

**REBUTTAL TESTIMONY OF
TIM ABBOTT
DIRECTOR OF SYSTEM OPERATIONS
DUKE ENERGY BUSINESS SERVICES LLC
ON BEHALF OF DUKE ENERGY INDIANA, LLC
CAUSE NO. 44367 FMCA 4 BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION**

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Tim Abbott and my business address is 139 East 4th Street, Cincinnati Ohio.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed as Director of System Operations by Duke Energy Business Services LLC, which is a service company affiliate of Duke Energy Indiana, LLC ("Duke Energy Indiana" or "Company").

**Q. ARE YOU THE SAME TIM ABBOTT THAT PRESENTED DIRECT
TESTIMONY IN THIS CAUSE, IDENTIFIED AS PETITIONER'S EXHIBIT 6?**

A. Yes.

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS
PROCEEDING?**

A. The primary purpose of my Rebuttal Testimony is to discuss and respond to the direct testimony of Indiana Office of Utility Consumer Counselor ("OUCC") witness Eric Hand. Specifically, I will respond to his contentions that the previous filing in Cause No. 43663 is in conflict with the request in this proceeding. Mr. Hand also argues that this

1 request is inappropriate for this proceeding for several reasons, all of which are addressed
2 in the rebuttal testimony of Ms. Christa Graft.

3 **II. RESPONSE TO THE OUCC**

4 **Q. DID YOU MEET WITH THE OUCC TO DISCUSS THE FAC-003 COSTS THAT**
5 **ARE INCLUDED IN THIS FILING?**

6 A. No. My understanding is that counsel for Duke Energy Indiana reached out to OUCC
7 counsel to discuss, but that a meeting did not occur.

8 **Q. DID YOU RESPOND TO ANY DATA REQUESTS REGARDING THE FAC-003**
9 **COSTS THAT ARE INCLUDED IN THIS PROCEEDING?**

10 A. No, I did not, and it is my understanding no data requests were submitted by the OUCC.

11 **Q. PLEASE PROVIDE AN OVERVIEW OF THE OUCC'S CONCERNS WITH**
12 **RECOVERY OF COSTS INCURRED AS A RESULT OF FAC-003.**

13 A. As I understand Mr. Hand's arguments relevant to my testimony, he believes the costs
14 incurred pursuant to this federal mandate should be excluded because a portion of these
15 costs are recovered in base rates. To support his argument, he refers to various filings
16 made in Cause No. 43663, which was a Commission investigation into vegetation
17 management practices.

18 **Q. HOW DO YOU GENERALLY RESPOND TO MR. HAND'S CONCERNS?**

19 A. The costs embedded in base rates, approved in 2004, do not reflect the costs that were
20 incurred to comply with FAC-003, which took effect in 2007. In the past 10 years, Duke
21 Energy Indiana has spent somewhere between \$2 and \$3 million annually in Operations

1 and Maintenance ("O&M") compliance costs attributable to FAC-003. We have only
2 broken out separately capital costs for compliance with FAC-003 since 2018. In 2018
3 actual capital dollars spent were \$342,425, and the projected capital costs are
4 approximately \$901,000 in 2019.

5 **Q. HOW DO YOU RESPOND TO MR. HAND'S STATEMENT THAT "ANNUAL**
6 **COSTS FOR ANNUAL TRANSMISSION VEGETATION MANAGEMENT**
7 **COSTS FOR 2007-2009 WERE ABOUT \$2 MILLION/YEAR HIGHER THAN**
8 **DURING 2002-2006"? (HAND DIRECT, P. 6, LINES 5-6)**

9 A. First, I don't understand how this is relevant given that we have not requested recovery of
10 O&M costs for compliance with FAC-003 for anything before 2017. As I stated in my
11 direct testimony, we are seeking recovery of O&M costs incurred in 2017 and 2018 and
12 projected to be incurred in 2019.

13 Nonetheless, Mr. Hand's statement demonstrates that Duke Energy Indiana was
14 spending more to comply with FAC-003. As stated in my direct testimony, FAC-003
15 was approved by FERC on March 16, 2007. Upon passage, we immediately began to
16 spend more money to comply with this requirement. However, at that time, we were not
17 keeping our books and records in such a manner that we could separate out costs between
18 FAC-003 and other vegetation management activities.

19 **Q. DO YOU AGREE WITH MR. HAND THAT "AGGRESSIVE VEGETATION**
20 **MANAGEMENT WOULD LOGICALLY LEAD TO LESS VEGETATION TO**
21 **MANAGE IN SUBSEQUENT YEARS . . ."? (HAND DIRECT, P. 6, LINES 8-9)**

1 A. No, I do not agree. This statement misstates the requirements of FAC-003. As I stated in
2 my direct testimony, once FAC-003 was approved, in addition to establishing routine
3 work programs to remove all incompatible vegetation from within its right-of-way
4 (“ROW”) easements, the Indiana team developed robust quality assurance and inspection
5 processes to ensure compliance with subsequent iterations of NERC Vegetation
6 Management Reliability Standard FAC-003. In other words, the Company is engaged in
7 an aggressive continuous and preventive approach to vegetation management. This
8 approach includes asserting our rights to clear the full width of the ROW, annual aerial
9 inspections, herbicide treatments for the ROW floor to control woody species, and any
10 necessary reactive trimming. These practices help to control the level of effort required
11 on the trim cycle, but do not eliminate that need. The trim cycle, without the ongoing
12 activities described above, would not be the best approach. Furthermore, it would be far
13 more expensive if the interim activities were not utilized.

14 **Q. HOW DO YOU RESPOND TO MR. HAND’S CONTENTION THAT IF DUKE**
15 **ENERGY INDIANA WERE COMPLIANT WITH FAC-003, THEN THE**
16 **COMPANY WOULD NOT NEED TO REQUEST THE ADDITIONAL**
17 **FUNDING?**

18 A. Again, I don’t believe Mr. Hand understands the nature of the requirements of FAC-003
19 nor does he understand the costs associated with additional activities to comply. The
20 Company is not incurring these costs because of a lack of compliance with FAC-003, but

rather because of the additional activities that the Company undertakes to be in compliance.

Q. MR. HAND STATES THAT THE COMPANY DOES NOT PROVIDE ACTUAL HISTORICAL AMOUNTS SPENT FOR COMPLIANCE WITH FAC-003. PLEASE PROVIDE THAT INFORMATION.

A. I have summarized the cost details for FAC-003 compliance from my direct testimony in the table below to clarify the historical cost information. A comparison of O&M for FAC-003 compliance for years prior to 2017 would not be meaningful due to differences in how the Company was accounting for costs for FAC-003 compliance versus other vegetation management activities at that time. As mentioned above, the Company only seeks recovery of capital costs incurred in 2018 and projected for 2019 and actual O&M costs for 2017 and 2018 and projected O&M costs for 2019.

	Actual		Projected
	2017	2018	2019
Capital	1/	\$ 342,425	\$ 901,000
O&M	\$2,221,235	\$2,395,644	\$3,840,857
Less Amount in Base Rates	654,442	654,442	654,442
O&M Requested for Recovery	\$1,566,793	\$1,741,202	\$3,186,415
1/ Duke Energy Indiana did not begin charging capital costs associated with FAC-003 compliance to distinct accounting until 2018 and therefore is not requesting recovery of 2017 capital costs for FAC-003 compliance.			

III. CONCLUSION

Q. DO YOU HAVE ANY FINAL THOUGHTS?

1 A. It is difficult to overstate the importance of vegetation management on high voltage
2 transmission lines. They serve as a backbone for the transmission system. The work
3 undertaken because of NERC Reliability Standard FAC-003 is for the purpose of
4 eliminating outages of critical equipment caused by vegetation within the ROW. The
5 increase in the level of effort and expense, in going from the pre-FAC-003 era, when the
6 goal was to minimize vegetation related outages, to today's mandate to eliminate outages
7 due to vegetation within the ROW is significant, and it is appropriate to allow Duke
8 Energy Indiana to recover these incremental expenses.

9 **Q. DOES THIS CONCLUDE YOUR PREPARED REBUTTAL TESTIMONY AT**
10 **THIS TIME?**

11 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: Timothy A. Abbott
Timothy A. Abbott

Dated: 5-1-2019