

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED JOINT PETITION OF AEP GENERATING)
COMPANY, LIGHTSTONE GENERATION LLC AND)
LAWRENCEBURG POWER, LLC FOR APPROVAL)
OF THE SALE OF THE LAWRENCEBURG)
GENERATING FACILITY AND FOR SUCCESSION)
TO THE DECLINATION OF THE COMMISSION'S)
JURISDICTION IN ACCORDANCE WITH THE)
COMMISSION'S ORDERS IN CAUSE NOS. 43212)
AND 41757)**

CAUSE NO. 44868

OUCC PREFILED TESTIMONY

OF

RONALD L. KEEN- PUBLIC EXHIBIT #1

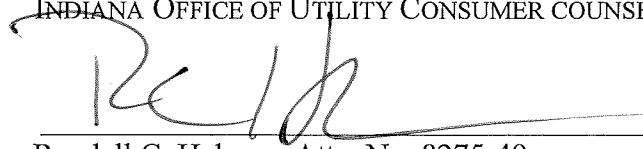
ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

November 17, 2016

Respectfully Submitted,

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



Randall C. Helmen, Atty. No. 8275-49
Chief Deputy Consumer Counselor

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Prefiled Testimony of Ronald L. Keen* has been served upon the following counsel of record in the captioned proceeding by electronic service and/or by depositing a copy of same in the United States mail, first class postage prepaid, on November 17, 2016.

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DIRECT TESTIMONY OF RONALD L. KEEN
CAUSE NO. 44868
AMERICAN ELECTRIC POWER (AEP) GENERATING COMPANY (AEG)

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

2 A: My name is Ronald L. Keen. My business address is 115 West Washington Street, Suite
3 1500 South, Indianapolis, Indiana 46204.

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

5 A: I am currently employed by the Indiana Office of Utility Consumer Counselor ("OUCC")
6 as the Director, Resource Planning and Communication ("RPC") Division.

7 **Q: Have you previously testified before the Indiana Utility Regulatory Commission**
8 **("IURC" or "Commission")?**

9 A: Yes. I have testified in a number of IURC dockets on a variety of telecommunications
10 and energy utility issues.

11 **Q: What have you done to identify and investigate issues presented in this case?**

12 A: I reviewed the Petition and Direct Testimony (including Exhibits) filed by the American
13 Electric Power Generating Company ("AEG") and Lightstone Generation LLC and
14 Lawrenceburg Power LLC ("Lightstone entities") (collectively "Joint Petitioners") in this
15 specific Cause.

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

17 A: The purpose of my testimony is (1) to explain that the OUCC does not oppose this
18 transaction primarily due to the Lightstone Entities' technical, financial and managerial
19 capability to own and operate the Lawrenceburg Generation Facility ("LGF") and (2) to
20 ensure that appropriate conditions and post-order compliance filing requirements,
21 required by prior owners of this facility remain in place.

1 **Q: Have you examined the proposed sale of the Lawrenceburg Generation station**
2 **discussed in this cause?**

3 A: Yes. I have reviewed the testimony offered by Joint Petitioners regarding the proposed
4 sale of the LGF to the Lightstone Entities.

5 **Q: Can you briefly summarize your understanding of the prior ownership of the LGF**
6 **and whether the Commission has declined to exercise its jurisdiction over ownership**
7 **and operation of that facility in the past?**

8 A: Yes. In Cause No. 41757 (filed June, 2000) Lawrenceburg Energy Company, LLC
9 ("Petitioner") requested the Commission to, among other things, partially decline
10 jurisdiction over the construction, ownership, operation and financing of this 1150 MW
11 generating facility. Petitioners represented that the plant would provide energy to be sold
12 to the public but it would only sell to wholesale customers, and wouldn't be sold at retail
13 without further order of the Commission.

14 The Commission found that Petitioner presented evidence that demonstrated its
15 commitment to comply with all local permitting and zoning laws. The Commission also
16 found (1) that the public interest would be served if this facility were constructed at
17 Petitioner's planned location, (2) that Petitioner provided sufficient evidence that there
18 was a need for power in the market and (3) Petitioner had the financial wherewithal to
19 finance and operate this plant.

20 Based upon the above, the Commission found that Petitioner was a public utility. The
21 Commission agreed to decline, in part, its jurisdiction over Petitioner and this facility
22 under the following conditions:

1 (1) That Petitioner establish and maintain an independent financial instrument to
2 ensure funds will be available in the event of abandonment, financial failure,
3 and/or bankruptcy to return the site to its current condition;

4 (2) That Petitioner obtain prior Commission approval before it becomes affiliated
5 with any regulated Indiana retail utility or sells any electricity to any such
6 affiliated regulated Indiana retail utility;

7 (3) That Petitioner seek prior Commission approval before it transfers the assets
8 to a third party; and

9 (4) That Petitioner comply with certain reporting requirements.

10 **Q: Has the facility subsequently been sold to a third party?**

11 A: Yes. In Cause No. 43212 (filed January 2007) Lawrenceburg sought Commission
12 approval to transfer ownership of the facility to AEGCo. Other than reporting and
13 financial requirements pertaining to the actual construction of the plant, AEGCo provided
14 sufficient evidence and offered sufficient assurances consistent with those made in Cause
15 No. 41757 for the Commission to continue the partial declination of jurisdiction over the
16 ownership and operation of the facility.

17 **Q: Do the facts and evidence presented in this request (Cause No. 44868) for continued**
18 **partial declination of jurisdiction differ in any material way from the facts and**
19 **evidence presented in the above two cases?**

20 A: No.

21 **Q: In your opinion, do the Lightstone entities have the technical, financial and**
22 **managerial capabilities to properly own and operate tis facility?**

1 A: Yes. Lightstone Entities witness Mr. William Lee Davis testified that Blackstone an
2 affiliate of Lightstone, has been an active investor in the power industry over the past 15
3 years and has invested more than \$48 billion of equity in 184 separate transactions. It has
4 demonstrated an expertise in sponsoring over \$21 billion of successful greenfield energy
5 projects around the world. The Lightstone Entities and their affiliates have successfully
6 owned and operated power plants for years (See generally Davis testimony pgs 6-7)

7 **Q: Have Joint Petitioners presented any other evidence to support its request for the**
8 **Commission to partially decline to exercise its jurisdiction over the Lightstone**
9 **Entities?**

10 A: Yes. It appears that Joint Petitioners studied the two Commission Orders reference above
11 because in testimony they agree to abide by each and every material term and condition
12 required by the Commission in those cases.¹ (See Davis testimony pp 11, 12.). These
13 commitments are very specific and completely address all issues the OUCC has raised in
14 those prior proceedings as well as other declination of jurisdiction cases brought before
15 the Commission.

16 **Q: What is your recommendation to the Commission?**

17 A: The OUCC does not oppose this transaction if the recommended conditions and post-
18 compliance filings are implemented. Lightstone Entities have submitted evidence that it
19 is technically, financial and managerially capable to own and operated the LGF, They
20 have agreed to abide by the material terms and conditions previously imposed by the
21 Commission in Cause Nos. 41757 and 43212.

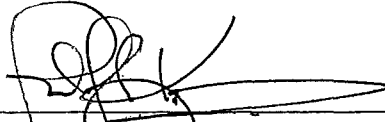
22 **Q: Does this conclude your testimony?**

¹ Certain of the requirements established by the Commission in the prior cases dealt with issues pertaining to financing the construction of the facility and associated reporting requirements and issues pertaining to affiliate interests in an Indiana regulated utility. Neither is pertinent to this proceeding.

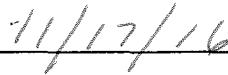
1 A: Yes.

AFFIRMATION

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

A handwritten signature in black ink, appearing to be 'RLK', written over a horizontal line.

By: Ronald L. Keen
Indiana Office of
Utility Consumer Counselor

A handwritten date '11/17/16' in black ink, written over a horizontal line.

Date: