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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE JOINT PETITION OF DUKE)
ENERGY INDIANA, INC., AND WABASH VALLEY) CAUSE NO. 44315
POWER ASSOCIATION INC., FOR THE EXPEDITED)
TRANSFER OF ASSETS FROM DUKE ENERGY)
INDIANA, INC. TO WABASH VALLEY POWER) APPROVED:
ASSOCIATION, INC. PURSUANT TO § 8-1-2-84)

MAY 29 2013

ORDER OF THE COMMISSION

Presiding Officers:
James Atterholt, Chairman
Marya E. Jones, Administrative Law Judge

On February 28, 2013, Duke Energy Indiana, Inc. (“Duke Energy Indiana”) and Wabash Valley Power Association, Inc., (“WVPA”) (collectively “Joint Petitioners”) filed their Verified Joint Petition (“Petition”) with the Indiana Utility Regulatory Commission (“Commission”) for approval of the transfer of certain assets from Duke Energy Indiana to WVPA. On March 20, 2013 Duke Energy Indiana filed its Submission of Vintage Year Information. On April 1, 2013 the Indiana Office of Utility Consumer Counselor (“OUCC”) filed its Notice of Intent Not to File Testimony.

Pursuant to notice duly published as required by law, an evidentiary hearing was convened at 9:30 a.m. in Room 224, PNC Center, 101 West Washington Street, Indianapolis, Indiana. At the hearing, Duke Energy Indiana, WVPA and the OUCC appeared and participated. No members of the general public were present or sought to testify. The testimony and exhibits of the Joint Petitioners were admitted into evidence without objection.

Based upon applicable law and evidence presented herein, the Commission now finds as follows:

1. **Notice and Jurisdiction.** Due, legal, and timely notice of the evidentiary hearing in this Cause was given and published by the Commission as provided for by law. Proofs of publication of the notice of the hearing were incorporated into the record of this proceeding at the evidentiary hearing.

Duke Energy Indiana and WVPA are public utilities as defined by Ind. Code § 8-1-2-1. Under Ind. Code § 8-1-2-84, the Commission has jurisdiction over the transfer of utility property. Accordingly, the Commission has jurisdiction over the Joint Petitioners and the subject matter of this proceeding.

2. **Joint Petitioners’ Characteristics and Business.** Duke Energy Indiana is a public utility organized and existing under the laws of the State of Indiana, and has its principal office at 1000 E. Main Street, Plainfield, Indiana 46168. Duke Energy Indiana is engaged in rendering electric utility service in 69 counties in the State of Indiana and owns, operates, manages, and controls, among other things, plants and equipment that is used and useful for the production, transmission, delivery, and furnishing of electric service to the public.

WVPA is a mutual benefit, non-profit corporation organized and existing pursuant to the Indiana Non-Profit Corporation Act and has its principal place of business at 722 North High School Road, Indianapolis, Indiana 46224. WVPA serves as a power supplier to its members and constructs, owns, and operates generation, transmission, and related plants and facilities. WVPA provides public utility services to its twenty-six electric distribution cooperative members located in the states of Indiana, Illinois and Missouri.

3. **Relief Requested.** Duke Energy Indiana and WVPA seek to transfer certain limited electric assets from Duke Energy Indiana to WVPA, and they jointly seek this Commission's authorization and approval pursuant to Ind. Code § 8-1-2-84, on an expedited basis as previously approved in Cause No. 43509.

4. **Joint Petitioners' Evidence.** Mr. Edward Kirschner, Director, Transmission Planning for Duke Energy Shared Services, Inc., testified Duke Energy Indiana, WVPA, and Indiana Municipal Power Agency ("IMPA") agreed in 1985 to the joint ownership, operation, and maintenance of certain transmission and other facilities through a Transmission and Local Facilities Ownership, Operation, and Maintenance Agreement (as amended, the "T&LF Agreement"). Under the T&LF Agreement, Duke Energy Indiana, IMPA, and WVPA may from time to time transfer assets amongst themselves so that their individual degree of transmission facility ownership remains at the levels agreed to in the T&LF Agreement. The property transfers under the T&LF Agreement will only occur when the Parties thereto have agreed they are appropriate.¹

Mr. Kirschner testified that to accomplish this transfer of assets, Joint Petitioners have used the expedited asset transfer process agreed to by the OUCC and approved by the Commission in Cause No. 43509 on October 29, 2008. Mr. Kirschner explained that through this process the Joint Petitioners provide the OUCC with continuing Property Records, vintage year, accumulated cost, and the quantity of the individual components transferred. He noted that within 15 days thereafter, the parties jointly seek a hearing at the Commission. He testified that the Joint Petitioners believe this expedited process is appropriate given that the asset transfers under the TL&F Agreement occur only by mutual agreement of the parties and are simply intended to balance the ownership interest of the parties as required by the TL&F Agreement. Mr. Kirschner concluded that the parties will then make any appropriate internal accounting or record keeping entries/adjustments with respect to each asset transferred.

Mr. Kirschner testified that in this Cause, the assets to be transferred from Duke Energy Indiana to WVPA at their original cost depreciated ("OCD") are as follows:

a. <u>Frances Creek 345/69kV Substation</u>	<u>\$5,136,570.57</u>
b. <u>Tipton West 230 /69kV Substation</u>	<u>\$3,360,839.32</u>
c. <u>Huntington Riverfork 138/69kV Substation</u>	<u>\$1,207,241.13</u>
d. <u>#890.92 Fishers North - Geist Junction 69kV Trans. Line</u>	<u>\$1,966,236.58</u>

¹ Although IMPA is not a party to this proceeding because it is not directly involved in the property transfer, the Petition indicates that IMPA was contacted and expressed no objection to the property transfer.

Mr. Kirschner testified these minor asset transfers will not adversely affect Duke Energy Indiana's or WVPA's continued provision of service. The impact on the public will be positive by allowing Duke Energy Indiana and WVPA to satisfy the Commission approved requirements of the T&LF Agreement. He asserted that the financial impact of these transfers is de minimus and that Duke Energy Indiana will remove any book value of the assets from its accounting books and end any further depreciation accruals thereon. He concluded that any asset values and any accumulated depreciation will not be taken into consideration in any subsequent retail rate case.

5. Commission Discussion and Findings. Based on the evidence presented, the Commission finds that the proposed transfer asset from Duke Energy Indiana to WVPA is reasonable and should be approved.

Ind. Code § 8-1-2-84(e) requires Commission approval for Joint Petitioners to sell used or useful property, plant or business or any part thereof. Joint Petitioners' Petition and evidence have described the nature and purpose of the transfer of assets. Duke Energy Indiana's witness Mr. Kirschner testified that under the T&LF Agreement, Duke Energy Indiana, IMPA, and WVPA may from time to time transfer assets amongst themselves so that their individual degree of transmission facility ownership remains at the levels agreed to in the T&LF Agreement. Mr. Kirschner testified that the contemplated minor asset transfers will not adversely affect Duke Energy Indiana's or WVPA's continued provision of service. He testified that the impact on the public will be positive by allowing Duke Energy Indiana and WVPA to satisfy the Commission approved requirements of the T&LF Agreement and that the financial impact of these transfers is de minimus.

Based on the evidence, we find that Joint Petitioners' request for the transfer of assets by Duke Energy Indiana to WVPA is appropriate and should be approved.

IT IS THEREFORE ORDER BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. Duke Energy Indiana's proposed transfer of the assets to Wabash Valley Power Association, Inc., together, with appropriate adjustments to the accounting books of Duke Energy Indiana, is hereby approved.

2. This Order shall be effective on and after the date of its approval.

BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR; ATTERHOLT ABSENT:

APPROVED: MAY 29 2013

I hereby certify that the above is a true and correct copy of the Order as approved.



**Brenda A. Howe
Secretary to the Commission**