

FILED  
January 31, 2024  
INDIANA UTILITY  
REGULATORY COMMISSION

I&M Exhibit: \_\_\_\_\_

IURC  
PETITIONER'S  
EXHIBIT NO. 2  
4-3-24 DATE REPORTER uk

OFFICIAL  
EXHIBITS

**INDIANA MICHIGAN POWER COMPANY**

**38702 FAC-92**

**PRE-FILED VERIFIED DIRECT TESTIMONY**

**OF**

**BRYAN S. OWENS**

**DIRECT TESTIMONY OF BRYAN S. OWENS  
ON BEHALF OF  
INDIANA MICHIGAN POWER COMPANY**

**Q1. Please state your name and business address.**

My name is Bryan S. Owens and my business address is Indiana Michigan Power Center, P.O. Box 60, Fort Wayne, IN 46801.

**Q2. By whom are you employed and in what capacity?**

I am employed by Indiana Michigan Power Company (I&M or Company) as a Regulatory Consultant Staff.

**Q3. Briefly describe your educational background and professional experience.**

I graduated from the University of Missouri, Kansas City in 1996 with a Bachelor of Liberal Arts degree and in 1998 with a Bachelor of Science degree in Accounting. In May 2003, I earned a Certified Public Accountant (CPA) certificate in Missouri. In July 2010, I obtained a Colorado CPA license (0028436 – Inactive) and in May 2018, I obtained an Indiana CPA license (CP11800151).

I began my professional career in 1998, when I joined the accounting firm of KPMG, LLP. I was employed at KPMG from August 1998 to July 2001, as senior auditor and senior tax specialist performing financial statement audits and preparing federal and state tax returns for individuals and corporations. From July 2001 to June 2004, I was employed by Overland Consulting, Inc., in Overland Park, Kansas as a senior consultant performing audits of utility Federal Energy Regulatory Commission financial statements as part of general rate case reviews before the California Public Utilities Commission. From June 2004 to July 2008, I was employed by Aquila, Inc., in Kansas City, Missouri, as a senior regulatory analyst preparing rate case filings and managing compliance filings for several state jurisdictions including Missouri, Kansas and Colorado. In

1 July 2008, Aquila, Inc. was acquired by Black Hills Corporation and Great Plains  
2 Energy, Inc. I joined Kansas City Power and Light (a wholly owned subsidiary of  
3 Great Plains Energy, Inc.) before joining Black Hills Corporation in December  
4 2008. At Black Hills Corporation I was Manager, Colorado Electric Regulatory  
5 Affairs. In that role, I had responsibility for providing various financial analyses in  
6 support of utility operations and managing regulatory filings for the electric utility  
7 operations of Black Hills/Colorado Electric utility Company, LP.

8 In November 2014, I joined Empire District Electric Company (Empire) as  
9 Assistant Director of Planning and Regulatory where I had responsibility for  
10 providing various financial analyses in support of utility operations and  
11 managing regulatory filings for the electric utility operations of Empire.

12 In May 2017, I joined I&M. My current position is Regulatory Consultant Staff.

13 **Q4. Have you previously testified before any regulatory commissions?**

14 Yes. I have submitted testimony before Indiana Utility Regulatory Commission  
15 (Commission) in the following matters:

- 16 • 44331 ECR 5 Federal Mandate Rider
- 17 • 45120 SDI Contract Amendment
- 18 • 43827 DSM 8 DSM/EE Program Cost Rider Reconciliation
- 19 • 44871 ECR 3 Environmental Cost Recovery Rider
- 20 • 43827 DSM 9 DSM/EE Program Cost Rider Reconciliation
- 21 • 38702 FAC 90 Fuel Cost Adjustment

22  
23 I have also testified before the Arkansas Public Service Commission, the  
24 Colorado Public Utilities Commission, the Kansas Corporation Commission, the  
25 Michigan Public Service Commission, the Missouri Public Service Commission,  
26 and the Oklahoma Corporation Commission.

1 **Q5. What are your responsibilities as Regulatory Consultant Senior?**

2 I am responsible for the preparation of regulatory filings and analyses.

3 **Q6. Are you sponsoring any attachments?**

4 Yes, I am sponsoring Attachments 1-A, 1-B (Schedule 1), 1-C, 1-D, and 1-E.

5 **Q7. Were the exhibits, attachment and workpapers that you sponsor prepared**  
6 **by you or under your direction?**

7 Yes.

8 **Q8. What is the purpose of your testimony?**

9 The purpose of my testimony is to support the calculation of the fuel cost  
10 adjustment factor.

11 **Q9. What did you do to prepare to testify for this proceeding?**

12 I have reviewed the fuel clause statutes and certain portions of I&M's last  
13 general rate cases, Cause Nos. 45235 and 45576, the Order Approving  
14 Settlement Agreement in Cause No. 43328, the Orders in Cause Nos. 43750,  
15 44034 and 44362, and Commission orders pertaining to I&M's recent fuel clause  
16 adjustments.

17 With regard to the attachments that I am sponsoring, I have reviewed the books  
18 and records of the Company utilized in preparing and/or quantifying those  
19 attachments and held discussions with appropriate Company personnel.

20 **Q10. Please summarize the relief I&M is seeking in this cause.**

21 I&M requests the Commission find that the costs included in this cause are  
22 reasonable and prudent, and for approval to implement a fuel adjustment clause

1 factor of (2.228) mills/kWh effective for billing cycles in the months of May 2024  
2 through October 2024.

3 **Q11. What effect will the approval of I&M's application have on the monthly bill**  
4 **of a typical residential customer?**

5 Approval of I&M's application will result in the monthly bill of a typical residential  
6 customer using 1,000 kWh to decrease 1.29%, or \$2.04 relative to the factor  
7 currently in place, per month effective with the billing month of May 2024.

8 **Q12. Please briefly summarize what is shown on Attachments 1-A, 1-B**  
9 **(Schedule 1), 1-C, 1-D, and 1-E.**

10 Attachment 1-A is a description of the components that comprise the basic fuel  
11 cost adjustment formula. Attachment 1-B (Schedule 1) computes the projected  
12 fuel adjustment clause factor based on the projected costs supported by  
13 Company witness Sloan.

14 Attachment 1-C, consisting of 12 schedules, shows the actual fuel cost for the  
15 months of June 2023 through November 2023. Attachment 1-D is a comparison  
16 of forecasted to actual costs for the reconciliation period while Attachment 1-E  
17 indicates actual fuel costs for the period between the Commission's February  
18 23, 2022 Rate Order in Cause No. 45576 and November 2023.

19 **Q13. What is the source of the information contained in the verified application**  
20 **and in the attachments that you are sponsoring?**

21 The information is from I&M's books and records.

22 **Q14. Please explain I&M's continuation of the semi-annual fuel adjustment**  
23 **clause (FAC) filing schedule.**

24 I&M has been making FAC filings on a semi-annual basis since 1999 as  
25 approved by the Commission. I&M believes that projected fuel cost data

1 covering a six-month period can be as accurately projected as that covering a  
2 three-month period.

3 Significant variances from a forecast are usually caused by a forced generating  
4 unit outage or an uncharacteristic event, which by definition cannot be predicted.  
5 Such variances are then spread over a six-month period rather than a three-  
6 month period, providing better rate stability for customers. Semi-annual filings  
7 also more efficiently utilize the resources of the Company.

8 **Q15. What months comprise the reconciliation period in this cause?**

9 The reconciliation period is for the months of June 2023 through November  
10 2023.

11 **Q16. Do the actual fuel costs included in this proceeding include cogeneration,  
12 distributed generation, demand response, and hedging activity?**

13 Yes. These costs are listed in the monthly schedules included in Attachment 1-  
14 C.

15 **Q17. Has this type of activity been previously approved for inclusion in the FAC  
16 proceedings?**

17 Yes. Cogeneration, distributed generation, and demand response type costs  
18 were approved in the FAC 91 case. Hedging costs were approved by the  
19 Commission in Cause No. 44696, April 20, 2016. In the instant proceeding,  
20 Company witness Leopold presents the Company's new hedging policy.

21 **Q18. Are any of these costs different from what has been provided in previous  
22 FAC filings?**

23 Yes. There is a credit of \$1,329,906 related to hedge activity recognized in  
24 October 2023, shown on Schedule 9, which hasn't previously occurred for at  
25 least the last 5 cases.

1  
2 **Q19. Please describe the variance component of the proposed fuel adjustment**  
3 **clause factor in this application.**

4 The purpose of the variance component is to recognize any over/under-recovery  
5 of fuel expense by determining the difference between the incremental fuel cost  
6 incurred and the fuel revenues collected during each month of the reconciliation  
7 period. This variance is then applied to the projected billing period.

8 In this proceeding, I&M fuel cost was \$7,167,610 less than projected, as shown  
9 on Attachment 1-B, Schedule 1, line 26, and decreases the fuel adjustment  
10 clause factor by (0.931) mills/kWh.

11 **Q20. Does the variance component of the proposed fuel adjustment clause**  
12 **factor in this application include an amount for the net revenues under**  
13 **I&M renewable and green power riders?**

14 Yes. The net revenues from I&M's IM Green Rider under Cause No. 45235 for  
15 the reconciliation period are shown on Attachment 1-C, Schedule 12, Column  
16 12.

17 **Q21. Does the variance component of the proposed fuel adjustment clause**  
18 **factor in this application include an amount for the net revenues**  
19 **associated with the sales of Renewable Energy Credits (REC) approved in**  
20 **Cause No. 45235?**

21 Yes. The net revenue amounts from the sale of RECs are shown on the  
22 applicable monthly schedules for Attachment 1-C in Column 11.

1 **Q22. In your opinion, was the forecast for the reconciliation period reasonable**  
2 **at the time it was made?**

3 Yes. The difference between I&M's actual and forecasted FAC costs for the  
4 reconciliation period are shown on Attachment 1-D. As shown on this  
5 Attachment the difference between I&M's actual and forecasted FAC costs for  
6 the reconciliation period was (6.94%). The primary driver of the lower than  
7 forecasted costs during the reconciliation period were lower than forecasted  
8 fossil and nuclear generation of approximately \$9.5 million, lower forecasted  
9 third-party purchases of approximately \$10.3 million, lower wind purchases of  
10 approximately \$24.2 million, offset by higher system purchases of approximately  
11 \$15 million and lower Inter-System Sales of approximately \$14.6 million.  
12 Overall, total actual fuel cost was approximately \$15 million lower than  
13 forecasted for the reconciliation period.

14 **Q23. What is the factor I&M is requesting for implementation?**

15 I&M is requesting a factor of (2.228) mills per kWh for the billing months of May  
16 2024 through October 2024.

17 **Q24. Does the projected factor reflect the Commission's Orders in Cause Nos.**  
18 **43401 (Steel Dynamics, Inc.) and 45661 (Voluntary Curtailment Service)?**

19 Yes it does. Although no customers are participating in the VCS program, these  
20 costs would be part of calculated factor.

21 **Q25. Have you reviewed the Interim Report filed by the Indiana Office of Utility**  
22 **Consumer Counselor in Cause No. 38702-FAC91?**

23 Yes.

24 **Q26. Is there anything in that Interim Report you would like to address?**

25 No.



1     **Q27. Does this conclude your pre-filed verified direct testimony?**

2             Yes.

## VERIFICATION

I, Bryan S. Owens, Regulatory Consultant Staff of Indiana Michigan Power Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Date: 1-30-2024

Bryan S. Owens  
Bryan S. Owens