

OFFICIAL
EXHIBITS

FILED
February 3, 2023
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF INDIANA)
MICHIGAN POWER COMPANY FOR APPROVAL)
OF CERTAIN TRANSACTIONS RELATING TO)
THE LEASING OF NUCLEAR FUEL FOR THE)
DONALD C. COOK NUCLEAR PLANT OF)
INDIANA MICHIGAN POWER COMPANY)

CAUSE NO. 45806

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

PUBLIC'S EXHIBIT NO. 1

TESTIMONY OF DEREK J. LEADER

IURC
PUBLIC'S
EXHIBIT NO. 3-8-23
DATE AT REPORTER

FEBRUARY 3, 2023

Respectfully submitted,



Thomas Harper, Attorney No. 16735-53
Deputy Consumer Counselor

TESTIMONY OF OUCC WITNESS DEREK LEADER
CAUSE NO. 45806
INDIANA MICHIGAN POWER COMPANY

I. INTRODUCTION

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

2 A: My name is Derek J. Leader. My business address is 115 West Washington St.,
3 Suite 1500 South, Indianapolis, Indiana 46204. I am employed by the Indiana
4 Office of Utility Consumer Counselor ("OUCC") as a Utility Analyst. My
5 qualifications are set forth in Appendix A of this document.

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

7 A: My testimony addresses Indiana Michigan Power Company's ("I&M" or
8 "Petitioner") request for authorization to secure lease financing for up to \$400
9 million of nuclear fuel¹ ("fuel"). The fuel would be used at the Donald C. Cook
10 Nuclear Plant, ("Cook Plant") which services both Indiana and Michigan.

11 **Q: Please describe the review and analysis you conducted to prepare your**
12 **testimony.**

13 A: I reviewed I&M's petition, exhibits, and pre-filed testimony. Petitioner has made
14 similar requests in causes Nos. 45417, 45126, 44827, 44490, 44025, and 43682. I
15 read the petitions, testimony, and orders in those causes and in Petitioner's recent
16 rate cases in Causes Nos. 45235 and 45576.

¹ Cause No 45806, Petition, page 5, paragraph 10

II. BENEFITS OF NUCLEAR FUEL LEASE FINANCING

1 **Q: When will Petitioner's most recent request for authorization to secure lease**
2 **financing expire?**

3 A: I&M's most recent leasing authority, granted in Cause No. 45417, expired on
4 December 31, 2022.²

5 **Q: How does Petitioner's relief requested in this Cause benefit ratepayers?**

6 A: Authorizing Petitioner's request would permit it to lease up to \$400 million in
7 nuclear fuel. These costs would be recovered within its fuel adjustment clause
8 ("FAC"). The FAC semi-annually passes any savings realized through lease
9 financing on to I&M's customers.

10 **Q: Has the practice of leasing instead of ownership benefited Petitioner's**
11 **ratepayers?**

12 A: Yes. In Cause No. 45417, Petitioner's witness Noah K. Hollis testified that
13 ratepayers saved about \$19.8 million between 2015 and 2020 due to leasing.³ In
14 this Cause, Mr. Hollis testifies that the company has recognized \$38.9 million ⁴ in
15 present value savings since 2015. Thus, I&M has recognized an additional \$19.1
16 million in savings since 2020 due to leasing rather than traditional purchase. The
17 OUCC recommends Petitioner continue calculating the annual savings resulting
18 from its leasing activity and provide that information to the Indiana Utility
19 Regulatory Commission ("Commission") and the OUCC in future FAC and nuclear
20 fuel leasing proceedings.

² Petition, page 3, paragraph 6

³ Cause no. 45417, testimony of Noah K. Hollis, page 7, line 8

⁴ Noah K. Hollis, page 7, line 10

III. OUCC RECOMMENDATIONS

1 **Q: Please summarize your recommendations to the Commission in this Cause.**

2 A: The OUCC recommends the Commission approve Petitioner's request for
3 authorization of its nuclear financing agreements and continue requiring Petitioner
4 to provide regular updates in future FAC and nuclear fuel lease proceedings. These
5 filings should contain its nuclear leasing developments, including all terms of said
6 agreements, and a calculation of the comparative annual savings to ratepayers of
7 leasing the nuclear fuel versus ownership.

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

9 A: Yes.

APPENDIX A
QUALIFICATIONS OF DEREK J. LEADER

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

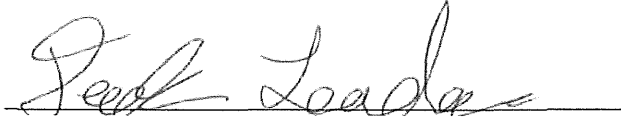
2 A: I graduated with bachelor's in Economics from Trinity University in San Antonio, Texas,
3 in 2012, and acquired a second bachelor's in Math from Western Governors University
4 out of Salt Lake City, Utah in 2016. I worked as an accountant for Defense Finance and
5 Accounting from May 2011 to August 2011. I was a student trainee at Fort Carson's US
6 Army Dental Activity from July 2012 to September 2012. I worked at Rose-Hulman
7 Institute of Technology as a recreation assistant from August 2013 to November 2013.

8 I did my student teaching at Northview High School of Clay County from August
9 to November of 2015. I taught high school math at Shiloh CUSD#1 in Hume, Illinois
10 from August 2016 to July 2017. I taught math, science and social studies at George W.
11 Julian 57 from August 2017 to July 2018. I taught math and robotics at Woodrow Wilson
12 Middle School from August 2018 to January 2019. I taught math at Marion High School
13 from August 2019 to July 2021. I taught math at Riverton Parke Jr/Sr High School from
14 August 2021 to July 2022.

15 I began my career with the OUCC in August 2022. As part of my continuing
16 education, I have attended the following Michigan State University Institute of Public
17 Utilities seminars: Annual Regulatory Studies Program - Fundamentals Course on
18 August 8-12, 2022, and the Advanced Cost Allocation and Rate Design Course on
19 November 14-17, 2022. I am currently taking Fundamentals of Utility Law presented by
20 Scott Hempling and NARUC Regulatory Training Initiative, concluding on March 27,
21 2023.

AFFIRMATION

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

A handwritten signature in black ink, appearing to read "Derek Leader", is written over a horizontal line.

Derek Leader

Utility Analyst II
Indiana Office of Utility Consumer Counselor

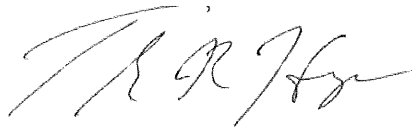
Cause No. 45806
Indiana Michigan Power Co.

Date: February 3, 2023

CERTIFICATE OF SERVICE

This is to certify that a copy of the OUCC's Testimony Filing of Derek J. Leader has been served upon the following parties of record in the captioned proceeding by electronic service on February 3, 2023.

Kay Pashos
ICE MILLER LLP
kay.pashos@icemiller.com

A handwritten signature in dark ink, appearing to read 'T R Harper', is written over a horizontal line.

Thomas R. Harper
Deputy Consumer Counselor

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