

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF DUKE ENERGY )  
INDIANA, LLC FOR: (1) APPROVAL OF AN )  
ADJUSTMENT TO ITS ELECTRIC SERVICE )  
RATES THROUGH ITS TRANSMISSION, )  
DISTRIBUTION AND STORAGE SYSTEM )  
IMPROVEMENT CHARGE ("TDSIC") RATE )  
SCHEDULE, STANDARD CONTRACT RIDER )  
NO. 65; (2) AUTHORITY TO DEFER 20% OF THE )  
APPROVED CAPITAL EXPENDITURES AND )  
TDSIC COSTS FOR RECOVERY IN )  
PETITIONER'S NEXT GENERAL RATE CASE; )  
AND (3) APPROVAL OF PETITIONERS )  
UPDATES TO ITS 7-YEAR ELECTRIC PLAN, )  
PURSUANT TO IND. CODE § 8-1-39-9. )

FILED  
August 5, 2019  
INDIANA UTILITY  
REGULATORY COMMISSION

CAUSE NO. 44720 - TDSIC-6

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

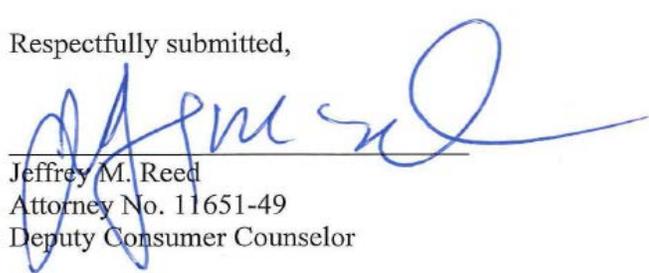
PUBLIC'S EXHIBIT NO. 1

TESTIMONY OF

OUCW WITNESS KALEB G. LANTRIP

AUGUST 5, 2019

Respectfully submitted,

  
\_\_\_\_\_  
Jeffrey M. Reed  
Attorney No. 11651-49  
Deputy Consumer Counselor

**TESTIMONY OF OUCC WITNESS KALEB G. LANTRIP**  
**CAUSE NO. 44720 TDSIC-6**  
**DUKE ENERGY INDIANA, LLC**

**I. INTRODUCTION**

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

2 A: My name is Kaleb G. Lantrip and my business address is 115 W. Washington St., Suite  
3 1500 South, Indianapolis, Indiana 46204. I am employed as a Utility Analyst in the Indiana  
4 Office of Utility Consumer Counselor's ("OUCC") Electric Division. A summary of my  
5 educational background and experience is included in Appendix A attached to my  
6 testimony.

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

8 A: I determine Duke Energy Indiana, LLC's ("DEI" or "Petitioner") compliance with the  
9 Cause No. 44720 CPCN Settlement Agreement and IC § 8-1-39 governing its cost recovery  
10 of Transmission, Distribution, and Storage System Improvement Charges ("TDSIC").

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

12 A: I read the Petitioner's case-in-chief filing consisting of testimony, attachments, schedules,  
13 and work papers. I also reviewed the previously filed testimony and orders under this cause  
14 number.

**II. TDSIC-6 RATE SCHEDULE ADJUSTMENT**

15 **Q: Please discuss the evidence submitted by the Petitioner to support its requested**  
16 **TDSIC-6 rate schedule adjustment.**

17 A: Petitioner's TDSIC-6 rate schedule adjustment is based on an 80% tracked and 20%  
18 deferred recovery structure, per Ind. Code § 8-1-39. As such, in its filing, DEI provided its  
19 annual return on investment of 80%; 2) depreciation expense of 80%; 3) operation and  
20 maintenance ("O&M) expense of 80%; 4) property tax expense of 80%; 5) post-in-service  
21 carrying costs expense of 80%; and 6) plan development costs amortization over three

1 years. DEI's filing contains its TDSIC costs incurred in connection with its in-service  
2 TDSIC projects through December 31, 2018, as well as its forecasted TDSIC costs for the  
3 July 1, 2019 through June 30, 2020 period.

4 **Q: Did DEI adjust its TDSIC calculations for the Tax Cuts and Jobs Act of 2017 in this**  
5 **Cause?**

6 A: Yes. DEI adjusted its tax calculations on TDSIC revenue requirement to reflect the 21%  
7 federal income tax rate going forward. The over collection of federal income taxes from  
8 TDSIC-2 are refunded in this filing<sup>1</sup>.

9 **Q: What costs does Petitioner propose to recover in its TDSIC-6 filing?**

10 A: Petitioner proposes to recover total TDSIC-6 revenues<sup>2</sup> of approximately \$72,490,331.<sup>3</sup>  
11 This includes Petitioner's revenue requirement for transmission infrastructure  
12 improvement projects totaling \$25,527,085 and revenue requirement for distribution  
13 infrastructure projects of \$46,963,246.

14 **Q: What is the impact on a typical residential customer's bill as a result of DEI's**  
15 **proposed TDSIC-6 rate schedule?**

16 A: According to the Petitioner, a typical residential customer using 1,000 kWh per month will  
17 experience an approximate \$0.40 increase in their monthly bill as a result of its TDSIC-6  
18 filing.<sup>4</sup>

19 **Q: Did you verify 80% of the total TDSIC costs incurred in connection with Petitioner's**  
20 **TDSIC for recovery in this Cause matches the amount it proposes to recover?**

21 A: Yes. My calculation resulted in a total change of approximately \$78,107,166 (or  
22 approximately \$39,201,114 for residential customers). Based on my calculation of total

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<sup>1</sup> See Petitioner's Witness Diana L. Douglas Testimony, p. 16, lines 15-19, p. 17, lines 2-3. Workpaper 23-DLD.

<sup>2</sup> 80% of TDSIC costs eligible for rider recovery.

<sup>3</sup> See Petitioner's Exhibit 3-B, p. 14, Line 19, sum of columns B and D.

<sup>4</sup> See Petitioner Witness Diana L. Douglas Testimony, p. 17, lines 21-22, p. 18, lines 1-2.

1 TDSIC costs tracked in TDSIC-6, the effect is an increase of approximately \$0.000407 per  
2 kWh for residential customers.<sup>5</sup>

3 **Q: How will the TDSIC-6 proposed Rate RS factor impact the cost of electricity for DEI's**  
4 **residential ratepayers?**

5 A: The table below estimates the cost of electricity, including trackers, for a DEI residential  
6 customer using 1,000 kWh. The table is based on a snapshot of approved rates as of June  
7 20, 2019 and DEI's proposed rate for TDSIC-6.<sup>6</sup> Actual future bills will depend on any  
8 changes in the various tracking factors after July 17, 2019.

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<sup>5</sup> See OUCC Attachment KGL-1.

<sup>6</sup> See Petitioner's Exhibit 3-A (DLD)

1

<b>Duke Energy Indiana, LLC</b>					
<b>Cause No. 44720 TDSIC-6</b>					
<b>Residential Customer Bill using 1,000 kWh</b>					
<b>Description</b>	<b>kWh</b>	<b>Rate</b>		<b>\$</b>	<b>% of Bill</b>
Customer Connection Charge			(1)	\$ 9.01	7.34%
Energy Charge - First 300 kWh	300	0.089116	(1)	26.73	21.79%
Energy Charge - Next 700 kWh	700	0.051948	(1)	36.36	29.63%
Base Customer and Energy Charge				\$ 72.11	58.76%
FAC Charge	1,000	0.014484	(1)	14.48	11.80%
IGCC Charge	1,000	0.014277	(1)	14.28	11.63%
ECR - Investment Adjustment Charge	1,000	0.003142	(1)	3.14	2.56%
ECR - Emission Allowance Credit	1,000	-0.000002	(1)	(0.00)	0.00%
ECR - Clean Energy Operating Cost Charge	1,000	0.006078	(1)	6.08	4.95%
EE Charge	1,000	0.004557	(1)	4.56	3.71%
Cinergy Merger Costs Credit	1,000	-0.000804	(1)	(0.80)	-0.66%
RTO Charge	1,000	0.0038	(1)	3.80	3.10%
SRA Charge	1,000	0.000577	(1)	0.58	0.47%
Renewable Energy Project Charge	1,000	0.000382	(1)	0.38	0.31%
FMCA Charge	1,000	0.000047	(1)	0.05	0.04%
TDSIC Charge	1,000	0.004074	(2)	4.07	3.32%
Tracker Charges				50.61	41.24%
Total Billing Amount				\$ 122.72	100%
Base Customer and Energy Charge				\$ 72.11	58.76%
Other Trackers (non-FAC)				36.13	29.44%
FAC				14.48	11.80%
Total				\$ 122.72	100.00%

1) Per DEI Tariffs as of July 17, 2019 (<https://www.duke-energy.com/home/billing/rates/electric-tariff>).

2) Per Petitioner's Exhibit 3-B (DLD)

2 When including the proposed TDSIC costs along with current base rates and charges, a  
3 typical residential customer using 1,000 kWh per month would experience a bill of  
4 approximately \$76.18,<sup>7</sup> which equates to an average cost per kWh of 7.61 cents. When

<sup>7</sup> Per DEI Rate Residential and Farm Electric Service Tariff effective Jan. 1, 2016 which includes a \$9.40 connection charge and a \$0.092945 per kWh energy charge for the first 300 kWh and a \$0.054178 per kWh energy

1 including other current DEI tracker costs with its base rates, charges, and proposed TDSIC  
2 costs, a typical DEI residential customer using 1,000 kWh per month would experience a  
3 bill of approximately \$122.72. Tracker costs, excluding the fuel clause adjustment, make  
4 up approximately \$36.13, or 29.44% of total costs included on a typical DEI residential  
5 customer's bill.

6 **Q: Please explain your Attachment KGL-1.**

7 A: Attachment KGL-1 summarizes the total annual revenue requirement to recover: 1) a return  
8 on investment of 80%; 2) depreciation expense of 80%; 3) operation and maintenance  
9 expense of 80%; 4) property tax expense of 80%; 5) post-in-service carrying costs expense  
10 of 80%; and 6) plan development costs amortization to derive the total TDSIC-6 revenues.

11 All information was taken from Petitioner's schedules in this Cause.

12 **Q: Do you believe that Attachment KGL-1 reflects all the elements in the formula for**  
13 **Petitioner's TDSIC tracker?**

14 A: Yes.

### III. DEFERRED TDSIC COSTS

15 **Q: Did Petitioner provide a separate schedule in the current proceeding, as**  
16 **recommended by the OUCC in its TDSIC-1 testimony, providing the calculation of**  
17 **total 20% deferred costs DEI intends to recover in its next base rate case as a result**  
18 **of each TDSIC tracker filing, as well as a running total of 20% of deferred costs it**  
19 **intends to recover in its next base rate case?**

20 A: Yes. Petitioner's Exhibit 3-D (DLD) provides DEI's annual revenue requirement to recover  
21 return on investment of 20% (less accumulated depreciation), depreciation expense of 20%,  
22 O&M expense of 20%, property tax expense of 20%, and post-in-service carrying costs of  
23 20%, to derive its total deferred costs for TDSIC-1, TDSIC-2, TDSIC-4, and TDSIC-6, as

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charge for the next 700 kWh, as well as the proposed TDSIC charge of \$3.67 per kWh. Other applicable riders were not included in the calculation.

1 well as a running total of the 20% deferred costs it anticipates recovering in its next base  
2 rate case.

3 **Q: What is the 20% deferred TDSIC costs DEI anticipates recovering in its next base**  
4 **rate case?**

5 A: As of TDSIC-6, DEI anticipates recovering a total of \$117,709,946<sup>8</sup> in its next base rate  
6 case, which equals 20% deferred TDSIC cost as outlined in IC §8-1-39-9 (b).

#### IV. OUCC RECOMMENDATIONS

7 **Q: What do you recommend regarding proposed recovery in this proceeding?**

8 A: Petitioner's proposed TDSIC tracking factor calculations appear to comport with the  
9 ratemaking and accounting treatment authorized by the Indiana Utility Regulatory  
10 Commission ("IURC"), as a result of the Settlement Agreement, in Cause No. 44720.

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

12 A: Yes.

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<sup>8</sup> See Petitioner's Exhibit 3-D (DLD), Line 9, column I.

**APPENDIX A**

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

A: I graduated from the Kelley School of Business of Indianapolis in 2014 with a Bachelor of Science in Business with majors in Accounting and Finance. I am licensed in the State of Indiana as a Certified Public Accountant. I attended the National Association of Regulatory Utility Commissioners (“NARUC”) Spring 2018 Conference held by New Mexico State University.

**Q: Have you previously testified before the Commission?**

A: Yes.

**Q: Please describe your duties and responsibilities at the OUCC.**

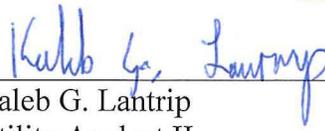
A: I review Indiana utilities’ requests for regulatory relief filed with the Indiana Utility Regulatory Commission (“Commission”). This involves reading testimonies of petitioners and intervenors, previous orders issued by the Commission, and any appellate opinions to inform my analyses. I then prepare and present testimony based on these analyses, and make recommendations to the Commission on behalf of Indiana utility consumers.

Duke Energy Indiana, LLC  
Cause No. 44720 TDSIC-4  
Residential Customer Bill using 1,000 kWh

Description	kWh	Rate	\$	% of Bill
Customer Connection Charge		(1)	\$ 9.01	7.34%
Energy Charge - First 300 kWh	300	0.089116 (1)	26.73	21.79%
Energy Charge - Next 700 kWh	700	0.051948 (1)	36.36	29.63%
Base Customer and Energy Charge			<u>\$ 72.11</u>	58.76%
FAC Charge	1,000	0.014484 (1)	14.48	11.80%
IGCC Charge	1,000	0.014277 (1)	14.28	11.63%
ECR - Investment Adjustment Charge	1,000	0.003142 (1)	3.14	2.56%
ECR - Emission Allowance Credit	1,000	-0.000002 (1)	(0.00)	0.00%
ECR - Clean Energy Operating Cost Charge	1,000	0.006078 (1)	6.08	4.95%
EE Charge	1,000	0.004557 (1)	4.56	3.71%
Cinergy Merger Costs Credit	1,000	-0.000804 (1)	(0.80)	-0.66%
RTO Charge	1,000	0.0038 (1)	3.80	3.10%
SRA Charge	1,000	0.000577 (1)	0.58	0.47%
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FMCA Charge	1,000	0.000047 (1)	0.05	0.04%
TDSIC Charge	1,000	0.004074 (2)	4.07	3.32%
Tracker Charges			<u>50.61</u>	<u>41.24%</u>
Total Billing Amount			<u>\$ 122.72</u>	<u>100%</u>
Base Customer and Energy Charge			\$ 72.11	58.76%
Other Trackers (non-FAC)			36.13	29.44%
FAC			14.48	11.80%
Total			<u>\$ 122.72</u>	<u>100.00%</u>

**AFFIRMATION**

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



\_\_\_\_\_  
Kaleb G. Lantrip  
Utility Analyst II  
Indiana Office of Utility Consumer Counselor  
Cause No. 44720 TDSIC-06  
Duke Energy Indiana, LLC



\_\_\_\_\_  
Date

**CERTIFICATE OF SERVICE**

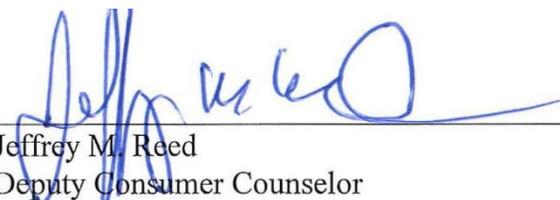
This is to certify that a copy of the *Indiana Office of Utility Consumer Counselor Public's Exhibit No. 1 Testimony of OUCC Witness Kaleb G. Lantrip* has been served upon the following parties of record in the captioned proceeding by electronic service on August 5, 2019.

Petitioner

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Elizabeth Herriman  
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