

APRIL 21, 2017

INDIANA UTILITY

REGULATORY COMMISSION

STATE OF INDIANA

## INDIANA UTILITY REGULATORY COMMISSION

PETITION OF REPUBLIC TRANSMISSION, LLC FOR: )  
 (1) AUTHORITY TO OPERATE AS A PUBLIC )  
 UTILITY UNDER IND. CODE §8-1-38-7; )  
 (2) A DETERMINATION THAT IT IS A PUBLIC )  
 UTILITY UNDER IND. CODE §8-1-2-1 AND 8-1-8.5-1, )  
 AND AUTHORITY TO EXERCISE ALL RIGHTS AND )  
 PRIVILEGES OF A PUBLIC UTILITY AS ACCORDED )  
 BY INDIANA LAW; (3) AUTHORITY TO TRANSFER )  
 FUNCTIONAL CONTROL OF ITS TRANSMISSION )  
 FACILITIES TO A FULLY FUNCTIONING REGIONAL )  
 TRANSMISSION ORGANIZATION; (4) A )  
 DETERMINATION THAT THE COMMISSION )  
 SHOULD DECLINE TO EXERCISE CERTAIN )  
 ASPECTS OF ITS JURISDICTION OVER PETITIONER; )  
 (5) AUTHORITY TO LOCATE ITS BOOKS AND )  
 RECORDS OUTSIDE THE STATE OF INDIANA; )  
 (6) CONSENT TO BOARDS OF COUNTY )  
 COMMISSIONERS FOR PETITIONER TO OCCUPY )  
 PUBLIC RIGHTS-OF-WAY; AND (7) ALL OTHER )  
 APPROPRIATE AND ASSOCIATED APPROVALS )  
 AND RELIEF. )

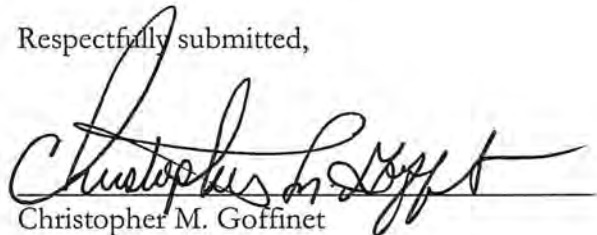
CAUSE NO. 44912

**SUBMISSION OF VERIFIED TESTIMONY OF INTERVENOR,  
 HOOSIER ENERGY RURAL ELECTRIC COOPERATIVE, INC.**

Intervenor, Hoosier Energy Rural Electric Cooperative, Inc., by counsel, hereby submits the

Verified Testimony of David W. Sandefur in this matter.

Respectfully submitted,



Christopher M. Goffinet

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CERTIFICATE OF SERVICE

I hereby certify that on this 21<sup>st</sup> day of April, 2017, a copy of the foregoing Submission Of Verified Testimony Of Intervenor, Hoosier Energy Rural Electric Cooperative, Inc. has been served by electronic mail, hard copies available upon request, to:

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Verified Direct Testimony of David W. Sandefur  
Vice President, Power Supply  
Hoosier Energy Rural Electric Cooperative, Inc.  
Cause No. 44912 before the  
Indiana Utility Regulatory Commission

**Q1: Please state your name and business address.**

A1: My name is David W. Sandefur and my business address is P.O. Box 908,  
Bloomington, Indiana 47402.

**Q2: By whom and in what capacity are you employed?**

A2: I am employed by Hoosier Energy Rural Electric Cooperative, Inc. as the Vice  
President, Power Supply.

**Q3: What are your job responsibilities?**

A3: As Vice President, Power Supply, I am responsible for all aspects of power  
delivery including planning, design, construction, maintenance and system  
control operations of Hoosier Energy's transmission and substation system. In  
addition, I am responsible for resource planning as well as short term power  
market scheduling (including Midcontinent ISO day ahead, real time, bilateral  
market activity, etc.).

**Q4: Please summarize your educational background and business experience.**

A4: I am a 1982 graduate of Purdue University with a BSEE degree and a 1991  
graduate of Ball State University with an MBA. I am a registered professional  
engineer in the State of Indiana. I have been employed at

Hoosier Energy for 31 years in various segments of the company including: facility planning, resource planning, system operations and power marketing. I have been in my current position for 13 years.

**Q5: Have you previously testified before the Indiana Utility Regulatory Commission (“IURC”)?**

A5: Yes. On several occasions over the years pertaining to integrated resource planning and support of REMC service capabilities in territory disputes or split site service determinations.

**Q6: Please describe Hoosier’s characteristics and business.**

A6: Hoosier is a generation and transmission cooperative which is organized and operating under the provisions of I.C. 8-1-13, otherwise known as The Indiana REMC Act. Hoosier is a “general district corporation” as that term is defined in I.C. 8-1-13-23, and as such provides all the electric requirements of its eighteen (18) member distribution cooperatives pursuant to long term all-requirements contracts. Hoosier’s members are:

- Bartholomew County Rural Electric Membership Corporation
- Clark County Rural Electric Membership Corporation
- Daviess-Martin County Rural Electric Membership Corporation
- Decatur County Rural Electric Membership Corporation
- Dubois Rural Electric Cooperative, Inc.
- Harrison Rural Electric Membership Corporation

- Henry County Rural Electric Membership Corporation
- Jackson County Rural Electric Membership Corporation
- Johnson County Rural Electric Membership Corporation
- Orange County Rural Electric Membership Corporation
- RushShelby Energy Rural Electric Membership Corporation
- South Central Indiana Rural Electric Membership Corporation
- Southeastern Indiana Rural Electric Membership Corporation
- Southern Indiana Power Rural Electric Cooperative, Inc.
- Utilities District of Western Indiana Rural Electric Membership Corporation
- Wayne-White Counties Electric Cooperative
- Whitewater Valley Rural Electric Membership Corporation
- Western Indiana Energy Rural Electric Membership Corporation

Hoosier's members' combined territory encompasses a substantial portion of southern and east central Indiana, as well as west central and southern Illinois. Hoosier's members serve approximately 300,000 customers in 48 counties in Indiana and 11 counties in Illinois.

Hoosier has withdrawn from the IURC's jurisdiction over rate-related matters pursuant to the provisions of I.C. 8-13-18.5.

**Q7: What is the purpose of your testimony?**

A7: The purpose of my testimony is to describe Hoosier Energy's intervention in this matter and to provide testimony on behalf of Hoosier Energy in support of the

relief requested in the petition filed by Republic Transmission, LLC ("Republic Transmission").

**Q8: Please provide an overview of Hoosier Energy's participation in Republic Transmission.**

A8: As set forth in the direct testimony of Lawrence Willick, filed on behalf of Republic Transmission, Republic Transmission is a Limited Liability Company which is wholly owned by R.T. Holdings, LLC ("R. T Holdings"). Republic Transmission and Hoosier Energy have a Memorandum of Understanding and are finalizing an agreement under which Hoosier Energy will acquire up to 10% of R.T. Holdings and have an option to purchase an additional 10% of R.T. Holdings at a future date. Thereafter, Hoosier Energy will be a minority owner of R.T. Holdings, the parent company of Republic Transmission.

**Q9: Will Hoosier Energy personnel be involved in Republic Transmission's projects in Indiana?**

A9: Yes. Hoosier Energy has constructed and now owns, operates and maintains approximately 1,700 miles of electric transmission lines including 62 miles of 345 kV lines. Republic Transmission intends to contract with Hoosier Energy to provide on-going operation and maintenance for the Duff-Coleman Project. Hoosier Energy currently operates and maintains transmission facilities in the same region as the Duff-Coleman Project and has existing operations and maintenance staff, equipment and programs near the Project. Specifically, Hoosier Energy operates field offices at Petersburg, IN and Taswell, IN with both line and substation crews reporting out of these locations. It is expected that



Hoosier Energy will perform much of the maintenance activities utilizing existing internal staff; however, Hoosier Energy will also rely on some outside contractors for activities such as vegetation management and major maintenance, if required.

**Q10: How does Hoosier Energy intend to raise capital to fund its participation in Republic Transmission?**

A10: Hoosier Energy has more than sufficient available capital to fund its anticipated costs related to the Duff-Coleman Project. Additionally, Hoosier Energy maintains an A2 and A rating from Standard and Poor's and Moody's Investor Services with a stable outlook.

**Q11: What is the status of the agreement under which Hoosier Energy will acquire up to 10% of R.T. Holdings and have an option to purchase an additional 10% of R.T. Holdings at a future date?**

A11: Hoosier Energy and LS Power are in the final stages of negotiation on a Partnership Agreement which will detail this purchase and option arrangement. A final agreement is anticipated to be finalized by mid-2017.

**Q12: Does Hoosier Energy support the relief requested by Republic Transmission in its Petition?**

A12: Yes. Hoosier Energy concurs with and supports the testimony of both Lawrence Willick and Joseph D. Esteves, which were each filed by Republic Transmission in this cause. Hoosier Energy believes the relief sought by Republic Transmission is appropriate and necessary to its successfully completing the

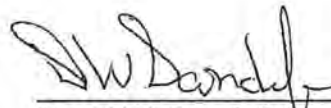
design, construction and, ultimately, operation and maintenance of the Duff-Coleman Project.

**Q13: Does this conclude your testimony?**

A13: Yes.

VERIFICATION

I, David W. Sandefur, Vice President of Power Supply, Hoosier Energy Rural Electric Cooperative, Inc., state that I affirm, under the penalties of perjury, that the representations contained in the Verified Testimony filed in this Cause are true and correct to the best of my knowledge, information and belief.

A handwritten signature in black ink, appearing to read "D W Sandefur", written over a horizontal line.

David W. Sandefur  
Vice President of Power Supply