
VERIFIED DIRECT TESTIMONY OF ANDREW S. CAMPBELL

1 **Q1. Please state your name, business address and title.**

2 A1. My name is Andrew S. Campbell. I am the Director of Regulatory Support
3 & Planning for Northern Indiana Public Service Company LLC
4 ("NIPSCO"). My business address is 1500 165th Street, Hammond,
5 Indiana 46320.

6 **Q2. On whose behalf are you submitting this direct testimony?**

7 A2. I am submitting this testimony on behalf of Joint Petitioners NIPSCO and
8 RoseWater Wind Generation LLC ("Joint Venture").

9 **Q3. Please describe your educational and employment background.**

10 A3. I graduated from Purdue University Calumet with a Bachelor of Science in
11 Mechanical Engineering and graduate studies in Interdisciplinary
12 Engineering. Additionally, I graduated with a Master of Business
13 Administration from the University of Notre Dame. I began my
14 employment with NIPSCO in June of 2009 as an Operations Analysis
15 Engineer. In September of 2011, I was promoted to the Manager of

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1 Operations & Market Support and in May of 2013, assumed the role of
2 Manager of Planning & Regulatory Support. In September of 2017, I was
3 promoted to my current role as Director of Regulatory Support &
4 Planning. Prior to joining NIPSCO, I worked as an engineer for an
5 industrial manufacturing company that specialized in engine attachments
6 for marine and small power generation applications. I am also a veteran
7 of the Army National Guard.

8 **Q4. What are your responsibilities as Director of Regulatory Support &**
9 **Planning?**

10 A4. As the Director of Regulatory Support & Planning, I am responsible for
11 leading the regulatory support and financial planning functions for the
12 Energy Supply & Optimization ("ES&O") department within NIPSCO,
13 whereby my team supports NIPSCO's operations within the electric and
14 natural gas markets. More specifically, my team is responsible for leading
15 all electric and natural gas rate case related support activities for the ES&O
16 department, supporting the forecast and reconciliation of NIPSCO's Fuel
17 Adjustment Clause ("FAC"), Regional Transmission Organization
18 ("RTO") Adjustment, Resource Adequacy ("RA") Adjustment, Green

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1 Power Rider ("GPR"), Gas Cost Adjustment ("GCA"), leading the
2 development of NIPSCO's natural gas and electric hedging programs, and
3 supporting NIPSCO's financial and business planning cadence. Most
4 recently, I have been leading the commercial execution of NIPSCO's
5 generation strategy outlined within its 2018 Integrated Resource Plan
6 ("IRP").

7 **Q5. Have you previously testified before this or any other regulatory**
8 **commission?**

9 A5. Yes. Most recently, I submitted testimony in NIPSCO's electric rate case
10 currently pending in Cause No. 45159. I previously submitted testimony
11 in NIPSCO's gas rate case in Cause No. 44988, NIPSCO's request for
12 approval of its 2018 Hedging Plan (Cause No. 38706-FAC-118), NIPSCO's
13 request for approval of an amendment to NIPSCO's 2017-2018 financing
14 authority (Cause No. 45020), and in the following tracker filings: GCA
15 tracker filings (Cause No. 43629-GCA-XX), FAC tracker filings (Cause No.
16 38706-FAC-XX), RA Adjustment tracker filings (Cause No. 44155-RA-XX),
17 and RTO Adjustment tracker filings (Cause No. 44156-RTO-XX).

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1 **Q6. What is the purpose of your direct testimony in this proceeding?**

2 A6. The purpose of my direct testimony is to support Joint Petitioners' request
3 for an order authorizing NIPSCO to begin implementation of its
4 generation transition plan as set forth in its Integrated Resource Plan
5 submitted October 31, 2018 ("2018 IRP"), as follows: (1) issue NIPSCO a
6 certificate of public convenience and necessity ("CPCN") to purchase and
7 acquire indirectly through Joint Venture a wind farm that will have an
8 aggregate nameplate capacity of approximately 102 megawatt ("MW")
9 ("Rosewater Project"); (2) approve the Rosewater Project as a clean energy
10 project under Ind. Code § 8-1-8.8-11; (3) approve associated ratemaking
11 and accounting treatment for the Rosewater Project; (4) establish
12 amortization rates for NIPSCO's investment in the Rosewater Project
13 through Joint Venture; (5) approve pursuant to Ind. Code § 8-1-2.5-6 an
14 alternative regulatory plan ("ARP") to implement the Rosewater project as
15 set forth herein, including establishment of Joint Venture and the reflection
16 in NIPSCO's net original cost rate base of its investment in Joint Venture;
17 (6) approve purchased power agreements through which NIPSCO will
18 acquire the energy generated by the Rosewater Project, including timely
19 cost recovery through NIPSCO's FAC; (7) authorize deferral of

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1 amortization and accrual of post-in service carrying charges ("PISCC") on
2 NIPSCO's capital investment in Joint Venture; (8) to the extent generally
3 accepted accounting principles ("GAAP") would treat any aspect of Joint
4 Venture as debt on NIPSCO's financial statements, grant necessary
5 financing approval; (9) approve an ARP for NIPSCO in order to facilitate
6 the implementation of the Rosewater Project; and (10) to the extent
7 necessary, pursuant to Ind. Code § 8-1-2.5-5, decline to exercise jurisdiction
8 over Joint Venture as a public utility.¹

9 I provide a broad overview of the proposed transactions and provide
10 references to the other witnesses who provide more in-depth discussions
11 of the topics. I also discuss how NIPSCO will integrate the wind into
12 NIPSCO's and the Midcontinent Independent System Operator, Inc.'s
13 ("MISO") operations. I also discuss the viability of wind energy resources
14 generally, and the terms of the Build Transfer Agreement ("BTA") and the

¹ At the same time NIPSCO and Joint Venture filed its Verified Joint Petition in this Cause, EDPR filed its Verified Petition requesting that the Commission, pursuant to Ind. Code § 8-1-2.5-5, decline to exercise any jurisdiction to (a) require Petitioner to obtain a certificate of public convenience and necessity to construct the Project under Ind. Code Ch. 8-1-8.5, the "Powerplant Construction Act" and (b) regulate, under Ind. Code Ch. 8-1-2, the "Public Service Commission Act," Petitioner's construction, ownership and operation of, and other activities in connection with, the Project.

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1 BTA power purchase agreement (“PPA”) outlining NIPSCO’s rights to the
 2 wind energy project’s production, capacity, and environmental attributes,
 3 and the benefits associated with the environmental attributes in the form
 4 of Renewable Energy Credits (“RECs”). I then describe the Back-Stop PPA
 5 which will only come into play if the conditions precedent to the BTA are
 6 not met. I set forth and support NIPSCO’s ARP and its request for issuance
 7 of a CPCN. Finally, I discuss NIPSCO’s proposal for recovering the costs
 8 associated with the Joint Venture and the BTA PPA, which will be in effect
 9 if all the conditions precedent to the BTA are met, and the Back-Stop PPA,
 10 which will be in effect if all the conditions precedent to the BTA are not
 11 met.

12 **Q7. Are you sponsoring any attachments to your direct testimony?**

13 A7. Yes. I am sponsoring the following attachments, all of which were
 14 prepared by me or under my direction and supervision.

Attachment 1-A	Verified Joint Petition
Confidential Attachment 1-B	Build Transfer Agreement by and between RoseWater Wind Generation LLC, as Purchaser and EDP Renewables North America LLC, as Seller (“BTA”)
Confidential Attachment 1-C	Wind Energy Purchase Agreement

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	between Northern Indiana Public Service Company LLC and Rosewater Wind Farm LLC, as Seller (the "BTA PPA")
Confidential Attachment 1-D	Back-Stop Wind Energy Purchase Agreement between Northern Indiana Public Service Company LLC and Rosewater Wind Farm LLC, as Seller ("Back-Stop PPA")
Confidential Attachment 1-E	Example Term Sheet

GENERATION TRANSITION PLAN

1 **Q8. Please explain NIPSCO's generation transition plan.**

2 A8. The 2018 IRP included a short-term action plan consisting of the actions
3 NIPSCO will take for the period 2019-2021. The short-term plan focuses
4 on initiating the retirement process for all of the coal-fired units at R.M.
5 Schahfer Generation Station and selecting/acquiring replacement projects
6 to fill the capacity gap. In connection with the 2018 IRP, NIPSCO
7 conducted an all-source request for proposals ("All-Source RFP"), which
8 generated a robust response. The responses indicated there are more than
9 enough diverse resources and projects to meet NIPSCO's supply needs in
10 2023. 90 proposals supported by 59 projects across 5 states were received.
11 Each proposal was evaluated and scored independently from NIPSCO.
12 The projects scoring the highest were short-listed and proceeded to

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1 negotiation of definitive agreements. The Rosewater Project was one of
2 those short-listed proposals. The other two responses, which are the
3 subject of petitions being filed in other dockets, are purchased power
4 agreements between NIPSCO and Jordan Creek Wind Farm LLC and
5 between NIPSCO and Roaming Bison Wind, LLC. The three filings
6 together request authority to obtain a total of 800 MWs of wind capacity.
7 All three wind projects are projected to have a 2020 in service date and are
8 all located in western Indiana north of Indianapolis.

INTRODUCTION AND VIABILITY OF WIND ENERGY RESOURCES

9 **Q9. Is wind energy a viable energy resource?**

10 A9. Yes. Wind is a renewable, local, and clean energy source. Wind energy
11 projects do not use fossil or nuclear fuel in operation, which means no
12 mining or drilling for fuel, no radioactive or hazardous wastes, no use of
13 water for steam or cooling, and no emissions of greenhouse gases or other
14 pollutants. The absence of fossil or nuclear fuel also means the price of
15 wind power is not impacted by the volatility of commodities. Due to
16 meteorological and resource diversity of the MISO footprint, the location
17 of these wind projects influences the capacity accreditation and available

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1 wind energy for NIPSCO's customers. As mentioned by NIPSCO Witness
2 Lee, all three projects being proposed by NIPSCO in this first tranche are
3 located in Indiana, more specifically the part of Indiana with advantageous
4 meteorological and resource diversity conditions in the MISO footprint.
5 For these reasons, and with advances in wind technology in areas such as
6 wind turbine availability, capacity factor, design and size, and wind
7 mapping,² wind energy has become a viable source of renewable energy
8 resources on a per megawatt-hour ("MWh") basis.

OVERVIEW OF THE PROPOSED TRANSACTIONS

9 **Q10. Please describe the Rosewater Project.**

10 A10. The Rosewater Project is being implemented through a series of
11 agreements – the BTA, a BTA PPA, a Back-Stop PPA (in the event the
12 parties do not close), as well as two more agreements to be executed in late
13 2019 or early 2020. EDP Renewables North America LLC ("EDPR" or
14 "Developer"), through a special purpose entity known as Rosewater Wind
15 Farm LLC ("Rosewater ProjectCo"), is developing an approximately 25

² Mapping refers to the process of assessing impacts of existing wind resources, restrictions on land use, and other sensitivities that may affect wind energy.

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1 turbine wind farm and associated electric transmission line in White
2 County, Indiana (utilizing MISO interconnect request J513), which wind
3 farm will have an aggregate nameplate capacity of approximately 102 MW
4 and is commonly referred to as the Rosewater Project (Figure 1 below).
5 The Rosewater Project is expected to achieve commercial operation in the
6 fourth quarter of 2020. The size of the project may change slightly as
7 engineering and technical specifications are finalized.

8 Pursuant to the BTA, and as explained in the Example Term Sheet
9 (Confidential Attachment 1-E), Joint Venture will purchase 100% of the
10 equity interest in Rosewater ProjectCo from Developer (Figure 2 below).

11 As a pre-condition to the transaction, a Joint Venture Operating
12 Agreement (the "LLC Agreement") must be executed under which Joint
13 Venture will be owned initially by three members. The first member is a
14 Tax Equity Partner ("TEP") that is a financial investor, which will not be
15 responsible for project operations. The TEP has not yet been identified.

16 The second member is Developer, which is the entity that is constructing
17 the Rosewater Project through Rosewater ProjectCo. Third is NIPSCO,
18 which will manage the RoseWater Project at the closing of the transaction

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1 under the BTA. NIPSCO is the managing member and will initially own
2 approximately 1% of Joint Venture. Developer will build the Rosewater
3 Project through Rosewater ProjectCo, and Rosewater ProjectCo will own
4 the Rosewater Project. Developer will transfer 100% of Rosewater
5 ProjectCo to Joint Venture pursuant to the BTA when the Rosewater
6 Project begins operating in late 2020 (Figure 2 below). Immediately prior
7 to the transfer, Developer will invest a portion of the proceeds to be paid
8 by Joint Venture pursuant to the BTA into the Joint Venture in return for
9 an ownership share of the Joint Venture, which it will hold until 2023. For
10 its share, TEP will invest a percentage of the amount needed to pay Joint
11 Venture's obligation under the BTA. NIPSCO will invest the remaining
12 amount needed under the BTA in return for its share of Joint Venture. In
13 2023, NIPSCO will purchase Developer's interest in Joint Venture for cash
14 (Figure 3 below). TEP's interest in Joint Venture will enable it to receive
15 ■ of the Production Tax Credits ("PTCs") and tax losses generated by
16 the Rosewater Project along with distributions of up to ■ of any excess
17 cash generated by the Rosewater Project. Once TEP has attained an
18 internal rate of return as specified in the LLC Agreement, the allocation of
19 taxable income, loss, gain and deductions drops to ■. At this point,

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1 NIPSCO will have the option to acquire the TEP interest for fair market
2 value as defined in the LLC Agreement (Figure 4 below). Lastly, NIPSCO
3 can consolidate the wind project and eliminate the need for the BTA PPA
4 (Figure 5 below).

5 **Q11. Please provide an illustration of the transaction structure summarized**
6 **above.**

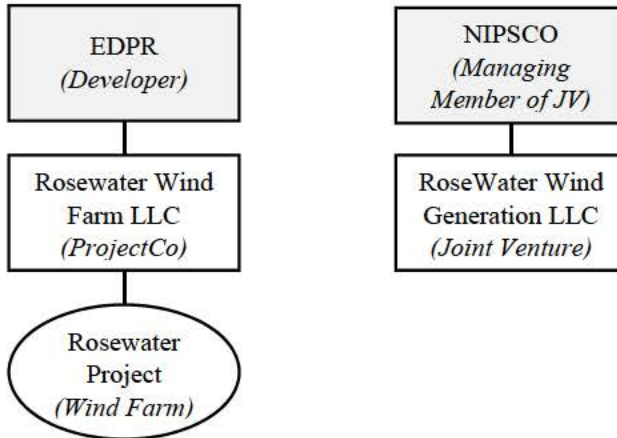
7 A11. Figures 1, 2, 3, 4, and 5 illustrate the transactions surrounding the Joint
8 Venture through time:

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1 **Figure 1 – January 2019**

2 *RoseWater Wind Generation LLC (Joint Venture) enters into agreements*
3 *with EDPR (Developer) to build Rosewater Project (Wind Farm)*



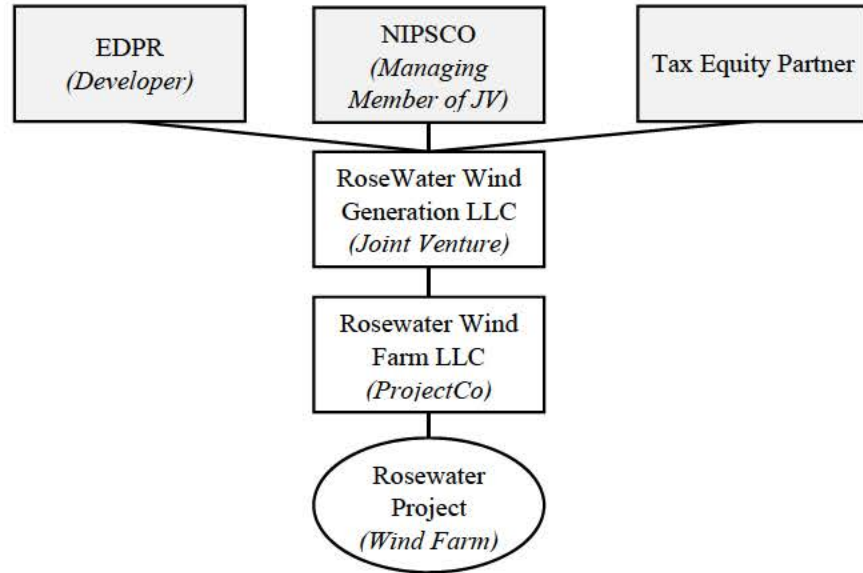
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5 *Joint Venture enters into the BTA with the Developer to build the*
6 *Rosewater Project. NIPSCO also enters into the BTA PPA with*
7 *Rosewater Wind Farm LLC (ProjectCo) to be the sole off-taker of energy*
8 *from the project.*

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1 Figure 2 – December 2020



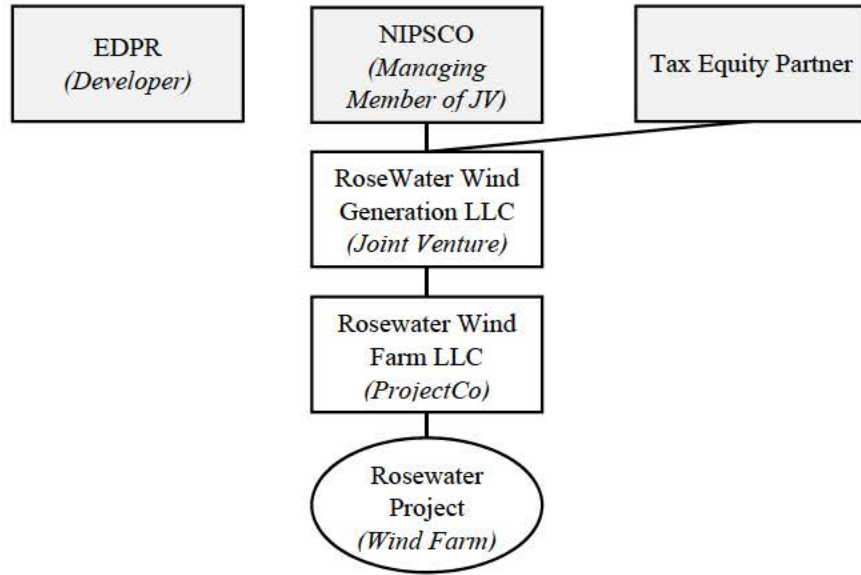
2

3 *Upon completion of construction, EDPR, Tax Equity Partner and*
4 *NIPSCO contribute cash to the Joint Venture. The Joint Venture uses the*
5 *cash to acquire the ProjectCo from EDPR. The ProjectCo commences*
6 *operations and sells output from the project to NIPSCO under the terms*
7 *of the BTA PPA.*

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1 Figure 3 – Mid-2023



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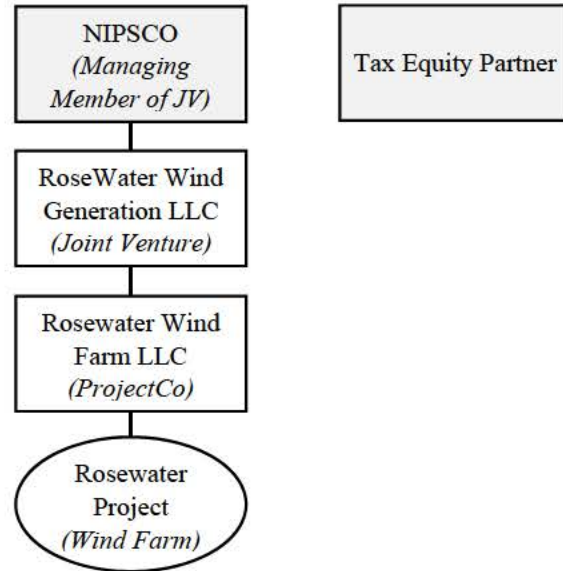
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8

In mid-2023, NIPSCO purchases the EDPR membership interest in the Joint Venture. NIPSCO continues to pay the ProjectCo for the output of the project under the terms of the BTA PPA. This arrangement continues until the Tax Equity Partner reaches the specified IRR or the BTA PPA is terminated in 2035.

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1 Figure 4 – Approximately 2030



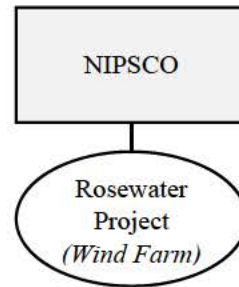
2

3 *At the time the Tax Equity Partner achieves the targeted internal rate of*
4 *return, NIPSCO has the option to purchase the membership interest of the*
5 *Tax Equity Partner in the Joint Venture at fair market value. If NIPSCO*
6 *exercises the option to acquire the membership interest of the Tax Equity*
7 *Partner, NIPSCO will own 100% of the project.*

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1 **Figure 5 – Post-Option Exercise**



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3 *If NIPSCO exercises the option to acquire the Tax Equity Partner's*
4 *membership interest in the Joint Venture, NIPSCO will liquidate both the*
5 *Joint Venture and the ProjectCo and will own the wind farm directly.*
6 *There also will no longer be a need for the BTA PPA.*

7 **Q12. Is it possible that NIPSCO would need to make investments in the Joint**
8 **Venture beyond those that you have described?**

9 A12. Yes. NIPSCO does not anticipate a need for additional investment beyond
10 what is contemplated in the agreements. However, situations such as, but
11 not limited to, force majeure or extended forced outages where the
12 Rosewater Project is unable to produce for an extended period of time,
13 could result in a need for additional investment. NIPSCO seeks authority
14 in this case to include any such additional payments as an increase of its
15 investment in the Joint Venture.

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1 **Q13. You mentioned two PPAs – a BTA PPA and a Back-Stop PPA. Will**
2 **NIPSCO enter a traditional PPA with Rosewater ProjectCo, the owner of**
3 **the Rosewater Project?**

4 A13. Yes, but which of two PPAs depends on whether the conditions precedent
5 to the BTA are satisfied. In this filing, NIPSCO is requesting the necessary
6 approvals to purchase the electrical energy output from the Rosewater
7 Project either through a Wind Energy Purchase Agreement between
8 NIPSCO and Rosewater ProjectCo (after transfer of Rosewater ProjectCo's
9 equity to the Joint Venture) – the BTA PPA, or a Back-Stop Wind Energy
10 Purchase Agreement between NIPSCO and Rosewater ProjectCo (without
11 transfer of ownership to the Joint Venture) – the Back-Stop PPA. Both
12 PPAs will have a term of 15 years. The price under the BTA PPA is \$ [REDACTED]
13 per MWh. The price under the Back-Stop PPA is \$ [REDACTED] per MWh. The
14 conditions precedent that are necessary for NIPSCO to proceed with the
15 Joint Venture structure are discussed in greater detail by Witness McCuen.
16 As further described below, if all the conditions precedent are met, EDPR
17 will sell its equity in Rosewater ProjectCo to the Joint Venture. Witness
18 Camp describes the cost recovery authority sought with respect to both
19 PPAs.

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1 **Q14. How was the pricing for the BTA PPA and the Back-Stop PPA**
2 **determined?**

3 A14. During the definitive agreement phase of commercial negotiations
4 between NIPSCO and EDPR, the prices for both the BTA PPA and the
5 Back-Stop PPA were offered as a revised proposal from EDPR which
6 contemplates the Joint Venture structure. The prices for both PPAs are in
7 line with other proposals received through the All-Source RFP and are
8 considered to be market-based prices at a level in which the transaction
9 will attract a Tax Equity Partner's investment. The market price was
10 discovered through an open and competitive RFP. Attracting the TEP is a
11 key component of the transaction whether the BTA and BTA PPA is in full
12 effect or if the Back-Stop PPA is employed. As explained by Witness
13 Augustine, it is also consistent with the modeling in the 2018 IRP.

14 **Q15. Please describe the members of the Joint Venture.**

15 A15. The members of the Joint Venture are (1) NIPSCO, which formed the Joint
16 Venture on December 11, 2018, (2) EDPR, which is developing Rosewater
17 through Rosewater ProjectCo, which will own the Rosewater Project, and
18 (3) a TEP, which will be a financial investor that will not have any

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1 operational rights in the Joint Venture.

2 **Q16. Please describe the Joint Venture as it exists today.**

3 A16. NIPSCO formed RoseWater Wind Generation LLC under the laws of
4 Delaware to serve as the Joint Venture. Prior to the closing of the Equity
5 Capital Contribution Agreement ("ECCA") and the Joint Venture
6 Operating Agreement ("LLC Agreement"), the Joint Venture will be a
7 shell. Both of these two agreements must be executed as a condition to
8 closing in the BTA. It is anticipated that the ECCA will be entered into in
9 January 2020 when a form of the LLC Agreement will be agreed to between
10 the parties to the ECCA. The LLC Agreement will be executed in
11 connection with the closing of the sale of the Rosewater ProjectCo to the
12 Joint Venture. The ECCA will obligate NIPSCO, EDPR and the TEP to
13 contribute funds to the Joint Venture to fund the purchase of Rosewater
14 ProjectCo. The LLC Agreement will govern the operation and
15 management of the Joint Venture after the purchase of Rosewater
16 ProjectCo. As noted above, NIPSCO will be the managing member of the
17 Joint Venture. The LLC Agreement will also require NIPSCO to purchase
18 EDPR's interest in the Joint Venture in 2023. NIPSCO will then purchase

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1 the TEP's interest in the Joint Venture in 2030. Witness McCuen provides
2 a full description and discussion of the ECCA and LLC Agreement.

3 **Q17. Please briefly describe EDPR.**

4 A17. EDPR develops, constructs, owns, and operates wind and solar renewable
5 energy projects throughout the United States. EDPR is based in Houston,
6 Texas, with over 600 employees and regional offices in New York, Oregon,
7 Illinois, Indiana, and Massachusetts. EDPR's parent, EDP Renováveis SA,
8 is the fourth largest developer of renewable energy projects in the world,
9 and EDPR is notably, the largest generator of wind energy in Indiana.³

10 **Q18. What experience does EDPR have in the wind generation business?**

11 A18. As an industry leader, EDPR develops projects internally through
12 experienced in-house teams of project developers, project managers,
13 energy assessment engineers, design engineers, construction engineers,
14 and supportive staff. As such, EDPR has permitted and constructed over
15 600 MW in White County, Indiana, and another 200 MW in Randolph
16 County, Indiana, and is extremely familiar with permitting requirements

³ Information obtained from EDPR's response to the All-Source RFP.

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1 associated with wind farm development.

2 **Q19. Please discuss EDPR's creditworthiness.**

3 A19. EDPR's financial ability to complete construction of the wind project and
4 transfer it to the Joint Venture is key to NIPSCO and the Joint Venture.
5 NIPSCO has taken this into consideration by including adequate assurance
6 provisions in the BTA. Furthermore, as part of NIPSCO's due diligence
7 when evaluating the creditworthiness of potential counterparties, NIPSCO
8 gathered and reviewed credit information during the pre-qualification
9 process in the All-Source RFP. Counterparties that were investment grade
10 based on their unsecured senior debt rating met the credit requirements.
11 If a bidder did not meet the debt rating requirement or did not have a
12 rating, they were required to post collateral upon executing a definitive
13 agreement. EDPR met this requirement.

14 **Q20. Has an agreement with the TEP been executed?**

15 A20. No. As further described by Witness McCuen, the agreements that are
16 necessary to be executed by the TEP(s) will be negotiated prior to execution
17 of the ECCA in January 2020.

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1 **Q21. What is the general role of the TEP(s) in the Joint Venture?**

2 A21. The TEP(s) will contribute cash to the Joint Venture equal to approximately
3 ██████████% of the purchase price of Rosewater ProjectCo under the terms of
4 the BTA.

5 **Q22. Why would the TEP(s) become a party to the Joint Venture?**

6 A22. The TEP(s) will be a party to the Joint Venture because it will be able to
7 fully use the PTCs that the project will receive. The terms of the Joint
8 Venture are more fully discussed by Witness McCuen.

9 **Q23. Please briefly summarize the terms of the BTA.**

10 A23. The BTA requires EDPR to develop the Rosewater Project through
11 Rosewater ProjectCo and then sell 100% of the equity interest in Rosewater
12 ProjectCo to the Joint Venture in 2020, when it is anticipated that all of the
13 conditions precedent will be met.

14 **Q24. What is the total cost to Joint Venture for the purchase of the equity**
15 **interest in Rosewater ProjectCo?**

16 A24. The total price is \$ ██████████, prior to adjustments as set forth in the
17 BTA.

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1 **Q25. Does EDPR provide any financial assurance that it will meet its**
2 **obligations under the BTA?**

3 A25. Yes. The BTA requires EDPR to provide by September 2019 either a
4 guaranty or a letter of credit from a qualified guarantor or from a qualified
5 financial institution. After the Closing Date, the amount of the guaranty
6 or letter of credit remains in effect until the earlier of the date when all of
7 EDPR's obligations have been satisfied or the third anniversary of the
8 closing of the BTA. In the event that EDPR is in default of any of its
9 obligations under the BTA or the Joint Venture, and by extension NIPSCO,
10 is otherwise entitled to indemnification or damages under the BTA, then
11 the Joint Venture has a right to access the credit support directly to
12 reimburse the Joint Venture, and by extension NIPSCO, for any damages
13 or costs incurred as a result of EDPR's failure to comply with its obligations
14 under the BTA.

15 **Q26. Please describe the terms of the BTA PPA?**

16 A26. The BTA PPA provides NIPSCO with 100% of the electrical energy output
17 of the Rosewater Project, the unforced capacity (UCAP), which represents
18 the percentage of installed capacity (ICAP) available after a units forced

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1 outage rate is taken into account as shown in the BTA PPA, and any
2 environmental attributes of the project for 15 years.

3 **Q27. Please describe the process by which NIPSCO selected the Joint Venture**
4 **structure as the preferred option.**

5 A27. In the first quarter of 2018, NIPSCO retained CRA International d/b/a
6 Charles River Associates, Inc. ("CRA") to assist in the design,
7 administration, and bid evaluation of a Request for Proposals ("RFP"). The
8 purpose of the RFP was to solicit binding bids to cover an anticipated
9 capacity shortfall starting in 2023 and to obtain market-based information
10 on the cost and performance of alternative resource options to inform and
11 improve NIPSCO's 2018 IRP.

12 Through the process, NIPSCO received bids supported by renewable
13 facilities, fossil resources, energy storage, and demand response options.

14 Bids for both standalone assets and integrated facilities comprised of
15 different resource types or supported by storage were submitted.

16 Bidders offered assets under PPAs and offered assets for sale. Witness
17 Augustine explains NIPSCO's IRP process, and Witness Lee explains
18 NIPSCO's RFP process, including the timeline, design, execution, review,

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1 evaluation, and conclusions.

2 **Q28. What role did you have in the All-Source RFP process?**

3 A28. My role was to ensure that the process conformed to NIPSCO's intent to
4 competitively bid and secure additional electric energy and capacity in the
5 amount needed to serve NIPSCO's retail customers in the future, and that
6 CRA conducted the process in a fair and transparent manner.

7 **Q29. Once the preferred plan within the IRP was chosen and the RFP results
8 were reviewed, how did NIPSCO proceed?**

9 A29. NIPSCO, in conjunction with CRA, negotiated with developers of the most
10 viable wind energy projects. During the negotiations, the number of wind
11 projects was reduced to four projects. After completion of negotiations
12 over the terms, conditions and price, NIPSCO executed three wind
13 agreements for a total purchase of approximately 800 MW of wind power.
14 The size of each project may change slightly as engineering and technical
15 specifications are finalized.

16 **Q30. Please explain how NIPSCO reached its decision to contract for the 102
17 MW of electric energy made available through the Rosewater Project.**

18 A30. Witness Augustine explains NIPSCO's 2018 IRP process and the

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1 demonstrated need for additional electric supply to maintain adequate
2 electric reserves beginning in 2023. The decision to contract for the wind
3 in 2020 was based upon NIPSCO's and CRA's analysis that NIPSCO's
4 customers, over the life of the projects, would save approximately \$500
5 Million due to the declining value of the production tax credits, as
6 described by Witness McCuen. The Rosewater Project plays a role in
7 satisfying NIPSCO's electric planning goals and objectives.

8 **Q31. How are congestion risks of the Rosewater Project assessed?**

9 A31. Congestion risks were assessed using MISO's future year ProMod models
10 which are capable of simulating hourly market operations for a given
11 study year. The output was then used to determine the expected
12 curtailments, total revenue and congestion and loss charges for each site
13 under consideration. Sites with greater congestion risk have been
14 appropriately discounted in NIPSCO site analysis.

15 **Q32. Where is the Rosewater Project in the MISO queue and are there any**
16 **interconnection issues or other delay issues?**

17 A32. The wind project's general interconnection agreement has been completed
18 and is in the MISO queue (J513). The point of interconnection is NIPSCO's

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1 138kV Reynolds Substation. To facilitate the project's interconnection,
2 upgrades are required at the Reynolds Substation and work is to be
3 completed in August of 2020 by NIPSCO as the interconnecting utility.

4 **Q33. How will NIPSCO account for the wind energy provided by the BTA**
5 **PPA?**

6 A33. NIPSCO will take delivery of the wind energy from Rosewater ProjectCo
7 at a specified metering point. NIPSCO will be the Market Participant and
8 will make the energy available in the MISO energy market. NIPSCO will
9 be paying the Joint Venture (through the Rosewater ProjectCo) the contract
10 price per MWh and counting this wind energy as used in the NIPSCO
11 system. NIPSCO will "settle" the sale price for the wind energy sold into
12 MISO against the price paid for the wind energy. NIPSCO offers its
13 generation and bids its load into the MISO energy markets daily, along
14 with other sales and purchases, in the end "settling" the costs against
15 revenues. MISO treats wind energy projects as dispatchable intermittent
16 resources. As such, Rosewater ProjectCo will be subject to real-time
17 Revenue Sufficiency Guarantee and Uninstructed Deviation charges
18 assessed under the Open Access Transmission, Energy and Operating

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1 Reserve Markets Tariff ("MISO Tariff").

2 **Q34. Will NIPSCO be able to designate the Rosewater Project as a network**
3 **resource under the MISO Tariff?**

4 A34. Yes. The generator interconnection agreement that Rosewater ProjectCo
5 will be receiving from MISO will have network resource interconnection
6 service ("NRIS") available for its full injection once any required
7 transmission system upgrades at Reynolds substation are complete.
8 Having NRIS will allow NIPSCO to designate this generation facility as a
9 network resource to receive Network Integration Transmission Service
10 ("NITS") without further study.

11 **Q35. If all of the BTA's conditions precedent are met, does the BTA PPA**
12 **described herein represent prudent, valuable and reasonably priced**
13 **renewable energy resources for NIPSCO?**

14 A35. Yes. The BTA PPA described herein will provide NIPSCO's customers
15 with a more affordable and cleaner energy resource. This is supported by
16 the analysis performed in NIPSCO's 2018 IRP.

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1 **Q36. If all of the conditions precedent contained in the BTA are not met, does**
2 **the Back-Stop PPA described herein represent prudent, valuable and**
3 **reasonably priced renewable energy resources for NIPSCO?**

4 A36. Yes. The Back-Stop PPA described herein will provide NIPSCO's
5 customers with a more affordable and cleaner energy resource. This is
6 supported by the analysis performed in NIPSCO's 2018 IRP.

ALTERNATIVE REGULATORY PLAN

7 **Q37. Please describe the alternative practices, procedures and mechanisms**
8 **NIPSCO is seeking under the alternative regulatory plan.**

9 A37. NIPSCO is requesting approval of the following four alternative practices,
10 procedures and mechanisms in connection with the Joint Venture:

11 (a) Since the Rosewater Project arose out of the All-Source RFP,
12 NIPSCO seeks to be relieved of or otherwise found to have complied with
13 the obligations to receipt of a CPCN established under Ind. Code § 8-1-8.5-
14 5(e).

15 (b) NIPSCO will not be the owner of the generating assets that
16 make up the Rosewater Project. Instead, NIPSCO will own an interest in
17 Joint Venture. NIPSCO seeks approval of the Joint Venture and the joint

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1 venture structure. NIPSCO further seeks to record its interest in the Joint
2 Venture as a regulatory asset in Account 182.3 and to amortize the
3 amounts so recorded using the amortization rates sought to be approved
4 for the Rosewater Project. NIPSCO requests to include in net original cost
5 rate base and in the value of its utility property for purposes of Ind. Code
6 § 8-1-2-6 and for ratemaking purposes the balance of the regulatory asset
7 NIPSCO has recorded for the Joint Venture.

8 (c) As noted, NIPSCO seeks to recover its payments made to
9 Rosewater ProjectCo pursuant to the BTA PPA and the Back-Stop PPA,
10 through the FAC without regard to Ind. Code § 8-1-2-42(d)(1) through (4)
11 and without regard to any benchmarks established by the Commission for
12 PPAs.

13 (d) To the extent necessary, NIPSCO is seeking approval of
14 financing. To the extent financing approval is sought and obtained herein,
15 NIPSCO seeks to be relieved of the technical requirements set forth in Ind.
16 Code §§ 8-1-2-79 and 80. These include corporate officer signatures and
17 verifications, the elements in Ind. Code § 8-1-2-79(a)(1) through (6), and
18 the specific provisions to be set forth in the Commission's certificate of

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1 authority set forth in Ind. Code § 8-1-2-80(a) and (b).

2 In addition, I will describe relief NIPSCO and Joint Venture are seeking
3 regarding the exercise of the Commission's jurisdiction over Joint Venture.

4 **Q38. Is NIPSCO's proposed Joint Venture and participation in the Rosewater
5 Wind Project in the public interest as required for an alternative
6 regulatory plan as set forth in Indiana Code ch 8-1-2.5?**

7 A38. Yes, I believe it is. Indiana Code § 8-1-2.5-6 states in pertinent part:

8 Sec. 6. (a) Notwithstanding any other law or rule adopted
9 by the commission, except those cited, or rules adopted that pertain
10 to those cited, in section 11 of this chapter, in approving retail
11 energy services or establishing just and reasonable rates and
12 charges, or both for an energy utility electing to become subject to
13 this section, the commission may do the following:

14 (1) Adopt alternative regulatory practices, procedures, and
15 mechanisms, and establish rates and charges that:

16 (A) are in the public interest as determined by
17 consideration of the factors described in section 5 of
18 this chapter; and

19 (B) enhance or maintain the value of the energy
20 utility's retail energy services or property;

21 including practices, procedures, and mechanisms
22 focusing on the price, quality, reliability, and
23 efficiency of service provided by the energy utility.

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1 Indiana Code 8-1-2.5-5(b) states in pertinent part:

2 (b) In determining whether the public interest will be
3 served, the commission shall consider the following:

4 (1) Whether technological or operating conditions,
5 competitive forces, or the extent of regulation by other state or
6 federal regulatory bodies render the exercise, in whole or in part, of
7 jurisdiction by the commission unnecessary or wasteful.

8 (2) Whether the commission's declining to exercise, in whole
9 or in part, its jurisdiction will be beneficial for the energy utility, the
10 energy utility's customers, or the state.

11 (3) Whether the commission's declining to exercise, in whole
12 or in part, its jurisdiction will promote energy utility efficiency.

13 (4) Whether the exercise of commission jurisdiction inhibits
14 an energy utility from competing with other providers of
15 functionally similar energy services or equipment.

16 **Q39. Is the Joint Venture in the public interest and will it enhance the value**
17 **of NIPSCO's retail energy services or property?**

18 A39. Yes. As described in greater detail by Witness McCuen, the creation of
19 Joint Venture is in the public interest in that it allows NIPSCO to obtain
20 less expensive energy for its customers by maximizing the benefit of the
21 wind project's PTCs. It thus enhances for our customers the value of
22 NIPSCO's retail services. The 2018 IRP shows that the most viable path for
23 NIPSCO customers involves accelerating the retirement of a majority of
24 NIPSCO's remaining coal-fired generation in the next five years and all

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1 coal within the next ten years, with replacement generation provided by
2 lower-cost renewable energy resources such as wind, solar, and battery
3 storage. To maximize the benefit for NIPSCO's customers of that lower-
4 cost renewable energy, NIPSCO must find the path to monetizing the tax
5 benefits described by Witness McCuen. NIPSCO also must recognize the
6 value for its customers from NIPSCO being in control of its generation and
7 minimizing the risk from relying too heavily on counterparties to
8 purchased power agreements. The Joint Venture structure provides full
9 control of the renewable energy project by NIPSCO with a much lower
10 investment and lower risk profile that more efficiently monetizes the tax
11 benefits of the renewable energy project. If NIPSCO were not to employ
12 the Joint Venture and outright purchase the project, the value of the tax
13 benefits associated with the renewable project would be greatly reduced.
14 The Joint Venture also allows NIPSCO's customers to receive the value of
15 the tax benefits associated with the project as they are realized. In short, it
16 is this Joint Venture structure that makes the implementation of NIPSCO's
17 2018 IRP possible.

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1 **Q40. Is there an estimate of the value from monetizing the PTCs?**

2 A40. Yes. Depending on the final terms of the LLC Agreement, by structuring
3 the transaction through the Joint Venture the costs of the Rosewater Project
4 to NIPSCO is estimated to reduce the rate base amount for the Rosewater
5 Project by approximately [REDACTED] % from \$ [REDACTED] to a range of \$ [REDACTED]
6 [REDACTED] as described by Witness McCuen.

7 **Q41. What are the non-tax ownership attributes of the Rosewater Project**
8 **retained by NIPSCO?**

9 A41. The Joint Venture provides at least the following five benefits to NIPSCO's
10 customers:

11 (1) NIPSCO will have full control of the wind project, which will allow
12 it to operate the project efficiently.

13 (2) The levelized cost of the power from the project over the project's
14 lifetime will be less than if NIPSCO built the project or just signed a
15 PPA with a project developer. This is due to the monetization of the
16 PTCs at their maximum value. Despite the TEP being a member of
17 the joint venture, it will have no interest in operating the facility.

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1 (3) NIPSCO's power portfolio will be more diversified because it will
2 eventually include an owned, renewable asset. The two other
3 requests for issuance of CPCNs NIPSCO is filing along with this
4 case relate to PPAs for wind projects that NIPSCO will not own.

5 (4) NIPSCO will not have to bear the counterparty risk that exists in a
6 traditional PPA.

7 (5) NIPSCO will have the option to repower the project at the end of its
8 life or to retire it, whichever provides its customers the best value.

9 **Q42. Why is it in the public interest to relieve NIPSCO from or otherwise find**
10 **that NIPSCO has satisfied the obligations to receipt of a CPCN**
11 **established under Ind. Code § 8-1-8.5-5(e)?**

12 A42. There are certain competitive procurement requirements set forth in Ind.
13 Code § 8-1-8.5-5(e). Since the Rosewater Project arose out of the All-Source
14 RFP, NIPSCO seeks to be relieved of or otherwise found to have complied
15 with those requirements. On the unique circumstances of this case,
16 additional competitive procurement requirements would not only be
17 unnecessary but they would also jeopardize the implementation of the
18 2018 IRP.

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1 **Q43. Why is it in the public interest that NIPSCO be permitted to include its**
2 **investment in the Joint Venture in NIPSCO's rate base for ratemaking**
3 **purposes?**

4 A43. Witness Camp describes this aspect of the ARP in greater detail; however,
5 without the ability to earn a return on its investment in the Joint Venture,
6 there would be no incentive for NIPSCO to pursue the Joint Venture. As I
7 understand it, traditional ratemaking would permit us to include in rate
8 base the value of NIPSCO's utility plant. NIPSCO must create the Joint
9 Venture structure to capture the value of the tax benefits from the
10 Rosewater Project for the benefit of NIPSCO's customers. If traditional
11 ratemaking would deny NIPSCO the ability to earn a return on the
12 investment that is needed to capture the value of those benefits, then
13 NIPSCO cannot make that investment. Approving this aspect of
14 NIPSCO's ARP is in the public interest because it enhances the value of
15 NIPSCO's services for its customers and allows NIPSCO to implement the
16 2018 IRP.

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1 **Q44. Why is the aspect of the ARP related to the recovery of costs paid**
2 **pursuant to power purchase agreements in the public interest?**

3 A44. This is addressed by Witness Camp.

4 **Q45. Why is it necessary to relieve NIPSCO and the Commission from the**
5 **technical requirements set forth in Ind. Code §§ 8-1-2-79 and 80?**

6 A45. This relates to financing authority. As Witness Camp is describing, the
7 request for financing is purely conditional – NIPSCO is not issuing new
8 debt. NIPSCO is not selling any securities. The provisions that NIPSCO
9 seeks to be relieved of are provisions that are related to the issuance of
10 securities. These requirements are simply unnecessary in this context.

11 **Q46. In summary, why should the Commission approve the Joint Venture and**
12 **the proposed ARP you have described in order to implement the**
13 **Rosewater Project?**

14 A46. Returning to the statute quoted earlier, Ind. Code §8-1-2.5-6(a)(1)
15 authorizes the adoption of alternative regulatory practices, procedures and
16 mechanisms if they are in the public interest (after considering the factors
17 set forth in Ind. Code §8-1-2.5-5) and if they will enhance or maintain the
18 value of NIPSCO's retail energy services or property. The Joint Venture

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1 and each of the elements of NIPSCO's proposed ARP are in the public
2 interest for the reasons described herein. By implementing the Rosewater
3 Project through the Joint Venture structure, NIPSCO is reducing the
4 overall cost of the Rosewater Project to NIPSCO and to NIPSCO's
5 customers. This enhances the value of NIPSCO's retail energy services and
6 property. Two of the factors in Ind. Code §8-1-2.5-5 are especially
7 applicable here, because approval of the Joint Venture and the proposed
8 ARP will be beneficial to NIPSCO, NIPSCO's customers, and the State of
9 Indiana. Further, by reducing overall cost, approval of the ARP promotes
10 energy utility efficiency.

11 **Q47. Finally, you mentioned Commission jurisdiction over Joint Venture.**

12 **What is being requested in this regard?**

13 A47. Because the Joint Venture will not be the title owner of the Rosewater
14 Project, Joint Venture will not own electric generation facilities that
15 provide electricity that NIPSCO will use to serve the public. Instead,
16 NIPSCO will purchase 100% of the electrical energy output of the
17 Rosewater Project at market based rates from Rosewater ProjectCo under
18 the BTA PPA. As such, Joint Venture is not a "public utility." Joint

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1 Venture will own Rosewater ProjectCo, which will own facilities that only
2 provide service to NIPSCO on a wholesale basis. To the extent the
3 Commission disagrees and determines that Joint Venture is a “public
4 utility,” Joint Venture elects to become subject to Ind. Code § 8-1-2.5-5. The
5 unique circumstances of this arrangement, the Commission’s exercise of
6 jurisdiction of NIPSCO, and the regulation by FERC render the exercise of
7 jurisdiction by this Commission over Joint Venture as a public utility
8 unnecessary or wasteful. Further, declining to exercise jurisdiction will be
9 beneficial to Joint Venture, NIPSCO, NIPSCO’s customers and the State of
10 Indiana. Declining to exercise jurisdiction will also promote energy utility
11 efficiency. In addition, the exercise of the Commission’s jurisdiction over
12 Joint Venture as a public utility will inhibit the implementation of
13 NIPSCO’s generation transition plan as set forth in its 2018 IRP.
14 Accordingly, the Commission should proceed to issue an order declining
15 to exercise its jurisdiction over Joint Venture as a public utility. Finally,
16 NIPSCO requests that the Commission confirm that once Rosewater
17 ProjectCo becomes an affiliated interest of NIPSCO, it will maintain the
18 declination of jurisdiction, assuming such is granted, in the proceeding
19 initiated by Rosewater ProjectCo seeking a declination of Commission

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1 jurisdiction.

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY (CPCN)

2 **Q48. You mentioned that you would discuss the request for a CPCN. What**
3 **relief is being sought?**

4 A48. NIPSCO seeks a CPCN pursuant to Ind. Code § 8-1-8.5-2 to purchase and
5 acquire the Rosewater Project through the Joint Venture. I have already
6 described the costs of the Rosewater Project. I have also described in detail
7 why the acquisition of the Rosewater Project through the Joint Venture is
8 in the public interest. For the same reasons, the public convenience and
9 necessity require this acquisition. The proposed ARP addresses
10 competitive procurement.

11 **Q49. Is the purchase and acquisition of the Rosewater Project through the**
12 **Joint Venture structure that you have described consistent with**
13 **NIPSCO's 2018 IRP?**

14 A49. Yes. As explained by Witness Augustine, the Rosewater Project is
15 consistent with the 2018 IRP.

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1 **Q50. Are you familiar with the Commission's 2018 Report on the Statewide**
2 **Analysis of Future Resource Requirements for Electricity?**

3 A50. Yes. That report was issued by the Commission in the Fall of 2018. The
4 purchase and acquisition of the Rosewater Project through the Joint
5 Venture is also consistent with that analysis.

RECOVERY OF COSTS

6 **Q51. If all of the BTA's conditions precedent are met, how will the costs of**
7 **the BTA PPA be recovered?**

8 A51. NIPSCO is proposing to timely recover the costs in accordance with Ind.
9 Code §§ 8-1-8.5-6 and 8-1-8.8-11, through a rate adjustment mechanism
10 approved pursuant to Ind. Code § 8-1-2-42(a) on the basis of energy
11 concurrent with its FAC filings. Furthermore, NIPSCO is seeking approval
12 of power purchases pursuant to the BTA PPA as reasonable throughout
13 the entire term of the agreement and therefore confirmation that the costs
14 thereof are recoverable through the FAC filing without regard to the Ind.
15 Code § 8-1-42(d) tests or any other FAC benchmark. This is described in
16 greater detail by Witness Camp.

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1 **Q52. If all of the BTA's conditions precedent not are met, how will the costs**
2 **of the Back-Stop PPA be recovered?**

3 A52. If the Back-Stop PPA is necessary, NIPSCO is proposing to recover the
4 costs through a rate adjustment mechanism approved pursuant to Ind.
5 Code § 8-1-2-42(a) on the basis of energy concurrent with its FAC filings.
6 Furthermore, NIPSCO is seeking approval of power purchases pursuant
7 to the Back-Stop PPA as reasonable throughout the entire term of the
8 agreement and therefore confirmation that the costs thereof are
9 recoverable through the FAC filing without regard to the Ind. Code § 8-1-
10 42(d) tests or any other FAC benchmark. This is also described by Witness
11 Camp.

12 **Q53. How are any environmental attributes or RECs reflected?**

13 A53. As used in the BTA PPA and the Back-Stop PPA, the term "Environmental
14 Attribute" is intended to capture any changes to governmental rules,
15 regulations or law, or changes to registration systems put in place over the
16 term of the BTA PPA and Back-Stop PPA. I refer to the Environmental
17 Attributes acquired as RECs, which are tradable credits corresponding to
18 each megawatt-hour of electricity generated by a renewable-fueled or

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1 environmentally friendly source. NIPSCO anticipates the RECs it receives
2 will be tracked through the Midwest Renewable Energy Tracking System
3 ("M-RETS"). M-RETS is a database that tracks relevant information about
4 renewable energy produced and delivered in the Upper Midwest,
5 including the MISO footprint, to verify for subscribers in states with
6 mandatory or voluntary renewable portfolio standards or for utility and
7 other participants the RECs made available to them through REC
8 purchases and sales. M-RETS will track the ownership of RECs and
9 generation attributes that result from the generation of renewable
10 electricity.

INTRODUCTION OF OTHER WITNESSES

11 **Q54. Please introduce the other witnesses and the subject matter of their**
12 **testimony.**

13 A54. Patrick N. Augustine, Principal in CRA's Energy Practice, discusses the
14 preferred portfolio from NIPSCO's 2018 IRP and how the assumptions
15 associated with the new wind resource options modeled in the 2018 IRP
16 compare with the cost of NIPSCO's investment in the Joint Venture).
17 Robert Lee, Vice President of CRA, explains the analysis NIPSCO used to

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1 evaluate its various options for wind energy and why NIPSCO's
2 investment in the Joint Venture is an economic choice for helping meet
3 NIPSCO's retail electric load. Michael D. McCuen, Director of Income
4 Taxes for NiSource Corporate Services Company ("NCSC"), describes the
5 joint venture structure and how it provides value to NIPSCO's customers.
6 Angela Camp, NIPSCO's Controller supports other aspects of NIPSCO's
7 alternative regulatory plan and NIPSCO's proposed accounting and
8 ratemaking and accounting treatment for (1) its investment under the joint
9 venture, and (2) costs associated with the wind PPA.

10 **Q55. Does this conclude your prefiled direct testimony?**

11 A55. Yes.

VERIFICATION

I, Andrew S. Campbell, Director of Regulatory Support & Planning for Northern Indiana Public Service Company LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



Andrew S. Campbell

Date: February 1, 2019

Attachment 1-A

[Verified Joint Petition – Not duplicated herein]

Confidential Attachment 1-B (Redacted)

Confidential Attachment 1-C (Redacted)

Confidential Attachment 1-D (Redacted)

Confidential Attachment 1-E (Redacted)