municipalities (“authorizing Members”¹) plan to implement the requirements imposed upon them under Section 210 of the Public Utility Regulatory Policies Act of 1978, as amended (“PURPA”), and the rules adopted by the Federal Energy Regulatory Commission (“FERC”) thereunder.

IMPA has drafted these rules to develop and coordinate implementation of a plan for meeting the obligations imposed on IMPA and its Members under Section 210 of PURPA and FERC’s Regulations thereunder. Before this Plan goes into effect with regard to any Member, a Member must adopt the Plan through written authorization. Appendix I to this Plan is a list of the authorizing Members. This list will be updated to include additional authorizing Members as necessary.

IMPA and its Members are electric utilities subject to the purchase and sale obligations under PURPA. IMPA is a political subdivision of the State of Indiana and a body politic and corporate created by statute and authorized by statute to jointly plan, finance, own and operate electric power supply facilities.² IMPA was created with the purpose of providing adequate, reliable and economic sources of electric power and energy to Indiana municipalities operating municipal electric systems. IMPA acts as a wholesale power supplier to 59 municipalities in the State of Indiana and one community in Ohio. IMPA meets its power-supply obligations to its

¹ For purposes of this Plan, the term “Members” includes the municipal electric utility for the Village of Blanchester, Ohio, which purchases full-requirements energy service from IMPA. The term “Members” likewise includes any future municipal electric utilities that may choose to obtain full-requirements energy service from IMPA.

² See Ind. Code 8-1-2.2-1, *et seq.*

Members using generation owned by IMPA, contractual entitlements to generating capacity owned by some of its Members, and through various power purchase agreements.

Through IMPA's Power Sales Contracts with its Members, the IMPA Members have previously agreed to allow IMPA to negotiate with and purchase energy from Qualifying Facilities ("QFs") on the Members' behalf. Additionally, Indiana law requires IMPA's Members to provide power on a non-discriminatory basis to any energy consumers located within their respective service territories, including QFs. *See* Ind. Code § 8-1-2-4 and 8-1.5-3-8.

In keeping with these contractual and statutory obligations, the Plan reflects the policy of IMPA and the authorizing Members to provide a program to facilitate cogeneration and small power production. The Plan is intended to advise the public of the basic approach and general guidelines for allowing QFs to interconnect with the electric utility systems of IMPA and the authorizing Members, to sell electric energy and capacity to IMPA, and to purchase retail electric service from the authorizing Members.

Under the Plan:

- IMPA will purchase all energy and capacity offered by QFs to IMPA or any of the authorizing Members (except with respect to QFs of greater than 20 MW as to which FERC grants IMPA waiver of its purchase obligation);
- Because Indiana Code § 8-1-2.2-9(a)(11) does not authorize IMPA to sell energy at the retail level, the authorizing Members will sell, at retail, all energy and capacity required by QFs located in their retail electric service territories; and
- If a QF seeks to interconnect with IMPA-owned transmission facilities that are not located within the retail electric service territory of an authorizing Member, upon request IMPA will assist the QF in locating a supplier of supplemental, backup,

maintenance, and interruptible power.

IMPA will offer a standard purchase rate or a negotiated rate for energy and capacity (if avoided) produced by QFs interconnected with IMPA or an authorizing Member. This standard purchase rate will be determined by IMPA based on its “avoided cost,” *i.e.*, the costs to IMPA of the electric energy that IMPA would otherwise generate or purchase from another source if not purchased from the QF. The rate and methodology will be reviewed periodically, and will be subject to revision based on future changes to various factors, which may include IMPA’s delivered cost of fuel, plant generation characteristics, capacity needs, cost of purchased power, transmission costs, operating experience with QFs, IMPA’s (or MISO’s or PJM’s) ability to dispatch to the QF, the expected or demonstrated reliability of the QF, the terms of any legally enforceable obligation, the extent to which the QF’s scheduled outages can be usefully coordinated with those of IMPA, the usefulness of the QF’s energy and capacity during system emergencies and the QF’s ability to separate its load from its generation, the individual and aggregate value of energy and capacity from QFs, the smaller capacity increments and shorter lead times available with additions of capacity from QFs. IMPA reserves the right to analyze each QF’s cost impact and adjust rate provisions to reflect power supply characteristics.

Upon request by a QF located within an authorizing Member’s retail service territory, the Member shall offer supplemental, back-up, and maintenance power on a firm or interruptible basis. The authorizing Members will sell energy and capacity to QFs located within their retail service territories under their applicable retail tariffs or at rates equal to the rates to the authorizing Members’ other customers with similar load and other cost-related characteristics. Each authorizing Member has undertaken to sell energy and capacity at rates that are nondiscriminatory, just and reasonable, and in the public interest.

By implementing the purchase and sale requirements in this manner, the QFs will have a

market for their power at rates comparable to the rates the authorizing Members could offer and will meet the needs of QFs for supplementary, back-up, and maintenance power in a manner consistent with the retail functions of the authorizing Members.

IMPA has not included a form of contract in the Plan since the purchases and sales rates will be calculated pursuant to the standard purchase rate, identified by tariff, or negotiated on a case-by-case basis. However, IMPA and the authorizing Members intend to require a contract be executed by each QF. Such contract will provide detailed terms and conditions including interconnection requirements, metering, rates, and those terms necessary to accommodate safety and reliability concerns.

IMPA intends to file with FERC, on behalf of IMPA and the authorizing Members, a petition seeking waiver of Sections 292.303(a) and 292.303(b) of FERC's Regulations³ to permit the Plan to be placed in effect as proposed. If granted, the effect of the waiver will be to transfer the must-purchase obligation of the authorizing Members to IMPA. Additionally, IMPA intends to file with FERC one or more applications seeking waiver of IMPA's must-purchase obligation for QFs greater than 20MW pursuant to Section 292.309(a) of FERC's Regulations,⁴ and waiver of IMPA's obligation to make sales of retail power to QFs, in recognition of the statutory prohibition against such sales by IMPA.

FERC has granted waivers under Section 202.303(a) and 292.303(b) in other similar situations.⁵ IMPA and its authorizing Members are promulgating a Plan similar to those adopted

³ 18 CFR §§ 292.303(a) and (b) (2014).

⁴ 18 CFR § 292.309(a).

⁵ See *Oglethorpe Power Corp.*, 32 FERC ¶ 61,103 (1985), *reh'g granted in part and denied in part*, 35 FERC ¶ 61,069 (1986), *aff'd sub nom. Greensboro Lumber Co. v. FERC*, 825 F.2d 518 (D.C. Cir. 1987); *Seminole Electric Cooperative, Inc.*, 39 FERC ¶ 61,354 (1987); *Missouri Basin Municipal Power Agency*, 69 FERC ¶ 62,250 (1994); *Corn Belt Cooperative*, 68 FERC ¶ 62,249 (1994); *Southern Illinois Power Cooperative*, 66 FERC ¶ 62,010 (1994); *Northwest Iowa Power Cooperative*, 57 FERC ¶ 62,079 (1991); *Soyland Power Cooperative, Inc.*, 50 FERC ¶ 62,072 (1990); *Western Farmers Electric Cooperative*, 115 FERC ¶ 61,323 (2006); *Missouri Basin Municipal Power Agency*, Docket No. EL09-13-000, Letter Order (Feb. 6, 2009); *Arkansas Public Service Comm'n, et al.*, Docket No. EL09-37-000, Letter Order (April 30, 2009); *Missouri River Energy Servs.*, 145 FERC ¶ 62,022 (2013).

by other cooperatives and joint action agencies and their members, with such additions as were deemed necessary to meet the PURPA requirements and FERC regulations. FERC has also granted waivers of must-purchase obligations with respect to QFs greater than 20 MW pursuant to Section 292.309(a)(1) in MISO and PJM on grounds that these RTOs operate “Day 2” markets and thus QFs have adequate access to purchasers of output of their facilities.⁶ If the requested waivers are not granted, IMPA and the authorizing Members will take such other actions, if any, as may be required to comply with PURPA and the rules adopted thereunder by FERC.

IMPA and the authorizing Members believe that the integrated approach to PURPA implementation as described herein will not adversely affect QFs. Indeed, IMPA and the authorizing Members believe the proposed approach will facilitate the development of QFs.

I. Introduction

A. Intent of Plan

The Plan is intended to set forth the basic approach and general guidelines for allowing QFs to interconnect with IMPA and authorizing Members’ electric utility systems in accordance with rules adopted by FERC implementing PURPA Section 210.

B. Utilities Subject to Plan

IMPA and all Members that adopt this Plan through written authorization, as listed in Appendix I, are subject to the Plan. The Plan addresses purchases from and sales to all QFs seeking to interconnect to transmission or distribution facilities owned by IMPA or any authorizing Member.

II. Statement of Policy

⁶ *E.g., Missouri River Energy Servs.*, 145 FERC ¶ 62,023 (2013) (approving a joint action agency’s request to waive the must-purchase obligation for resources greater than 20 MW in MISO).

A. The Joint Policy

It is the policy of IMPA and the authorizing Members: (i) to permit any QF to interconnect with the electric systems of IMPA or any authorizing Member; (ii) to permit any QF to sell energy and capacity to IMPA at rates equal to IMPA's full avoided costs or at a negotiated rate; and (iii) to permit any QF to purchase supplemental, back-up and maintenance power from an authorizing Member on either a firm or interruptible basis, at rates that are nondiscriminatory, just and reasonable, and in the public interest. To effectuate this policy, IMPA and the authorizing Members expressly undertake the following obligations as a condition to the joint policy: (a) IMPA will be ready and willing to purchase power from any QF from which an authorizing Member would otherwise be required to purchase; (b) no QF will be subject to duplicative interconnection charges or duplicative charges for wheeling power to IMPA across the lines of an authorizing Member; (c) no QF will be subject to duplicative charges or additional fees as a result of IMPA's purchase of QF power that would otherwise be purchased by an authorizing Member; (d) no QF will be subject to duplicative interconnection charges or duplicative charges for wheeling of supplemental, back-up, or maintenance power from an authorizing Member; and (e) no QF interconnected directly with IMPA and purchasing supplemental, back-up, or maintenance power from an authorizing Member will be charged for the cost of facilities required to receive such power other than the cost of such facilities had the QF purchased such power from IMPA. IMPA and the authorizing Members' undertakings expressed above are, in each case, subject to the other express and implied terms and conditions of the Plan and the other requirements imposed by law.

Because this Plan outlines the basic approach that IMPA and the authorizing Members intend to use to fulfill their separate obligations under PURPA, IMPA and/or a given authorizing Member may modify it to the extent authorized by law if such utility determines that the modification is reasonably necessary. In addition, this Plan shall be modified as necessary or

appropriate to comply with requirements imposed by FERC or any other governmental entity having jurisdiction over IMPA and/or the authorizing Members, or any other entity with authority to establish reliability requirements applicable to, or impose such requirements on, IMPA and/or the authorizing Members.

This Plan reflects an integrated approach to implementing IMPA's and the authorizing Members' obligations under PURPA and the FERC Rules. This approach recognizes the function of IMPA as wholesale supplier to the authorizing Members and the retail service function of the authorizing Members, while assuring each QF of a market for its power and any necessary back-up, maintenance, and supplemental service, on either a firm or interruptible basis. Pursuant to Section 292.303(a) of FERC's Regulations,⁷ an electric utility is obligated to purchase only the energy and capacity which is "made available" from a QF. Section 292.304(d) of FERC's Regulations⁸ clarifies that each QF shall have the option to determine the amount of energy or capacity "available" for purchase. Accordingly, the Plan does not require a QF to sell all of its energy and capacity to IMPA, but rather just the amount the QF wishes to make "available" for such purchases.

No QF will be permitted to interconnect and operate in parallel with the electric system of IMPA or an authorizing Member without the prior knowledge and approval of such utility and without entering into a satisfactory written contract. A QF interconnecting with an authorizing Member and selling to IMPA will not be subject to duplicative interconnections or wheeling charges. To the extent that additional costs of wheeling (*i.e.*, beyond the authorizing Member's facilities) are necessitated by IMPA's purchases of the QF's power (rather than the authorizing Member's purchases), such costs will be borne by IMPA (rather than the QF). The Plan does not require any authorizing Member to transmit QF output in connection with sales to a purchaser

⁷ 18 CFR §292.303(a).

⁸ 18 CFR §292.304(d).

other than IMPA.

Where a QF is interconnected to transmission or distribution facilities owned by IMPA or an authorizing Member and located within the retail service territory of an authorizing Member, the purchase of capacity and energy by the QF will be made pursuant to separate arrangements between the QF and the applicable authorizing Member and shall be in accordance with applicable law and the authorizing Member's applicable rates, rules, and regulations governing retail service. The terms of the arrangement between IMPA, the authorizing Member, and the QF shall be consistent with the authorizing Member's tariff or consistent with rates to the authorizing Member's other customers with similar load or other cost-related characteristics.

Where a QF seeks to interconnect with IMPA-owned transmission facilities that are not located within the retail service territory of an authorizing Member, upon request IMPA will assist the QF in locating a supplier of supplemental, backup, maintenance, and interruptible power. IMPA makes no commitments regarding the availability of such suppliers, nor their rates and charges or terms of service.

B. Metering Requirements

IMPA and the authorizing Members require as a condition to the purchase of capacity and energy from a QF the installation of proper metering equipment to permit inclusion of the quantities in IMPA's monthly energy and capacity accounting. The amount of energy and capacity purchases from the QF by IMPA shall not normally be netted against the energy and capacity purchased by the QF from the authorizing Members, unless required by applicable rules and regulations adopted by entities having jurisdiction over IMPA and the authorizing Members.

IMPA shall adopt nondiscriminatory policies and procedures concerning metering requirements applicable to QFs as required. IMPA shall make such policies and procedures available to QFs for review.

C. Additional Interconnection Requirements

The following additional requirements shall apply to all purchases from QFs under the Plan:

(i) The operator of the QF shall be responsible for all costs associated with electric interconnection of the QF to IMPA's or the authorizing Member's system, including such automatic relaying and system protection which IMPA or the authorizing Member believes necessary for safety reasons, electric wiring and apparatus, protective equipment and an interconnection switch. IMPA and the authorizing Members have the right to refuse to interconnect or to discontinue the QF's connection if wiring and apparatus do not meet appropriate safety requirements and all applicable codes, including, but not limited to, the National Electrical Code, National Electrical Safety Codes, or other local, state, or national codes.

(ii) IMPA or the authorizing Members shall own, install and maintain the required metering equipment to integrate the input quantities into IMPA's monthly source energy and power accounting. The operator of the QF shall be responsible for all reasonable costs for purchase, installation and maintenance of such metering equipment and shall provide adequate access to its premises so that IMPA or the authorizing Members may install and maintain such metering equipment. IMPA or the authorizing Members may assess interconnection costs against a QF on a nondiscriminatory basis with respect to other customers with similar load characteristics and shall determine how such payments are to be made.

(iii) Neither IMPA nor any authorizing Member will permit interconnection between its system and a QF unless the QF meets the applicable standards and/or regulations, rules and policies for interconnection, safety, and operating reliability, as the same may

be amended from time to time. Further, in order to remain interconnected, the QF must continue to satisfy appropriate safety and reliability standards.

(iv) IMPA and the authorizing Members reserve the right to adopt additional nondiscriminatory policies and procedures concerning interconnection requirements applicable to QFs. IMPA shall make such policies and procedures available to QFs for review.

III. Request for Waiver

The FERC Rules require each wholesale electric utility, such as IMPA, and each retail electric utility, such as the authorizing Members, to buy energy and capacity from, and to sell energy and capacity to, QFs. As stated above, IMPA and the authorizing Members will adopt an integrated approach to implementing their obligations under PURPA, and the FERC Rules, under which (1) IMPA would purchase energy and capacity from QFs of 20 MW or less and the authorizing Members would provide retail service to QFs located within their retail service territories, (2) IMPA will seek a waiver of the obligation to sell retail power to any QF in light of the statutory prohibition against such sales by IMPA, and (3) the authorizing Members will seek a waiver of their obligations to purchase from any QFs located within their retail service territories. In addition, IMPA will request a waiver of the mandatory purchase requirement with respect to QFs of greater than 20MW located within MISO or PJM.

In order to adopt this integrated approach, IMPA and the authorizing Members will request waivers of certain of the FERC Rules implementing PURPA in order to allow IMPA and the authorizing Members to continue to operate, for wholesale supply purposes, as a single integrated entity. IMPA and the authorizing Members have concluded that, given the benefits of the proposed integrated approach to PURPA implementation, requiring the authorizing Members to purchase from QFs and IMPA to sell to QFs is not necessary to facilitate cogeneration and small power production. IMPA and the authorizing Members have determined that purchases by

IMPA on behalf of the authorizing Members will adequately facilitate cogeneration and small power production in part because each authorizing Member's avoided costs should be equal to IMPA's avoided costs. Therefore, by centralizing purchases from QFs, QFs will be afforded a greater market for their power while at the same time receiving the same price for their power as they would have by selling to an individual authorizing Member.

This Plan is written on the assumption that the waivers previously mentioned will be granted. Because this integrated approach will not adversely affect QFs and is intended to facilitate cogeneration and small power production, IMPA and the authorizing Members intend to operate under this Plan during the pendency of the waiver requests. If FERC denies any of the requested waivers, this Plan will be revised or may be terminated. Any revision required as a result of a denial of a waiver request, or upon order of FERC as a condition to the waiver, will be made available as soon as practicable. IMPA and the authorizing Members do not contemplate that an additional notice and comment period will be conducted prior to making such changes.

Persons desiring information about this waiver request, including a copy of the waiver request filed by IMPA and the authorizing Members with FERC, may contact:

Peter J. Prettyman, Vice President & General Counsel
Indiana Municipal Power Agency
11610 N. College Avenue
Carmel, IN 46032
Phone: 317-573-9955
Fax: 317-575-33372
E-mail: pprettyman@impa.com

IV. Additional Information

Persons requiring additional information concerning the interconnection of a QF with IMPA or an authorizing Member, or the rates, terms and conditions of purchases from or sales to QFs, should contact:

Raj Rao, President & CEO
Indiana Municipal Power Agency
11610 N. College Avenue
Carmel, IN 46032
Phone: 317-573-9955
Fax: 317-575-33372
E-mail: rajr@impa.com

APPENDIX I AUTHORIZING MEMBERS

[TO BE ADDED AS MEMBERS AUTHORIZE THE RULES]

Acknowledgement of Anderson Municipal Light & Power's Adoption of PURPA Implementation Plan

On June 24, 2016, the Indiana Municipal Power Agency ("IMPA"), through its Board of Commissioners, passed a resolution adopting a PURPA Implementation Plan (the "Plan"). The Plan's purpose is to identify the obligations of IMPA and its Members adopting the Plan under Section 210 of the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA"), and the rules adopted by the Federal Energy Regulatory Commission ("FERC") thereunder. The Plan broadly provides that: (1) IMPA will purchase all energy and capacity offered by Qualifying Facilities under PURPA ("QFs") to IMPA or any of the Members adopting the Plan; and (2) Members adopting the Plan will sell, at retail, all energy and capacity required by QFs located in their electric service territories.

As a Member of IMPA, Anderson desires to adopt the Plan. The Plan mirrors Anderson's existing agreement with IMPA under the Power Sales Contract relating to PURPA. With our adoption of the Plan, IMPA will seek formal approval of the Plan from FERC, allowing IMPA to assume the obligation to purchase from QFs under PURPA and removing a potentially significant burden from the utility. Accordingly, Anderson Municipal Light & Power has adopted the Plan as one of its policies and agrees to abide by the Plan's provisions.



Name _____

June 6, 2016
Date _____

Acknowledgement of Crawfordsville Electric Light & Power's Adoption of PURPA Implementation Plan

On June 24, 2016, the Indiana Municipal Power Agency ("IMPA"), through its Board of Commissioners, passed a resolution adopting a PURPA Implementation Plan (the "Plan"). The Plan's purpose is to identify the obligations of IMPA and its Members adopting the Plan under Section 210 of the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA"), and the rules adopted by the Federal Energy Regulatory Commission ("FERC") thereunder. The Plan broadly provides that: (1) IMPA will purchase all energy and capacity offered by Qualifying Facilities under PURPA ("QFs") to IMPA or any of the Members adopting the Plan; and (2) Members adopting the Plan will sell, at retail, all energy and capacity required by QFs located in their electric service territories.

As a Member of IMPA, Crawfordsville desires to adopt the Plan. The Plan mirrors Crawfordsville's existing agreement with IMPA under the Power Sales Contract relating to PURPA. With our adoption of the Plan, IMPA will seek formal approval of the Plan from FERC, allowing IMPA to assume the obligation to purchase from QFs under PURPA and removing a potentially significant burden from the utility. Accordingly, Crawfordsville Electric Light & Power has adopted the Plan as one of its policies and agrees to abide by the Plan's provisions.



Phil Goode, Manager

JULY 26, 2016

Date

Acknowledgement of Frankfort City Light & Power's Adoption of PURPA Implementation Plan

On June 24, 2016, the Indiana Municipal Power Agency ("IMPA"), through its Board of Commissioners, passed a resolution adopting a PURPA Implementation Plan (the "Plan"). The Plan's purpose is to identify the obligations of IMPA and its Members adopting the Plan under Section 210 of the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA"), and the rules adopted by the Federal Energy Regulatory Commission ("FERC") thereunder. The Plan broadly provides that: (1) IMPA will purchase all energy and capacity offered by Qualifying Facilities under PURPA ("QFs") to IMPA or any of the Members adopting the Plan; and (2) Members adopting the Plan will sell, at retail, all energy and capacity required by QFs located in their electric service territories.

As a Member of IMPA, Frankfort desires to adopt the Plan. The Plan mirrors Frankfort's existing agreement with IMPA under the Power Sales Contract relating to PURPA. With our adoption of the Plan, IMPA will seek formal approval of the Plan from FERC, allowing IMPA to assume the obligation to purchase from QFs under PURPA and removing a potentially significant burden from the utility. Accordingly, Frankfort City Light & Power has adopted the Plan as one of its policies and agrees to abide by the Plan's provisions.



Mike Kelley
Utility Service Board President

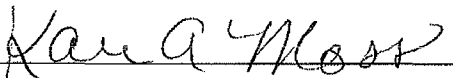
11/9/16

Date

Acknowledgement of Kingsford Heights Municipal Electric Utilities' Adoption of PURPA Implementation Plan

On June 24, 2016, the Indiana Municipal Power Agency ("IMPA"), through its Board of Commissioners, passed a resolution adopting a PURPA Implementation Plan (the "Plan"). The Plan's purpose is to identify the obligations of IMPA and its Members adopting the Plan under Section 210 of the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA"), and the rules adopted by the Federal Energy Regulatory Commission ("FERC") thereunder. The Plan broadly provides that: (1) IMPA will purchase all energy and capacity offered by Qualifying Facilities under PURPA ("QFs") to IMPA or any of the Members adopting the Plan; and (2) Members adopting the Plan will sell, at retail, all energy and capacity required by QFs located in their electric service territories.

As a Member of IMPA, Kingsford Heights desires to adopt the Plan. The Plan mirrors Kingsford Heights' existing agreement with IMPA under the Power Sales Contract relating to PURPA. With our adoption of the Plan, IMPA will seek formal approval of the Plan from FERC, allowing IMPA to assume the obligation to purchase from QFs under PURPA and removing a potentially significant burden from the utility. Accordingly, Kingsford Heights Municipal Electric Utilities has adopted the Plan as one of its policies and agrees to abide by the Plan's provisions.

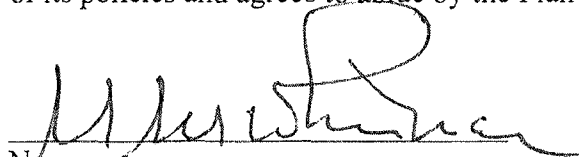

Name


9-30-16
Date

Acknowledgement of Lebanon Utilities' Adoption of PURPA Implementation Plan

On June 24, 2016, the Indiana Municipal Power Agency (“IMPA”), through its Board of Commissioners, passed a resolution adopting a PURPA Implementation Plan (the “Plan”). The Plan’s purpose is to identify the obligations of IMPA and its Members adopting the Plan under Section 210 of the Public Utility Regulatory Policies Act of 1978, as amended (“PURPA”), and the rules adopted by the Federal Energy Regulatory Commission (“FERC”) thereunder. The Plan broadly provides that: (1) IMPA will purchase all energy and capacity offered by Qualifying Facilities under PURPA (“QFs”) to IMPA or any of the Members adopting the Plan; and (2) Members adopting the Plan will sell, at retail, all energy and capacity required by QFs located in their electric service territories.

As a Member of IMPA, Lebanon desires to adopt the Plan. The Plan mirrors Lebanon’s existing agreement with IMPA under the Power Sales Contract relating to PURPA. With our adoption of the Plan, IMPA will seek formal approval of the Plan from FERC, allowing IMPA to assume the obligation to purchase from QFs under PURPA and removing a potentially significant burden from the utility. Accordingly, Lebanon Utilities has adopted the Plan as one of its policies and agrees to abide by the Plan’s provisions.


Name


Date

Acknowledgement of Richmond Power & Light's Adoption of PURPA Implementation Plan

On June 24, 2016, the Indiana Municipal Power Agency ("IMPA"), through its Board of Commissioners, passed a resolution adopting a PURPA Implementation Plan (the "Plan"). The Plan's purpose is to identify the obligations of IMPA and its Members adopting the Plan under Section 210 of the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA"), and the rules adopted by the Federal Energy Regulatory Commission ("FERC") thereunder. The Plan broadly provides that: (1) IMPA will purchase all energy and capacity offered by Qualifying Facilities under PURPA ("QFs") to IMPA or any of the Members adopting the Plan; and (2) Members adopting the Plan will sell, at retail, all energy and capacity required by QFs located in their electric service territories.

As a Member of IMPA, Richmond desires to adopt the Plan. The Plan mirrors Richmond's existing agreement with IMPA under the Power Sales Contract relating to PURPA. With our adoption of the Plan, IMPA will seek formal approval of the Plan from FERC, allowing IMPA to assume the obligation to purchase from QFs under PURPA and removing a potentially significant burden from the utility. Accordingly, Richmond Power & Light has adopted the Plan as one of its policies and agrees to abide by the Plan's provisions.



Name



Date

Acknowledgement of Tipton Municipal Utilities' Adoption of PURPA Implementation Plan

On June 24, 2016, the Indiana Municipal Power Agency ("IMPA"), through its Board of Commissioners, passed a resolution adopting a PURPA Implementation Plan (the "Plan"). The Plan's purpose is to identify the obligations of IMPA and its Members adopting the Plan under Section 210 of the Public Utility Regulatory Policies Act of 1978, as amended ("PURPA"), and the rules adopted by the Federal Energy Regulatory Commission ("FERC") thereunder. The Plan broadly provides that: (1) IMPA will purchase all energy and capacity offered by Qualifying Facilities under PURPA ("QFs") to IMPA or any of the Members adopting the Plan; and (2) Members adopting the Plan will sell, at retail, all energy and capacity required by QFs located in their electric service territories.

As a Member of IMPA, Tipton desires to adopt the Plan. The Plan mirrors Tipton's existing agreement with IMPA under the Power Sales Contract relating to PURPA. With our adoption of the Plan, IMPA will seek formal approval of the Plan from FERC, allowing IMPA to assume the obligation to purchase from QFs under PURPA and removing a potentially significant burden from the utility. Accordingly, Tipton Municipal Utilities has adopted the Plan as one of its policies and agrees to abide by the Plan's provisions.



Rex Boyer, General Manager

7-19-16

Date