

Petitioner's Exhibit No. 1

FILED

SEP 27 2018

**INDIANA UTILITY
REGULATORY COMMISSION**

CITY OF FRANKFORT

INDIANA UTILITY REGULATORY COMMISSION

CAUSE NO. 44856

DIRECT TESTIMONY

OF

STEVE MILLER

SPONSORING ATTACHMENTS SM-1 AND -2

City of Frankfort

Cause No. 44856

Testimony of Steve Miller

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

2 A. My name is Steve Miller, City of Frankfort, 1000 Washington Avenue, Frankfort,
3 Indiana 46041.

4 **Q. What is your position with the City of Frankfort?**

5 A. I am the Superintendent of the Frankfort Electric Utility.

6 **Q. How long have you held that position?**

7 A. I have been the Superintendent since 1992.

8 **Q. What is your professional background?**

9 A. I graduated from Frankfort Senior High School in 1970 and attended Purdue
10 University for one year. I trained and worked for PSI Energy (Duke) for
11 approximately six years. I have been employed by the City of Frankfort Electric
12 Utility since 1979. From 1979 to 1991, I held the position of Substation
13 Maintenance Foreman, and from 1991 to 1992, I held the position of Operations
14 Manager. I became Superintendent in 1992. During my employment with the

1 City of Frankfort, I have attended various maintenance and electrical related
2 seminars and classes.

3 **Q. How is the City of Frankfort Electric Utility managed and controlled?**

4 A. The City of Frankfort has established a Utility Service Board which is responsible
5 for oversight, control and management of all city utilities, including the electric
6 utility. The Utility Service Board consists of five members and is chaired by
7 Mike Kelley.

8 **Q. Please describe the Frankfort Electric Utility.**

9 A. The Frankfort Electric Utility is a municipally owned electric utility which has
10 provided retail electric service to customers in and around the city of Frankfort
11 since 1903. We provide electric service to approximately 9,184 residential,
12 commercial, and industrial customers. The City owns and operates approximately
13 375 miles of electric lines.

14 **Q. Does the Frankfort Electric Utility operate its own generation?**

15 A. No. The City of Frankfort is a member of the Indiana Municipal Power Agency
16 ("IMPA"). As such, we purchase all of our electricity from IMPA. Our retail
17 rates are adjusted quarterly utilizing the process approved by the Commission in
18 Cause No. 36835-S3 (IURC 12-13-1989).

19 **Q. What relief is Frankfort seeking in this Cause?**

1 A. We are seeking a general increase in our basic rates and charges and are also
2 seeking authority to issue electric revenue bonds to finance needed upgrades to
3 our electric infrastructure in the total principal amount of \$12,500,000. Witness
4 Lanam will sponsor the calculation of our revenue requirement and describe the
5 proposed bond issue. Witness Bowles sponsors the cost of service study and
6 proposed rate design and also describes the projects to be funded with the bond
7 issue.

8 **Q. When were Frankfort's basic rates and charges last approved?**

9 A. Apart from the quarterly adjustments for purchased power, Frankfort's basic rates
10 and charges were last approved by the Commission's Order in Cause No. 40795
11 dated October 22, 1997.

12 **Q. What is driving the need for seeking the relief that is currently being sought?**

13 A. There are two drivers that have caused Frankfort to file this case. First, it has
14 been nearly twenty years since our last general rate case. During that time, cost
15 increases other than purchased power have been absorbed by the Utility to the
16 extent that today, the Frankfort Electric Utility is operated at a significant deficit.
17 In addition, it has been a considerable time since Frankfort has undertaken major
18 upgrades of its distribution system. Finally, the time has come to review our rate
19 design. Witnesses Lanam and Bowles will further describe these issues.

1 **Q. Has the requested relief been authorized by local officials?**

2 A. The Utility Service Board adopted resolutions on September 19, 2016
3 recommending that the Council adopt ordinances to implement the recommended
4 rates and issue the proposed bonds. Those ordinances were introduced before the
5 Council on September 26, 2016. Both ordinances were adopted by the Council on
6 _____ . Copies of the respective rate ordinance and bond ordinance
7 are attached hereto as Attachments SM-1 and SM-2 to my testimony.

8 **Q. Does this conclude your direct testimony in this cause?**

A. Yes, at this time.

VERIFICATION

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

Steve Miller
Steve Miller

Date: September 23, 2016

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