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

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

| | | |
|---|---|---|
| PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY, D/B/A AES INDIANA, AN INDIANA CORPORATION, FOR AUTHORITY TO (1) ISSUE FIXED OR VARIABLE RATE SECURED OR UNSECURED LONG-TERM DEBT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $1,500,000,000; (2) ENTER INTO CAPITAL LEASE OBLIGATIONS IN AN AGGREGATE AMOUNT OUTSTANDING AT ANY ONE TIME NOT TO EXCEED $50,000,000; (3) ENTER INTO AND USE LONG-TERM CREDIT AGREEMENTS AND LIQUIDITY FACILITIES PROVIDING ACCESS TO BORROWINGS AND OTHER FORMS OF LIQUIDITY IN AN AGGREGATE AMOUNT OUTSTANDING THEREUNDER AT ANY ONE TIME NOT TO EXCEED $1,250,000,000; (4) EXECUTE AND DELIVER ONE OR MORE SUPPLEMENTAL INDENTURES TO ITS MORTGAGE AND DEED OF TRUST DATED AS OF MAY 1, 1940 AS SUPPLEMENTED AND AMENDED, FOR THE PURPOSE OF CREATING OR SECURING ANY NEW SERIES OF FIRST MORTGAGE BONDS; (5) EXECUTE AND DELIVER PROMISSORY NOTES, LOAN AGREEMENTS AND OTHER DOCUMENTS EVIDENCING THE LONG-TERM DEBT AUTHORIZED HEREIN; (6) ENTER INTO INTEREST RATE RISK MANAGEMENT TRANSACTIONS IN CONNECTION WITH ITS OBLIGATIONS CURRENTLY OUTSTANDING AND AS PROPOSED TO BE ISSUED HEREIN, THROUGHOUT THE LIFE OF THE UNDERLYING OBLIGATIONS; (7) APPLY THE NET CASH PROCEEDS FROM THE SALE OF SUCH LONG-TERM DEBT, AFTER PAYMENT OF EXPENSES INCURRED IN CONNECTION THEREWITH, TO RETIRE, REFUND OR REDEEM CERTAIN SERIES OF ITS OUTSTANDING INDEBTEDNESS, TO REIMBURSE ITS TREASURY, REPAY SHORT-TERM BORROWINGS, AND FINANCE ITS CONSTRUCTION PROGRAM. | ) | **CAUSE NO. 46369**<br><br>**APPROVED: SEP 02 2026** |

## ORDER OF THE COMMISSION

**Presiding Officers:**
**Joby D. Jerrells, Commissioner**
**Steve Henke, Administrative Law Judge**

On February 13, 2026, Indianapolis Power & Light Company d/b/a AES Indiana ("AES Indiana" or "Petitioner") filed its Verified Petition in this Cause seeking authority through December 31, 2029 for its proposed financing program ("Proposed Financing Program"), together with its pre-filed case-in-chief evidence. On March 25, 2026, AES Indiana filed an Amended Petition.

On May 6, 2026, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the direct testimony of Thomas W. Malan, a Utility Analyst in its Electric Division. On May 13, 2026, AES Indiana filed its Notice of Intent Not to File Rebuttal Testimony and Acceptance of OUCC's Proposed Conditions.

The Indiana Utility Regulatory Commission ("Commission") held an Evidentiary Hearing on June 1, 2026 at 2:30 p.m. in Room 222 of the PNC Center in Indianapolis, Indiana. AES Indiana and the OUCC participated by counsel, and the Presiding Officers admitted their respective evidence without objection.

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

**1.** **Notice and Jurisdiction.** Notice of the evidentiary hearing was published as required. Petitioner is a "public utility" as defined in Ind. Code § 8-1-2-1(a). Under Indiana Code §§ 8-1-2-76 through 8-1-2-81, the Commission has jurisdiction over Petitioner's issuance of any stocks, certificates of stocks, bonds, and debt. Therefore, the Commission has jurisdiction over Petitioner and this Cause.

**2.** **Petitioner's Characteristics.** AES Indiana is an Indiana corporation with its principal office at One Monument Circle, Indianapolis, Indiana. AES Indiana owns and operates electric generating, transmission and distribution plant, property, equipment, and related facilities, which are used and useful for the convenience of the public in the production, transmission, delivery, and furnishing of utility service.

**3.** **Relief Requested.** AES Indiana's Proposed Financing Program echoes the structure of its financing request granted by the Commission in Cause No. 45954, on February 29, 2024. In this Cause, AES Indiana requests authority to (1) issue fixed or variable rate secured or unsecured long-term debt in an aggregate principal amount not to exceed $1,500,000,000; (2) enter into Capital Lease obligations in an aggregate amount outstanding at any one time not to exceed $50,000,000; (3) enter into and use long-term Credit Agreements and liquidity facilities providing access to borrowings and other forms of liquidity in an aggregate amount outstanding thereunder at any one time not to exceed $1,250,000,000; (4) execute and deliver one or more Supplemental Indentures to its mortgage and deed of trust dated as of May 1, 1940 as supplemented and amended, for the purpose of creating or securing any new series of First Mortgage Bonds; (5) execute and deliver promissory notes, loan agreements, and other documents evidencing the long-term debt authorized herein; (6) enter into interest-rate risk-management transactions for the life of its current, outstanding obligations as proposed; (7) apply the net cash proceeds from the sale of such long-term debt, after payment of expenses incurred in connection therewith, to retire, refund or redeem certain series of its outstanding indebtedness, to reimburse its treasury, repay short-term borrowings, and finance its construction program.

**4.** **Petitioner's Evidence.** In support of the Petition, Petitioner filed the direct testimony and attachments of Dustin J. Illyes, Treasurer of AES US Services, LLC, a company serving Petitioner.

Mr. Illyes testified that AES Indiana would use up to $1,500,000,000 in debt, primarily, to finance its construction program. This includes needed, prudent capital expenditures for generation, transmission, distribution, aging or retiring facilities, or overall performance. Per Mr. Illyes, AES Indiana may use debt authority to retire or refinance existing long-term debt, or to reimburse its treasury for capital acquisitions or expenditures. Mr. Illyes added that AES Indiana may still request additional authority from this Commission before the expiration of its Proposed Financing Program, if needed based on future construction or environmental needs.

Mr. Illyes testified that, within 30 days of each issuance of long-term debt financing under the authority sought in the Petition in this Cause, AES Indiana will file a compliance filing with the Commission. Each such compliance filing will include:

(1) the amount of the issuance,

(2) a description of the terms and intended purpose,

(3) the type of financing,

(4) the estimated effective interest rate (incorporating the effects of issuance expenses on the interest rate),

(5) a pro forma balance sheet (reflecting the reported financing by adjusting the most recently available quarterly balance sheet by adding the debt issuance obligation amount to debt outstanding, and adding the net proceeds from the debt to available cash), and

(6) if the purpose of the reported issuance is to refinance existing debt, the filing must describe the debt being refinanced (that is, at minimum, the amount, interest rate, and maturity date for the to-be-refinanced debt, and all redemption costs involved in refinancing).

In addition, AES Indiana will provide updated current interest rate market pricing conditions at the OUCC's request.

Mr. Illyes explained that the long-term debt financing within AES Indiana's Proposed Financing Program could take many forms, as secured or unsecured debt and with fixed or variable interest rates in either taxable or tax-exempt markets—all of which must not exceed $1,500,000,000 in an aggregate principal amount. If AES Indiana issues secured debt, it would use the form of First Mortgage Bonds created and issued under one or more Supplemental Indentures to its Mortgage and Deed of Trust dated as of May 1, 1940, and would have characteristics approved by AES Indiana's Board of Directors of AES Indiana consistent with the terms and provisions of the Mortgage and such Supplemental Indentures. Financing agreements or related forms for unsecured debt would share many characteristics with First Mortgage Bonds, except for the security provided, per Mr. Illyes.

All financing agreements, loan agreements, trust indentures, and related documents under the Proposed Financing Program would be subject to approval by the AES Indiana's Board of Directors before execution and consummation of such financing. Each series of new AES Indiana debt would be due and payable not less than 12 months and not more than 60 years after issuance. Mr. Illyes testified the interest rate on the long-term debt should represent market pricing and must not exceed then-obtainable rates for similar securities. Additionally, for any fixed-rate debt, the credit spread must not exceed the yield to maturity on similarly mature U.S. Treasury bonds at the time of pricing by more than 500 basis points. For any variable-rate debt, the credit spread must not exceed the relevant benchmark U.S. Treasury rate by more than 500 basis points.

Mr. Illyes explained AES Indiana's choices between fixed or variable debt financing. Under the Proposed Financing Program, AES Indiana's Board of Directors would determine the proposed terms and conditions, which, per Mr. Illyes, would continue AES Indiana's tradition of prudent financial management and provide helpful flexibility.

Mr. Illyes explained that, as of September 30, 2025, AES Indiana held no long-term, variable-rate debt. As of September 30, 2025, AES had two short-term, variable-rate debts: a credit agreement with no outstanding balance, and a $300 million term loan. Mr. Illyes explained other financing options or treatment AES Indiana could elect under the Proposed Financing Program, such as tax-exempt financing, variable-rate debts, interest rate risk management transactions, and other transitory, alternatives offered by financial markets.

Mr. Illyes also described how AES Indiana proposes to treat issuance costs, premiums, unamortized issuance expense, and discount expense associated with the Long-Term Debt Financing.

Mr. Illyes also described AES Indiana's request to enter Capital Lease ("Lease") obligations in an aggregate amount at any time outstanding not to exceed $50,000,000, for terms not to exceed sixty years.

He also described AES Indiana's request to enter into and use long-term credit agreements and liquidity facilities in the aggregate amount outstanding thereunder at any one time not to exceed $1,250,000,000 that provide for, among other things, the issuance of unsecured promissory notes, evidences of indebtedness, letters of credit, and liquidity for variable-rate obligations (together, "multi-year credit facilities"). He testified that AES Indiana seeks authority to enter into multi-year credit facilities with terms not to exceed five years from the date of execution of the agreement and added that a multi-year credit facility provides AES Indiana with consistent, structured, committed capital for its short-term liquidity needs without the need to renew each facility on an annual basis. If approved through December 31, 2029 as part of the Proposed Financing Program, these multi-year credit facilities would expire on or before December 31, 2034. AES Indiana seeks authority for multi-year credit facilities as a common authority within the utility industry, a needed flexibility for changes to market conditions, and a cancellable obligation without prepayment penalties.

Mr. Illyes testified that AES Indiana seeks authority for liquidity facilities it finds appropriate for any variable rate First Mortgage Bonds or unsecured notes incorporating a liquidity facility (in addition to the standalone agreements discussed above), or throughout the term of an underlying variable rate obligation. Mr. Illyes also noted AES Indiana's intent to amortize all costs associated with entering into long-term Credit Agreements and liquidity facilities straight-line over the life of the agreements.

Mr. Illyes testified that AES Indiana's fair value of its net utility plant exceeds both its net original cost and its total capitalization. Specifically, as of September 30, 2025, AES Indiana valued its total net property, plant, and equipment at $5,804,911,000, AES Indiana carried $3,046,788,000 in long-term debt (including unamortized net discounts and deferred financing costs, but excluding current portion of long-term debt). AES Indiana shareholders had $2,555,041,000 in equity (common stock, retained earnings, and premiums on preferred stock).

**5. <u>The OUCC's Evidence</u>.** OUCC witness Malan presented his analysis of AES Indiana's requested relief. Mr. Malan reiterated portions of AES Indiana's Proposed Financing Program and the applicable considerations. Mr. Malan recommended that the Commission grant AES Indiana's Proposed Financing Program, subject to the six, unopposed conditions mentioned in Mr. Illyes' testimony (though Mr. Malan omitted AES Indiana's commitment to provide updated current interest rate market pricing conditions at the OUCC's request).

Mr. Malan discussed the importance of the proposed reporting requirements. Mr. Malan testified that, based on AES Indiana's representations of the purposes of the debt, how the transactions will be booked, and with the reporting requirements ordered in this Cause, he has no objection to AES Indiana's proposed debt authority.

Mr. Malan testified that AES Indiana is not seeking preapproval of specific projects under Ind. Code § 8-1-2-23 in this Cause and that the OUCC expressly reserves its ability to challenge rate base additions AES Indiana requests because of funds authorized in this Cause. Mr. Malan discussed the time limitation on the borrowing authority and noted that AES Indiana does not seek approval of its capital structure in this case and continues to target a 50% long-term debt, 50% common equity structure.

**6. <u>Commission Discussion and Findings</u>.** The Commission investigates and decides public utilities' issuances of debts payable more than one year from execution under Ind. Code §§ 8-1-2-76 through 8-1-2-80. The Commission must determine whether proposed issuances are in the public interest, following the relevant law, and reasonably necessary in the operation and management of the utility's business so that the utility may provide adequate service and facilities.

Under Ind. Code § 8-1-2-78, a public utility may, with Commission approval, issue stock, certificates of stock, bonds, notes, or other debts payable at periods of more than one year for: (a) the acquisition of property, material, or working capital; (b) the construction, completion, extension or improvement of its facilities, plant or distribution system; (c) the improvement of its service; (d) the discharge or lawful refunding of its obligations; and (e) certain reimbursements of its treasury for money used for these purposes.

The evidence shows that AES Indiana's Proposed Financing Program contemplates each of the permissible purposes for issuing long-term debt. As noted above, Mr. Illyes testified that AES Indiana intends to use the financing for its construction program, and to invest in generation, transmission, distribution, or performance improvements. Contemplated expenditures include generation, additions, improvements and extensions to transmission and distribution lines, substations, power factor and voltage regulating equipment, distribution transformers, street lighting, power plant related projects, miscellaneous equipment, and retiring or refinancing existing long-term debt. AES Indiana will also use the Proposed Financing Program to reimburse its treasury for money spent to acquire property, material, or working capital. AES Indiana may request additional authority from this Commission for a proposed financing program before the authority requested under this Petition expires at the end of 2029, if its construction program or new environmental mandates necessitate financing when such costs are better known and estimable. The OUCC does not oppose the Proposed Financing Program. Based on the evidence submitted, the Commission finds that AES Indiana's Proposed Financing Program complies with the purpose requirements of Indiana Code § 8-1-2-78, is reasonably necessary in the operation and management of AES Indiana's business, and is in the public interest.

Regarding the terms and conditions within the Proposed Financing Program, AES Indiana proposes to issue and sell up to $1,500,000,000 in debt securities with flexibility in decision-making to account for fast, dramatic changes in market conditions and forecasts. AES Indiana will choose instruments to issue based on its judgment. Each series of new AES Indiana debt would be due and payable not less than 12 months and not more than 60 years after issuance. For any fixed-rate debt, the credit spread must not exceed the yield to maturity on similarly mature U.S. Treasury bonds at the time of pricing by more than 500 basis points. For any variable-rate debt, the credit spread must not exceed the relevant benchmark U.S. Treasury rate by more than 500 basis points. AES Indiana intends on hedging some debt risk with interest rate management transactions.

AES Indiana also seeks authority to enter Lease obligations in the aggregate amount outstanding at one time not to exceed $50,000,000. The amount financed under the Lease agreements—excluding transaction, add-on service, and support costs—is not expected to exceed the net capitalized cost of the appraised value of the underlying property or equipment, consistent with generally accepted accounting principles, per Mr. Illyes.

AES Indiana proposes using multi-year credit facilities in the aggregate amount outstanding at any one time of $1,250,000,000. The evidence suggests multi-year credit facilities provide a flexible solution for recurring short-term liquidity needs without the time and expense of annual renewals or shifting pricing grids and structures. Additionally, multi-year credit facilities may be a component of variable rate First Mortgage Bonds or unsecured note. Under the Proposed Financing Program, these multi-year credit facilities will expire on or before December 31, 2034.

Based on the evidence, AES Indiana's Proposed Financing Program will give it flexibility to obtain competitive market rates by balancing market conditions and risks with its long-term capital needs, to tailor the financial instruments' forms and terms to specific needs, and to have several methods to address market risks or needs. Accordingly, AES Indiana's Proposed Financing Program's approach to the terms and conditions is reasonable.

Under Indiana Code § 8-1-2-79, AES Indiana properly filed with the Commission a Verified Petition with adequate description of the Proposed Financing Program. The evidence shows that the Proposed Financing Program will not change AES Indiana's target capital structure, nor will AES Indiana's total capitalization exceed the fair value of its net utility plant.

While the OUCC does not oppose AES Indiana's Proposed Financing Program, the OUCC recommends adhering to the reporting requirements within the Proposed Financing Program. These conditions are reasonable.

The Commission, based on the law and evidence, approves AES Indiana's Proposed Financing Program, and authorizes AES Indiana to issue long-term debt, to enter into Lease obligations, and to enter multi-year credit facilities, as discussed in this Order. Additionally, the Commission authorizes AES Indiana to enter into interest rate risk management transactions. Petitioner's proposal with respect to the amortization, accounting, and ratemaking treatment applicable to issuance and interest rate risk management costs and the premiums and unamortized issuance and discount expenses associated with the redemption of debt issues, as identified above, is reasonable and is approved. The Commission further finds that a Certificate of Authority should be and is issued to AES Indiana, subject to the conditions outlined in this Order.

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

1. The Commission finds that Petitioner's Proposed Financing Program is in the public interest and is approved.

2. A Certificate of Authority is awarded to Petitioner for the issuance of securities, upon the terms and conditions, of the character, for the consideration, in the manner, and for the purposes set forth in this Order, including:

a. authority to issue from time to time over the period ending December 31, 2029, up to $1,500,000,000 in aggregate principal amount of fixed or variable rate secured or unsecured long-term debt in amounts and on terms consistent with Petitioner's Petition and this Order;

b. authority to execute and deliver promissory notes and other evidence of secured or unsecured indebtedness relating to such long-term debt, including, but not limited to, loan agreements, trust indentures and other documents entered into in connection with such long-term debt;

c. authority to enter into Capital Lease obligations in an aggregate amount not to exceed $50,000,000 outstanding at any time on terms consistent with Petitioner's Petition and this Order;

d. authority to enter into and use long-term credit agreements and liquidity facilities in the aggregate amount outstanding thereunder at any one time not to exceed $1,250,000,000, which credit agreements and liquidity facilities may provide for, among other things, the issuance of unsecured promissory notes, evidences of indebtedness, letters of credit and liquidity for variable interest rate obligations (which liquidity facilities may be contained within or separate from other credit agreements), on terms consistent with Petitioner's Petition and this Order;

e. authority, if long-term debt issued under this authority is secured, to execute and deliver Supplemental Indentures supplementing and amending the Mortgage to create new series of Mortgage Bonds and to specify their characteristics aligned under the terms and provisions of the Mortgage as described in Petitioner's Petition and this Order;

f. authority, to issue unsecured notes pursuant to a financing agreement or pursuant to a supplement to such financing agreement as described in Petitioner's Petition and this Order;

g. authority to execute interest rate risk management transactions as described in Petitioner's Petition and this Order;

h. authority to treat all costs incurred to redeem long-term debt that is refunded pursuant to the authority granted herein, unamortized issuance and discount expenses associated with such redeemed issues and the cost of interest rate risk management transactions as described in Petitioner's Petition and this Order; and

i. authority to use and apply the cash proceeds and account for the related costs arising from the issue and issuance of the long-term debt, and Capital Lease obligations as described in Petitioner's Petition and this Order.

3. This Order is the sole evidence of our approval and is a Certificate of Authority granted to AES Indiana under Ind. Code § 8-1-2-80.

4. Within 30 days after using any of the authority to issue new, long-term debt financing approved in this Order, Petitioner must file a report to the Commission under this Cause with a copy to the OUCC. As discussed in this Order, each such compliance filing must include the amount of the issuance, a description of the terms and intended purpose, the type of financing, the estimated effective interest rate, a pro forma balance sheet, and, for refinancing, details on the refinanced debt.

5. AES Indiana must provide updated, current interest rate market pricing conditions at the OUCC's request.

6. The authority granted in this Order (other than the accounting treatment authority granted herein) shall expire on December 31, 2029, if it has not been used by that date. However, Petitioner's authority to execute interest rate risk management transactions, long-term liquidity facilities, or other credit enhancements related to the financing transactions authorized in this Order will remain in effect throughout the life of the underlying obligations to mitigate interest rate risk associated with such securities.

7. The authority granted in this Order supersedes and replaces any authority from Cause No. 45954 that has not been used.

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

**SWINGER, BAIN, DEIG, JERRELLS, AND ZIEGNER CONCUR:**

**APPROVED: SEP 02 2026**

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

Dana Kosco Digitally signed by Dana Kosco
Date: 2026.09.02 10:11:00 -04'00'

**Dana Kosco**
**Secretary of the Commission**