

STATE OF INDIANA

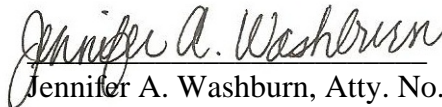
INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF SOUTHERN INDIANA)
GAS AND ELECTRIC COMPANY d/b/a VECTREN)
ENERGY DELIVERY OF INDIANA, INC., FOR: (1))
AUTHORITY TO CONSTRUCT, OWN AND)
OPERATE A SOLAR ENERGY PROJECT AND A)
FINDING THAT SUCH PROJECT CONSTITUTES A)
CLEAN ENERGY PROJECT PURSUANT TO IND.)
CODE CH. §8-1-8.8; (2) ISSUANCE OF A) CAUSE NO. 45086
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY FOR THE CONSTRUCTION OF THE)
SOLAR ENERGY PROJECT PURSUANT TO IND.)
CODE CH. §8-1-8.5; AND (3) AUTHORITY TO)
TIMELY RECOVER COSTS INCURRED DURING)
CONSTRUCTION AND OPERATION OF THE)
PROJECT IN ACCORDANCE WITH IND. CODE §8-)
1-8.8-11.)

SUBMISSION OF PUBLIC DIRECT TESTIMONY AND ATTACHMENTS OF CAC

Citizens Action Coalition of Indiana, Inc. ("CAC"), respectfully submits the public, redacted direct testimony and attachments of Kerwin L. Olson in the above referenced Cause to the Indiana Utility Regulatory Commission. The unredacted pages of Mr. Olson's testimony are being simultaneously filed under seal pursuant to the Commission's May 17, 2018 Docket Entry.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned counsel hereby certifies that a copy of the foregoing document was served via electronic mail, this 6th day of September, 2018:

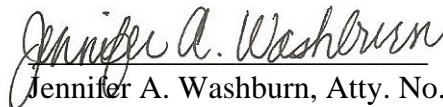
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DIRECT TESTIMONY OF KERWIN OLSON

ON BEHALF OF

CITIZENS ACTION COALITION OF INDIANA

SEPTEMBER 6, 2018

PUBLIC VERSION

CONFIDENTIAL INFORMATION REDACTED

1 **Q. Please state your name, position and business address.**

2 A. My name is Kerwin L. Olson, and I am the Executive Director of Citizens Action
3 Coalition of Indiana, Inc. ("CAC"). My business address is 1915 West 18th Street, Suite
4 C, Indianapolis, Indiana 46202.

5 **Q. Please describe your current responsibilities.**

6 A. I have served as CAC's Executive Director since June of 2011. I am CAC's chief public
7 policy spokesperson and its chief operating officer and am responsible to its Board of
8 Directors for the overall program and operations management of the organization. Major
9 priorities are established by CAC's membership at its annual meetings and broad policies
10 are adopted by the Board of Directors at its quarterly meetings. I provide development,
11 supervision and coordination for the implementation of policies and programs based on
12 these priorities. My current responsibilities also include: issue and policy research;
13 lobbying at the Statehouse; legislative outreach and education; community and media
14 outreach; writing press releases, guest columns and op-ed columns; and community and
15 member organizing. I am also CAC's representative on the board of the Indiana Coalition
16 for Human Services and for other organizations and committees, and I supervise CAC's
17 participation on numerous energy efficiency and demand-side-management collaborative
18 oversight boards.

19 **Q. Please briefly summarize your prior employment and educational background.**

20 A. I studied American History at the University of Chicago from 1986 to 1989. I joined the
21 staff at CAC thirteen years ago in 2005, working in member outreach. In 2006, I became
22 CAC's Public Outreach Coordinator, served briefly as its Phone Canvass Director in
23 early 2008, and then served as CAC's Program Director from the beginning of April of

1 2008. My responsibilities included performing (and supervising others who performed)
2 research on energy and regulatory issues. I have been CAC's primary legislative liaison
3 since 2008. I have served as Executive Director of CAC since June of 2011. I have
4 attended numerous workshops and seminars on energy, energy efficiency, low-income
5 and consumer issues, renewable energy, coal, coal gasification, carbon capture and
6 sequestration, biomass and bio-fuels, and nuclear energy.

7 **Q. Have you previously filed testimony before the Indiana Utility Regulatory**
8 **Commission ("IURC" or "Commission")?**

9 A. I have testified before the Commission numerous times, including in Cause Nos. 43114
10 IGCC-4S1, 43114 IGCC 5, 43114 IGCC 6, 43114 IGCC 7, 43114 IGCC 9, 43114 IGCC-
11 4S3, 43114 IGCC-15, 43653 (Duke CCS study), 43669 (gas universal service programs),
12 43839 (SIGECO rates), 43912 (NIPSCO DSM), 43922 (NIPSCO Feed-In Tariff), 43967
13 (Indiana Gasification), 44067 (SIGECO Dense Pack), 44310 (Self-Direct Investigation),
14 44339 (IPL CCGT and HSS Refueling), 44393 (NIPSCO Feed-In Tariff 2.0), 44441
15 (Implementation of SEA 340), 44478 (IPL EV), 44720 (Duke TDSIC), 44765 (Duke
16 CCR), 44872 (NIPSCO CCR), 44910 (Vectren TDSIC), 44963 (DEI AMI Opt Out
17 Tariff), 44945 (IPL 2018-2020 DSM), 44967 (I&M rate case), 44988 (NIPSCO-GAS rate
18 case), 45011 (NIPSCO-ELECTRIC DSM), 45012 (NIPSCO-GAS DSM), 45029 (IPL
19 rate case), and 45052 (Vectren Gas CCGT CPCN). In addition, my duties require me to
20 testify before several of the Indiana General Assembly's House and Senate committees
21 and participate in panel discussions in public forums.

22 **Q. On whose behalf are you testifying?**

23 A. I am testifying on behalf of CAC.

1 **Q. What did you do to prepare yourself to testify for this proceeding?**

2 A. I reviewed the pre-filed direct testimony of Vectren witnesses and reviewed most of the
3 discovery in the case. I have also spoken to multiple members of the public regarding
4 Vectren's investment in clean energy.

5 **Q. What is CAC's position on solar energy generally?**

6 A. CAC has been a strong proponent of solar energy for decades. We support an "all-of-the-
7 above" solar strategy. This includes our support for utilities building and owning utility-
8 scale solar projects, assuming the costs are reasonable. We also support, and would prefer
9 that, utilities enter into long-term power purchase agreements ("PPAs") for the
10 procurement of solar energy from third parties, assuming the costs of the PPAs are
11 reasonable. We have been and remain strong advocates for a renewable energy standard,
12 including a solar set-aside, which would help motivate utilities to begin their transition
13 away from fossil fuels.

14 We also support policies which enable and encourage individual customers, both
15 big and small, to have the ability to install, operate, own, and utilize solar energy, and
16 other renewable resources, on their own properties, which is their absolute right. And we
17 support policies which would enable customers, both big and small, to procure or
18 otherwise purchase solar energy for their own use at their businesses and homes from a
19 third party or through a collective arrangement like a community-owned and -operated
20 solar project, assuming those arrangements and contracts do not bring harm to non-
21 participating customers.

22 It is a moral imperative that we decarbonize the grid as quickly as we can. We
23 should use all of the tools in the toolbox and begin that transition immediately.

1 **Q. What is CAC's position on Vectren's request to construct a solar energy project?**

2 A. CAC supports the Company's request to construct a solar energy project to provide its
3 customers carbon- and emission-free energy. CAC has long advocated that Indiana
4 utilities begin to plan for an immediate transition to truly clean and sustainable energy,
5 primarily wind and solar. Although we would like to see Vectren make a much larger
6 investment in truly clean and sustainable energy, this project represents a small step in
7 the right direction and should serve as the introduction to a plan to make Vectren's
8 portfolio 100% free of fossil fuels, sooner rather than later.

9 **Q. Does this investment help to diversify Vectren's energy portfolio?**

10 A. Yes, it helps put Vectren on the right path away from its heavy reliance on fossil fuels.
11 According to Vectren's Attachment to its Response to OUCC Data Request 1.13,¹ none
12 of the energy provided to Vectren customers from the Company from January 2017
13 through May 2018 came from solar resources, with almost all of the energy coming from
14 fossil fuels. Furthermore, Vectren indicated in its Response to OUCC Data Request 1.17²
15 that the Company had no PPAs for solar energy and no Company-owned solar resources.
16 No matter how you slice it, going from zero solar to some solar is increasing
17 diversification.

18 However, and as stated previously, it's not good enough. This is evidenced by
19 Vectren's Response to OUCC Data Request 3.3³ which shows that in 2015, 4.4% of
20 Vectren's portfolio is renewable energy with 95.6% coming from fossil fuels. Yet that
21 same response displays that under Vectren's preferred portfolio, which includes this solar
22 project, only 3.8% of Vectren's energy will come from renewable resources by 2036,

¹ See Attachment KLO-1.

² See Attachment KLO-2.

³ See Attachment KLO-3.

1 with 96.2% coming from fossil fuels. Even with this initial investment in solar, the
2 Company's current plan contemplates less renewable energy as a percentage of energy
3 generated in 2036 than in 2015. That is shocking.

4 **Q. At a high level, how do the costs of this proposed solar project compare with other**
5 **recently approved Indiana investor-owned utility solar projects?**

6 A. The costs of this proposal are lower than recent Commission approved projects by Duke
7 Energy Indiana, LLC, and Indiana Michigan Power Company ("I&M").

8 On July 6, 2016, the Commission approved I&M's request in Cause No. 44511 to
9 construct 15 MWs of solar at a cost of \$42.8 million. At a high level, that is
10 approximately \$2.85 million per installed MW.

11 On that same day, the Commission approved Duke's request in Cause No. 44734
12 to construct 17 MWs of solar at a cost of \$41.3 million. At a high level, that is
13 approximately \$2.43 million per installed MW.

14 In this proceeding, Vectren is asking to construct 50 MWs of solar at a cost of
15 \$[REDACTED]. Doing that same high level, back of the envelope math, that is
16 approximately \$[REDACTED] per installed MW, which is [REDACTED]% lower than Duke's
17 approved project and [REDACTED]% lower than I&M's approved project.

18 In other words, this proposed project appears, at a high level, to be consistent with
19 the decrease in costs for utility-scale solar projects which we all have been reading about
20 in the trade press recently. Therefore, and with making no comment on Vectren's
21 proposed accounting and ratemaking treatment, CAC is comfortable supporting this
22 project and the related costs.

1 **Q. Why did you redact the costs of the Vectren proposed solar project at issue in this**
2 **proceeding?**

3 A. Those redactions were necessitated by Vectren's claim of confidentiality, which was
4 apparently part of the Commission's preliminary approval to protect such information as
5 confidential pursuant to its May 17, 2018 Docket Entry. CAC finds this to be completely
6 unacceptable, especially considering that Vectren is a public utility granted a monopoly
7 franchise by the State of Indiana. Captive ratepayers of a monopoly utility have the
8 absolute right to know what they are paying for generation and how much a proposed
9 project is going to cost them. Vectren should not be allowed to conceal the cost of this, or
10 any other, project from their captive ratepayers.

11 One can only imagine the outrage if the legislature decided to redact portions of
12 Indiana's budget, or otherwise hide the use of taxpayer money. Captive ratepayers
13 deserve nothing less than full transparency regarding how ratepayer dollars will be spent.

14 **Q. What does Vectren plan to do with the Solar Renewable Energy Certificates**
15 **("SRECs") generated from the proposed solar project?**

16 A. Vectren indicates that they plan to sell the SRECs in the market and flow the financial
17 benefits back to customers.

18 **Q. Do you agree with that proposal?**

19 A. Maybe, but I believe this issue needs more discussion.

20 On the one hand, this makes sense considering that, at the moment, there are no
21 mandates in place which require that Vectren use those SRECs for compliance purposes.
22 Therefore, the SRECs have no immediate value to the Company or its customers, unless
23 they are converted to cash to flow back to customers. Regardless of what Vectren does or

1 does not do with the SRECs, the fact remains that if this solar project is approved and
2 begins operations, solar energy will be generated and delivered to the distribution system
3 in southwest Indiana and consumed by customers in southwest Indiana, and Vectren will
4 have solar energy as part of its portfolio.

5 On the other hand, Vectren indicates that there are customers in their service
6 territory with an interest in renewable energy due to corporate sustainability initiatives or
7 a general desire for renewable energy. Some of those customers may require those
8 SRECS to meet their internal goals. I say “may” because that depends in large part on
9 how that company or that customer measures or quantifies their initiatives and the related
10 goals.

11 I would suggest that Vectren consider holding onto those SRECs in the short term
12 and look into the possibility that selling those SRECs directly to those before-mentioned
13 customers may be a path which would allow some of those customers to meet their goals
14 and initiatives, while also delivering the financial benefit of those SRECs to *all* customers
15 funding the project.

16 **Q. What is your recommendation?**

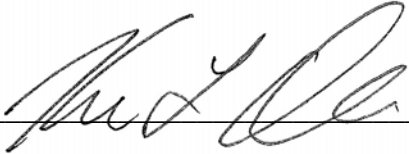
17 A. I recommend that the Commission approve Vectren’s proposal in this proceeding. I also
18 recommend that the Commission reject Vectren’s desire to keep the cost of the project
19 confidential. Finally, I recommend that Vectren more thoughtfully consider the use of
20 SRECs from this project and continue a dialogue with interested stakeholders on this
21 matter.

22 **Q. Does this conclude your testimony?**

23 A. Yes.

VERIFICATION

I, Kerwin Olson, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

A handwritten signature in black ink, appearing to read 'Kerwin Olson', is written over a horizontal line.

Kerwin Olson

September 6, 2018

Date

ATTACHMENT KLO-1

	A	B	C	D	E	F	G	H
1								
2								
3		Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
4	Total Coal Generation	411,390	236,422	273,642	304,503	436,452	489,655	513,024
5	Total Wind Generation	24,091	25,403	27,583	21,761	20,372	17,590	7,564
6	Total Gas Generation	552	425	2,727	1,109	-	2,374	6,027
7	Total Blackfoot	1,290	1,211	1,440	995	795	822	817
8	Total Generation	437,323	263,461	305,392	328,368	457,619	510,441	527,432
9	Off System Sales	(57,535)	(8,223)	(13,620)	(20,810)	(64,800)	(75,033)	(35,436)
10	Control Area Losses	10,857	10,539	9,168	8,572	6,973	10,402	11,464
11	Generation For Load	390,645	265,777	300,939	316,130	399,793	445,810	503,461
12	Native Load	418,223	364,133	382,725	360,810	417,229	463,444	536,587
	% Generation to Serve							
13	Native Load	93%	73%	79%	88%	96%	96%	94%
14								
15	*Does not include Prior Period Adjustments							

	I	J	K	L	M	N	O	P	Q	R
1										
2										
3	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18
4	428,198	314,999	374,218	365,569	391,131	500,291	247,768	299,792	425,805	481,037
5	6,052	8,310	20,587	22,798	22,684	28,241	21,643	23,127	21,434	16,847
6	2,963	8,377	1,350	898	624	1,450	471	-	4,045	4,579
7	963	791	895	885	766	960	868	957	896	974
8	438,176	332,477	397,050	390,150	415,204	530,941	270,750	323,876	452,180	503,437
9	(20,088)	(774)	(47,603)	(58,747)	(59,700)	(94,126)	(23,186)	(12,812)	(102,734)	(86,809)
10	11,271	9,709	10,699	10,114	10,900	13,345	8,474	9,439	8,568	7,990
11	429,359	341,412	360,146	341,516	366,404	450,160	256,039	320,503	358,014	424,618
12	492,369	446,802	401,275	375,062	420,476	469,729	379,284	397,451	376,372	452,757
13	87%	76%	90%	91%	87%	96%	68%	81%	95%	94%
14										
15										

ATTACHMENT KLO-2

**Vectren South Responses to
OUC Data Request Set No. 1
Cause No. 45086
Page 20**

Q 1.17: What is the total nameplate capacity of solar PV projects within the Vectren distribution system as of April, 2018 that are:

- a. Net metered;
- b. Behind the customer meter, but not net metered;
- c. Under a purchase power agreement ("PPA") with Vectren; or
- d. Company-owned.

Response:

- a. Approximately 6.95 MWs
- b. None
- c. None
- d. None

Witness: Wayne D. Games

ATTACHMENT KLO-3

Vectren South Responses to
OUCC Data Request Set No. 3
Cause No. 45086
Page 5

Q 3.3: Similar to the pie charts shown on page 15 of Mr. Games's direct testimony, please provide data for the energy (MWh) for 2015 actually generated by source and the projected energy generated by source (MWh) for the 2036 Preferred Portfolio Resource Mix.

Response:

The information below is based on total generation to serve Vectren customers and wholesale energy sales.

	2015 Actual	2036 Projected
Natural Gas Baseload (MWh)	0	5,298,846
Natural Gas Peaking (MWh)	42,764	686,099
Renewable (MWh)	232,411	294,684
Coal Base Load (MWh)	4,969,519	1,557,829
Total	5,244,693	7,837,458

Witness:

Wayne D. Games