

FILED
January 11, 2018
INDIANA UTILITY
REGULATORY COMMISSION

45037

Joint Petitioners' Exhibit No. 2
AEP Indiana Michigan Transmission Company, Inc.

AEP INDIANA MICHIGAN TRANSMISSION COMPANY, INC.

PRE-FILED VERIFIED DIRECT TESTIMONY

OF

ROBERT L. PENNYBAKER

**PRE-FILED VERIFIED DIRECT TESTIMONY OF ROBERT L. PENNYBAKER
ON BEHALF OF
AEP INDIANA MICHIGAN TRANSMISSION COMPANY, INC.**

1 **Q. Would you please state your name and business address?**

2 A. My name is Robert L. Pennybaker and my business address is 212 East Sixth
3 Street, Tulsa, Oklahoma, 74119.

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

5 A. I am employed by American Electric Power Service Corporation (AEPSC) as
6 Director, System Interconnections.

7 **Q. Please describe your educational and professional background.**

8 A. In 1990, I earned a Bachelor of Science degree in Electrical Engineering from the
9 University of Oklahoma (OU). In 1994, I received from Oklahoma City University
10 a Master's degree in Business Administration.

11 Oklahoma Gas and Electric Company employed me as an Engineer
12 Trainee in Distribution Design for sixteen months prior to graduating from OU in
13 1990. That same year, I accepted the position of Planning Engineer with Public
14 Service Company of Oklahoma (PSO) in Facilities Planning, where, among other
15 things, I helped plan and justify the expansion and modification of PSO's
16 transmission and substation systems to accommodate normal load growth and
17 new retail and wholesale load additions. In 1994, I transferred to Central and
18 South West Services, Inc., a service company subsidiary of Central and South
19 West Corporation (CSW), as Transmission Planning Engineer for both PSO and
20 Southwestern Electric Power Company (SWEPCO). In 1997, I was promoted to
21 Senior Engineer upon accepting a position in the Transmission Access group,
22 where I assisted in the administration of the CSW Open Access Transmission

1 Tariff (OATT) and Open Access Same Time Information System (OASIS)
2 regarding services provided over the CSW transmission facilities in Southwest
3 Power Pool, Inc. (SPP) and the Electric Reliability Council of Texas (ERCOT). I
4 also assisted in the administration of transmission service and interconnection
5 agreements within SPP. In June 2000, CSW merged with American Electric
6 Power (AEP) and I continued in the same position in the merged company with a
7 new title of Regulatory Consultant – Transmission & Interconnection Services. In
8 March 2003, I was promoted to Manager of that group and the ERCOT region
9 was added to my area of responsibility. In November 2010, the PJM
10 Interconnection, L.L.C. (PJM) region was added to my area of responsibility and
11 in April 2011, I was named to my present position. In 2016, my workgroup's
12 name was changed to System Interconnections.

13 **Q. What are your responsibilities as Director, System Interconnections?**

14 A. I am responsible for am responsible for the development and implementation of
15 transmission, interconnection, and related agreements, and the OATT on behalf
16 of the AEP operating and transmission companies in the three regions where
17 AEP operates: PJM, SPP, and ERCOT. My group administers and is responsible
18 for coordinating with PJM, SPP, and ERCOT regarding interconnection,
19 transmission service, and operating agreements for customers that access PJM,
20 SPP, and/or ERCOT services through connections to AEP transmission and
21 distribution facilities. I represent AEP subsidiaries, Public PSO and SWEPCO in
22 SPP forums, particularly relating to the SPP OATT and related committee
23 matters.

24 **Q. Have you previously testified in any regulatory proceedings?**

1 A. Yes. Please see Attachment RLP-1 for a listing of Dockets in which I have filed
2 testimony.

3 **Q. What is the purpose of your testimony in this Cause?**

4 A. The purpose of my testimony is to support the Verified Joint Petition of Northern
5 Indiana Public Service Company (NIPSCO) and AEP Indiana Michigan
6 Transmission Company, Inc. (IMTCo) for approval of the sale and transfer of four
7 transmission poles, including foundations ("Bosserman Poles") that IMTCo
8 constructed on NIPSCO property to facilitate connection of IMTCo's new
9 Bosserman substation.

10 **Q. Are you sponsoring any attachments in this proceeding?**

11 A. Yes. Together with NIPSCO Witness Holtz, I am sponsoring Joint Exhibit 1,
12 which is the Verified Joint Petition filed in this Cause. I also sponsor Attachment
13 RLP-1, which lists the dockets in which I have previously testified.

14 **Q. NIPSCO Witness Holtz describes the sale and transfer of assets in his**
15 **testimony. Do you have any further comments on the proposed**
16 **transaction?**

17 A. Yes – the poles were constructed as part of Bosserman station construction
18 project initiated by IMTCo. As the entity impacted by the project, NIPSCO and its
19 customers do not want to bear the cost of interconnecting the IMTCo substation.
20 Rather than having NIPSCO personnel design, engineer, and construct the
21 Bosserman Poles and be reimbursed by IMTCo, NIPSCO and IMTCo agreed to
22 have IMTCo construct the Bosserman poles in accordance with NIPSCO
23 specifications utilizing IMTCo staff already engaged in the project. There is no
24 material impact to NIPSCO or its customers when comparing NIPSCO

1 constructing the facilities and being reimbursed vs. receiving facilities for a
2 nominal amount. In either case, the Bosserman poles are added to NIPSCO's
3 plant at no cost, or nominal consideration of \$10.00. Similarly, IMTCo's
4 customers are held harmless because the accounting treatment would have
5 approximately the same effect for building and turning over to NIPSCO at
6 effectively no cost vs. reimbursing NIPSCO for its costs had NIPSCO constructed
7 the project.

8 **Q. Will the proposed transaction have any impact on Indiana Michigan Power**
9 **Company's retail customers?**

10 A. No - Indiana Michigan Power Company's retail customers will not be impacted by
11 this transaction as the net outcome would be the same. Under any mechanism
12 IMTCo is responsible for covering NIPSCO's costs related to interconnection of
13 the Bosserman substation.

14 **Q. Is the proposed transaction in the public interest?**

15 A. Yes. Construction of the Bosserman substation was approved as a PJM
16 Baseline Reliability upgrade to relieve congestion, improve reliability, and remedy
17 local voltage issues and ultimately designated as Upgrade B1467.2. As a
18 member of the PJM Reliability Assurance Agreement, IMTCo is obligated to
19 construct baseline upgrades approved by the PJM Interconnection L.L.C. Board
20 of Directors. As discussed above, the IMTCo build and transfer to NIPSCO
21 approach utilized for this project has the same net impact as a NIPSCO build and
22 receive reimbursement approach and eliminated additional timing and
23 coordination issues.

1 Q. Does this conclude your prefiled verified direct testimony?

2 A. Yes.

VERIFICATION

I, Robert L. Pennybaker, Director System Interconnections/AEPSC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.


Robert L. Pennybaker

Date: January 10, 2018

FILED TESTIMONY LIST

Robert L. Pennybaker

(September 15, 2016)

Federal Energy Regulatory Commission (FERC)

Docket No. ER14-67 – *Western Farmers Electric Cooperative/Public Service Company of Oklahoma POD x2 Direct Assignment*), (refer to Attachment 2 (pp 75-212)

<http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13383316>

Docket No. ER13-1362 – *Western Farmers Electric Cooperative/ Public Service Company of Oklahoma Ellis POD Direct Assignment*, (refer to Attachment 2 (pp 48-150)

<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13263747>

Docket No. ER09-12 – *PSO/SWEPCO Compliance Filing re: Reclassification of Transmission Facilities per SPP Attachment AI*;

<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=11821382>

Docket No. ER07-1069 – *AEP PSO/SWEPCO Transmission Formula Rate*

<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=11378754>

Docket No. EL01-73 – *NTEC, et al. v. CSWS re: rate treatment of load connection facilities*

<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=10008963>

Oklahoma Corporation Commission (OCC)

Cause No. 200800144, <http://imaging.occeweb.com/AP/CaseFiles/0039BEEA.pdf>

Cause No. 201000050, <http://imaging.occeweb.com/AP/CaseFiles/02FCD137.pdf>;
<http://imaging.occeweb.com/AP/CaseFiles/02FDCF36.pdf>

Arkansas Public Service Commission (APSC)

Docket No. 11-050-U – *Application of AEP Southwestern Transmission Company for recognition as a Public Utility...*); http://www.apscservices.info/pdf/11/11-050-u_8_1.pdf

Texas Public Utility Commission (PUCT)

Docket No. 45691 – *Application of Southwestern Electric Power Company for Approval of a Transmission Cost Recovery Factor, June 16, 2016*);

http://interchange.puc.state.tx.us/WebApp/Interchange/Documents/45691_68_899474.PDF