

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANA)
POWER COMPANY (I&M) FOR)
CAPACITY PURCHASE AGREEMENT)
AND ASSOCIATED ACCOUNTING) CAUSE NO. 46083
RATEMAKING TREATMENT,)
TIMELY RECOVERY OF COSTS)
I&M'S RESOURCE ADEQUACY)
OF THE COST OF CAPACITY I&M)
UNDER THE CPA.)

SUBMISSION OF REBUTTAL TESTIMONY

Petitioner Indiana Michigan Power Company (I&M or Company), by counsel,
hereby submits the rebuttal testimony of Andrew J. Williamson.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 29th day of August, 2024, by email transmission, hand delivery or United States Mail, first class, postage prepaid to:

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INDIANA MICHIGAN POWER COMPANY

CAUSE NO. 46083

PRE-FILED VERIFIED REBUTTAL TESTIMONY

OF

ANDREW J. WILLIAMSON

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**REBUTTAL TESTIMONY OF ANDREW J. WILLIAMSON
ON BEHALF OF
INDIANA MICHIGAN POWER COMPANY**

I. Introduction

Q1. Please state your name and business address.

My name is Andrew J. Williamson and my business address is Indiana Michigan Power Center, P.O. Box 60, Fort Wayne, IN 46801.

Q2. By whom are you employed and what is your position?

I am employed by Indiana Michigan Power Company (I&M or Company) as Director of Regulatory Services.

Q3. Are you the same Andrew J. Williamson who submitted pre-filed direct testimony in this cause?

Yes.

II. Purpose of Rebuttal Testimony

Q4. What is the purpose of your rebuttal testimony?

My rebuttal testimony responds to the testimony filed by Mr. Hanks and Mr. Lantrip on behalf of the Indiana Office of Utility Consumer Counselor (OUCC). The Company appreciates the OUCC's support for 697 MWs of capacity associated with the Lawrenceburg CPA, along with the Company's associated accounting and ratemaking treatment. My rebuttal testimony responds to Mr. Lantrip's recommendation (pp. 7-8) that the 143 MW Flex-Up option be deferred for consideration by the Commission at a later date. I also respond to the OUCC's testimony regarding the inclusion of large loads within future Integrated Resource Plan (IRP) filings.

1 **Q5. If you do not respond to a particular issue or position addressed in the**
2 **OUCC's testimony, does that imply acceptance of their position over that**
3 **proposed by I&M?**

4 No, it does not.

III. Integrated Resource Plan

5 **Q6. Do the parties agree that I&M has a need for additional capacity?**

6 Yes. The OUCC recognizes I&M has a "need for capacity after the retirement of
7 Rockport Units 1 and 2, as well as to serve the projected increase in load
8 related to data centers and battery plants."¹ While the OUCC does not oppose
9 the 697 MW portion of the Lawrenceburg CPA, they argue approval of the 143
10 MW Flex-Up Option is not needed at this time. As explained in the Company's
11 case-in-chief and further discussed below, the Company has a significant need
12 for additional capacity during the term of the CPA and the Flex-Up option is an
13 opportunity to acquire firm accredited capacity that is not subject to development
14 risk or delays, at a competitive price to help meet this acknowledged need.

15 **Q7. On pages 6-7 of his testimony, OUCC Witness Hanks expresses concern**
16 **that the Company's 2023 IRP Update and the Portfolio Optimization**
17 **Analysis (POA) analysis in this case do not reflect new load addition**
18 **associated with hyperscaler facilities. Does this concern warrant delaying**
19 **Commission approval of the Flex-Up option?**

20 No. While it is true that the load forecast used for the POA did not include the
21 new load additions associated with the hyperscaler facilities, as discussed by
22 Company witness Becker, at 27, the POA selected the full 840 MW
23 Lawrenceburg CPA to serve its existing load. It is only logical to conclude that if

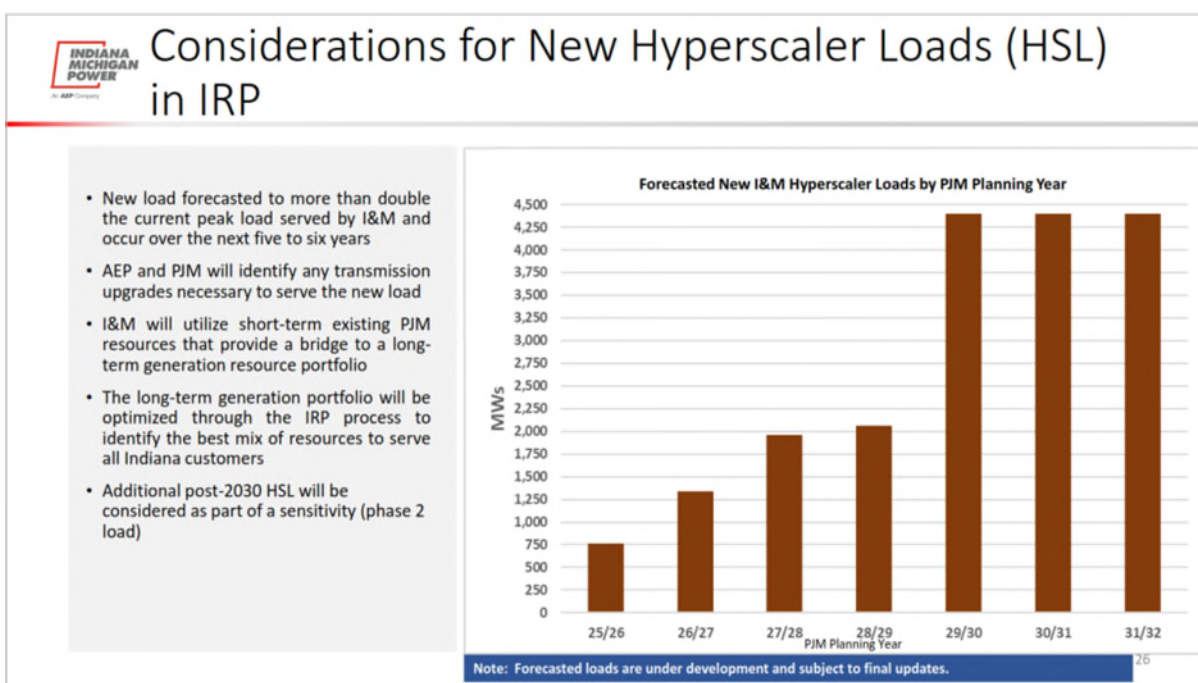
¹ OUCC witness Hanks, p. 8.

I&M's load requirement would have been higher, that the POA would have continued to select the full 840 MW Lawrenceburg CPA. What is at question here is whether Indiana would increase its share of the 840 MW if the Company is unable to obtain the relief it seeks from the Michigan Public Service Commission (MPSC).

Q8. Is it also true that I&M's load forecast has increased significantly since the POA was conducted?

Yes. It is well understood that I&M has a real and immediate need for additional capacity beyond replacing Rockport due to the publicly announced projects identified in my direct testimony, both of which are currently under physical construction, and additional hyperscaler business development that is underway. As shown in Figure AJW-1R, a slide illustrating this load growth was presented during the first stakeholder meeting for the 2024 IRP held on June 27, 2024.

Figure AJW-1R: Hyperscaler Loads



1 As shown in Figure AJW-1R, the forecasted load increase from the hyperscaler
2 customers far exceeds the additional 143 MW of firm capacity provided by the
3 Flex-Up option. The Lawrenceburg CPA begins in the 2028/29 PJM Planning
4 Year, at which point the hyperscaler customers load is expected to increase to
5 approximately 2,000 MW, which makes the pre-approval of the competitive
6 capacity from the Flex-Up option reasonable.

7 **Q9. Please explain why the load increase associated with hyperscaler facilities**
8 **was not included in the POA presented in this case as noted by OUCC**
9 **witness Hanks on page 7, lines 1-2 of his testimony.**

10 The purpose of the POA was to address the market changes that have occurred
11 since I&M's September 2023 IRP update and focus on optimizing the resources
12 necessary to replace Rockport.² In addition, the vintage of I&M's load forecast
13 that was available at the time the POA was prepared predated the inclusion of
14 the hyperscaler load shown above in Figure AJW-1R. As shown and explained
15 above, the hyperscaler load increases will continue following the retirement of
16 Rockport. This load growth will be incorporated in I&M's 2024 IRP where it can
17 be further assessed.

18 **Q10. Will the Company incorporate the new load associated with large**
19 **industrial customers into its future IRPs, as recommended by OUCC**
20 **witness Hanks on page 7, line 19-23 of his testimony?**

21 Yes. The Company has included the new load growth from hyperscaler
22 customers in the load forecast that will be used in its 2024 IRP.

² Company witness Becker, p. 13.

IV. Flex-Up

1 **Q11. OUCC witness Lantrip states on page 8, lines 2-4 of his testimony that the**
2 **Flex-Up option should be denied because it is premature for Indiana-**
3 **Jurisdictional customers to bear the full cost of the Lawrenceburg CPA.**
4 **Do you agree?**

5 No. I&M has an immediate capacity need that justifies the additional capacity
6 provided in the Flex-Up option. The Lawrenceburg CPA provides the best
7 available option to procure affordable firm accredited capacity for Indiana
8 customers. Capacity prices for the 2025/26 PJM Planning Year at PJM's July
9 2024 Base Residual Auction (BRA) cleared at \$269.92 / MW-day compared to
10 the \$[REDACTED] / MW-day in the Lawrenceburg CPA.³ The Lawrenceburg CPA is a
11 cost-effective and economic solution to the Company's growing capacity needs
12 going forward and denial of the Flex-Up option will likely require I&M to [REDACTED]
13 [REDACTED]. It is also important to recognize that
14 the term of the Lawrenceburg CPA begins June 1, 2028, at which time I&M's
15 retail load is expected to grow far in excess of the Flex-Up option capacity.

16 **Q12. Please outline the risks to the contract if approval of the Flex-Up option is**
17 **deferred to a later date.**

18 The Lawrenceburg CPA requires that I&M exercise the Flex-Up option within 45
19 days of the Company's receipt of both a Final Non-Appealable Order from the
20 Commission in this proceeding, as well as a Final Non-Appealable order from
21 the Michigan Public Service Commission (MPSC) not approving any portion of
22 the 143 MW of capacity from Lawrenceburg.

23 As a generator in PJM, any portion of the Lawrenceburg facility that is not
24 transferred to a contracted off-taker is required to be offered into the Base

³ August 16, 2024 PJM Base Residual Auction Report: [2025-2026 PJM Planning Year Base Residual Auction Report](#).

1 Residual Auction (BRA), which is a process that must be initiated by the
2 generator more than 6-months in advance of the scheduled auction date. With
3 the 2028/29 BRA scheduled to take place in December 2025, it was not
4 commercially reasonable for the Lawrenceburg CPA to contemplate I&M
5 initiating a second filing with the Commission that would follow an order by the
6 MPSC's denying any portion of the 143 MWs as this would further delay Kindle's
7 initiation of their submission into the 2028/29 BRA. The Flex-Up option included
8 in the Lawrenceburg CPA is designed to secure the full 840 MW for I&M's
9 Indiana or Indiana and Michigan retail customers and avoid missing an
10 opportunity to acquire low-cost capacity to I&M's customers due to PJM capacity
11 auction timelines.

12 If the IURC elects not to approve the Flex-Up option in this proceeding, the
13 Lawrenceburg CPA would become available on the market and require an
14 amendment to the contract that would grant I&M additional time to re-file the 143
15 MW with the Commission. Given the recent results of the PJM BRA discussed
16 above, reopening the Lawrenceburg CPA would likely [REDACTED]
17 [REDACTED] for the 143 MW compared to the \$ [REDACTED]/MW-Day price currently
18 under contract for the 697 MW and 143 MW Flex-Up option.

19 **Q13. OUCC witness Lantrip on page 6, line 11-12 recommends the \$0.6 million**
20 **of development costs related to the Flex-Up option be denied. Please**
21 **respond.**

22 The Company appreciates the OUCC's support for cost recovery of the project
23 development costs associated with the 697 MW portion of the Lawrenceburg
24 CPA. As discussed above, the Flex-Up option is reasonable and necessary and
25 in the best interest of I&M's Indiana customers and therefore should be
26 approved. If the Flex-Up option is approved by the Commission, the
27 Commission should also approve the incremental project development costs
28 associated with the 143 MW if the Flex-Up option.

V. Summary

1 **Q14. Please summarize your testimony.**

2 The OUCC recognizes I&M needs additional capacity and that the
3 Lawrenceburg CPA is a relatively low-cost option to address some of that need.⁴
4 As discussed above, I&M has a significant need for additional capacity during
5 the term of the Lawrenceburg CPA due to load growth associated with
6 hyperscaler and other industrial customers. The Flex-Up option provides
7 additional firm accredited capacity associated with an existing resource at a
8 competitive price to serve this load growth and support resource adequacy,
9 reliability and affordability for I&M's customers. Delaying approval of the Flex-Up
10 option as recommended by the OUCC will reopen the 143 MW of Lawrenceburg
11 CPA to the market and risk replacing this capacity with more costly and risky
12 resource alternatives. It would also be administratively inefficient to refile for
13 approval of the Flex-Up option at a later date, as the underlying need for
14 capacity remains. The Commission should approve the Lawrenceburg CPA,
15 inclusive of the Flex-Up option, along with the associated project development
16 costs.

17 **Q15. Does this conclude your pre-filed verified rebuttal testimony?**

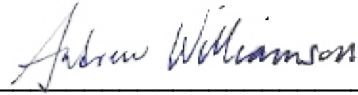
18 Yes.

⁴ OUCC witness Hanks, p. 8.

VERIFICATION

I, Andrew J. Williamson, Director of Regulatory Services for Indiana Michigan Power, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Date: 08/29/2024

A handwritten signature in blue ink that reads "Andrew Williamson". The signature is written in a cursive style with a horizontal line underneath it.

Andrew J. Williamson