

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS)
 POWER & LIGHT COMPANY FOR)
 APPROVAL OF: (1) AN ADJUSTMENT TO ITS)
 RATES THROUGH ITS APPROVED)
 ENVIRONMENTAL COMPLIANCE COST)
 RECOVERY ADJUSTMENT COMMENCING)
 WITH THE MARCH 2016 BILLING CYCLE; (2))
 MODIFICATION OF CLEAN ENERGY)
 PROJECT AND ASSOCIATED COST)
 ESTIMATE APPROVED IN CAUSE NO. 44242)
 TO REFLECT REFUELING OF HARDING)
 STREET STATION UNIT 7, INCLUDING)
 ACCOUNTING AND RATEMAKING)
 AUTHORITY TO RECOVER COSTS)
 INCURRED TO PRESERVE ONGOING)
 OPERATION OF HARDING STREET UNIT 7;)
 (3) PROPOSAL REGARDING TREATMENT OF)
 NET INVENTORY COSTS INCURRED IN)
 CONNECTION WITH HARDING STREET)
 STATION UNIT 7 REFUELING; AND (4))
 ONGOING REVIEW REPORTS,)
 CONSTRUCTION AND ASSOCIATED COSTS,)
 INCLUDING REVISION OF HARDING)
 STREET STATION UNITS 5, 6 AND 7)
 REFUELING COST ESTIMATES.)

CAUSE NO. 42170 ECR 26

APPROVED: FEB 24 2016

INTERIM ORDER OF THE COMMISSION

Presiding Officers:

David E. Ziegner, Commissioner

Jeffery A. Earl, Administrative Law Judge

On December 21, 2015, Indianapolis Power & Light Company (“IPL”) filed its Verified Petition and Request for Administrative Notice in this Cause. IPL also filed the direct testimony and exhibits of the following witnesses:

- Bradley D. Scott, Senior Vice President, Power Supply, for IPL;
- Angelique Collier, Director of Environmental Policy at AES US Services, LLC;
- Gregory J. Daeger, Director, Outage & Project Management for IPL’s Harding Street, Petersburg, and Eagle Valley Generating Stations;

- Thomas W. Moore, Project Construction Manager for the Mercury and Air Toxics Standards (“MATS”) Rule on IPL’s Environmental Compliance Construction Projects Team;
- Chris Migliaccio, Project Construction Manager for the National Pollution Discharge Elimination System (“NPDES”) Project on IPL’s Environmental Compliance Construction Projects Team;
- Richard Willis, Plant Leader of Maintenance at IPL’s Harding Street Station;
- Craig Forestal, Director of Regulatory Accounting at AES US Services, LLC; and
- James L. Cutshaw, Revenue Requirements Manager at IPL.

On January 22, 2016, IPL and the Indiana Office of Utility Consumer Counselor (“OUCC”) filed a Stipulation and Agreement as to Procedural Schedule and Request for Interim Order on Less Than All the Issues (“Motion”). The Motion requested that the Commission conduct a preliminary hearing to receive evidence supporting approval of interim Environmental Compliance Cost Recovery Adjustment (“ECCRA”) factors, and set a procedural schedule to consider the full relief requested by IPL in this Cause. On February 2, 2016, the Presiding Officers issued a docket entry establishing the procedural schedule in this matter consistent with the Motion. On January 27, 2016, IPL filed the supplemental direct testimony, attachments and workpapers of Mr. Cutshaw supporting the interim ECCRA factors.

The Commission held a preliminary Evidentiary Hearing in this Cause at 10:30 a.m. on February 11, 2016, in Hearing Room 224, 101 W. Washington Street, Indianapolis Indiana, on IPL’s proposed interim ECCRA factors. IPL and the OUCC appeared at and participated in the hearing and IPL’s request for administrative notice was granted. No members of the public appeared.

Based on the applicable law and the preliminary evidence presented, the Commission finds:

1. Commission Jurisdiction and Notice. Notice of the preliminary evidentiary hearing in this Cause was given and published by the Commission as required by law. IPL is a *public utility* as that term is defined in Ind. Code §§ 8-1-2-1(a). Under Ind. Code §§ 8-1-2-6.6 and 8-1-2-6.8 and Ind. Code chs. 8-1-8.7 and 8-1-8.8, the Commission has jurisdiction over a public utility’s cost recovery related to the use of clean coal technology. Therefore, the Commission has jurisdiction over IPL and the subject matter of this Cause.

2. IPL’s Characteristics. IPL is a corporation organized and existing under the laws of the State of Indiana, with its principal office at One Monument Circle, Indianapolis, Indiana. IPL renders electric public utility service in the State of Indiana and owns, operates, manages, and controls, among other things, plant and equipment within the State of Indiana used for the production, transmission, delivery, and furnishing of such service to the public.

3. Proposed Interim ECCRA Factors. Mr. Cutshaw testified that IPL and the OUCC have agreed that IPL should be permitted to implement ECCRA factors on an interim basis beginning with the March 2016 billing cycle, pending a final Commission order on all of the issues in IPL’s case-in-chief. The agreed interim ECCRA factors are based on IPL’s proposed ECCRA factors filed on December 21, 2015, modified to remove the proposed amortization over ten years

of approximately \$4.234 million in costs IPL incurred to preserve the ongoing operation of Harding Street Station Unit 7 in accordance with the compliance project approved in Cause No. 44242.

Mr. Cutshaw explained how the interim ECCRA factors were calculated and sponsored interim schedules showing the interim ECCRA factors. IPL will true-up the interim factors to the final factors approved in this proceeding and will reconcile the difference between the authorized revenue requirement in the final order and the actual revenues collected as part of the normal reconciliation process for ECR.

Mr. Cutshaw also sponsored a copy of the interim tariff sheet reflecting the interim ECCRA factors. He said that an average residential customer using 1,000 kWh per month will experience an increase of \$3.30 relative to the ECCRA factor and basic rates and charges currently in effect.

4. Approval of Interim ECCRA Factors. Attachment CF-3 (INTERIM) to Petitioner's Exh. 8-S proposed the following interim ECCRA rate for each customer class:

\$0.013840	per KWH for Rates RS, CW (with associated Rate RS service)
\$0.021120	per KWH for Rates SS, SH, OES, UW, CW (with associated Rate SS service)
\$0.009976	per KWH for Rate HL
\$0.012231	per KWH for Rates SL, PL, PH

Based on the evidence provided, we find that IPL has complied with the rules and procedures applicable to its request for approval of interim ECCRA factors, including the requirements of 170 IAC 4-6 and our subsequent orders regarding the ECCRA. We find that the proposed interim ECCRA Adjustments were properly calculated and comply with the provisions of the Cause Nos. 42170 ECR 19 and 44242 Settlement Agreements. Therefore we approve the interim ECCRA, effective for the first billing cycle of March 2016. IPL shall reconcile the approved interim factors to the final factors approved in the final order in this Cause.

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

1. IPL's proposed rate adjustments in its ECCRA are approved on an interim basis subject to reconciliation with the final factors approved in the final order in this Cause.

2. Pursuant to 170 IAC 4-6-21 and Ind. Code § 8-1-8.8-11(a)(5), IPL shall add the approved return on its environmental compliance property to its net operating income authorized by the Commission for the purposes of Ind. Code §§ 8-1-2-42(d)(2) and 8-1-2-42(d)(3) in all subsequent Fuel Adjustment Charge proceedings. However, for purposes of computing the authorized net operating income for Ind. Code §§ 8-1-2-42(d)(2) and 8-1-2-42(d)(3), the jurisdictional portion of the increased return shall be phased-in over the appropriate period of time that IPL's net operating income is affected by this earnings modification resulting from the Commission's approval of this ECCRA.

3. Prior to implementing the authorized rates, IPL shall file the applicable rate schedules under this Cause for approval by the Commission's Energy Division. The rate schedule should reflect the approved ECCRA rate adjustments contained in Attachment CF-3 (INTERIM) to Petitioner's Exh. 8-S.

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

STEPHAN, MAYS-MEDLEY, HUSTON, WEBER, AND ZIEGNER CONCUR:

APPROVED: FEB 24 2016

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



**Shala M. Coe
Acting Secretary to the Commission**