

OFFICIAL
EXHIBITS

STATE OF INDIANA

FILED
February 18, 2016
INDIANA UTILITY
REGULATORY COMMISSION

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF DUKE ENERGY)
INDIANA, INC. FOR: (1) APPROVAL OF)
PETITIONER'S 7-YEAR PLAN FOR)
ELIGIBLE TRANSMISSION,)
DISTRIBUTION AND STORAGE SYSTEM)
IMPROVEMENTS, PURSUANT TO)
IND. CODE § 8-1-39-10; (2) APPROVAL OF)
A TRANSMISSION AND DISTRIBUTION)
INFRASTRUCTURE IMPROVEMENT COST)
RATE ADJUSTMENT AND DEFERRALS,)
PURSUANT TO IND. CODE § 8-1-39-9,)
(3) APPROVAL OF CERTAIN REGULATORY)
ASSETS; (4) APPROVAL OF VOLUNTARY)
DYNAMIC PRICING RIDERS; AND (5))
APPROVAL OF A NEW DEPRECIATION)
RATE FOR ADVANCED METERS)

CAUSE NO. 44720

IURC
INTERVENOR'S *-WVPA*
EXHIBIT NO. 5-276
DATE AT REPORTER

SUBMISSION OF VERIFIED DIRECT TESTIMONY OF GREGORY E. WAGONER

Intervenor Wabash Valley Power Association, Inc., hereby respectfully submits the
Verified Direct Testimony of Gregory E. Wagoner in this Cause.

Respectfully submitted,

By: /s/ Jeremy L. Fetty

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served via electronic mail this 18th day of February, 2016, to the following:

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DIRECT TESTIMONY
OF
GREGORY E. WAGONER
On Behalf of Intervenor
Wabash Valley Power Association, Inc.

Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A1. My name is Gregory E. Wagoner, and my business address is 722 North High School Road, Indianapolis, Indiana 46214.

Q2. BY WHOM ARE YOU EMPLOYED?

A2. I am employed by Wabash Valley Power Association, Inc. ("Wabash Valley"), located at the above address.

Q3. WHAT IS YOUR POSITION, AND WHAT ARE YOUR RESPONSIBILITIES WITH WABASH VALLEY?

A3. As Vice President, Transmission Operations and Development, I have responsibilities for new business development, distributed generation, power supply portfolio management, Federal and State legislative and policy programs, and transmission and distribution services.

Q4. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND DESCRIBE YOUR EMPLOYMENT EXPERIENCE.

A4. I am a graduate of the Indiana University Kelley School of Business in Indianapolis, Indiana, from which I received a Bachelor of Science Degree in Business Management. Prior to joining Wabash Valley in 2004, I began my electric utility career with PSI Energy, in 1981, and held various positions in the power production, generation dispatch, and wholesale marketing areas. In 1998, I joined Constellation Power Source, Inc. as the Vice President of Origination. I joined Wabash Valley in April 2004 as Director of

Business Development and was promoted to Manager of Power Supply in April 2006. In December 2007, I was promoted to Vice President of Business Development. My title was changed to Vice President of Transmission Operations and Development in 2014.

Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

- A5. To provide testimony on behalf of Wabash Valley supportive of many aspects of Duke Energy Indiana, LLC's ("Duke Energy Indiana") request in this proceeding for approval of its 7-year plan for eligible transmission, distribution and storage system improvements ("TDSIC Plan") under Ind. Code § 8-1-39.

Q6. PLEASE DESCRIBE WABASH VALLEY.

- A6. Wabash Valley is a non-profit generation and transmission cooperative with its principal place of business in Indianapolis, Indiana. Incorporated in 1963, Wabash Valley was formed by its members for the purpose of providing wholesale power and transmission service to its members for resale to their retail consumer/members. Wabash Valley's native load consists of 23 distribution cooperative members serving electric energy to their members at retail, and located primarily in the rural areas of northern Indiana, Illinois and Missouri. Wabash Valley serves its members' wholesale power needs through a portfolio of owned generation and power purchases of various durations and obtains transmission service to serve its members from the Midcontinent Independent System Operator ("MISO") and the PJM Interconnection, LLC ("PJM") in the Duke Energy Indiana, Northern Indiana Public Service Company ("NIPSCO"), American Electric Power ("AEP"), Indianapolis Power & Light ("IPL"), Ameren Illinois Company and Ameren Missouri Company balancing area. In addition to being a transmission customer, Wabash Valley is a transmission owner in MISO.

Q7. PLEASE DESCRIBE WABASH VALLEY'S PARTICIPATION IN THE JOINT TRANSMISSION SYSTEM.

- A7. Wabash Valley, along with Duke Energy Indiana and Indiana Municipal Power Agency ("IMPA"), are parties to that certain Amended Transmission and Local Facilities

Ownership, Operation and Maintenance Agreement dated January 1, 2015 (“TL&F Agreement”) for the joint ownership, operation and maintenance of the transmission facilities of Duke Energy Indiana, Wabash Valley and IMPA in Duke Energy Indiana Balancing Authority Area in Indiana (the “Joint Transmission System”). Under the TL&F Agreement, Wabash Valley has substantial rights to use the Joint Transmission System and substantial obligations for investment in the Joint Transmission System.

Q8. PLEASE DESCRIBE WHY WABASH VALLEY IS SUPPORTIVE OF DUKE ENERGY INDIANA’S 7-YEAR PLAN FOR TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENTS.

A8. Transmission performance is very important to Wabash Valley’s members. Wabash Valley has 383 wholesale delivery points serving its 23 distribution cooperatives which in turn are providing electric service to approximately 350,000 retail customers. Increased investment in the Joint Transmission System will, in our opinion, reduce the number and duration of transmission related outages, thus improving overall reliability to our distribution cooperative members and their retail customers.

Q9. WHY IS IT IMPORTANT TO WABASH VALLEY AND ITS MEMBERS THAT THE TRANSMISSION AND DISTRIBUTION SERVICE IT RECEIVES FROM TRANSMISSION PROVIDERS, INCLUDING DUKE ENERGY INDIANA, BE MORE RELIABLE.

A9. Transmission service outages disrupt the ability of our members’ commercial and industrial customers from successfully and efficiently operating and managing their plants and businesses. Such outages also adversely affect the average retail customer’s quality of life. In today’s world, the retail electric customer expects a reliable electric service with few, if any, outages. It is our goal to meet and exceed our members’ and their customers’ service expectations. Additionally, transmission service outages impact our members because of lost retail kWh sales, which adversely affects our members’ revenues.

Q10. HAS WABASH VALLEY AND ITS MEMBERS EXPERIENCED GREATER INTERRUPTIONS FROM TRANSMISSION PROVIDERS?

A10. Yes. Wabash Valley and its members have experienced an increasing trend in the number and duration of transmission related outages due to the aging transmission infrastructure. On average, over the past five years, transmission related outages account for 35% to 40% of total outage duration on distribution cooperatives systems. Our members have generally been proactive in upgrading, maintaining and replacing their respective distribution systems to enhance reliability at the retail distribution level. However, the reliability of their retail service is always dependent on the reliability of the transmission systems from which they receive service. Therefore, increased investment in the transmission systems from which they receive service, such as the Joint Transmission System owned by Duke Energy Indiana, Wabash Valley and IMPA, will result in a demonstrable improvement in the overall reliability of service by our members to their customers.

Q11. DO YOU HAVE A RECENT EXAMPLE WHERE DUKE ENERGY INDIANA AND WABASH VALLEYWORKED TOGETHER TO REDUCE OUTAGE INTERRUPTIONS TO A WABASH VALLEY MEMBER?

A11. Yes. In 2014, Wabash Valley's member, Tipmont Rural Electric Membership Corporation ("Tipmont"), located in Linden, Indiana, was experiencing very high member outage minutes caused by transmission service to Tipmont substations. Wabash Valley worked together with Duke Energy Indiana and identified root causes like static wire performance and other reliability related causes. Corrective actions were taken and Tipmont member outage minutes went from over 2,607,905 minutes in 2014 to 621,857 minutes in 2015. That is over a seventy-five percent (75%) outage minutes reduction related to transmission service from one year to the next. Further, in 2014, Tipmont experienced thirty-four (34) substation outages due to transmission service and this dropped to thirteen (13) in 2015. The above is one example, which demonstrates how investment into the transmission system results in more reliable service.

Q12. WILL WABASH VALLEY AND ITS MEMBERS BE MAKING INVESTMENTS IN THE JOINT TRANSMISSION SYSTEM ALONG WITH DUKE ENERGY INDIANA IN CONNECTION WITH DUKE ENERGY'S 7-YEAR PLAN?

A12. Yes. Wabash Valley estimates that it will invest approximately \$100 million in the Joint Transmission System related to normal activity, and an additional \$42 million under the Duke Energy Indiana TDSIC Plan over the next 7 years to improve reliability and accommodate additional load growth.

Q13. WHAT AREAS WILL WABASH VALLEY AND ITS MEMBERS BE BEST SERVED BY DUKE ENERGY INDIANA MAKING INVESTMENTS IN THE JOINT TRANSMISSION SYSTEM?

A13. Wabash Valley and its members are most interested in substation upgrades and replacements, transformer and pole replacements, transmission and distribution automation, structure replacement, 69 kV circuit rebuild, conductor mitigation, line switching upgrade and auto sectionalizing, and hazard tree removal. Also, the deployment of advanced technology will provide more timely and accurate information about the location and extent of outages which will allow for faster restoration. This will help Wabash Valley and its members by providing more reliable service to their retail customers.

Q14. HAS WABASH VALLEY AND ITS MEMBERS INVESTED IN SOME OF THESE SAME AREAS?

A14. Wabash Valley and its members have invested millions of dollars in distribution automation and self-healing on the members' distribution systems circuits over the past several years. Twenty (20) of Wabash Valley's members currently have AMI advanced electric meters deployed.

Q15. HAS DUKE ENERGY INDIANA OFFERED TO WORK WITH WABASH VALLEY AND ITS MEMBERS RELATED TO TDSIC?

A15. Yes. Wabash Valley and its members have met with Duke Energy Indiana on several occasions to understand the nature and scope of Duke Energy Indiana's 7-year plan. Duke Energy Indiana has sought Wabash Valley and Wabash Valley member input for projects that should be included in the Duke Energy Indiana TSDIC Plan. Wabash Valley and its members plan to continue to meet with Duke Energy Indiana to discuss the TSDIC Plan projects and identify projects that will directly improve the transmission service provided by Duke Energy Indiana. Wabash Valley and its members have committed to meet with Duke Energy Indiana at least twice a year to address Duke Energy Indiana's subsequent annual work plans and coordinate outage scheduling to minimize any service impact to retail customers.

Q16. ARE THERE AREAS WHERE WABASH VALLEY AND ITS MEMBERS WOULD LIKE DUKE ENERGY INDIANA TO CONSIDER ADDING TO INFRASTRUCTURE INVESTMENT?

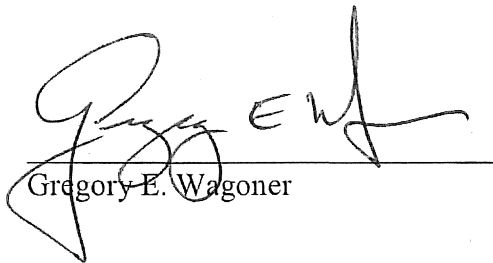
A16. Yes. In some areas Wabash Valley and its members are provided wholesale service at voltages of less than 69 kV. Converting 34.5 kV circuits that deliver wholesale power to transmission level (69 kV and above) would greatly increase the performance and reliability of transmission service provided by the Joint Transmission System and reduce transmission related outages. By eliminating 34.5 kV as transmission service and replacing it with 69 kV, Wabash Valley and its members would coordinate solely with Duke Energy Indiana transmission personnel, rather than having to meet with both distribution and transmission personnel as it is today. Wabash Valley and its members would also like to work with Duke Energy Indiana where feasible to eliminate long radial lines serving the members by looping such radial lines to another transmission source and thereby reducing the duration of outage events at the associated delivery points.

Q17. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A17. Yes.

VERIFICATION

The undersigned affirms under the penalties of perjury that the facts stated in the foregoing testimony are true to his best information and belief.



Gregory E. Wagoner