

FILED
April 18, 2016
**INDIANA UTILITY
REGULATORY COMMISSION**

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**JOINT PETITION OF ST. JOSEPH ENERGY)
CENTER, LLC AND ST. JOSEPH PHASE II, LLC FOR)
(1) TRANSFER OF A PORTION OF ST. JOSEPH)
ENERGY CENTER, LLC'S FRANCHISE, WORKS,)
OR SYSTEM PURSUANT TO INDIANA CODE § 8-1-2-)
83; (2) FOR CONTINUED DECLINATION OF THE)
COMMISSION'S JURISDICTION OVER THE)
PORTIONS OF THE POWER GENERATING)
FACILITY TRANSFERRED TO ST. JOSEPH PHASE)
II, LLC; AND (3) APPROVAL, TO THE EXTENT)
NECESSARY, OF THE SHARED FACILITIES)
AGREEMENT.)**

CAUSE NO. 44745

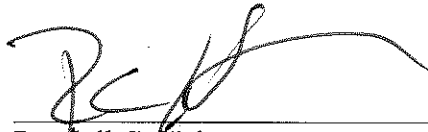
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 1

TESTIMONY OF RAY L. SNYDER

April 18, 2016

Respectfully submitted,

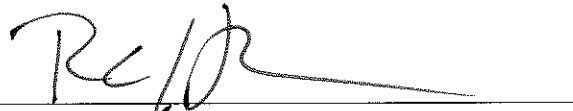


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CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Indiana Office of Utility Consumer Counselor's OUCC Testimony of Ray L. Snyder* has been served upon the following counsel of record in the captioned proceeding by electronic service on April 18, 2016.

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TESTIMONY OF OUCC WITNESS RAY L. SNYDER
CAUSE NO. 44745
ST. JOSEPH ENERGY CENTER, LLC
ST. JOSEPH PHASE II, LLC

I. INTRODUCTION

1 **Q: Please state your name, employer, current position and business address.**

2 A: My name is Ray L. Snyder. I am employed by the Indiana Office of Utility Consumer
3 Counselor ("OUCC") as a Utility Analyst in the Resource Planning and Communications
4 Division. My business address is 115 West Washington St., Suite 1500 South Tower,
5 Indianapolis, Indiana 46204. My educational background and experience are detailed in
6 Appendix RLS-1 attached to this testimony.

7 **Q: What did you do to prepare your testimony in this Cause?**

8 A: I reviewed the Petition and Direct Testimony from Joint Petitioners, St. Joseph Energy
9 Center, LLC ("SJEC") and St. Joseph Phase II, LLC ("SJEC II"). I also reviewed
10 Petitioner and OUCC testimonies, and the Commission's February 13, 2013 Final Order,
11 in Cause No. 44246 in which the Commission agreed to a partial declination of
12 jurisdiction pursuant to Ind. Code § 8-1-2.5-5 (the "Declination Order"). I read the
13 Indiana Code sections referenced in this cause.¹ Additionally, I read the 2011, 2013, and
14 2015 Indiana Electricity Projections issued by the State Utility Forecasting Group
15 ("SUFG") at Purdue University.

¹ Indiana Code (IC) § 8-1-2.5-2, IC § 8-1-2.5-5, IC § 8-1-2-49, IC § 8-1-2-83, IC § 8-1-8.5-1, IC § 8-1-2-1.

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

2 A: First, I describe the Joint Petitioners, the St. Joseph Energy Center Project ("Project"),
3 and the relief requested in this cause. Next I review the three parts of the relief requested
4 by the Joint Petitioners: a) the transfer of assets and obligations, b) the declination of
5 jurisdiction, and c) the Shared Facilities Agreement. Then I describe public right-of-way
6 concerns and reporting requirements agreed to in Cause 44246. Finally I recommend the
7 Commission approve the relief requested by the Joint Petitioners.

II. JOINT PETITIONERS

8 **Q: Please describe SJEC.**

9 A: SJEC was formed in 2011 under the laws of the state of Delaware, with authority to do
10 business in Indiana, for the purpose of owning and operating the St. Joseph Energy
11 Center. St. Joseph Energy Center is a combined cycle gas turbine ("CCGT") power plant
12 located in St. Joseph County near New Carlisle, Indiana.² SJEC is a subsidiary of an
13 investment fund managed by Energy Investors Funds ("EIF").³ EIF manages funds which
14 own approximately 5,100 net megawatts ("MW") of capacity in facilities that are
15 currently operating or under construction, and an additional 3,900 net MW in facilities
16 that are in various stages of development.⁴

17 **Q: Please describe SJEC II.**

18 A: SJEC II was created to hold the assets and rights related to the development of Phase II of
19 the St Joseph Energy Center. SJEC II is headquartered in Needham, Massachusetts,
20 organized and existing under the laws of the State of Delaware, with authority to do

² Testimony of Joint Petitioner's witness Willard Ladd at 3, lines 11-19.

³ *Id.*, at 3, lines 11-19.

⁴ *Id.*, at 7, lines 9-12.

1 business in Indiana. As with SJEC, SJEC II is also a subsidiary of an investment fund
2 managed by EIF.⁵

3 **Q: Please describe the St. Joseph Energy Center electrical generation project.**

4 A: The Project is an approximately 1,400 MW CCGT electrical generation plant. The
5 facility will contain two equally sized 700 MW “power blocks”, each of which will
6 consist of two natural gas turbines (“GT”), two heat recovery steam generators (“HRSG”)
7 and a single steam turbine (“ST”). The Phase I Power Block (“PJM Block”) will be
8 constructed and operated through SJEC; the Phase II Power Block (“MISO Block”) will
9 be constructed and operated through SJEC II.

10 The Phase I Power Block, designed to feed power into the PJM regional
11 transmission organization (“PJM”), is currently under development by SJEC. Phase I is
12 expected to be operational by June 2018. The Phase II Power Block, designed to feed
13 power into the Midcontinent Independent System Operator (“MISO”), will be developed
14 by SJEC II pending the Commission’s approval in this cause. Phase II construction is
15 expected to commence within the next 12-18 months.⁶

16 **Q: What relief is Joint Petitioners seeking from the Commission?**

17 A: There are three parts to the relief sought by Joint Petitioners.⁷ First, SJEC is requesting,
18 pursuant to Indiana Code § 8-1-2-83, “authority to transfer to SJEC II operating and
19 construction authority and other rights and obligations, including reporting obligations,
20 under the Declination Order related to Phase II.”⁸

⁵ *Id.*, at 3, line 23 to page 4, line 2.

⁶ Testimony of Mr. Ladd at 4, line 12 to page 5, line 9.

⁷ Verified Petition at pages 3-4, Section 6 to Section 8

1 Second, SJEC II is requesting, “[P]ursuant to paragraph 5(b) of the Declination
2 Order...that the Commission make the required determinations and grant all necessary
3 approvals to allow SJEC II to succeed to SJEC’s declination of jurisdiction with respect
4 to the construction, ownership, and operation of Phase II of the Project.”

5 And third, “to the extent necessary,” the Joint Petitioners request the
6 Commission’s approval of the Shared Facilities Agreement.⁹

III. PHASE II TRANSFER TO SJEC II

7 **Q: What SJEC assets will be transferred to SJEC II?**

8 A: The assets of the Phase II Project “include, but are not limited to, real estate rights,
9 environmental and regulatory permits, contracts for design, construction and equipment
10 supply, contracts for fuel supply and transportation, electrical interconnection
11 agreements, power purchase agreements and the equity commitment provided by the
12 project owner.”¹⁰

13 **Q: Why is this transfer necessary?**

14 A: As explained by Joint Petitioners’ witness Mr. Willard Ladd, transfer to SJEC II is
15 necessary for two reasons:¹¹

- 16 1. Because the Phase I Power Block is designed to feed power into PJM while the Phase
17 II Power Block is designed to feed power into MISO (pending the Commission’s
18 approval in this cause), Mr. Ladd explains this transfer is necessary so that the proper
19 regulatory authority can be held within the project company for each phase.

⁹ Testimony of Mr. Ladd, Attachment WL-4.

¹⁰ *Id.*, at 8, lines 18-22.

¹¹ *Id.*, at 6, lines 5-16.

1 2. Phase I is expected to be operational by June 2018 while Phase II construction is
2 expected to commence within the next 12-18 months. Mr. Ladd explains separating
3 each phase facilitates the financing of a given phase on the most favorable terms
4 available at the time it is built.

5 **Q: Does the OUCC agree this transfer from SJEC to SJEC II is necessary?**

6 A: Yes. First, splitting the Project in this manner will simplify the regulatory governance and
7 operational aspects resulting from interconnections to the two Regional Transmission
8 Organizations (“RTO”). The economic dispatch of resources within each RTO is very
9 complex, and separation in this manner will reduce the complexity which would result
10 from a single ownership structure in dealing with two separate RTO’s.

11 Second, it is reasonable to expect opportunities for financing will vary over time.
12 Therefore, it is also reasonable to provide the opportunity for each Power Block to secure
13 financing separately, due to the one to two year difference in the construction execution
14 between the two Power Blocks.

IV. DECLINATION OF PHASE II JURISDICTION

A. SJEC IP’S CLASSIFICATION AS A PUBLIC UTILITY

15 **Q: Has the Commission previously determined the status of SJEC as a “public utility”?**

16 A: Yes. The Commission found in its final order in Cause No. 44246 that SJEC is a “public
17 utility” pursuant to Indiana Code § 8-1-2-1 (and thus an “energy utility” pursuant to
18 Indiana Code § 8-1-2.5-2) and Indiana Code § 8-1-8.5-1.¹²

¹² Cause No. 44246 Commission Final Order at 2, Section 4, 2nd paragraph.

1 **Q: Is it the OUCC's opinion that SJEC II is also a public utility?**

2 A: Yes. Again, for all the reasons expressed in the final order in Cause No. 44246.

3 **Q: What is the significance of that finding?**

4 A: The Commission has jurisdiction over public utilities with respect to, among other things,
5 their generation and sale of electricity. Once it is determined that the entity is a public
6 utility, the Commission can then evaluate whether any of its jurisdiction can be declined
7 pursuant to Ind. Code § 8-1-2.5. In this case, the threshold determination has been met.
8 Namely, that, as was the case in Cause No. 44246, all sales of electricity generated by
9 this plant will be sold into the wholesale market and not at retail.

B. PUBLIC INTEREST ISSUES

10 **Q: Is it the OUCC's opinion that the SJEC II Project is in the public interest?**

11 A: Yes. The OUCC believes the SJEC II Project is in the public interest, because it will
12 offer consumers a generation resource that will also have a positive impact on the state's
13 economy, especially at the local level. In Cause No. 44246, Petitioner stated in testimony
14 the St Joseph Energy Center 1,345 MW project as a whole (which includes both SJEC
15 and SJEC II as they are now defined) has the capability to foster economic growth within
16 the local community through the potential creation of over 1,762 direct, indirect and
17 induced jobs during the construction phase of the project and 187 direct, indirect and
18 induced full-time permanent positions associated with the completed project.¹³

19 **Q: Does the OUCC believe there are other benefits to this project?**

¹³ Cause No. 44246 Filed September 7, 2012, Direct Testimony of Petitioner's witness Willard Ladd at 11, lines 16-20.

1 A: Yes. In addition to the creation of both direct and indirect jobs, Joint Petitioners will be
2 able to competitively bid for energy generation contracts offered by Indiana utilities to
3 provide additional sources of electric generation as required by the state's ratepayers.
4 This competitive bidding process has the potential to offer reduced energy costs to both
5 the utility and the ratepayer while offering more effective, efficient and environmentally
6 friendly methods of energy generation.

7 **Q: Is there a need for the 1400 MW of electric generation proposed by SJEC II?**

8 A: Yes. According to the latest available information produced by the State Utility
9 Forecasting Group ("SUFG") at Purdue University, over 720 MW of additional
10 generation will be required by 2020, including 290 MW of peaking, 120 MW of cycling
11 and 310 MW of baseload resources.¹⁴ The report also states these requirements are
12 slightly lower than those identified in previous forecasts, primarily due to the expected
13 addition of a new natural-gas combined cycle facility in 2017. Nevertheless, the OUCC
14 believes the continued pressure on coal-fired generation will result in even greater new
15 generation requirements over the next decade, and the additional gas-fired generation of
16 the St. Joseph Energy Center will be needed to meet consumer demands for electricity.

17 **Q: Is the location a consideration by the Commission in determining whether to decline**
18 **jurisdiction in this case?**

19 A: Yes, it is a consideration as outlined in Ind. Code §8-1-2.5. Since this is, in essence, the
20 same location as discussed in 44246, the Commission has previously found it to be
21 appropriate.

¹⁴ *Indiana Electricity Projections: The 2015 Forecast*, State Utility Forecasting Group, Purdue University, November 2015, page 1-1.

V. SHARED FACILITIES AGREEMENT ("SFA")

1 **Q: Please explain the "Shared Facilities".**

2 A: As part of the phased development of the Project, St. Joseph Shared Assets, LLC
3 ("SJSA") was formed to own the Project site and to own and operate certain shared
4 facilities for SJEC and SJEC II. SJSA is owned 50% by SJEC and 50% by SJEC II. The
5 SFA between SJSA, SJEC, and SJEC II provides for the ownership, operation, and
6 maintenance of necessary shared facilities, and also the sharing of permits for
7 construction and operation of the Project. As owner of the site land, SJSA will lease
8 property and provide easements and other rights to permit use of and access to the shared
9 facilities by both SJEC and SJEC II.¹⁵

10 "Shared Facilities" are defined in Exhibit D of Joint Petitioner's Attachment WL-
11 4 "Shared Facilities Agreement" and include existing warehouse building(s), NZ ditch
12 discharge outfall structures, stormwater retention basin/drainage system, potable water
13 interconnection, emergency generator and fuel tanks and a water treatment project.

14 **Q: Are Joint Petitioners requesting the Commission's approval of the SFA?**

15 A: Yes, to the extent the Commission finds it necessary to do so beyond its approval of the
16 Phase II transfer of rights.¹⁶

VI. PETITIONER'S USE OF PUBLIC RIGHT-OF-WAY

17 **Q: Has SJEC II requested eminent domain authority at this time?**

¹⁵ Testimony of Mr. Ladd at 12, lines 6-21.

¹⁶ *Id.*, at 13, lines 1-4.

1 A: No. In compliance with the Commission's order in Cause 44246, if SJEC II determines
2 eminent domain authority is necessary, it will request the initiation of a subdocket to
3 explain its specific need for eminent domain authority.¹⁷

VII. REPORTING REQUIREMENTS

4 **Q: Does the OUCC have reporting requirement recommendations?**

5 A: Yes. Consistent with the Commission's Final Order in Cause 44246, the OUCC
6 recommends the Commission require SJEC II file quarterly reports using the same
7 formats detailed in the Cause 44246 Final Order.¹⁸

8 **Q: Does SJEC II agree to the reporting requirements set forth as described in the Final**
9 **Order in Cause 44246, to the extent they relate to Phase II?**

10 A: Yes. SJEC II proposes to file reports concurrently with SJEC in Cause No. 44246.¹⁹

VIII. OUCC RECOMMENDATIONS

11 **Q: What does the OUCC recommend regarding Joint Petitioner's request?**

12 A: The OUCC recommends the Commission:

- 13 1. Approve the transfer of Phase II as detailed by Joint Petitioners to SJEC II.
- 14 2. Decline jurisdiction with respect to SJEC II, with the exclusion of the power of
15 eminent domain.
- 16 3. Approve, to the extent necessary, the Shared Facilities Agreement.

¹⁷ Testimony of Mr. Ladd at 10, lines 14-17.

¹⁸ Cause No. 44246 Commission Final Order, pages 8 and 9.

¹⁹ Testimony of Mr. Ladd at 11, lines 4-7.

- 1 4. To the extent SJEC II determines at a future date eminent domain is necessary,
2 require SJEC II request the initiation of a subdocket in this Cause to explain its
3 specific and clearly identifiable need for eminent domain authority.²⁰
- 4 5. Make the Reporting Requirements a condition of the Commission's final order and of
5 the Commission's continued partial declination of jurisdiction over SJEC II.

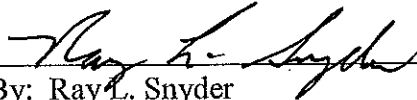
6 **Q: Does this conclude your testimony?**

7 A: Yes.

²⁰ Cause No. 44246 Commission Final Order at 6.

AFFIRMATION

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


By: Ray L. Snyder
Indiana Office of
Utility Consumer Counselor

4/18/16
Date

APPENDIX RLS-1
OUCC WITNESS RAY L. SNYDER
CAUSE NO. 44745

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

2 A: In 1971, I graduated from Purdue University with a Bachelor of Science degree in
3 Mechanical Engineering and began employment with National Starch and Chemical
4 (now known as Ingredion) in Indianapolis as a Project Engineer. In 1973, I accepted
5 responsibility for the operation of the plant's powerhouse facilities, which entailed
6 the 24/7 operation, maintenance, repair, and upgrade of coal-fired boilers, an
7 electrostatic precipitator, a steam turbine-generator, and all of the auxiliary
8 equipment required for operation. In this position, I became knowledgeable in
9 various aspects of boiler and turbine-generator design, construction, and operating
10 characteristics for the utilization of superheated steam in the production of
11 electricity.

12 In 1986, I became Plant Utilities Supervisor, with increased responsibilities
13 including 24/7 operation, repair, specification, and installation of all of the 4.16 and
14 13.2 kilovolt (kV) distribution transformers, circuit protection, and switchgear
15 required to supply the twenty-three megawatt (MW) electrical load for full plant
16 operation. In 1999, I was promoted to Utility Manager, with additional
17 responsibilities for tracking utility rates and costs, and as liaison to the utility
18 companies serving the plant. In October 2006, I retired from National Starch and
19 Chemical.

20 In November 2006, I began employment as a Utility Analyst with the
21 OUCC. My current assignments include the review and analysis of utility

1 petitions and, in particular, cases addressing a Certificate of Public Convenience
2 and Necessity (CPCN),and; Transmission, Distribution, and Storage Investment
3 Charge (TDSIC).

4 I am a member of the Association of Energy Engineers (AEE), and since
5 2001 I have maintained the qualification of Certified Energy Manager in the AEE
6 certification program.

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

9 **A:** Yes. I have testified in both gas and electric cases.