STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF CRAWFORDSVILLE, INDIANA, BY AND THROUGH ITS MUNICIPAL ELECTRIC UTILITY, CRAWFORDSVILLE ELECTRIC LIGHT AND POWER, FOR APPROVAL OF A NEW SCHEDULE OF RATES AND CHARGES FOR ELECTRIC SERVICE AND FOR APPROVAL TO MODIFY ITS ENERGY COST ADJUSTMENT PROCEDURES	)))))))	**CAUSE NO. 45420**

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 3

TESTIMONY OF OUCC WITNESS
ANTHONY A. ALVAREZ

December 23, 2020

Respectfully submitted,

Scott C. Franson
Attorney No. 27839-49
Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS ANTHONY A. ALVAREZ
CAUSE NO. 45420
CRAWFORDSVILLE ELECTRIC LIGHT AND POWER

I. INTRODUCTION

Q: Please state your name and business address.

A: My name is Anthony A. Alvarez, and my business address is 115 West Washington Street, Suite 1500 South, Indianapolis, Indiana 46204.

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

A: I am employed as a Utility Analyst in the Electric Division of the Indiana Office of Utility Consumer Counselor ("OUCC"). I describe my educational background and preparation for this filing in Appendix A to my testimony.

Q: Have you previously testified before the Indiana Utility Regulatory Commission ("Commission")?

A: Yes. I have testified in a number of cases before the Commission, including electric investor-owned and municipal utility base rate cases, environmental and renewable energy Purchase Power Agreement ("PPA") cases, Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") cases, and applications for Certificates of Public Convenience and Necessity ("CPCN").

Q: What is the purpose of your testimony?

A: My testimony addresses Crawfordsville Electric Light and Power's ("CEL&P" or "Petitioner") proposed 2021-2026 Capital Improvement Plan ("2021-2026 CIP"), including its proposed system improvement and modernization projects. I provide an overview of CEL&P's proposed CIP projects and provide my analysis, from an engineering perspective, regarding the necessity of these CIP projects and the

adequacy of CEL&P's cost estimate support. Ultimately, my concerns with CEL&P's proposed 2021-2026 CIP were resolved through the course of my review.

Q: To the extent you do not address a specific item or adjustment, should it be construed to mean you agree with CEL&P's proposal?

A: No. Excluding any specific adjustment or amount CEL&P proposes does not indicate my approval of those adjustments or amounts. Rather, the scope of my testimony is limited to the specific items addressed herein.

Q: Do you recommend any adjustments to the costs associated with CEL&P's 2021-2026 CIP?

A: No. I do not recommend any line item adjustments to CEL&P's 2021-2026 CIP. OUCC witness Kaleb G. Lantrip discusses ratemaking adjustments in his testimony.

II. CEL&P'S 2021-2026 CIP

Q: Please discuss your review of CEL&P's proposed 2021-2026 CIP.

A: In addition to reviewing CEL&P's direct testimony and attachments related to its proposed CIP, I also issued data requests ("DR") and evaluated CEL&P's responses related to its 2021-2026 CIP and its previous CIP (2016-2019) projects. The OUCC and CEL&P held a virtual meeting on Friday, December 4, 2020 ("December 4, 2020 meeting"), to discuss specific issues associated with certain proposed projects. As a result of the meeting, on December 9, 2020, CEL&P provided supplemental responses to OUCC DR Set 9.[1] I incorporated CEL&P's responses and supplemental responses in my overall review.

[1] Attachment AAA-1 – OUCC DR 9.6, CEL&P supplemental response, dated 12/09/20, Revision 1 (Excel spreadsheet).

Q: Please discuss your review of the projects shown in Table 1.

A: Initially, I discovered issues related to certain projects shown in Table 1 above. However, the results of the OUCC's and CEL&P's December 4, 2020 meeting and CEL&P's supplemental response resolved these issues.[7] For example, CEL&P initially reported the "Line No. 15, 13.8kV Switchgear Replacement @ Spann Ave Substation" project was completed "ahead of schedule" on March 15, 2018.[8] However, during the December 4, 2020 meeting, and as reflected in CEL&P's supplemental response, CEL&P explained the project remained on-going, as it scaled back the original scope of the project by refurbishing, instead of replacing, the switchgear components.[9] CEL&P clarified it reconditioned and refurbished the switchgear breakers in 2018, and now proposes to replace the protection equipment, including the switchgear door in 2026. CEL&P's clarification resolved my concern about potential double-counting.[10]

I was also initially concerned with CEL&P's requested "Line No. 14, GIS System [Upgrades]" project. CEL&P originally requested $20,000 for this project in its 2016-2019 CIP, as shown in Table 1. In its supplemental discovery response in this Cause, CEL&P explained its requested $27,368 for the GIS system upgrade in this proceeding was unrelated to the original 2016-2019 project.[11] Instead, CEL&P explained it now needs a "new GIS system" with added capability to support full asset inventory, asset management, and system integration, which the

[7] Attachment AAA-2 – pp. 1 - 6.
[8] Attachment AAA-3 – CEL&P response to OUCC DR Set 9.6(a).
[9] Attachment AAA-2 – pp. 4, 6 and 8, CEL&P supplemental response to OUCC DR Set 9.6.2 and 9.16.
[10] *Id.*
[11] *Id.*

Q: Please discuss CEL&P's 2021-2026 CIP.

A: In his direct testimony, Petitioner's witness Thomas A. Ghidossi discusses CEL&P's six-year CIP (2021-2026) development, justification, and cost estimate components at p. 8, lines 3 - 19. He also provides Attachment TAG-2, Table 5: Capital Improvement Plan 2021-2026 ("Table 5 – CIP 2021-2026"), pp. 8 – 9, identifying CEL&P's proposed projects, cost breakdown, and annual budget. From those documents, I identified 15 projects in CEL&P's 2021-2026 CIP that were previously included in CEL&P's CIP (2016-2019) in its prior rate case, Cause No. 44684.[2]

Q: Why did CEL&P request funding in this Cause for the same projects it presented in its last base rate case?

A: In response to OUCC discovery, CEL&P stated "the 2016-2020 budgets included many projects which CEL&P could not complete because of revenue shortfalls (later discovered to be related to the 2016 rate design error)."[3] CEL&P further provided a list of nearly $1 million in "unexpected Capital Projects work" not included in the last rate case's CIP."[4]

Q: Please identify the 2016-2019 CIP projects for which CEL&P is requesting rate funding in this proceeding.

A: In response to OUCC discovery, CEL&P indicated it moved 15 projects from its 2016-2019 CIP to its 2021-2026 CIP.[5] I compiled and incorporated the information

[2] *See* Cause No. 44684, IURC Final Order, April 13, 2016. *See also* Cause No. 44684, Petitioner's Exhibit 3, Direct Testimony of Scott D. Bowles, pp. 30 – 31, for the list of projects originally included in CIP 2016-2019.
[3] Attachment AAA-3 – pp. 6 - 7, CEL&P response to OUCC DR Set 9.6(d).
[4] *Id.*
[5] Attachment AAA-2 – p. 8, CEL&P supplemental response to OUCC DR Set 9.16

from CEL&P's discovery response with Petitioner's Attachment TAG-2, Table 5 – CIP 2021-2026, and summarized the results in Table 1 below:

Table 1 - Summary of 2016-2019 CIP Projects Included in CEL&P's 2021-2026 CIP

Line No.	Project	2016-2019 CIP Original Estimate	2021-2026 CIP Proposed Budget[6]
1[a]	AMI (Tantalus Metering Deployment)	$ 1,700,000	$ 1,197,453
2	[Replaced Under Sized Conductor] Reconductor BF 302	150,000	210,952
3	Replace (2) 138 KVA OCB's with SF6 Breakers @ Kentucky [Street] Substation	200,000	388,108
4	Replace (3) 138 kV Air Break Switches @ Kentucky [Street] Substation	62,000	100,759
5	#2 Switchgear Relay Upgrades @ Kentucky [Street] Substation	50,000	150,483
7	Memorial Drive Substation 138kV Tap, Transformer, Switchgear, Breakers	2,625,000	3,633,298
14[b]	GIS System [Upgrades]	20,000	27,368
15[c]	13.8kV Switchgear Replacement @ Spann Ave Substation	850,000	205,203
18	SCADA Upgrades and Capacitor Controls @ Kentucky Street, Spann and Big Four Arch Substations	100,000	171,003
19	Rebuild Holiday Inn Feeder over Sugar Creek to old Power Plant	100,000	153,010
21	Vehicle Fleet Additions [and Rebuilds - Bucket Truck Replacement] (#10 42' Aerial Lift Truck)	120,000	154,372
25	Vehicle Fleet Additions - [New] Fiber Splice Trailer	25,000	32,163
26	Transformer Oil Containment @ Kentucky Street Substation	150,000	184,175
27	[13.8kV] Switchgear [Breakers and] Relay Upgrades @ Big Four Arch substation	755,000	1,123,147
28	Replace 75kW [Indoor] Generator [at Utility Office] with [New] 200 [KVA] Genset with Sound Attenuation	135,750	191,111

Note: [a] As of Sept. 9, 2020, CEL&P deployed 5,032 AMI meters out of 9,940 total electric meters.
[b] CEL&P spent $122,678 in 2017 and $92,934 in 2018 on this project.
[c] CEL&P reported this project completed on 03/15/2018 and ahead of schedule.

[6] Attachment AAA-1 (Excel spreadsheet).

original GIS project did not support.[12] CEL&P spent $122,678 in 2017 and $92,934 in 2018 to migrate its existing GIS software and deploy a new geospatial platform with an enterprise suite of products and capabilities, including integration with other systems and hand-held asset data collection device.[13] CEL&P explained the $27,238 requested in this proceeding is to fund the data and system integration into the new enterprise platform. CEL&P's clarification in response to OUCC discovery resolved my initial concern.[14]

Q: Please discuss your review of CEL&P's proposed Memorial Drive Substation and associated projects.

A: As Petitioner's witness Phillip R. Goode discusses in his direct testimony at p. 21, lines 15 – 23, CEL&P's Memorial Drive Substation project was previously delayed, and this delay has cascading effects on other associated projects. CEL&P's 2021-2026 CIP shows three line items associated with the Memorial Drive Substation project, namely: 1) Line No. 7, Memorial Drive Substation (138kV Tap, Transformer, Switchgear, Breakers); 2) 50% Down Payment on Memorial Drive Substation Transformer; and 3) 20% Down Payment on Memorial Drive Substation Switchgear, for a $4,349,481 total budget. Based on my review, I conclude these are reasonable projects for CEL&P to complete in order to maintain the reliability and integrity of its system, and I do not oppose CEL&P's total budget.

Based on CEL&P's testimony and the December 4, 2020 meeting, the Memorial Drive Substation and associated projects are critical in terms of setting

[12] *Id.*
[13] *Id.*
[14] *Id.*

future project schedules. Any further delay may cause scheduling bottlenecks down the line, preventing other projects from proceeding on time and ultimately costing ratepayers more money. As stated earlier, CEL&P identified the revenue shortfall in Cause No. 44684 as the reason why many of its prior CIP projects were not completed in 2016 – 2019. Given that the OUCC is not recommending adjustments to CEL&P's requested CIP budget or to any of its proposed projects, the OUCC expects CEL&P's base rates will result in adequate funding for timely completion of all its CIP projects, including the Memorial Drive Substation and associated projects.

Q: Please discuss your review of CEL&P's project cost estimates in its 2021 – 2026 CIP.

A: Mr. Ghidossi, Direct at p. 8, lines 25 – 26, states "CEL&P provided estimates for each of the other Capital Projects in a single dollar figure per project." He further states that the "base" estimates in his report were in 2020 dollars.[15] He reflected the base estimates of these projects in his workpapers.[16] Where applicable, I reviewed and compared CEL&P's base estimates with the previous cost estimates of the same projects in its 2016-2019 CIP. I tabulated and analyzed the changes in the estimates, as shown in Table 2.

[15] Petitioner's Exhibit 3, Direct Testimony of Thomas A. Ghidossi, page 10, line 5.
[16] Ghidossi, WP TAG 2 CEL and P Capital Improvement Plan Cost Allocations, Excel workbook.

Table 2 - 2016-2019 CIP Original Estimate vs. 2021-2026 CIP Base Estimate

Line No.	Project	2016-2019 CIP Original Estimate	2021-2026 CIP Base Estimate[17]	% Increase / (Decrease)
4	Replace (3) 138 kV Air Break Switches @ Kentucky [Street] Substation	$ 62,000	$ 67,500	8.87
19	Rebuild Holiday Inn Feeder over Sugar Creek to old Power Plant	100,000	108,800	8.80
26	Transformer Oil Containment @ Kentucky Street Substation	150,000	163,000	8.67
27	[13.8kV] Switchgear [Breakers and] Relay Upgrades @ Big Four Arch substation	755,000	821,000	8.74
28	Replace 75kW [Indoor] Generator [at Utility Office] with [New] 200 [KVA] Genset with Sound Attenuation	135,750	147,150	8.40
	Total	**$ 1,202,750**	**$ 1,307,450**	

I referred to Petitioner's witness Scott D. Bowles' testimony in Cause No. 44684 (Direct at p. 31, lines 7 – 11) and investigated how he prepared the original estimates.[18] Mr. Bowles stated that the cost estimates were "based on 2015 dollars and include about 15% contingency."[19] During the December 4, 2020 meeting in this Cause, OUCC and CEL&P staff discussed the potential for double-counting the contingency amount embedded in the previous estimates to which Mr. Ghidossi applied escalation and contingency factors. In supplemental discovery responses, CEL&P explained it computed a "new baseline budget" for these projects, rather than relying on the Cause No. 44684 cost estimate.[20] As a result, CEL&P did not "double count" these projects' contingency amount. CEL&P's supplemental discovery response resolved my initial concern.

[17] *Id.*
[18] Cause No. 44684, Bowles, Direct at p. 31, lines 7 – 11.
[19] *Id.*
[20] Attachment AAA-2 – pp. 6 - 7, CEL&P supplemental response to OUCC DR 9.6.3.

Cause No. 45420
OUCC Attachment AAA-1
1 of 1

CEL&P REVISED SUPPLEMENTAL Response
12/9/2020 Revision 1 Revisions indicated by yellow/red highlights.

CEL&P 2016-2020 Capital Plan

	Projects	2016-2020 Plan Original Budget (2015 dollars)	2016-2020 Plan Original Planned Year	Amount Expended as of 9/9/2020	% Complete as of 9/9/2020	Response to Question #: 9.6a Status Update as of 9/9/2020	9.6b Completion Date	9.6c Explanation of why the project remains uncompleted	9.6d Change to Planned Year	9.6d Was Project performed in planned year as scheduled, or delayed?	9.6d Justification for Planned Year Change	9.6e 2021-2026 Budget	9.6e Changes in budget or original estimate cost ($)	9.6e Explanation for changes in budget or estimated cost	9.6f Actual Cost Incurred by Year 2016	2017	2018	2019
1	AMI (Tantalus Metering Deployment)	$ 1,700,000	2016	$ 1,000,171	50%	50% Complete		Funding shortfall, higher priority projects. Additional $366,670 expenditure to date in 2020.	2021-2026	Partial completion during 2016-2019; remainder delayed	Set up for completion in the 2021 to 2026 time frame with funding and utility capacity to perform the project.	$ 1,197,452	$ 497,623	Project delay, annual escalation costs	$ 147,298	$ 168,848	$ 192,227	$ 125,128
2	Reconductor BF 302	$ 150,000	2016			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized projects	$ 210,952	$ 60,952	Project delay, annual escalation costs				
3	Replace (2) 138 KVA OCB's with SF6 Breakers @ Kentucky Substation	$ 200,000	2016			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized projects	$ 388,108	$ 188,108	Project delay, annual escalation costs				
4	Replace (3) 138 KV Air Break Switches @ Kentucky Substation	$ 62,000	2016			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized projects	$ 100,759	$ 38,759	Project delay, annual escalation costs				
5	#2 Switchgear relay upgrades @ Kentucky Substation	$ 50,000	2016			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized projects	$ 150,483	$ 100,483	Project delay, annual escalation costs				
6	Vehicle Fleet Additions	$ 25,000	2016	$ 23,000	100%	Complete	8/17/2017		2017	Delayed by one year	Purchase delay, availability					$ 23,000		
7	Memorial Drive Substation 138 tap, Transformer, Switchgear, Breakers	$ 2,625,000	2017			Not Started		Funding shortfall, higher priority projects	2021-2022	Delayed	Set up for substation completion in 2023 based on need, utility capacity to perform the project, and outage availability.	$ 3,633,298	$ 1,008,298	Project delay, annual escalation costs, reallocation of costs in first and second years of project				
8	Customer Service (CRM system) upgrades (paperless PO/Payables	$ 40,000	2017	$ 34,473	100%	Complete	9/16/2019		2016-2019	Delayed	Spread across four years.				$ 7,115	$ 9,026	$ 11,651	$ 6,681
9	Memorial Drive Substation (Major Equip., Structures, Construction)	$ 2,350,000	2018			Not Started		Funding shortfall, higher priority projects	2023	Delayed	Set up for substation completion in 2023 based on need, utility capacity to perform the project, and outage availability.	$ 716,182	$ (1,633,818)	Project delay, annual escalation costs, reallocation of costs in first and second years of project				
10	Build two 13.8 KV feeders circuits from memorial Drive to Concord Road	$ 450,000	2018	$ 475,581	100%	Complete	6/23/2019		2016-2019	Performed in planned year and extended	Construction extended to accommodate personnel availability.				$ 67,454	$ 354,680	$ 43,601	$ 9,846
11	New Phone System	$ 10,000	2018	$ 33,750	100%	Complete	Ongoing Lease		2016-2019	Performed in planned year and extended	On-going system as a lease rather than a purchase.				$ 8,407	$ 8,276	$ 8,444	$ 8,623
12	Security Cameras Service Building, Substations	$ 30,000	2018	$ 35,386	100%	Complete	12/12/2019		2016-2019	Performed in planned year and extended	Construction extended to accommodate personnel availability.				$ 3,315	$ 9,488	$ 19,998	$ 2,585
13	Outage management System	$ 20,000	2019			Project Cancelled		Not required since new AMI system provides outage management functions.										
14	GIS System	$ 20,000	2019	[redacted]	90%	In progress	[redacted]		2017-2019	In progress, continued to 2021-2026 Plan	Originally planned to utilize City and County GIS system ($20,000). However, the system was inadequate for electric utility needs. A new IKE GIS system is in progress.	$ 27,368	[redacted]	[redacted]		$ 122,678	[redacted]	
15	13.8kV Switchgear replacement @ Spann Ave Substation	$ 850,000	2019	$ 86,742	30%	In progress	[redacted]		2018	Ahead of schedule	Began implementation earlier than planned. Engineering analysis indicated that switchgear breakers could be reconditioned rather than replacing the entire lineup.	$ 205,208	$ (558,055)	Complete switchgear replacement was not required. Remaining project consists of protective equipment replacement.			$ 86,742	
16	Vehicle Addition (2) Pick-up trucks	$ 50,000	2019	$ 57,700	100%	Complete	12/13/2016		2016	Ahead of schedule	Purchased earlier than planned.				$ 57,700			
17	Meter Test Set	$ 70,000	2019	$ 62,325	100%	Complete	2/28/2017		2017	Ahead of schedule	Purchased earlier than planned.					$ 62,325		
18	SCADA upgrades and Capacitor controls @ Kentucky, Spann, Big 4 Arch Substations	$ 100,000	2019			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized projects	$ 171,003	$ 71,003	Project delay, annual escalation costs				
19	Rebuild Holiday Inn Feeder over Sugar Creek to old Power plant	$ 100,000	2019			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized projects	$ 153,010	$ 53,010	Project delay, annual escalation costs				
20	Replace (1) 138KV OCB with 138KV SF6 Breakers @ Spann Avenue Substation	$ 100,000	2019	$ 100,000	100%	Complete	11/9/2018		2018	Ahead of schedule	Purchased and installed earlier than planned.						$ 116,847	
21	Vehicle Fleet Addition (#10 42' Aerial lift Truck)	$ 120,000	2019			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized procurement; additional maintenance on existing equipment.	$ 154,372	$ 34,372	Project delay, annual escalation costs				
22	Replace (1) 138KV OCB with 138 KV SF6 Breakers @ Big Four Arch Substation	$ 100,000	2019	$ 100,000	100%	Complete	11/9/2018		2018	Ahead of schedule	Purchased and installed earlier than planned.						$ 116,847	
23	Vehicle Fleet Addition (Pickup Truck)	$ 25,000	2019	$ 25,000	100%	Complete	2/14/2018		2018	Ahead of schedule	Purchased earlier than planned.						$ 34,000	
24	Replace (3) 138KV Air Break Switches @ Big Four Arch Substation	$ 62,000	2019	$ 62,000	100%	Complete	11/9/2018		2018	Ahead of schedule	Purchased and installed earlier than planned.						$ 30,567	
25	Vehicle Fleet Addition (Fiber Splice trailer)	$ 25,000	2019			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized procurement; additional maintenance on existing equipment.	$ 32,163	$ 7,163	Project delay, annual escalation costs				
26	Transformer Oil Containment @ Kentucky street substation	$ 150,000	2019			Not Started		Funding shortfall, higher priority projects	2021	Delayed	Re-prioritized projects	$ 184,175	$ 34,175	Project delay, annual escalation costs				
27	Switchgear Breakers and Relay Upgrades @ Big 4 Arch substation	$ 755,000	2019			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized projects	$ 1,123,147	$ 368,147	Project delay, annual escalation costs				
28	Replace 75KW generator with 200 KW Genset w/Sound Attenuation	$ 135,750	2019			Not Started		Funding shortfall, higher priority projects	2026	Delayed	Re-prioritized projects	$ 191,111	$ 55,361	Project delay, annual escalation costs				
	Totals	$ 10,374,750		$ 2,311,740								$ 8,638,786	$ 948,561		$ 291,289	$ 758,321	$ 757,858	$ 152,864

Q. 9.6: Refer to Petitioner's Exhibit 3 in Cause No. 45684, Direct Testimony of Mr. Scott D. Bowles, Attachment SBD-9: Capital Improvement Plan, (summary of the proposed capital improvement for the years 2016 – 2019), table of Proposed Projects, pages 2 – 3, in Cause No. 44684 (hereafter referred to as "CEL&P's CIP 2016 – 2019"). (*See also* Mr. Bowles, Direct at 30, line 9 up to page 31, line 1, in Cause No. 44684, for the same table that summarized the capital improvement plan 2016 – 2019). Please respond to the following:

a. Provide a status update (as of September 9, 2020) for each of the twenty-eight (28) projects listed in CEL&P CIP 2016 – 2019.

Response: Please see Attachment DR 9.6 (spreadsheet).

b. For each completed project listed in CEL&P CIP 2016 – 2019, please indicate the completion date.

Response: Please see Attachment DR 9.6 (spreadsheet).

c. For each project not completed as of September 9, 2020 (project status ongoing, pending, cancelled, etc.), please explain why the project remains uncompleted.

Response: Please see Attachment DR 9.6 (spreadsheet).

d. Please provide any changes that occurred in the planned year (planned start or implementation year) for each of the 28 projects. Please indicate whether the planned year of each project was delayed or as scheduled. Please provide justification for the planned year change.

Response: Please see Attachment DR 9.6 (spreadsheet). The 2016-2020 budgets included many projects which CEL&P could not complete because of revenue shortfalls (later discovered to be related to the 2016 rate design error). Unfinished projects were carried on from one budget to the next, as the Utility was hopeful the capital would be there and it was not. The second tab on Attachment DR 9.6 also includes a list of nearly $1 million in unexpected Capital Projects work which was not included in the CIP for the last rate case. When these unexpected costs arose, CEL&P had no choice but to forego other planned projects either because of major safety issues (as with highway streetlighting rusting off at the base and falling into the roadway) or projects that were required serve new customers. CEL&P also had a leaking roof and the air conditioning went out in its computer room, both of which had to be fixed in order not to threaten the operations of the computer equipment.

Some of these unexpected projects were completed in 2016 and 2017, but some small capital projects also needed to be completed before the Memorial Drive substation could be built. After 2017, CEL&P stopped all of this work because management realized the revenue was not going to be sufficient to continue even the small projects necessary to begin the Memorial Drive substation project.

e. Please describe any changes in the budget or original estimated cost for each of the 28 projects. Please indicate the amount of the dollar change in the budget or estimated cost, if applicable. Please explain and provide justification the budget or estimated cost change.

Response: Please see Attachment DR 9.6 (spreadsheet). Please see also Attachment 9.6e for the CEL&P capital budgets for 2016 through 2020. The Utility Service Board ("USB") approves the CEL&P expense and capital budgets on an annual basis (subject to City Council approval). The USB is the authority on what direction and what projects CEL&P completes. CEL&P cannot expend capital funds which have not been approved in the budget. CEL&P is a non-profit utility that operates on a cash basis with no return component in its rates. As a result, when revenues are less than expected, and unexpected expenses are incurred, the Utility simply has to complete fewer capital projects than it had planned.

f. Please state the actual cost incurred by each of the 28 projects for the year 2016, 2017, 2018, and 2019.

Response: See Attachment 9.6 (spreadsheet).

Supplemental Responses to Q 9.6(a) through (f): The following Supplemental Responses are being submitted regarding Data Request 9.6 after the informal technical video conference call between CEL&P and the OUCC on December 4, 2020. To clarify the issues raised by the OUCC and correct errors in CEL&P's original Responses, please see the specific Project explanations provided below, as well as the Supplemental Revised Attachment DR 9.6 (for ease of reference, updates to the original spreadsheet are shown in yellow):

1. Project 14 – GIS System: The OUCC pointed out on the December 4, 2020 technical call that Project 14 – GIS System Upgrades was present in both CEL&P's 2015 rate case CIP, as well as the present rate case, and the request in 2020 dollars was the same as before at $20,000 (before escalation and contingency factors were applied). The OUCC and CEL&P staff discussed the change in direction for the Utility's GIS System project since the last rate case, and this Supplemental Response is intended to document that discussion, as well as provide additional accounting detail on this Project. This Supplemental Response is intended to clarify that the $27,368 GIS expenditure budgeted for

III. CONCLUSIONS AND RECOMMENDATIONS

Q: What do you conclude in this Cause?

A: Because my initial concerns with CEL&P's proposed 2021-2026 CIP were resolved through the course of my review, I have no adjustments to CEL&P's CIP to recommend.

Q: Does this conclude your testimony?

A: Yes.

APPENDIX A

I. EDUCATIONAL BACKGROUND AND EXPERIENCE

Q: Please describe your educational background and experience.

A: I hold an MBA from the University of the Philippines ("UP"), in Diliman, Quezon City, Philippines. I also hold a bachelor's degree in Electrical Engineering from the University of Santo Tomas ("UST"), in Manila, Philippines.

I joined the OUCC in July 2009 and have completed the regulatory studies program at Michigan State University sponsored by the National Association of Regulatory Utility Commissioners ("NARUC"). I have also participated in other utility and renewable energy resources-related seminars, forums, and conferences.

Prior to joining the OUCC, I worked for the Manila Electric Company ("MERALCO") in the Philippines as a Senior Project Engineer responsible for overall project and account management for large and medium industrial and commercial customers. I evaluated electrical plans, designed overhead and underground primary and secondary distribution lines and facilities, primary and secondary line revamps, extensions and upgrades with voltages up to 34.5 kV. I successfully completed the MERALCO Power Engineering Program, a two-year program designed for engineers in the power and electrical utility industry.

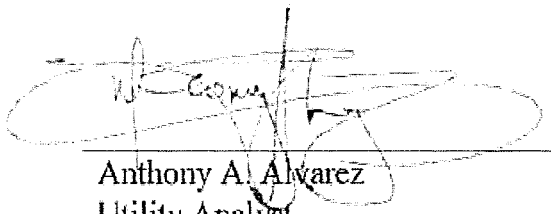
Q: What did you do to prepare your testimony?

A: I reviewed CEL&P's petition, direct testimony and attached exhibits in this Cause. I wrote discovery questions and reviewed CEL&P's responses. I attended and

participated in technical discussions with CEL&P personnel to discuss topics and issues related to this case on December 4, 2020.

AFFIRMATION

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



Anthony A. Alvarez
Utility Analyst
Indiana Office of Utility Consumer Counselor

Cause No. 45420
Crawfordsville Electric Light and Power

Date: December 23, 2020

Q 9.6: Refer to Petitioner's Exhibit 3 in Cause No. 45684, Direct Testimony of Mr. Scott D. Bowles, Attachment SBD-9: Capital Improvement Plan, (summary of the proposed capital improvement for the years 2016 – 2019), table of Proposed Projects, pages 2 – 3, in Cause No. 44684 (hereafter referred to as "CEL&P's CIP 2016 – 2019"). (*See also* Mr. Bowles, Direct at 30, line 9 up to page 31, line 1, in Cause No. 44684, for the same table that summarized the capital improvement plan 2016 – 2019). Please respond to the following:

a. Provide a status update (as of September 9, 2020) for each of the twenty-eight (28) projects listed in CEL&P CIP 2016 – 2019.

Response: Please see Attachment DR 9.6 (spreadsheet).

b. For each completed project listed in CEL&P CIP 2016 – 2019, please indicate the completion date.

Response: Please see Attachment DR 9.6 (spreadsheet).

c. For each project not completed as of September 9, 2020 (project status ongoing, pending, cancelled, etc.), please explain why the project remains uncompleted.

Response:

d. Please provide any changes that occurred in the planned year (planned start or implementation year) for each of the 28 projects. Please indicate whether the planned year of each project was delayed or as scheduled. Please provide justification for the planned year change.

Response: Please see Attachment DR 9.6 (spreadsheet). The 2016-2020 budgets included many projects which CEL&P could not complete because of revenue shortfalls (later discovered to be related to the 2016 rate design error). Unfinished projects were carried on from one budget to the next, as the Utility was hopeful the capital would be there and it was not. The second tab on Attachment DR 9.6 also includes a list of nearly $1 million in unexpected Capital Projects work which was not included in the CIP for the last rate case. When these unexpected costs arose, CEL&P had no choice but to forego other planned projects either because of major safety issues (as with highway streetlighting rusting off at the base and falling into the roadway) or projects that were required serve new customers. CEL&P also had a leaking roof and the air conditioning went out in its computer room, both of which had to be fixed in order not to threaten the operations of the computer equipment.

by other systems. CEL&P will also move its primary users from an older ArcMap software to ArcGIS Pro and potentially also ESRI's Utility Network. These new products were rolled out by ESRI shortly after CEL&P began using their product. In preparing this Supplemental Response, CEL&P staff has verbally engaged GIS Inc. regarding providing this integration, as they are an ESRI-approved vendor/partner. An initial quote from GIS Inc., given via email, is attached as Supplemental Attachment DR 9.6B. That quote is well above the $27,368 budgeted for GIS in the 2021-2026 CIP. CEL&P also notes that while the quote mentions the Utility Network Jumpstart platform in relationship to water utilities, it is CEL&P's understanding that this platform is applicable to all utility types.

2. Project 15 – 13.8kV Switchgear Replacement at Spann Ave Substation: After the last CEL&P rate case, the scope of the project to replace the Spann Avenue Substation Switchgear was modified based on additional engineering analysis and manufacturer's data. The original project plan was to completely replace the subject switchgear. Upon further investigation and in lieu of a complete replacement, CEL&P was able to scale back the project to refurbish the switchgear breakers (completed in 2018) and replace the protection equipment on the switchgear doors (planned for 2026). Supplemental Revised Attachment DR 9.6 was revised to reflect that:

    a. The original 2016-2020 CIP budgeted the total project at $850,000 (2015 dollars) for completion in 2019.
    b. The expenditure for the breaker refurbishment was $86,742 in 2018.
    c. The planned budget for the switchgear protection replacement scheduled for 2026 is $205,203 (2026 dollars).

3. During the December 4, 2020 conference call, the OUCC requested clarification on whether the contingencies noted in Mr. Bowles' testimony that were applied in the original 2016-2019 CIP (for Projects #4, #19, #26, #27 and #28), were included in the baseline estimates for projects carried over to the 2021-2026 CIP. Mr. Bowles' testimony in Cause No. 44684, Attachment 3, pp. 31-32 states: "In general, cost estimates have been prepared based on R.S. Means unit factors which are based on July 2015 dollars for the Crawfordsville area and include about a 15% contingency, depending on the level of certainty. No increase in cost was added for projected time value of money. That is to say, all costs are expressed in present dollars." Thus, that testimony is not clear as to which projects the 15% contingency may have been applied. Nonetheless, the 2021-2026 CIP does not "double count" any contingency factors from the last rate case, either because the 2016-2019 CIP budget was not utilized to compute the new baseline budget, or the specific budget item was not included in the new CIP. Specifically, the treatment in the 2021-2026 CIP for each of those projects is explained below:

Q 9.4: Please identify and provide the year, make, model, description, and resale or trade-in price of the utility vehicle, car, or truck to be replaced by those listed in CEL&P CIP 2016 – 2019. If CEL&P has no resale or trade-in price for the replaced vehicle, please explain why.

Response: Please see Attachment 9.3.

Q 9.5: Will CEL&P credit the ratepayers with the proceeds from the sales of any of the utility vehicles replaced by those listed in CEL&P CIP 2021 – 2026? If no, please explain why and provide documentation to support your response.

Response: In addition to the General Objections above, Respondent objects on the basis that the term "credit the ratepayers with the proceeds from the sales" is confusing and vague. CEL&P may only charge rates as approved by the Commission, thus CEL&P has no means to "credit the ratepayers with proceeds from the sales" that occur in between rate cases (either in the past or in the future), nor can it recoup costs through rates if the actual costs of these vehicles are higher or lower than the budgeted amounts. Notably, this would also be single-issue ratemaking. Subject to these objections, CEL&P responds as follows:

The acquisition and disposal of all municipal property (and thus all of CEL&P's property, including fleet vehicles and equipment) is governed by various provisions of the Indiana Code. The procedures vary in the Indiana Code depending upon the type of property, its intended use, and anticipated cost (see generally, Title 36, Chapter 1 and IC 8-1.5). CEL&P management does not have independent internal discretion over its municipal property in the way that utilities that are private corporations have (see e.g., the Asset Transfer and Disposition provisions in the Crawfordsville USB Resolution #01-2011 Establishing a Capital Asset Policy for CEL&P, provided as Audit Response #5a). All fleet vehicles and equipment needs are put out for public bid. Those bids are opened in a public meeting and referred to the General Manager for review and recommendation. The lowest responsible and responsive bidder is the legal standard for municipal bidding, and that is what must be selected and approved by the USB. Only if the lowest bid is not responsive (meaning it does not meet bid specifications), is a higher cost bid awarded.

When a vehicle is sold, the asset is removed from the fixed assets with a credit to the account. If the sale value is greater than the depreciated value on the books, a gain is recorded. If the sale value is less than the depreciated value, a loss on asset disposal is recorded. Neither the gain on sale of asset nor a loss on sale of asset is used in the calculation of the revenue requirement. See Attachment DR 9.5 as an example of the journal entries to remove trucks sold at auction and the record of gain on sale.

Q 9.17: How many of the vehicle/fleet addition/s in CEL&P CIP 2021 – 2026 are the same vehicle/fleet addition/s in CEL&P CIP 2016 – 2019? Please identify these utility vehicles.

Response: There are two vehicle/fleet additions in the 2021-2026 CIP that were in the 2016-2019 CIP: a #10 42' Aerial Lift Truck and a Fiber Splice Trailer. Please see Attachment DR 9.6 (spreadsheet), which lists vehicle acquisitions the 2021-2026 CIP and 2016-2019 CIP have in common.

Q 9.15: Please compare and contrast the individual projects identified and listed in both CEL&P CIP 2021 – 2026 and CEL&P CIP 2016 – 2019. Please identify and enumerate similar or the same projects that appear in both lists.

Response: Please see Attachment 9.6 (spreadsheet), which lists projects the 2021-2026 CIP and 2016-2019 CIP have in common. Projects 29 through 39 are new projects in the 2021-2026 CIP. The new projects are primarily transmission line projects to update the existing, aging transmission lines.

2024 is unrelated to the 2015 CIP GIS expenditure of $20,000. Supplemental Revised Attachment DR 9.6 has also been updated and clarified to reflect this, as discussed in more detail below.

Since the last rate case, CEL&P determined that continued use and upgrades to the existing GIS platform was insufficient to meet the needs of a modern electric utility. At the time of the last rate case, the Utility's GIS databases existed exclusively in AutoCAD. Simply importing them into the existing GIS system would gain the Utility very little with regard to asset management and meaningful integration into other systems (e.g., AMI, SCADA, and billing software). In addition, a complete asset inventory had not been completed since the early 2000s. CEL&P staff decided a new complete asset inventory was needed, and given the other considerations listed above, a new GIS system was the best solution to provide a geospatial database of assets.

CEL&P staff was impressed with the "walkout" mobile data collection capabilities of the IKE GPS device. Not only did it provide georeferencing of assets, it also allowed for back office viewing of the asset as well as measuring capabilities. This capability greatly reduces the time and effort required to perform staking, pole replacement and pole loading calculations. The latter became more important as fiber proliferation and 5G wireless became more prominent in Crawfordsville. CEL&P also decided to move away from its existing GIS software and deploy ESRI's Enterprise suite of products. ESRI is a proven platform that could provide a mobile solution for field personnel, integration into other systems (AMI, SCADA and billing software). It was also able to integrate the data collected with the IKE GPS device, which CEL&P later purchased for continued in-house data collection and ongoing updates to maps, etc.

Therefore, CEL&P determined that it was more prudent in the long-term to instead invest in a more robust (and consequently more expensive) GIS system and related data collection equipment. The original Attachment DR 9.6 showed that between 2017-2018, CEL&P expended $215,612.18 for a new GIS system. Please see Supplemental Attachment DR 9.6A for additional detail and a breakdown of these historic GIS expenses. Please note that CEL&P has marked in red on this spreadsheet three line items, totaling $7,458.64, which it discovered in the process of developing these Supplemental Responses were incorrectly coded to GIS work order 2017344. A corresponding reduction has been made to Supplemental Revised Attachment DR 9.6 to correct this error, as well as a change to Column 9.6b to reflect the Project is On-Going. Since these were historic expenses outside the Test Year, this error does not affect the Revenue Requirement.

The $27,368 budgeted for Project #14 in the 2021-2026 CIP for GIS System Upgrades is intended to fund the integration of the IKE GPS data into the ESRI platform, and set up a portal on the CEL&P GIS server that would allow access

a. Project 4 – Replace (3) 138kV Air Breaker Switches at Kentucky Substation: The 2016-2019 CIP budget for this project was $62,000 (2015 dollars). CELP and Mr. Ghidossi's firm, Exponential Engineering Company (EEC), reevaluated the project and established a new baseline budget of $67,500 (2020 dollars). The prior budget was not utilized to compute the new baseline budget. The project budget has been escalated and contingency applied for construction in 2026 at a cost of $100,759 (2026 dollars) per Mr. Ghidossi's Direct Testimony, Attachment TAG-2, p. 9.

b. Project 19 – Rebuild Holiday Inn feeder circuit over Sugar Creek toward the Power Plant: The 2016-2019 CIP budget for this project was $100,000 (2015 dollars) for completion in 2019. CELP and EEC reevaluated the project and established a new baseline budget of $108,800 (2020 dollars). The prior budget was not utilized to compute the new baseline budget. The project budget has been escalated and contingency applied for construction in 2026 at a cost of $153,010 (2026 dollars) per Mr. Ghidossi's Direct Testimony, Attachment TAG-2, p. 9.

c. Project 23 – Vehicle Fleet Addition (Pickup Truck): This purchase was completed in 2019 and is not included in the new 2021-2026 CIP.

d. Project 26 – Transformer Oil Containment at Kentucky Street Substation: The 2016-2019 CIP budget for this project was $150,000 (2015 dollars) for completion in 2019. CEL&P and EEC reevaluated the project and established a new baseline budget of $163,000 (2020 dollars). The prior budget was not utilized to compute the new baseline budget. The project budget has been escalated and contingency applied for construction in 2021 at a cost of $184,175 (2021 dollars) per Mr. Ghidossi's Direct Testimony, Attachment TAG-2, p. 8.

e. Project 27 – Switchgear Relay upgrades at Big Four Arch Road Substation: The 2016-2019 CIP budget for this project was $755,000 (2015 dollars) for completion in 2019. CELP and EEC reevaluated the project and established a new baseline budget of $821,000 (2020 dollars). The prior budget was not utilized to compute the new baseline budget. The project budget has been escalated and contingency applied for construction in 2026 at a cost of $1,123,147 (2026 dollars) per Mr. Ghidossi's Direct Testimony, Attachment TAG-2, p. 9.

Q 9.16: How many of the projects identified and listed in both CEL&P CIP 2021 – 2026 are the same as those in CEL&P CIP 2016 – 2019?

Response: There are 13 projects from the 2016-2019 CIP that have been moved to the 2021-2026 CIP. Please see Attachment DR 9.6 (spreadsheet), which lists projects the 2021-2026 CIP and 2016-2019 CIP have in common.

Supplemental Response: In addition to the 13 projects noted in the original Response above which were moved to the 2021-2026 CIP because they were never started, there are two additional projects on Attachment DR 9.6 which are "On-Going" in nature and carried over from the last CIP. These on-going projects form the 2016-2019 CIP include the GIS project (#14) and the 13.8kV Switchgear replacement at the Spann Ave Substation (#15). As explained in the Supplemental Response to Q 9.6 above, CEL&P was able to scale back the project to refurbish the switchgear breakers (completed in 2018) and replace the protection equipment on the switchgear doors (planned for 2026), in lieu of a a complete replacement. Column 9.6(b) "Completion Date" for these two projects was also corrected to "Ongoing" status on the Supplemental Revised Attachment 9.6.

Q 9.1: Petitioner's Exhibit 1, Direct Testimony of Mr. Phillip R. Goode, page 21, lines 10 – 16, discusses the impact of the 2016 rate calculation error on CEL&P's operations, and states, "[s]everal of the projects we presented to the Commission in our last rate case [Cause No. 44684] were delayed. The biggest delay was in beginning the new Memorial Drive Substation." Further, Mr. Goode, Direct at 21, lines 17 – 23 up to page 22, lines 1 – 3, discusses projects that were included in CEL&P's Capital Improvement Plan ("CIP") and "presented to the Commission in 2015 as part the utility's [CEL&P's] last rate case in Cause No. 44684." He further states that CEL&P provided a "revised CIP" in this Cause. In this regard, please provide complete and unredacted electronic copies of the following Direct Testimonies and Attachments in Cause No. 44684, CEL&P's last rate case:

a. Petitioner's Exhibit 1, Direct Testimony of Philip R. Goode.

b. Petitioner's Exhibit 3, Direct Testimony of Scott D. Bowles including,

c. Attachment SDB-9; Proposed Capital Improvement Plan.

Response: In addition to the General Objections listed above, Respondent objects on the basis that these documents are have already been served upon the OUCC in Cause No. 44684 and thus are already in the Agency's possession and/or are part of the public record in the Commission's files and publicly available to OUCC.

Q 9.2: Refer to Petitioner's Exhibit No. 3, Direct Testimony of Mr. Thomas A. Ghidossi, Attachment TAG-2, Table 5 – Capital Improvement Plan 2021-2026, Rev. 1 dated 05/21/2020 (hereafter referred to as "CEL&P's CIP 2021 – 2026"). Please provide CEL&P's CIP 2021 – 2026 in electronic spreadsheet (Excel) format with formulas and calculations intact.

Response: Please see WP TAG-2 filed with the Commission and served on the OUCC on August 19, 2020, which is the spreadsheet version of CEL&P's CIP and cost allocations.

Some of these unexpected projects were completed in 2016 and 2017, but some small capital projects also needed to be completed before the Memorial Drive substation could be built. After 2017, CEL&P stopped all of this work because management realized the revenue was not going to be sufficient to continue even the small projects necessary to begin the Memorial Drive substation project.

e. Please describe any changes in the budget or original estimated cost for each of the 28 projects. Please indicate the amount of the dollar change in the budget or estimated cost, if applicable. Please explain and provide justification the budget or estimated cost change.

Response: Please see Attachment DR 9.6 (spreadsheet). Please see also Attachment 9.6e for the CEL&P capital budgets for 2016 through 2020. The Utility Service Board ("USB") approves the CEL&P expense and capital budgets on an annual basis (subject to City Council approval). The USB is the authority on what direction and what projects CEL&P completes. CEL&P cannot expend capital funds which have not been approved in the budget. CEL&P is a non-profit utility that operates on a cash basis with no return component in its rates. As a result, when revenues are less than expected, and unexpected expenses are incurred, the Utility simply has to complete fewer capital projects than it had planned.

f. Please state the actual cost incurred by each of the 28 projects for the year 2016, 2017, 2018, and 2019.

Response: See Attachment 9.6 (spreadsheet).

Q 9.7: Please identify the year, make, model, description, and budget of each utility vehicle, car, or truck (or "utility vehicle") listed as vehicle/fleet addition/s in CEL&P's CIP 2016 – 2019. Please indicate whether the vehicle is leased or owned by CEL&P.

Response: Please see Attachment DR 9.3.

Q 9.8: For each "utility vehicle" in CEL&P's CIP 2016 – 2019, please respond to the following:

a. Please provide the status update of each utility vehicle, car or truck and indicate whether CEL&P acquired or did not acquire such utility vehicle, car, or truck.

Response: Please see Attachment DR 9.3.

b. Please provide the acquisition date and itemize the acquisition cost, if applicable, of each utility vehicle, car or truck listed as vehicle/fleet addition/s in CEL&P CIP 2016 – 2019.

Response: Please see Attachment DR 9.3.

c. Please identify and provide the year, make, model, description, and resale or trade-in price of the utility vehicle, car or truck replaced by the vehicles listed in CEL&P's CIP 2016 – 2019. If CEL&P has no resale or trade-in price for the replaced vehicle, please explain why.

Response: Please see Attachment DR 9.3.

Q 9.9: Please describe and explain CEL&P's internal utility vehicle replacement approval process. Who is responsible for making the initial request for replacement and the final approval for replacement? Please provide documentation to support your response.

Response: Please see also the Response to Q 9.5 above.

Q 9.10: Please describe and provide the justification used in the internal replacement approval process for each of the utility vehicle listed in CEL&P's CIP 2016 – 2019. Please provide documentation to support your response.

Response: Please see Response to Q 9.5 above.

Q 9.11: Please describe and explain the internal process and procedure of selling or disposing assets such as the utility vehicles replaced by those listed in CEL&P's CIP 2016 – 2019. Please provide documentation to support your response.

Response: Please see Response to Q 9.5 above.

Q 9.12: Please describe and explain how CEL&P accounted for the proceeds from selling or disposing assets such as the utility vehicles replaced by those listed in CEL&P's CIP 2016 – 2019. Please provide documentation to support your response.

Response: Please see Response to Q 9.5 above.

Q 9.13: Did CEL&P account for the proceeds from selling or disposing any of the utility vehicles replaced by those listed in CEL&P's CIP 2016 – 2019? If no, please explain why and provide documentation to support your response.

Response: Please see Response to Q 9.5 above.

Q 9.14: Did CEL&P credit its customers with the proceeds from the previous sales of any of the utility vehicles replaced by those listed in CEL&P CIP 2016 – 2019? If no, please explain why and provide documentation to support your response.

Response: Please see the Response to Q 9.5 above.

Q 9.16: How many of the projects identified and listed in both CEL&P CIP 2021 – 2026 are the same as those in CEL&P CIP 2016 – 2019?

Response: There are 13 projects from the 2016-2019 CIP that have been moved to the 2021-2026 CIP. Please see Attachment DR 9.6 (spreadsheet), which lists projects the 2021-2026 CIP and 2016-2019 CIP have in common.

b. Need/Justification: The existing relays are obsolete and replacement parts/units can no longer be obtained. The new protection schemes will provide greater reliability, fault location capability, SCADA interface communications and redundancy.

Project 39 – New Aerial Lift Truck: Utility Vehicles

a. Description: Add a Digger Derrick.

Need/Justification: Existing vehicles is aged and requires replacement.

Q 9.18: For each project listed in CEL&P CIP 2021 – 2026 that CEL&P claims is unique and distinct from any of the projects listed in CEL&P CIP 2016 – 2019, and vice-versa, please provide a comprehensive project description and detailed (project) scope of work to show its distinction and difference from the other projects.

Response: Please refer to Petitioner's Exhibit 3, Attachment TAG-2 (Crawfordsville 2021-2026 Capital Improvement Plan Cost Report). Details for the new projects are excerpted below:

Projects 29, 30, 31, 32, and 33 - Transmission Line Projects: Rebuild 138kV Transmission Lines

a. Description: Install new poles and insulators to support the existing conductor and shield wire. New poles will be direct-buried ductile iron for tangent structures and self-supporting steel poles for angle and dead-end structures. Poles will typically be 85' to allow for existing and/or proposed distribution underbuilds.

i. Spann Avenue Substation to Memorial Drive Substation (rebuild and connection to new substation) (2.5 miles)
ii. Memorial Drive Substation to Kentucky Street Substation (rebuild and connection to new substation) (2.9 miles)
iii. Big Four Arch Road Substation to Dry Branch Road Substation (2.5 miles)
iv. Dry Branch Road Substation to Spann Avenue Substation (2.0 miles)
v. PSI (Duke Energy) Substation to Big Four Arch Road Substation (5.2 miles)

b. Need/Justification: The existing lines were constructed in the 1970's (Kentucky Street to Spann Avenue) and 1980's (Spann Avenue to Dry Branch Road to Big Four Arch Road to PSI). Existing wood poles have served their useful life and are in need of replacement. Additional ground clearance is needed for existing/new distribution underbuild circuits. CELP's 138kV transmission system will be completely rebuilt as a result of these projects, extending the useful life of the loop at least 30 years.

Projects 34, 35, 36, 37 and 38 – Transmission Line Relay System Replacement Projects: Transmission Line and Substation Transformer Protection

a. Description: Install replacement relay and control panels including Schweitzer Engineering Laboratories (SEL) microprocessor relays and test switches.

i. Kentucky Street Substation
ii. Big Four Arch Road Substation
iii. Dry Branch Road Substation
iv. PSI Substation

Q 9.19: Is the Proposed Project identified as "2) Replace under sized conductor; BF 302 circuit" for year 2026 in CEL&P CIP 2021 – 2026 the same as the Proposed Project identified as "2) Replace under sized conductor; BF 302 circuit" for year 2016 in CEL&P CIP 2016 – 2019? If yes, please explain why the same project appeared in both lists. If no, please provide a comprehensive project description and detailed (project) scope of work to show their distinctions from each other.

Response: Project 2 is the same project. The project was not started and has been reprioritized to 2026 in the new CIP. Please see Attachment DR 9.6 that lists projects the 2021-2026 CIP and 2016-2019 CIP have in common.

Q 9.20: Is the Proposed Project identified as "14) GIS System Upgrades" for year 2024 in CEL&P CIP 2021 – 2026 the same as the Proposed Project identified as "14) GIS System Upgrades" for year 2019 in CEL&P CIP 2016 – 2019? If yes, please explain why the same project appeared in both lists. If no, please provide a comprehensive project description and detailed (project) scope of work to show their distinctions from each other.

Response: Yes, however, CEL&P has not had the funds to invest in GIS and it was not one of the higher priority items, thus this project has been deferred to 2024. CEL&P originally intended to utilize City and County GIS databases; however, CEL&P found that these databases were inadequate for electric utility needs. A new IKE GIS system has been implemented to 90% state and will be completed by 2024.

Q 9.21: Petitioner's Exhibit No. 3, Attachment TAG-2, page 9, shows the average CIP budget amount of $3,884,438 (2021 – 2026). Please indicate and explain how much of this amount is already embedded in rates from the Extensions and Replacements amount of $2,446,201 in the Settlement Agreement approved by the Commission in its Order dated April 16, 2016 in Cause No. 44684 ("2016 Order"). (*See* detailed Annual Revenue Requirement, 2016 Order, page, 6).

Response: Generally, utility rates are designed to provide a level of revenues to meet the revenue requirements of a utility. The 2016 Order allowed for a revenue requirement of $2,446,201, but CEL&P didn't realize the level of revenues allowed by the 2016 Order. As discussed in testimony, there was an error in rate design that been corrected on a going-forward basis through a temporary rate rider approved by the Order of the Commission in Cause No. 45429 on September 29, 2020 ("Temporary Rate Adjustment Rider Order"). As noted within the Temporary Rate Adjustment Rider Order "as a result of the error, CEL&P had failed to collect approximately $2.9 million of its authorized revenue requirement over the period of August 2016 through January 2020." (Order at p. 2).

The flow of funds for a utility usually provides for payment of operating expenses first, followed by capital expenditures. The reduced cash flow since 2016 has meant that CEL&P has not had adequate cash to adequately fund the extensions and replacements that comprised the Extensions and Replacements from the 2016 Order. These improvements are still required and thus they are included within the development of the extensions and replacements revenue requirement considered in this case.

It is incorrect to consider individual projects as "already embedded in the rates". The 2016 Order allowed for approximately $2.4 million for extensions and replacements. But the rates were not properly calculated, so since 2016, the revenues did not support this level of extensions and replacements. The capital improvement plan provided in this case, which includes some of the projects that had been delayed because of lack of cash to implement the projects since 2016, provides for extensions and replacements revenue requirement of $4,432,804.

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing ***Indiana Office of Utility Consumer Counselor Public's Exhibit No. 3_ Testimony of OUCC Witness Anthony A. Alvarez*** has been served upon the following counsel of record in the captioned proceeding by electronic service on December 23, 2020.

Kristina Kern Wheeler
Nikki Gray Shoultz
BOSE MCKINNEY & EVANS LLP
kwheeler@boselaw.com
nshoultz@boselaw.com

Scott Franson
Deputy Consumer Counselor

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
115 West Washington Street
Suite 1500 South
Indianapolis, IN 46204
infomgt@oucc.in.gov
317/232-2494 – Phone
317/232-5923 – Facsimile