ORIGINAL

Commissioner	Yes	No	Not Participating
Swinger			√
Bain	√		
Deig	√		
Jerrells	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY D/B/A AES INDIANA FOR APPROVAL OF REGIONAL TRANSMISSION ORGANIZATION ("RTO") ADJUSTMENT FACTORS FOR ELECTRIC SERVICE FOR THE BILLING MONTHS OF NOVEMBER 2026 THROUGH OCTOBER 2027.	**CAUSE NO. 44808 RTO 10** **APPROVED: OCT 28 2026**

ORDER OF THE COMMISSION

Presiding Officers:
Joby D. Jerrells, Commissioner
Jon D. Williams, Administrative Law Judge

On July 30, 2026, Indianapolis Power & Light Company d/b/a AES Indiana ("AES Indiana" or "Petitioner") filed its Verified Petition with the Indiana Utility Regulatory Commission ("Commission") for approval of a rate adjustment to be reflected in its Standard Contract Rider No. 26 (Regional Transmission Organization ("RTO") Adjustment) to be made effective commencing with the November 2026 billing cycle or the first full billing cycle following the Commission's Order.

Also on July 30, 2026, AES Indiana filed its case-in-chief with the Commission, which consisted of the verified testimony and attachments of Shelby E. Leisz, Manager, Utility Regulatory Strategy and Transformation, for AES Indiana, and Cory R. Sullivan, Manager in the Regulatory Accounting department at AES U.S. Services, LLC. [1]

The Indiana Office of Utility Consumer Counselor ("OUCC") filed its case-in-chief on September 18, 2026, which consisted of the testimony of Kaleb G. Lantrip, Senior Utility Analyst in the OUCC's Electric Division. AES Indiana filed its notice of intent not to file rebuttal testimony on September 24, 2026.

The Commission set this matter for an evidentiary hearing to be held on October 19, 2026, at 9:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner and the OUCC participated in the evidentiary hearing, by counsel, at which the testimony and exhibits of Petitioner and the OUCC were admitted into the record without objection.

[1] AES Indiana filed revisions to Ms. Leisz's direct testimony on August 27, 2026.

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

1. Notice and Jurisdiction. Notice of the hearing in this Cause was given and published as required by law. AES Indiana is a public utility as that term is defined by Ind. Code § 8-1-2-1(a) and an energy utility as defined in Ind. Code § 8-1-8.4-3. Under Ind. Code § 8-1-2-42, the Commission has jurisdiction over changes to AES Indiana's rates and charges for utility service, including its RTO adjustments. Therefore, the Commission has jurisdiction over AES Indiana and the subject matter of this proceeding.

2. Petitioner's Characteristics. AES Indiana is a public utility corporation organized and existing under Indiana law with its principal office and place of business at One Monument Circle, Indianapolis, Indiana. AES Indiana renders retail electric utility service to approximately 533,000 retail customers located principally in and near Indianapolis, and in portions of the following Indiana counties: Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Owen, Putnam, and Shelby. AES Indiana owns and operates electric generating, transmission and distribution plant, property, and equipment, and related facilities, which are used and useful for the convenience of the public in the production, transmission, delivery, and furnishing of electric energy, heat, light, and power.

3. Background and Relief Requested. In the Order in Cause No. 44576 ("44576 Order"), the Commission approved AES Indiana's proposed Standard Contract Rider No. 26 (RTO Adjustment). The 44576 Order (at p. 79) authorized AES Indiana's use of the RTO Adjustment to timely recover the excess or deficit of an estimate of Midcontinent Independent System Operator, Inc. ("MISO") non-fuel costs and credits ("NFC"), net of revenues, which are billed pursuant to MISO tariffs, compared to the net NFC embedded in base rates.

In the Order in Cause No. 45029 ("45029 Order"), the Commission approved two modifications to the RTO Adjustment. The first modification changed the base amount of MISO NFC and revenues used to calculate the RTO charge or credit on the tariff. The second modification, based upon the cost-of-service study, is that one factor would be calculated for those Large Commercial and Industrial ("C&I") customers taking service at secondary voltage (Rates SL and PH) and another for those Large C&I customers taking service at primary voltage or higher (Rates PL and HL). Prior to that modification, one factor was calculated for Rate HL and another was calculated for the remaining Large C&I rates. In Cause No. 45911, the Commission approved changing the base amount of MISO non-fuel costs and revenues used to calculate the RTO charge or credit on the tariff to $35.793 million and $4.376 million ($3.623 million MISO Transmission Revenue plus $0.753 million of BA Credits), respectively.

In the Order in Cause No. 46258 ("46258 Order"), AES Indiana's most recent rate case, the Commission approved changing the base amount of MISO non-fuel costs and revenues used to calculate the RTO charge or credit on the tariff to $33.2 million and $4.4 million ($3.6 million of MISO Transmission Revenue plus $0.8 million of BA Credits) respectively.

In this proceeding, Petitioner requests Commission approval of revised RTO Adjustment factors for the billing months of November 2026 through October 2027 ("Forecast Period"). AES

Indiana is seeking to recover: (1) its estimated MISO NFC, net of revenues, which exceed amounts included in base rates for the billing cycles of November 2026 through October 2027; and (2) a reconciliation of actual MISO NFC, net of revenues, for the period of May 2025 through April 2026.

4. Commission Discussion and Findings.

A. Charges Recovered through the RTO Adjustment. Ms. Leisz explained that recoverable MISO NFC include but are not limited to the following:

Description	FERC Account
Schedule 10 – ISO Cost Recovery Adder and Schedule 10 – Federal Energy Regulatory Commission ("FERC") annual charges recovery, or any successor provisions, of the Open Access Transmission and Energy Markets Tariff for the MISO ("MISO TEMT"), or any successor tariff	565
Schedule 16 – Financial Transmission Rights Administrative Service Cost Recovery Adder, or successor provision, of the MISO TEMT, or any successor tariff	575.3
Schedule 17 – Energy and Operating Reserve Markets Market Support Administrative Cost Recovery Adder, or successor provision, of the MISO TEMT, or any successor tariff	575.2
Schedule 24 – Control Area Operator Cost Recovery, or successor provision, of the MISO TEMT, or any successor tariff	561.2
Schedule 26 – Network Upgrade Charge from MISO Transmission Expansion Plan, or any successor tariff	566
Schedule 26-A – Real-Time MVP Distribution Amount, or any successor tariff	566
Costs that are not otherwise recovered by MISO through other charges and are socialized for recovery from all market participants including AES Indiana ("uplift costs"), including the Real-Time Revenue Neutrality Uplift Amount, and Real-Time Miscellaneous Amount billed by MISO	557 561.4
Contestable Revenue Sufficiency Guarantee over the benchmark	557
Schedule 2 & 11 transmission expenses	565
Schedule 10-FERC - MISO FERC fees	928
Real-Time Schedule 49 cost distribution	557
Jurisdictional MISO transmission revenues (which exclude Schedule 26 revenues deemed non-jurisdictional).	456
Schedule 24 Balancing Authority credits	456

Ms. Leisz testified she was not aware of any significant modifications to any non-fuel MISO charges, credits, or revenues that may have impacted either the forecast or the reconciliation period for this filing. She said as noted in RTO-9, the Pike Project Battery Energy Storage System is operating in the MISO market as expected and any related project transmission costs (and corresponding AES Indiana revenues) are included in MISO Schedule 1 (Scheduling, System

Control, and Dispatch Service), Schedule 9 (Transmission Service), Schedule 10 (Other ISO Operating Costs), Schedule 26 and Schedule 26C per the tariff. She explained AES Indiana has transitioned to a Forward-Looking Attachment O with billing beginning June 1, 2026.[2] She stated this does not impact the Forecast Period due to the fact the Attachment O true-up mechanism will capture any difference in forward-looking to actuals included in the subsequent RTO-11 reconciliation period. She testified that while this is a change, AES Indiana does not anticipate any impact to non-fuel MISO charges, credits, or revenues.

Mr. Lantrip testified AES Indiana followed the Revenue Sufficiency Guarantee Benchmark methodologies as approved in Cause No. 43664. Mr. Lantrip further stated AES Indiana provided workpapers supporting its calculation of actual and forecasted Schedule 26 charges for projects approved by MISO. He also indicated additional MISO Transmission Expansion Program ("MTEP") project information was provided by AES Indiana for the in-service projects for which AES Indiana has received approval from MISO. He testified regarding AES Indiana's Targeted Market Efficiency Project ("TMEP") project and said revenues related to the project were billed starting June 2023. He explained AES Indiana treated such revenues as non-jurisdictional, consistent with other cost-shared MISO projects.

Based on the evidence of record, we find AES Indiana's accounting and ratemaking treatment of Schedule 26-C TMEP projects is reasonable. Accordingly, we find the costs and revenues identified by Petitioner for recovery through the RTO Adjustment are reasonable and appropriate for recovery through the RTO Adjustment.

B. <u>Forecasted RTO Costs and Revenues</u>. Ms. Leisz testified regarding the process used to determine budgeted and forecasted information. She explained that for Schedule 26 and 26-A charges, the estimates are based on data found in the MTEP for charges by other market participants applicable to AES Indiana, plus estimates of the portion of AES Indiana's MTEP cost-shared projects that are allocable to AES Indiana. She stated that for the remaining charges, credits, and revenues, AES Indiana looks at historical information and prior forecasts and incorporates known or expected changes in developing the annual budget. She explained that during the calendar year, AES Indiana reviews current activity to determine if changes need to be made to the budgeted and forecasted amounts. Based on updated information provided by MISO, AES Indiana updated the budgeted amounts for the MTEP charges billed under Schedules 26 and 26-A.

Ms. Leisz described the two MISO MTEP cost-shared projects for which AES Indiana receives non-jurisdictional Schedule 26 revenues. She stated AES Indiana does not have any cost-shared Multi Value Projects, and therefore, does not receive any Schedule 26-A revenues. She explained AES Indiana has one MISO MTEP cost-shared project that receives Schedule 26-C TMEP revenues. Ms. Leisz said MISO approved a project to upgrade terminal equipment for the Gibson-Petersburg 345 kV line, which was completed in June 2021 at a total cost of $4.5 million. She stated that revenues related to this project were billed starting in June 2023 and that AES Indiana will treat such revenues as non-jurisdictional, consistent with its other cost-shared MISO projects and also consistent with approval granted to Northern Indiana Public Service Company in Cause No. 44156 RTO 13. Ms. Leisz noted that transmission plant additions and associated costs

[2] FERC Docket ER25-3070-005.

for MISO cost-shared projects determined to be non-jurisdictional will continue to be excluded from the jurisdictional revenue requirement in AES Indiana's general rate cases.

The amount of forecasted NFC costs included in this proceeding is $41,879,255, which when reduced by the embedded amount approved in Cause No. 46258 of $33,172,000, results in net NFC costs of $8,707,255, as shown on Petitioner's Exhibit 1, Attachment CRS-1, Schedule 2, line 15. As shown on Pet. Ex. 1, Attachment CRS-1, Schedule 3, Petitioner forecasted MISO Jurisdictional Revenues of $2,595,344, which are $983,656 less than the $3,579,000 embedded in base rates in Cause No. 46258. Combined with a $206,838 shortfall in forecasted Balancing Authority Credits of $566,162 relative to the $773,000 embedded amount, this results in net MISO Jurisdictional Revenues and Credits under base of $1,190,494, as shown on Pet. Ex. 1, Attachment CRS-1, Schedule 3, line 16.

Thus, based on the evidence of record, we find Petitioner's forecasted net NFC and net MISO jurisdictional revenues are reasonable and should be included in the RTO Adjustment factors during the billing months of November 2026 through October 2027.

C. Reconciliation of Prior Periods. Mr. Sullivan explained that this proceeding includes the reconciliation of actual MISO NFC, net of revenues, for the 12-month period ended April 30, 2026. Mr. Sullivan discussed in detail the calculation of the current under/over recovery balance to be included in the current RTO determination. As shown on Petitioner's Exhibit 1, Attachment CRS-1, Schedule 4, line 5, the prior period variance included in this proceeding is an under-collection of $14,973,986. The OUCC did not dispute this calculation.

Based on the evidence of record, we find that Petitioner properly included an under-recovery from prior periods of $14,973,986 for recovery through the RTO Adjustment factors during the billing months of November 2026 through October 2027.

D. Allocation of Costs. Ms. Leisz testified the rate schedule allocation percentages are used to determine the portion of the RTO Adjustment applicable to each Rate Schedule. She explained the percentage for each Rate Schedule applicable for MISO NFC on and after May 9, 2024, is based upon the demand allocators developed in the cost-of-service study in Cause No. 45911.Similarly, the percentage for each Rate Schedule on and after July 27, 2026 is based upon the demand allocators developed in the cost-of-service study in Cause No. 46258. Based on the record of evidence, we find that Petitioner used the appropriate allocation percentages for the RTO Adjustment factors applicable during the billing months of November 2026 through October 2027.

E. Resulting RTO Adjustment Factors. Petitioner's Exhibit 1, Attachment CRS-1, Schedule 1 shows that the RTO revenue requirement, after consideration of the prior period reconciliation, is $24,871,735 ($8,707,255 forecasted Net MISO Costs, a charge of $1,190,494 in Net MISO Revenues and Charges, both net of the amount included in AES Indiana's base rates, plus the $14,973,986 prior period variance). Mr. Lantrip testified that the OUCC does not oppose AES Indiana's request to update its RTO factors for the billing period of November 2026 through October 2027.

Based on the evidence presented and our discussion above, we find Petitioner has properly calculated its proposed RTO Adjustment factors. We further find Petitioner's proposed RTO Adjustment factors are reasonable and are therefore approved. Petitioner's Exhibit 1, Attachment CRS-1, Schedule 1 sets forth the proposed RTO Adjustment Factors for each customer class as follows:

RTO Adjustment Factors

	Residential	**C&I – Small**	**C&I – Large**	**C&I - Large**	**Lighting**
Rate Schedule	RS, CW, EVX	SS, SH, OES, UW, CW, EVX	PL, HL	SL, PH, EVX	MU-1, APL
RTO Adjustment Factor per kWh	$0.002045	$0.001996	$0.001583	$0.001698	$0.000857

In accordance with the methodology approved by the Commission in the 46258 Order, we find AES Indiana is authorized to apply its requested RTO Adjustment factors for all bills rendered for electric service beginning with the first billing cycles of the November 2026 billing month or the first full billing cycle following the Commission's Order. Such factors shall remain in effect until superseded by subsequent factors.

F. Effect on Customers. The record shows a residential customer using 1,000 kWh per month will experience an increase of $1.09 or 0.67% per month as compared to the factor approved in the Cause No. 46258 Phase 1 compliance filing. Pet. Ex. 1 at 8.

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

1. AES Indiana is authorized to implement its requested RTO Adjustment factors.

2. Prior to implementing the rates, AES Indiana shall file the tariff and applicable rate schedules under this Cause for approval by the Commission's Energy Division. Such rates shall be effective on or after the order date subject to Energy Division review and agreement with the amounts reflected.

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

BAIN, DEIG, JERRELLS, AND ZIEGNER CONCUR; SWINGER ABSENT:

APPROVED: OCT 28 2026

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

Regina K Joyner Digitally signed by Regina K Joyner Date: 2026.10.28 11:04:56 -04'00' on behalf of

Dana Kosco
Secretary of the Commission