

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**APPLICATION OF DUKE ENERGY INDIANA, )  
LLC FOR APPROVAL OF A CHANGE IN ITS )  
MIDCONTINENT INDEPENDENT SYSTEM )  
OPERATOR MANAGEMENT COST AND )  
REVENUE ADJUSTMENT FACTOR UNDER ITS )  
STANDARD CONTRACT RIDER NO. 68 )**

**CAUSE NO. 42736-RTO 49**

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR**

**TESTIMONY OF**

**WES R. BLAKLEY – PUBLIC'S EXHIBIT NO. 1**

**MARCH 2, 2017**

Respectfully submitted,

  
\_\_\_\_\_  
Robert G. Mork  
Attorney No. 19146-49  
Chief Deputy Consumer Counselor for  
Federal Affairs

**TESTIMONY OF OUCC WITNESS WES R. BLAKLEY**  
**CAUSE NO. 42736 RTO-49**  
**DUKE ENERGY INDIANA INC.**

**I. INTRODUCTION**

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

2 A: My name is Wes R. Blakley and my business address is 115 W. Washington St.,  
3 Suite 1500 South, Indianapolis, Indiana 46204.

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

5 A: I am a Senior Utility Analyst for the Office of Utility Consumer Counselor  
6 ("OUCC"). For a summary of my educational and professional background,  
7 please see Appendix A attached to my testimony.

8 **Q: What is the purpose of your testimony?**

9 A: The purpose of my testimony in this Cause is to give an opinion concerning Duke  
10 Energy Indiana's proposed Regional Transmission Organization ("RTO") tracker  
11 mechanism.

12 **Q: Please describe the review and analysis you conducted in order to prepare**  
13 **your testimony.**

14 A: My preparations for this Cause include the following activities: I read Petitioner's  
15 prefiled testimony and reviewed its exhibits, schedules and workpapers in its case  
16 in chief. I also reviewed testimony and exhibits from Petitioner's previous RTO  
17 filings.

18 **Q: Please describe generally the information contained in the workpapers.**

1 A: Generally speaking, the workpapers contain monthly Midcontinent Independent  
2 System Operator, Inc. ("MISO") invoices and settlement statements, Petitioner's  
3 internal accounting system reports, and spreadsheets allocating or assigning costs  
4 to retail jurisdictional operations. These are mostly the same workpapers that  
5 have been provided in a number of past proceedings.

## II. MISO COSTS

6 **Q: Please explain your Schedule 1 in this Cause.**

7 A: Schedule 1 summarizes the FERC and MISO Schedule 10, Schedule 16 (Financial  
8 Transmission Rights Adder) and Schedule 17 (Energy Market Support Adder)  
9 expenses and allocation percentages and other MISO expenses which include Day  
10 Ahead Revenue Sufficiency Guarantee Distribution Amount, Real Time  
11 Miscellaneous Amount, Real Time Revenue Neutrality Uplift Amount, Real Time  
12 Revenue Sufficiency Guarantee First Pass Distribution Amount, Schedule 26  
13 Regional Expansion Criteria and Benefits Amount, Schedule 26-A costs  
14 associated with Multi Value Projects ("MVP") and a credit for the Real Time  
15 MVP Distribution amount which is a credit that is allocated for increased capacity  
16 from MVP projects placed in service to asset owners that paid for MVPs.  
17 Schedule 1 also summarizes MISO transmission revenues and allocation  
18 percentages, and the reconciliation from prior periods. This information was  
19 taken from Petitioner's exhibits and workpapers.

20 **Q: Do you believe Schedule 1 properly reflects the monetary requirement**  
21 **elements in the formula for Standard Contract Rider 68, shown in**  
22 **Petitioner's Exhibit 1-A?**

23 A: Yes, Schedule 1 reflects all of the MISO monetary elements of Rider 68.

1 **Q: What is the amount of MISO costs to be tracked in RTO-48?**

2 A: The costs to be tracked are approximately \$14,944,115 of MISO expenses after  
3 netting the MISO transmission revenues and adding previous period  
4 reconciliation. According to Petitioner, a typical residential customer using 1,000  
5 kWh per month will experience an increase of \$1.51 or 2.0% on their electric bill  
6 when compared to the previous quarter's bill.

7 **Q: What is your opinion of Petitioner's calculation of MISO costs for the**  
8 **months of April, May and June 2017?**

9 A: Nothing came to my attention that would indicate that Petitioner's calculation of  
10 estimated MISO costs for the relevant period is unreasonable.

11 **Q: Does this conclude your testimony?**

12 A: Yes.

**APPENDIX A**

1 **Q: Please describe your educational background and experience.**

2 A: I received a Bachelor of Science Degree in Business with a major in Accounting  
3 from Eastern Illinois University in 1987 and worked for Illinois Consolidated  
4 Telephone Company until joining the OUCC in April 1991 as a staff accountant.  
5 Since that time I have reviewed and testified in hundreds of tracker, rate cases and  
6 other proceedings before the Commission. I have attended the Annual Regulatory  
7 Studies Program sponsored by NARUC at Michigan State University in East  
8 Lansing, Michigan as well as the Wisconsin Public Utility Institute at the  
9 University of Wisconsin-Madison Energy Basics Program.

Duke Energy Indiana, Inc.  
Midcontinent Independent System Operator (MISO) Tracker  
Cause No. 42736-RTO-49

Calculation of Proposed RTO Tracker

**EXPENSES**

|   |                  |           |
|---|------------------|-----------|
| Sch. 10 FERC assessment                           |                  |           |
| Actual payment of MISO FERC fee September 2016    | \$233,324        |           |
| Actual payment of MISO FERC fee for October 2016  | 221,600          |           |
| Actual payment of MISO FERC fee for November 2016 | <u>182,153</u>   |           |
| Total jurisdictional payments this quarter        | 637,077          |           |
| Less: 1/4th of annual assess. in rates            | <u>(179,250)</u> |           |
| Total Schedule 10-FERC costs                      |                  | \$457,827 |

|   |                |           |
|---|----------------|-----------|
| Sch. 10 ISO cost recovery adder charges( Retail) for the months of: |                |           |
| September 2016  | 543,335        |           |
| October 2016  | 280,013        |           |
| November 2016   | <u>512,798</u> |           |
| Total Schedule 10 ISO cost recovery adder charges                   |                | 1,336,146 |

|  |        |        |
|--|--------|--------|
| Schedule 16 Financial Transmission Rights (Duke workpaper 1-K) |        |        |
| September 2016   | 9,891  |        |
| October 2016   | 3,136  |        |
| November 2016  | 10,292 |        |
| Total Schedule 16 costs  |        | 23,319 |

|  |         |           |
|--|---------|-----------|
| Schedule 17 Energy Market Support (Duke workpaper 1-K) |         |           |
| September 2016   | 446,844 |           |
| October 2016   | 324,897 |           |
| November 2016  | 285,331 |           |
| Total Schedule 17 costs                                |         | 1,057,072 |

|  |           |            |
|--|-----------|------------|
| Other MISO Costs includes Sch 26 and 26-A (Duke workpaper 1-K) |           |            |
| September 2016   | 3,923,184 |            |
| October 2016   | 4,708,616 |            |
| November 2016  | 3,267,370 |            |
| Total other costs  |           | 11,899,170 |

|                                  |  |                   |
|----------------------------------|--|-------------------|
| Total MISO costs to be collected |  | <u>14,773,534</u> |
|----------------------------------|--|-------------------|

**REVENUES**

|  |                |                  |
|--|----------------|------------------|
| MISO transmission revenues (Less: IMPA & WVPA)                                       |                |                  |
| September 2016 (Duke Workpaper 1-L)  | 484,014        |                  |
| October 2016   | 523,386        |                  |
| November 2016  | <u>430,568</u> |                  |
| Less: Total transmission revenues allocated to Duke per joint transmission agreement |                | <u>1,437,968</u> |

|  |  |            |
|--|--|------------|
| Amount MISO costs exceed transmission revenues |  | 13,335,566 |
|--|--|------------|

|   |  |                    |
|---|--|--------------------|
| Less: Transmission expenses less transmission revenues embedded in rates in Cause No. 42359 (\$1,389,000-\$2,726,000) |  | <u>(1,337,000)</u> |
| Total   |  | 14,672,566         |
| Times: Revenue conversion factor  |  | 1.02103            |
| Total before reconciliation   |  | 14,981,130         |

|  |  |          |
|--|--|----------|
| MISO manage. costs and rev. adj. reconciliation (Duke Exh. 1-D) For the three month period ending 11/30/2016 |  | (37,015) |
|--|--|----------|

|                                  |  |                     |
|----------------------------------|--|---------------------|
| Total MISO costs to be recovered |  | <u>\$14,944,115</u> |
|----------------------------------|--|---------------------|

**AFFIRMATION**

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



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Wes R. Blakley  
Senior Utility Analyst  
Indiana Office of Utility Consumer Counselor

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March 2, 2017

Date

Cause No. 42736-RTO-49  
Duke Energy

## CERTIFICATE OF SERVICE

This is to certify that a copy of the **OUCC TESTIMONY OF WES R. BLAKLEY** has been served upon the following counsel of record in the captioned proceeding by electronic service on March 2, 2017.

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