

APRIL 18, 2017

PETITIONER'S EXHIBIT 1

INDIANA UTILITY

IURC CAUSE NO. 44930

REGULATORY COMMISSION

DIRECT TESTIMONY OF EDWARD KIRSCHNER
FILED APRIL 18, 2017

**DIRECT TESTIMONY OF EDWARD KIRSCHNER
DIRECTOR, TRANSMISSION PLANNING
DUKE ENERGY BUSINESS SERVICES LLC
ON BEHALF OF
DUKE ENERGY INDIANA, LLC
INDIANA UTILITY REGULATORY COMMISSION**

1 Q. PLEASE STATE YOUR NAME, BY WHOM YOU ARE EMPLOYED AND
2 YOUR POSITION.

3 A. My name is Edward Kirschner. I am Director, Transmission Planning, for Duke
4 Energy Business Services LLC.

5 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

6 A. I am responsible for the planning of the transmission system for Duke Energy
7 Indiana, LLC ("Duke Energy Indiana").

8 Q. WHAT IS THE PURPOSE OF YOUR VERIFIED DIRECT TESTIMONY?

9 A. My testimony provides support of the Verified Joint Petition of Duke Energy
10 Indiana and Indiana Municipal Power Agency ("IMPA") (collectively, the "Joint
11 Petitioners"), whereby Commission approval is sought for the sale and transfer of
12 certain assets from Duke Energy Indiana to IMPA.

13 Q. PLEASE DESCRIBE THE PROPOSED SALE AND TRANSFER OF
14 ASSETS FROM DUKE ENERGY INDIANA TO IMPA.

15 A. The Joint Petitioners seek Commission approval of the sale and transfer from
16 Duke Energy Indiana to IMPA of the following assets:

17 a. Duke Energy Indiana #824.54 Bedford Substation to Owensburg
18 Junction 138kV Transmission Line
19

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Original cost depreciated value as of September 30, 2016 is
\$158,452

b. Duke Energy Indiana #824.57 Owensburg Junction to Buena Vista
Junction 138kV Transmission Line

Original cost depreciated value as of September 30, 2016 is
\$154,682

**Q. WHAT IMPACT WILL THE SALE AND TRANSFER OF THESE ASSETS
HAVE ON DUKE ENERGY INDIANA'S RETAIL CUSTOMERS?**

A. The impact of this proposed asset sale and transfer on Duke Energy Indiana
ratemaking is de minimus. Duke Energy Indiana will appropriately remove any
book value of the assets from its accounting books and end any further
depreciation accruals thereon. Any asset value and any accumulated depreciation
therefore will not be taken into consideration in any subsequent Duke Energy
Indiana base retail rate case.

**Q. WHY ARE DUKE ENERGY INDIANA AND IMPA PROPOSING THE
TRANSFER OF THIS ASSET?**

A. Duke Energy Indiana, IMPA and Wabash Valley Power Association Inc.
("WVPA") agreed in 1985 to the joint ownership, operation, and maintenance of
certain transmission and other facilities through a *Transmission and Local
Facilities Ownership, Operation, and Maintenance Agreement*, as amended, (the
"T&LF Agreement"). Duke Energy Indiana, IMPA and WVPA may from time to
time transfer assets among themselves so their individual degree of transmission
and local facility ownership remains at the levels agreed to in the T&LF
Agreement. The asset transfers under the T&LF Agreement only occur by mutual

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1 agreement and are simply intended to balance the Joint Petitioners' ownership
2 interests as required by the T&LF Agreement. The Joint Petitioners will make
3 any appropriate internal accounting or record keeping entries/adjustments with
4 respect to any such asset transfers. Thus, when these agreed proposed transfers are
5 submitted to the Commission, from time to time, they are not expected to be
6 controversial or complex.

7 **Q. ARE THE SALE AND TRANSFER OF THESE MINOR ASSETS IN THE**
8 **PUBLIC INTEREST?**

9 A. Yes. The proposed transfer will properly align asset ownership under the terms of
10 the T&LF Agreement.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes.

VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed: Edmund Kuschna Dated: 4/18/17