

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

APPLICATION OF INDIANA MICHIGAN )  
POWER COMPANY, AN INDIANA )  
CORPORATION, FOR APPROVAL OF 20 )  
MW<sub>AC</sub> CLEAN ENERGY SOLAR PROJECT; )  
FOR APPROVAL OF RELATED )  
ACCOUNTING AND RATEMAKING )  
INCLUDING: TIMELY RECOVERY OF COSTS )  
INCURRED DURING CONSTRUCTION AND )  
OPERATION OF THE PROJECT THROUGH )  
I&M'S BASIC RATES OR A SOLAR POWER )  
RIDER, APPROVAL OF DEPRECIATION )  
PROPOSAL, AND AUTHORITY TO DEFER )  
COSTS UNTIL SUCH COSTS ARE )  
REFLECTED IN RATES; AND FOR )  
APPROVAL OF SALE OF RENEWABLE )  
ENERGY CREDITS. )

FILED  
August 26, 2019  
INDIANA UTILITY  
REGULATORY COMMISSION

CAUSE NO. 45245

SUBMISSION OF REBUTTAL TESTIMONY OF  
JOHN F. TORPEY

Applicant, Indiana Michigan Power Company (I&M), by counsel, respectfully  
submits the rebuttal testimony and attachment of John F. Torpey in this Cause.



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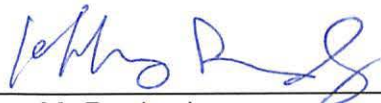
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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the forgoing was served by hand delivery and or email transmission upon the following this 26th day of August, 2019:

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**INDIANA MICHIGAN POWER COMPANY**

**CAUSE NO. 45245**

**PRE-FILED VERIFIED REBUTTAL TESTIMONY**

**OF**

**JOHN F. TORPEY**

**PRE-FILED VERIFIED REBUTTAL TESTIMONY OF JOHN F. TORPEY  
ON BEHALF OF  
INDIANA MICHIGAN POWER COMPANY**

1 **I. Background**

2 **Q. Please state your name and business address.**

3 A. My name is John F. Torpey and my business address is 1 Riverside Plaza,  
4 Columbus, Ohio 43215.

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by the American Electric Power Service Corporation (AEPSC)  
7 as Managing Director – Resource Planning and Operational Analysis.  
8 AEPSC supplies engineering, financing, accounting, planning, and advisory  
9 services to the eleven electric operating companies of American Electric  
10 Power Company, Inc. (AEP), including Indiana Michigan Power Company  
11 (I&M or the Company).

12 **Q. What are your principal areas of responsibility?**

13 A. I am responsible for the supervision and administration of long-term  
14 generation resource planning and analysis for the AEP operating companies,  
15 including I&M. In this capacity, I coordinate the use of short- and long-term  
16 generation production costing and other integrated resource planning models  
17 used in the development of operating and capital budget forecasts for I&M  
18 and AEP. I am responsible for the preparation of resource plans for all AEP  
19 regulated operating companies and have submitted resource plans in eight of  
20 the 11 states served by AEP subsidiaries. I regularly monitor actual resource

1 performance and review the preparation of forecasted information for use in  
2 regulatory proceedings.

3 As relevant to this proceeding, I led the technical team that completed  
4 I&M's 2015 and 2018-19 Integrated Resource Plans (IRP).

5 **Q. Would you please describe your educational and professional**  
6 **background?**

7 A. I received a Bachelor of Engineering Degree from The Cooper Union for the  
8 Advancement of Science and Art in 1979 and a Master of Business  
9 Administration Degree from Saint John's University in 1984. In addition, in  
10 1995 I completed the AEP Management Development Program at The Ohio  
11 State University, and in 2000 I completed the Darden Partnership Program at  
12 the Darden Graduate School of Business Administration, University of  
13 Virginia.

14 I was employed by AEPSC in 1979 as a Design Engineer in the  
15 Structural Design Department. In 1985 I became the Project Controls  
16 Engineer for the Zimmer Conversion Project and then for the Gavin FGD  
17 Retrofit Project. I then held various staff and managerial positions in the  
18 Generation organization related to planning, budgeting, and cost control. In  
19 2004, I was named Director of Corporate Budgeting in the Corporate Planning  
20 and Budgeting Department, and in 2007 I became Director – Integrated  
21 Resource Planning. I assumed my current position in January 2018. I am a

1 Professional Engineer registered in the State of Ohio and a Certified  
2 Management Accountant.

3 **Q. Have you previously testified before any regulatory commissions?**

4 A. Yes. I provided testimony on behalf of I&M before the Indiana Utility  
5 Regulatory Commission and the Michigan Public Service Commission. I have  
6 also provided testimony on behalf of I&M affiliates before the Public Utility  
7 Commission of Ohio, the Oklahoma Corporation Commission, the Louisiana  
8 Public Service Commission, the Arkansas Public Service Commission, the  
9 Public Utility Commission of Texas, the Public Service Commission of West  
10 Virginia, and the Virginia State Corporation Commission.

11 **Q. Are you sponsoring any rebuttal attachments?**

12 A. Yes. I am sponsoring Attachment JFT-1, response to OUCC 3-31.

13 **II. Purpose of Testimony**

14 **Q. What is the purpose of your testimony in this proceeding?**

15 A. The purpose of my testimony is to respond to certain matters raised in the  
16 direct testimony filed in this Case by John E. Haselden on behalf of the Indiana  
17 Office of Utility Consumer Counselor (OUCC).

18 **III. OUCC Witness Haselden**

19 **Q. Do you have any overall comments on Mr. Haselden's contentions  
20 regarding the Company's Integrated Resource Plans (IRPs)?**

21 A. Yes. Mr. Haselden's criticizes the Company for not rerunning the IRP. This  
22 criticism fails to appreciate the complexity of the IRP modeling process. It  
23 also fails to properly recognize that the IRP is a tool to help I&M's

1 management make decisions about long-term resource planning. The  
2 purpose of the IRP modeling process is to develop a long-term portfolio of  
3 resources to meet customer needs. However, the IRP process is not  
4 designed to model specific projects. Rather, the objective of a resource  
5 planning effort is to recommend a system resource plan that balances least-  
6 cost objectives with planning flexibility, asset mix considerations, adaptability  
7 to risk, and conformance with applicable North American Electric Reliability  
8 Corporation (NERC) and Regional Transmission Organization (RTO) criteria.

9 **Q. OUCC witness Haselden (p. 4) states “Currently I&M has excess  
10 capacity and its IRP assumes this situation will not change due to the  
11 Rockport Unit 2 lease termination in 2022.” Is this statement correct?**

12 A. No. As stated in the Company’s current IRP “In 2023, I&M anticipates  
13 experiencing a capacity shortfall, 484 MW, based upon its assumption of not  
14 renewing its lease of Rockport Unit 2.”<sup>1</sup> “This capacity shortfall is anticipated  
15 to increase to 1,762MW in 2028 upon the retirement of Rockport Unit 1. The  
16 retirement of Cook Unit 1 in 2034 and Cook Unit 2 in 2038 further exposes  
17 I&M’s capacity shortfall to 4,060MW”.<sup>2</sup> Mr. Haselden speculates that approval  
18 of the Fifth Joint Modification to Consent Decree will cause the lease to be  
19 renewed. Any extension of the Rockport Unit 2 lease will be evaluated against  
20 other competing resources such as short-term market purchases, natural gas  
21 fired generation, renewable resource options, and energy efficiency and it is

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<sup>1</sup> IRP Public Summary, pp. 4-5.

<sup>2</sup> IRP Public Summary, p. 5.

1 not known or knowable today that the lease will be extended or for how long.  
2 It is inappropriate for the OUCC to suggest that the 20 MW SBSP should not  
3 go forward simply because it assumes a lease extension is inevitable.  
4 Regardless of when the Rockport Unit 2 lease terminates, I&M will face a  
5 capacity gap of approximately 500 MW and the 20 MW SBSP is a modest  
6 step towards closing that gap.

7 **Q. Do you agree with Mr. Haselden's statement on page 5 of his direct**  
8 **testimony that I&M is ignoring market conditions with respect to solar**  
9 **power?**

10 A. No. I&M is not indicating that it cannot change course when doing so is  
11 warranted. Rather, as we explained in discovery, it is reasonable to include  
12 the 2020 20MW solar project as a "going in resource" in the context of the  
13 2018/2019 IRP because of the time it takes to develop, gain approval and  
14 construct a project.

15 Mr. Haselden's discussion of solar resource market prices assumed in  
16 I&M's current IRP ignores the fact that the 2018/19 IRP addresses a different  
17 timeframe and assumes larger installations than the current project. As  
18 Company witness DeRuntz points out, the current project was competitively  
19 bid and therefore represents the market price for a project of its size. In  
20 addition, the current and prior IRPs reflect the addition of significant amounts  
21 of solar over the planning horizons. As discussed by I&M witness Thomas,  
22 these resources, which will further diversify the Company's generation, are  
23 reasonably obtained through incremental additions and doing so maintains



1 flexibility. Thus, I disagree with Mr. Haselden's contention that approval of  
2 this 20MW solar project is somehow inconsistent with the quotes from the  
3 Commission's order in Cause No. 45052 set forth in Mr. Haselden's testimony  
4 at page 6.

5 **Q. Do you agree with Mr. Haselden's statement on page 6 of his direct**  
6 **testimony that I&M should compare the cost of this project to the cost**  
7 **assumed in its current IRP?**

8 A. No, it is important to recognize that the two IRPs address different periods in  
9 time. The 2015 IRP Preferred Portfolio reflected an incremental 380 MW of  
10 solar resources through 2035, which included 20MW of solar in 2020,  
11 compared to the lowest cost plan. These resources were included in the  
12 Preferred Plan because they add capacity in small increments at a modest  
13 cost, which may limit larger capital outlays in the future. Also, as explained in  
14 the Company's response to OUCC DR 3-31 (included herewith as Attachment  
15 [JFT-1]) the 2015 IRP solar cost estimates shown on page 106 of the 2015  
16 IRP are comparable to the estimated cost of the SBSP with a 2020 in-service  
17 date.

18 **Q. Do you agree with Mr. Haselden's statement on page 5 that I&M's**  
19 **customers should not be required to pay for the project at a cost higher**  
20 **than I&M modeled in its recent IRP and should arguably be lower?**

21 A. No. The 2020 solar capacity was included because the Company is actively  
22 moving forward to develop these resources, subject to further project due  
23 diligence and regulatory approval. Because of the time it takes to develop,

1 obtain approval and construct a resource, the 2018-19 IRP modeled solar  
2 resources to be available starting in 2022. As also explained in the  
3 Company's response to OUCC DR 3-31, the estimated cost reflected in the  
4 2018-19 IRP are for projects in 2022, not a project forecasted to go in  
5 service in 2020. Because of the different time periods involved, it is not  
6 appropriate to compare the estimated cost of a 2022 solar project used in  
7 the 2018-2019 to the cost of the SBSP. The former estimate reflects the  
8 assumption that solar resource costs will continue to trend downward. The  
9 latter reflects the results of the Company's competitive solicitation for the  
10 2020 project. The fact that actual costs for a 2020 project differ from the  
11 estimates used in the IRP process for projects in 2022 does not invalidate  
12 the current IRP. Similarly, the forward-looking cost estimate used in the  
13 most recent IRP does not demonstrate that the SBSP cost estimate is  
14 unreasonable. Rather, as the SBSP estimate results from a competitive  
15 solicitation and compares favorably to the assumption used in the  
16 Company's 2015 IRP for a 2020 solar project of this size, this estimate  
17 corroborates the continued reasonableness of the Company's plan to add  
18 20 MW of solar in 2020.

#### **IV. Summary and Conclusion**

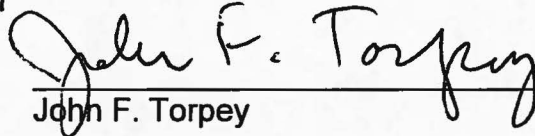
20 **Q. Does this conclude your pre-filed verified rebuttal testimony?**

21 **A. Yes.**

VERIFICATION

I, John F. Torpey, Managing Director – Resource Planning and Operational Analysis for the American Electric Power Service Corporation, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Date: Aug 26, 2019

  
\_\_\_\_\_  
John F. Torpey

INDIANA MICHIGAN POWER COMPANY  
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR  
DATA REQUEST SET NO. OUCC DR 3  
IURC CAUSE NO. 45245

DATA REQUEST NO OUCC 3-31

REQUEST

I&M stated it modeled the LCOE of solar resources in its IRP at a cost of \$50 -54/MWh (Slide 32, IRP Stakeholder Workshop, May 23, 2019). The LCOE of the SBSP is not within this range.

- a. Does this change Mr. Thomas' answer to the question on page 9, line 14 of his testimony in regard to price used to model solar in the IRP?
- b. Did I&M run the IRP model with the LCOE of the SBSP?
- c. Is I&M willing to rerun the IRP model with the LCOE of the SBSP to ascertain if the model selects this resource at the proposed cost?
- d. Is the SBSP the only project able to meet the 20 MWs of solar identified in the IRP? If yes, please explain.

RESPONSE

I&M objects to the request on the grounds and to the extent it is vague and ambiguous, particularly with respect to the references to "the IRP". In support of this objection, I&M notes that the referenced portion of Mr. Thomas' testimony was addressed to both the 2015 IRP and the modeling conducted in support of the 2018-2019 IRP.

a. No, the 2015 IRP solar cost estimates are shown on page 106 of the 2015 IRP and in 2020 the cost is approximately \$2,000/kW which compares to the estimated cost of the SBSP of \$1,838/kW with a 2020 in-service date. Further, the 2015 IRP Preferred Plan identified 20MW of solar resources in 2020, which also aligns with the SBSP capacity size.

Mr. Thomas' testimony (p. 10) also explained "At the time of this filing, I&M's proposed Preferred Portfolio Resource plan for the 2019 IRP is reasonably expected to include additional solar resources beginning in 2020 that will exceed the amounts identified in the 2015 IRP." Since the filing of this testimony the 2018-19 IRP has been filed with the IURC. The 2018-19 IRP includes the solar already in service as well the additional solar in 2020 identified in the 2015 IRP.

In other words, within the 2018-19 IRP, the incremental solar resources modeled are assumed to be available in 2022, due to the time it takes to be identified, permitted, constructed and approved. The 2018-19 IRP included 64MW of solar resources in the "going-in" position, 20MW, 24MW and 20MW (nameplate) in 2021, 2022 and 2023, respectively. This implies an in-service date at the end of year of the previous year of the date shown. These resources were included because the Company is actively moving forward to develop these resources, subject to further project due diligence and regulatory approval. The Preferred Plan included in the 2018-19 IRP optimized 150MW (nameplate) solar in both 2022 and 2023.

INDIANA MICHIGAN POWER COMPANY  
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR  
DATA REQUEST SET NO. OUCC DR 3  
IURC CAUSE NO. 45245

b. No, for the 2018-19 IRP the Company did not utilize the LCOE from the SBSP in its IRP modeling as described in the response to part a. The IRP modeling process is not designed to model or provide guidance regarding specific projects. The purpose of the IRP modeling process is to develop a long term portfolio of resources to meet customer needs.

c. No, the Company has developed the SBSP project based on the 2015 IRP and customer requests to add solar resources. The 2018-19 IRP considered incremental or new solar resources and the cost identified in the 2018-19 IRP reflects the estimated cost of new solar to be available in 2022.

d. No, there are almost limitless combinations of resource sizes and locations to meet any specific resource need indicated in the IRP. However, as indicated in Company witness DeRuntz's testimony (p. 7, lines 11-14), specific criteria were used to select the site location. Further, this particular location provides I&M the ability to offer customers the opportunity to participate in solar projects that are visible in the local community, encourage economic development, and create partnerships with customers (i.e. Notre Dame) committed to sustainable energy as indicated in Company witness Thomas' testimony (p. 12, lines 20-22 and p. 13, lines 1-2).