

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

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

**PETITION OF INDIANAPOLIS POWER & LIGHT)
COMPANY D/B/A AES INDIANA FOR APPROVAL OF:)
(1) PROJECT REQUIRED PRIMARILY TO SERVE A)
LARGE LOAD CUSTOMER; (2) CUSTOMER-)
SPECIFIC ARRANGEMENTS UNDER IND CODE §§ 8-)
1-2-24 AND 8-1-2-25; (3) APPROVAL OF AN)
ALTERNATIVE REGULATORY PLAN; (4))
ASSOCIATED ACCOUNTING AND RATEMAKING)
AND (5) TO THE EXTENT NECESSARY, ISSUANCE)
OF AN ORDER PURSUANT TO IND. CODE § 8-1-2.5-5)
DECLINING TO EXERCISE JURISDICTION OVER)
THE JOINT VENTURES, INCLUDING THE PROJECT)
COMPANIES, AS PUBLIC UTILITIES.)**

CAUSE NO. 46394

APPROVED: OCT 07 2026

ORDER OF THE COMMISSION

Presiding Officers:

Bob Deig, Commissioner

Loraine L. Seyfried, Chief Administrative Law Judge

On April 22, 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”) requesting approval of a project to serve a large load customer and associated relief. On that same day, AES Indiana filed its prepared testimony and exhibits constituting its case-in-chief, as well as supporting workpapers.

On April 30, 2026, a docket entry was issued notifying Petitioner of deficiencies. AES Indiana filed an Amended Verified Petition on May 6, 2026, and AES Indiana’s petition was then considered complete.¹

Petitions to intervene were filed by Citizens Action Coalition of Indiana, Inc. (“CAC”) on April 28, 2026 and by the AES Indiana Industrial Group (“IG”) on May 20, 2026. These petitions to intervene were granted by docket entries dated May 7, 2026 and May 28, 2026, respectively. A petition to intervene was filed by Autumn Sojka, Michael Sojka, Michael Skyles, Shannon Skyles, Leland Kinnett, Angela Kinnett, and Wytenbach Asset Trust (collectively, “Residential and Property Owners”) on June 10, 2026. On June 15, 2026, AES Indiana filed its objection to this petition to intervene. The Residential and Property Owners did not file a reply. This petition to intervene was granted subject to the conditions set forth by docket entry dated June 25, 2026. The

¹ Pursuant to Ind. Code § 8-1-7.9-24(b), the 150-day deadline for issuance of an order in this Cause is October 3, 2026. However, in its proposed procedural schedule, AES Indiana stipulated to an October 7, 2026 deadline to align with the Commission’s Conference schedule.

OUCC and intervenors CAC and IG prefiled their respective testimony and exhibits on June 17, 2026, and AES Indiana prefiled its rebuttal testimony and exhibits on July 17, 2026.

The Commission commenced an evidentiary hearing in this Cause on August 5, 2026, at 10:30 a.m. in Room 222 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. Petitioner, OUCC, and intervenors appeared and participated in the hearing by counsel and the prefiled evidence of Petitioner, OUCC, IG, and CAC was admitted into the record without objection.

The Commission, based upon the applicable law and evidence of record, now finds as follows:

1. Notice and Jurisdiction. Notice of the hearing in this Cause was given and published by the Commission as required by law. AES Indiana is a “public utility” within the meaning of that term as used in Ind. Code § 8-1-2-1. AES Indiana is also an “energy utility” as defined in Ind. Code § 8-1-7.9-7, an “energy utility” providing “retail energy service” as defined in Ind. Code §§ 8-1-2.5-2 and -3, and an “eligible business” as defined in Ind. Code § 8-1-8.8-6. Under Ind. Code §§ 8-1-7.9-22 through -26, the Commission has jurisdiction over the approval of a project to serve a large load customer. Under Ind. Code §§ 8-1-2-24, -25 and Ind. Code § 8-1-7.9-26, the Commission has jurisdiction over the approval of customer-specific agreements. 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 renders electric service by means of electric production, transmission and distribution plant, as well as general property, equipment and related facilities, including office buildings, service buildings, and other property.

3. Relief Requested. AES Indiana is proposing to acquire, through subsidiaries, two stand-alone battery energy storage system (“BESS”) resources and a hybrid solar plus storage resource (“Generation and BESS Resources” or “Resources”) primarily to provide the requisite incremental energy and capacity to serve a subsidiary of Alphabet, Inc. (“Customer”) at its planned data center site in Monrovia, Indiana (“Monrovia Project” or “Project”) under the Electric Service Agreement (“ESA”) between AES Indiana and the Customer.

AES Indiana seeks approval of the Monrovia Project, including the Project Costs, Membership Interest Purchase and Project Development Agreements (“MIPAs”), Joint Venture structures between an AES Indiana subsidiary and one or more tax equity partners, and the use of Contracts for Differences (“CfDs”) between AES Indiana and the Project Companies (“ProjectCo”). Petitioner also seeks approval of the Construction Service Agreement (“CSA”), ESA, and Temporary Service Agreement (“TSA”) between AES Indiana and Customer. Petitioner further requests accounting and ratemaking relief, including approval of an alternative regulatory

plan (“ARP”). Finally, AES Indiana requests that the Commission decline to exercise its jurisdiction over ProjectCo and, to the extent necessary, the Joint Ventures.

4. Petitioner’s Case-in-Chief. In support of its requested relief, Petitioner provided the written testimony of the following eight witnesses:

- Gustavo Garavaglia, Chief Executive Officer of IPALCO Enterprises, Inc. and AES Indiana and Chief Executive Officer of the US Utilities
- Melanie Raney, AES US Services Senior Manager, Mergers & Acquisitions and Business Development
- Robert J. Lee, Vice President, CRA International d/b/a Charles River Associates, Inc.
- Patrick Maguire, AES Indiana Vice President, Commercial
- Chad A. Rogers, AES Indiana Director, Regulatory Affairs
- Matthew D. Fields, AES US Services Director, Asset Management
- Nicholas M. Miller, AES US Services Director, Tax for AES US Utilities
- Bickey Rimal, Vice President, Concentric Energy Advisors, Inc.

Mr. Garavaglia provided an overview of the Monrovia Project and the relief sought. He described and presented the CSA, ESA, and TSA between AES Indiana and Customer. He provided an overview of the Generation and BESS Resources included in the Monrovia Project and explained how they qualify as “clean energy projects” as defined in Ind. Code § 8-1-8.8-2. He described Petitioner’s proposed Joint Venture structures for the Generation and BESS Resources and the proposal to use CfDs for each of the Generation and BESS Resources. He provided an overview of how the Monrovia Project will support the provision of electric service consistent with the five pillars of electric service set forth in Ind. Code § 8-1-2-0.6 (“Five Pillars”) and discussed the statutorily required prefilings meetings.

Ms. Raney discussed the All-Source Request for Proposals (“RFP”) process and the RFP bid evaluation. She provided an overview of the Generation and BESS Resources, consisting of Foundry Works (a 200 megawatt (“MW”) BESS), Hardy Hills (a 130 MW BESS), and Crosstrack (a 130 MW solar facility coupled with a 130 MW BESS). She also presented the resource cost estimates that comprise the estimated Project Cost of \$737.3 million.

Mr. Lee provided additional information regarding the RFP process, including the analysis AES Indiana used to evaluate its various options and the process objectives and recommendations arising from the solicitation.

Mr. Maguire identified the capacity and energy requirements of the Customer. He further described the RFP process scoring methodology and results. He also outlined the process for calculating the incremental fixed and variable costs associated with serving the Customer. He

discussed how the Generation and BESS Resources included in the Monrovia Project support the Five Pillars and testified that these resources are required primarily to serve the Customer and designed to meet other customer demand or energy needs.

Mr. Rogers presented Petitioner's accounting and ratemaking proposals, including the proposed ARP. He also supported Petitioner's request for declination of jurisdiction over the ProjectCo and Joint Ventures.

Mr. Fields described the transmission infrastructure investments included in the Monrovia Project and associated cost estimates. He discussed the status of the interconnections for the Generation and BESS Resources and their associated costs. He explained how the transmission infrastructure included in the Monrovia Project supports the provision of service consistent with the resiliency, reliability, and stability characteristics of the Five Pillars. He also discussed AES Indiana's consideration of grid-enhancing technologies with respect to the Monrovia Project.

Mr. Miller described the structure and timing of AES Indiana's investment in the Generation and BESS Resources, including the tax benefits and Joint Venture structure that Petitioner expects will assist in reducing the overall costs for the benefit of AES Indiana's customers. He also discussed certain tax considerations relevant to the CfDs and the accounting AES Indiana will use for the tax equity financing.

Mr. Rimal described and presented the updated allocated cost-of-service study used to determine the embedded costs of serving the Customer and design rates that would be reasonable and appropriate for recovering the cost of serving the Customer. He explained that as an added protection for existing and future AES Indiana customers, the proposed rates have a minimum demand charge provision that ensures the incremental costs of serving the Customer are recovered even at the minimum demand level.

5. OUCC's Evidence. Brian A. Wright, Utility Analyst II in the OUCC Electric Division, presented his analysis regarding AES Indiana's proposed Monrovia Project and discussed the need for the Project based on AES Indiana's 2025 Integrated Resource Plan ("IRP"), which he testified shows the Project and associated transmission system upgrades would not be necessary without increased demand from the Customer. He testified that, based on AES Indiana's representation that, at the minimum contractual demand, Customer reimburses at least 100% of the annual revenue requirement, including generation and transmission, associated with the Monrovia Project through the term of the contract, he does not oppose the requested relief.

Mr. Wright testified that upon each ProjectCo becoming an affiliate of AES Indiana, the Commission should require Petitioner to file affiliate guidelines clearly outlining the relationship and boundaries between itself and each ProjectCo. He said that the time AES Indiana employees spend working for the ProjectCos should be allocated to, and solely recovered from, the Customer. He recommended the Commission ensure that Petitioner's non-data center customers are not financially responsible for AES Indiana employees' time expended to serve the Customer and therefore, recommended the Commission require AES Indiana to include time allocation records in each subsequent base rate case following an order in this Cause, if the Commission approves AES Indiana's requested relief. He said these time allocation records should be sufficiently detailed to show that AES Indiana employees are properly accounting for the time dedicated to

AES Indiana and AES Indiana's affiliated ProjectCos such that it is clear what is recoverable from AES Indiana's ratepayers other than the Customer.

6. Intervenors' Evidence.

A. IG. Robert R. Stephens, Senior Principal with Brubaker & Associates, Inc., testified that AES Indiana has taken steps to structure the Monrovia Project and associated cost recovery in a way that has the potential to enable service to the Customer while protecting other customers from most, if not all, of the incremental costs incurred to serve the Customer. However, he said there remains risk to other customers. He testified the Project is likely to meet the statutory requirement that reimbursement of at least 80% of the costs reasonably allocable to the Customer will occur. Although Petitioner asserted the proposed arrangement will cover 100% of the costs reasonably allocable to the Customer, Mr. Stephens stated it is not clear that the ESA contract provisions related to early termination will fully insulate existing customers in the event the Project has major cost overruns. He recommended the following:

1) AES Indiana should clarify the consumer protections for its customers in the event of Project Cost overruns or early contract termination.

2) AES Indiana should not recover carrying costs from all customer classes on AES Indiana's proposed deferred investment balance in the event there is insufficient ESA revenue.

3) AES Indiana should clarify that any Commission approval of the requested ARP does not prescribe treatment of Project Costs in future proceedings at the Commission.

4) AES Indiana should clarify the treatment of future costs related to the Customer as a separate rate class.

5) The Commission should implement Project Cost caps to mitigate risks of cost overruns.

6) The Commission should require AES Indiana to provide an update of the final Project and related costs when actual costs for the Project are determined.

7) The Commission should require AES Indiana to demonstrate that the proposed network transmission upgrades, beyond what is needed for the Customer, are necessary, before such costs are accounted in a regulatory asset.

8) Any approved accounting and ratemaking treatment should preserve other parties' future rights to raise cost recovery arguments in future proceedings.

9) AES Indiana should not recover Project planning costs, except as allowed under the special contracts with the Customer, in the event the Project is not completed.

B. CAC. Benjamin Inskeep, CAC Program Director, addressed AES Indiana's lack of candor with the Commission regarding large load customers, particularly in light of Petitioner's testimony filed in Cause No. 46258. He also raised transparency concerns, arguing that AES Indiana has not sufficiently supported that certain information is entitled to confidential

treatment.

Regarding Petitioner's proposed cost recovery and allocation, Mr. Inskeep noted that AES Indiana is allocating the network upgrade costs using its transmission allocator, meaning a portion of the Customer's network upgrades will be allocated to other customers, including residential customers. He recommended the Commission require AES Indiana to directly assign 100% of network upgrade costs to the Customer, rather than applying a standard transmission allocator, and that AES Indiana also continue to allocate to the Customer its full and fair share of existing transmission system costs in addition to requiring the Customer to pay all direct connect costs. Mr. Inskeep also recommended that the Commission direct AES Indiana to update the Customer's rates based on changing the calculation of the Customer's production and transmission allocators so that it reflects the full contract capacity of the Customer. Additionally, Mr. Inskeep recommended that AES Indiana be required to use the same time period as the ESA for determining the depreciation period for network upgrades when calculating the Customer's rates for that component of its service. In the alternative, he recommended the Commission direct AES Indiana to include a term in the ESA that requires that the undepreciated book balance of all network upgrades be assessed on the Customer at the time it discontinues service, should it occur prior to the network upgrades being fully depreciated. He said these recommendations are proposed to protect customer affordability by mitigating the risk of remaining costs that could be shifted to other customer classes in the future should the Customer discontinue service prior to the network upgrade assets being fully depreciated.

Mr. Inskeep also raised concerns and provided recommendations concerning how the Customer's monthly demand will be measured for billing purposes. Mr. Inskeep expressed concern regarding the use of eminent domain to site new transmission lines or infrastructure necessary to serve the Customer. He stated that the use of eminent domain to the detriment of numerous residents for the transmission lines necessary to serve a single new customer would raise serious concerns about whether the public convenience and necessity is served by the Project.

Mr. Inskeep testified that AES Indiana could earn substantial excess revenues as a result of serving the Customer. Thus, he recommended that AES Indiana be required to credit 25% of any over-earnings to customers through its quarterly fuel adjustment clause ("FAC") regardless of the earnings bank. He noted that this provision would only impact AES Indiana to the extent its calculated return exceeded its authorized return over the 12-month period, as determined in the quarterly FAC.

Mr. Inskeep also expressed concern with certain terms of the ESA. To mitigate the risk associated with termination of the ESA, he recommended the Customer be required to give AES Indiana a specified number of months' written notice of contract termination and pay a contract termination fee equal to the Customer's monthly demand charge multiplied by its maximum contract demand and converted to a one-year annualized figure by multiplying by 12. He said that AES Indiana should also be required to apply the contract termination fee to mitigate customer rate impacts associated with the Customer's contract termination.

7. Petitioner's Rebuttal Evidence. In response to the OUCC's recommendations, Mr. Rogers testified that AES Indiana agrees to file all required affiliate agreements and to include records of time allocation in each subsequent rate case to demonstrate the proper accounting of

AES Indiana employee expenses. Mr. Rogers testified that AES Indiana conducts business in accordance with state and federal law, including the Federal Energy Regulatory Commission (“FERC”) rules regarding cross-subsidization restrictions on affiliate transactions, and it is not necessary for Petitioner to file any additional guidelines.

In response to IG witness Stephens’ recommendation regarding carrying costs, Mr. Rogers explained that to the extent the ESA revenues are not sufficient to offset the amortization of the deferred costs, AES Indiana would continue to defer the difference for recovery in a future filing(s) in which there are sufficient ESA revenues to offset the Project Costs. Because amortization and recovery of the deferral will only occur when ESA revenues are sufficient, he said Petitioner has a cost of capital for carrying unrecovered investment.

Regarding Mr. Stephens’ recommendation for clarification that the requested ARP does not prescribe the treatment of Project Costs in future Commission proceedings, Mr. Rogers clarified that the cost allocation and rate design principles associated with the Monrovia Project Cost will be addressed in future base rate case proceedings. He said a full cost-of-service study including the Monrovia Project and the Customer load can be conducted and reviewed in a future base rate case to develop rates that appropriately allocate costs and revenues across all customer classes. Mr. Rogers stated that AES Indiana’s ARP requests are specific to issues necessary to facilitate the establishment of the Joint Venture structure for AES Indiana’s investment in the Generation and BESS Resources and are not specific to the recovery of the Monrovia Project Costs apart from seeking the accounting authority necessary to properly reflect AES Indiana’s investment in the Generation and BESS Resources on its books.

Regarding the treatment of future costs related to the Customer as a separate rate class, Mr. Rogers stated that AES Indiana intends to treat the Customer as its own customer class or potentially include this Customer in a future large load tariff class. He said that such treatment for purposes of a cost-of-service study and rate design ensures that costs are not inappropriately assigned to other existing or future customers.

Mr. Rogers disagreed with Mr. Stephens’ recommendation regarding Project Cost caps, stating they are unnecessary and could interfere with prudent project execution. He said imposing a predefined, fixed cap may not reflect actual project requirements, commercial realities, or the distinction between costs allocable to the Customer and broader system costs. He testified that a cost cap may also discourage consideration of project scope changes that increase cost but create value for customers. He said Petitioner’s proposed approach—project-specific contractual protection up front, followed by Commission review of specific cost recovery in future proceedings—preserves the opportunity for Petitioner to present cost increases to the Commission, allows the OUCC and any intervenors to make arguments regarding any cost overruns at the appropriate time, and allows the Commission to reach a decision based on actual facts.

Mr. Rogers expressed agreement with Mr. Stephens’ recommendation that AES Indiana provide an update on the final Project Cost once the actual costs are known and include additional detail in its relevant rider filings. Mr. Rogers said AES Indiana agrees to provide relevant cost information and updates in future rider filings and rate proceedings consistent with Petitioner’s current practice on certificates of need and clean energy projects. Mr. Rogers also noted the ESA allows for Petitioner to update the Customer’s rates, including rider factors, to reflect actual costs.

Mr. Rogers disagreed with Mr. Stephens' position that if the Commission does not approve the Project, planning costs should not be recovered but instead addressed in AES Indiana's next rate case. Mr. Rogers noted the relevant statutory language states that in the event a project is denied, the utility may recover planning costs that the Commission has found to be reasonable. He said the Commission regularly reviews and finds reasonable a utility's projection of costs, so long as the record contains sufficient detail and support to allow a reasonableness determination. Mr. Rogers said the planning costs are necessarily incurred by AES Indiana as part of meeting its service obligations and clarified that AES Indiana plans to defer actual planning costs incurred before the Commission's Order in this Cause.

In response to Mr. Stephens' concern about the potential for double recovery of employee costs between the Joint Venture affiliates and AES Indiana, Mr. Rogers explained that AES Indiana already has an accounting framework in place to prevent the double recovery of costs. If AES Indiana employees or contractors perform work for ProjectCo, those costs will be accounted for as ProjectCo costs and would not be included in AES Indiana's operation and maintenance in future rate proceedings.

Mr. Rogers disagreed with CAC witness Inskeep's proposal that AES Indiana credit 25% of any over-earnings to customers through its quarterly FAC regardless of the earnings bank. Mr. Rogers stated that any potential earnings are speculative and explained how AES Indiana's accounting and ratemaking proposal enables Petitioner to match the Monrovia Project Cost with the revenue to be collected through the ESA without negatively impacting other existing and future customers. Mr. Rogers said AES Indiana's proposal is specifically designed to ensure the return associated with the Project is transparently presented to the Commission and matched to costs.

Mr. Rogers also responded to Mr. Inskeep's concerns about Petitioner's transparency with the Commission in testimony provided in Cause No. 46258 regarding large load customers. Mr. Rogers explained that Petitioner's witnesses indicated AES Indiana would bring any large load customer agreement and associated ratemaking and resource matters to the Commission for approval, which is precisely what Petitioner has done by initiating this docket.

Regarding Mr. Inskeep's recommendation that certain confidential information should be made public, Mr. Rogers testified that Petitioner has complied with the Commission's rules. He noted the Commission and all parties were provided unredacted versions of the confidential information. Mr. Rogers stated that when a customer identifies sensitive information, Petitioner makes efforts to protect that information. He testified that if Petitioner were to act differently and disclose the information publicly, it puts the Customer and Petitioner at a disadvantage by revealing that information to their commercial competitors and counterparties, whether in Indiana or elsewhere, and added that is especially problematic when the same sort of information from those competitors or counterparties may or may not be subject to disclosure in other jurisdictions.

AES Indiana witness Maguire further responded to the IG's concern regarding the possibility of Project Cost overruns and whether other customers are insulated if costs increase and the ESA is terminated early by the Customer. Mr. Maguire testified that the proposed arrangement will exceed the statutory 80% requirement by having 100% of the costs reasonably allocable to the customer recovered through the ESA, which comports with the longstanding expectation that customer-specific contracts will recover all incremental costs, together with some

contribution to the system fixed costs. He said under the proposed arrangement, 100% of the incremental costs to serve the large load customer are recovered at the minimum demand charge each year of the ESA and, even at the contractual minimum load volume under the ESA, the contract provides approximately \$300 million in contribution to existing system fixed costs through the end of the contract period.

Mr. Maguire stated that if the Customer seeks to terminate the ESA early, the Customer must pay an Exit Fee. He said this provision reasonably safeguards other customers from the possibility of cost overruns in the early termination scenario.

Mr. Maguire testified that to the extent Mr. Stephens' concern about potential cost overruns is related to the rates under the ESA, the ESA allows rate adjustments under various scenarios and reasonably safeguards other customers from cost overruns. Mr. Maguire said details regarding future rate cases are provided in the ESA, which is structured to allow the Commission to review cost overruns, receive input from other parties, and address ESA rates in a future rate case.

Regarding Mr. Stephens' comment that the statute does not address cost recovery of the remaining 20%, Mr. Maguire stated the comment fails to recognize that other customers may benefit from this new load or new assets put into service due to changes in the system. He said the Customer will cover the annual incremental costs to the AES Indiana system and make substantial contribution to the existing system costs, which benefits AES Indiana's other customers and furthers affordability. Mr. Maguire stated that by serving the Customer through a slice of system approach, benefits from increased system utilization can be disseminated to all other customers, as compared to accruing to the Customer alone.

Mr. Maguire testified that to the extent there are differences between the ESA term and the useful life of the underlying assets, those differences do not create a misalignment with the statute; instead, they reflect standard utility planning practices, in which assets are planned and evaluated over their useful lives, while contractual arrangements may be shorter. Mr. Maguire stated that Petitioner's modeling appropriately bridges these timeframes by ensuring that revenues collected under the ESA are sufficient to satisfy the statutory requirement. Mr. Maguire said the relevant issue is not whether all agreements have identical durations, but whether the overall contractual structure protects AES Indiana and its customers from costs reasonably allocable to the Customer.

Mr. Maguire also said the Joint Venture agreement terms are consistent with the structure AES Indiana has utilized in prior Joint Venture arrangements. Mr. Maguire said that even without the Customer's incremental load, AES Indiana has an identified capacity need starting in planning year 2037/2038 in winter. Thus, he concluded, although the Joint Venture agreements extend beyond the ESA term, they do not create additional risk for customers because the Resources will be needed even if the Customer load is no longer on the system.

Mr. Maguire disagreed with Mr. Stephens' position regarding the benefit of additional sensitivity analyses. Mr. Maguire testified that AES Indiana had not separately performed some of the identified scenarios because the associated risks were already addressed through negotiated ESA provisions and related contractual terms. He explained that for other scenarios, AES Indiana identified analyses or workpapers that addressed the issue. He said the absence of a specific sensitivity analysis does not mean the risk was ignored; rather, AES Indiana addressed those risks

through contract design and project structure.

Mr. Maguire disagreed with CAC witness Inskeep's proposal that AES Indiana be required to use the same time period as the ESA for determining the depreciation period for network upgrades when calculating the Customer's rates for that component of its service. He testified that it is not reasonable to include recovery of the full cost of assets in the rates charged to a single customer over the ESA term when those assets are expected to benefit all customers well beyond the ESA term. Mr. Maguire also disagreed with Mr. Inskeep's alternative recommendation regarding depreciation, arguing CAC's proposal is overly broad because it assumes that the undepreciated balance of all network upgrades would necessarily become stranded if the Customer discontinued service. Mr. Maguire stated that requiring the Customer to pay the full undepreciated book balance could result in recovery that exceeds any actual stranded-cost exposure.

Mr. Maguire also responded to Mr. Inskeep's proposal that the Commission modify the notice of contract termination requirement and require a contract termination fee for Customer to discontinue service after the end of the ESA. He testified that Mr. Inskeep's recommendations are not addressed to the term of the ESA, but to matters beyond this period. He stated that Mr. Inskeep also failed to reconcile his concerns with the ESA provisions that safeguard other customers in the event costs change or with the fact that Petitioner has a system need for capacity beyond the period addressed in the ESA, which makes a notice of termination period unnecessary. He added that multiple IRP cycles will occur before the end of the service agreement, allowing Petitioner to plan for future system needs and evaluate the optimal deployment of capacity and generation resources based on expected load growth, market developments, and other evolving factors.

AES Indiana witness Fields responded to the IG's concerns regarding the transmission network costs, stating that the proposed transmission facilities are necessary not only to serve the Customer but also to maintain a reliable transmission system capable of accommodating anticipated load growth in the Monrovia area and surrounding portions of the AES Indiana service territory. He said transmission planning is not conducted solely to meet the requirements of a single customer; rather, the transmission system must be designed and operated to maintain reliability, operational flexibility, and compliance with applicable planning standards under a broad range of operating conditions. Mr. Fields said the facilities included in the Monrovia Project were developed through standard transmission planning practices and represent prudent investments necessary to support both the Customer and broader system needs.

Additionally, Mr. Fields stated Petitioner provided evidence of actual need and the anticipated costs associated with the network upgrades, noting that AES Indiana is not requesting a "guarantee" of future transmission cost recovery irrespective of the actual costs incurred. He stated that if future ratemaking treatment is required, the Commission has the authority to review the reasonableness and allocation of costs in the applicable future proceeding.

Responding to Mr. Stephens' statement that the Class 4 transmission cost estimate is a preliminary estimate, Mr. Fields stated that a Class 4 estimate is appropriate for the network upgrades at their current stage of development and is consistent with accepted industry estimating practices. He explained it would be unreasonable to expect a fully engineered definitive estimate before the Commission determines whether the Project should proceed.

Regarding CAC witness Inskeep's concerns regarding the potential use of eminent domain, Mr. Fields testified that transmission upgrades can be driven by a specific load interconnection need while still strengthening the local network and serving broader system purposes. He noted that siting issues are not part of the Commission's regulatory framework and that Petitioner has not yet finalized the proposed transmission routes and is actively engaged in a stakeholder process with opportunities for the public to learn more and provide feedback.

Responding to Mr. Inskeep's assertions that the proposed transmission projects are designed to meet the needs of a single customer, Mr. Fields distinguished the network upgrades from the local distribution facilities that will serve the Customer. He explained that the network upgrades, in contrast to the local distribution facilities, will do more than just serve the Customer and will be used and useful for other customers.

AES Indiana witness Rimal responded to CAC witness Inskeep's recommendations regarding network upgrade costs, the production and transmission demand allocators, and the determination of monthly demand. Mr. Rimal testified that each of Mr. Inskeep's recommendations attempt to shift unjustified cost to the Customer while ignoring both the proposed protection mechanisms for existing customers and the benefits the Customer will provide to existing customers.

Regarding network upgrade costs, Mr. Rimal testified that Mr. Inskeep's recommendation to directly assign 100% of those costs to the Customer ignores AES Indiana's proposed cost allocation framework, which is not based on "direct cost method" but instead uses a modified "slice of system" approach. Mr. Rimal stated that such an approach ensures the proposed rates recover at least the incremental fixed cost of serving the Customer in all years of the ESA even at the Customer's minimum demand level. He also noted that the network upgrade costs are a component of the incremental fixed cost calculation. He said Petitioner's proposal provides an enhanced level of protection to existing customers and that at the expected level of demand, the Customer will pay significantly more than the incremental fixed cost in every year of the ESA and make significant contributions to the system fixed cost. Mr. Rimal noted the Customer will provide approximately \$300 million in contribution to existing system fixed costs through the end of the contract period at the minimum demand level and approximately \$770 million at the expected level of demand.

Mr. Rimal testified it would be unreasonable to direct assign 100% of the network upgrades to the Customer and then also allocate a portion of the existing network transmission to the Customer as proposed by Mr. Inskeep. Mr. Rimal said the network upgrades, once completed, will be part of Petitioner's overall transmission network, providing benefits to all customers. Therefore, under the slice of system approach, the entirety of the network transmission is allocated to all customers based on cost causation while ensuring that the proposed rate for the Customer covers at least the incremental fixed cost, including the network upgrades, even at the minimum demand level.

Mr. Rimal testified that AES Indiana has not currently or in the past direct assigned 100% of network upgrades to any specific customer. He explained that since network upgrades are upgrades or additions to the transmission network, they are treated as overall transmission assets serving all customers and allocated to all customers utilizing the transmission network based on

the cost causation approach approved by the Commission. He stated that from a cost allocation perspective, the generation assets have been treated in the same manner as the network upgrades by Petitioner while determining the ESA rates. Mr. Rimal also explained why he disagreed with Mr. Inskeep's claims that direct assignment of network upgrades is consistent with the direction in which the industry is moving.

Regarding the production and transmission demand allocators, Mr. Rimal explained that Petitioner did not use the Customer's contract demand to develop the demand allocators. He testified that to allocate the production demand and transmission demand cost, the allocated cost-of-service study uses the 12 coincident peak ("CP") allocator, which is based on the coincidence of each individual class to the monthly system peak. Because Petitioner assumes that the Customer will have an approximately 90% load factor, the estimated 12 CP allocator for the Customer was calculated by multiplying the Customer's contract demand by the Customer's assumed load factor.

Mr. Rimal testified that in absence of actual load data, it is reasonable to use the assumed load factor to calculate the expected contribution of the Customer to the system peak. He said this approach assumes that the Customer's maximum load and the system peak load do not necessarily occur at the exact same time every month; whereas, in contrast, Mr. Inskeep's approach assumes that the Customer's maximum demand is always coincident with the system peaks in each month. Mr. Rimal stated that using the Customer's estimated load factor, which was high compared to all other customers, recognizes the Customer's substantial and continuous utilization of the system capacity without assuming that the Customer's maximum demand occurs exactly when the system peaks each month. Mr. Rimal also noted that the Commission and stakeholders can assess cost of service and rate design matters in Petitioner's next base rate proceeding, by which time Petitioner will have actual Customer load data that can be used to calculate the Customers' contribution to the system peaks.

Regarding the Customer's monthly billing demand, Mr. Rimal testified that Mr. Inskeep's claim of negative impact on ratepayers is based on an unreasonable assumption and ignores the added protection resulting from the combined effect of the existence of the minimum demand charge and the rates being set to recover the incremental fixed cost even at the minimum demand. Mr. Rimal noted that Petitioner uses this same definition to determine the billing demand for all other customer classes.

8. Commission Discussion and Findings.

A. Statutory Framework. Under Ind. Code ch. 8-1-7.9, an energy utility, such as AES Indiana, may seek expedited Commission approval of energy infrastructure and generation resource projects to serve large load customers. The specific requirements for seeking approval of a large load customer project are set forth in Ind. Code §§ 8-1-7.9-22 ("Section 22") and -23 ("Section 23").

The Commission is required to make its decision based on whether the relief requested is just, reasonable, and in the public interest. Ind. Code § 8-1-7.9-24(b). To approve an energy utility's request to acquire an energy generation resource to serve one or more large load customers, the Commission must find that: (1) the information provided by the energy utility under Section 23 is complete; (2) reasonable and demonstrable consideration was given to non-

generation alternatives by the parties involved; (3) existing and future customers of the energy utility will be adequately protected if the request is granted; and (4) the energy utility has considered the impact of the request on the energy utility's preferred resource portfolio in the energy utility's most recent IRP. Ind. Code § 8-1-7.9-24(e).

B. Section 22. Section 22(b) provides that an energy utility may submit a petition for approval of a project to serve a large load customer only if the following are satisfied: (1) the petition concerns serving the energy needs of a large load customer; (2) the large load customer commits to certain significant and meaningful financial assurances; and (3) the energy utility holds a required pre-filing meeting to review the project.

The evidence demonstrates that AES Indiana's petition addresses serving the energy needs of the Customer, which is a large load customer as defined in Ind. Code § 8-1-7.9-10. The evidence also demonstrates that the Customer has committed to significant and meaningful financial assurances that: (1) include reimbursement by the large load customer of at least 80% of the project costs reasonably allocated to the Customer; and (2) afford protections for the energy utility's existing and future customers from the costs of the project reasonably allocable to the Customer regardless of whether the Customer ultimately takes service in the anticipated amount and within the anticipated time frame. The evidence submitted by AES Indiana further shows that at least 30 days prior to the filing of its petition, AES Indiana held at least one pre-filing meeting with the Indiana Economic Development Corporation ("IEDC"), the Indiana Office of Energy Development ("OED"), the OUCC, Midcontinent Independent Service Operator ("MISO"), and the Customer.

While some parties took issue with the protections afforded to existing customers, which is discussed further below, no party challenged AES Indiana's compliance with Section 22. Therefore, the Commission finds that the Customer qualifies as a large load customer and AES Indiana's Verified Petition satisfies the requirements of Section 22.

C. Section 23. The requirements for an energy utility's case-in-chief are set forth in Ind. Code § 8-1-7.9-23(b)(1) ("Section 23(b)(1)"). As discussed below, the record shows that AES Indiana has satisfied these statutory requirements. Additionally, to the extent that the other parties raised issues related to the information related to those requirements, we also address those issues here.

1. Inclusion of large load customer agreement that describes required financial assurances (Section 23(b)(1)(A)). The Customer agreements were presented by AES Indiana witness Garavaglia and included with his testimony together with a supporting letter from the Customer.

2. Description of demand side management ("DSM") and self-generation options considered and investments the large load customer will undertake to minimize amount of incremental and other costs incurred by the energy utility. (Section 23(b)(1)(B)). AES Indiana witness Maguire addressed how DSM was considered as part of, and is reflected in, Petitioner's IRP. AES Indiana and the Customer discussed opportunities to use DSM and self-generation to reduce the amount of incremental investment and minimize other anticipated costs. As reflected in Mr. Maguire's testimony, the Customer utilizes and incorporates design strategies

to minimize consumption at, and maximize the efficient use of, electricity at its facility. AES Indiana continues to engage in conversations with the Customer to identify additional efficiencies to reduce the amount of additional investment needed for new capacity resources. Mr. Maguire further explained that while the Customer's parent company has expressed an interest in developing new generation resources, and made significant investment in that area, none were considered practical to integrate into the facility at this time. Rather, the Customer expressed an interest in relying on AES Indiana to serve the Customer's load through the Generation and BESS Resources.

Thus, we find the evidence shows reasonable consideration was given to non-generation alternatives by AES Indiana and the Customer.

3. Description of how the energy utility considered grid enhancing technologies (Section 23(b)(1)(C)). The record shows that grid enhancing technologies are considered in Section 3.5 in AES Indiana's 2025 IRP. AES Indiana witness Fields explained that transmission technologies alone cannot generate electricity, making the Generation and BESS Resources essential to create and supply the energy that flows through the transmission network. This makes grid enhancing resources a complement to, rather than a substitute for, robust resource portfolios. Mr. Fields also testified that AES Indiana evaluated a variety of GETs for the Monrovia Project and is ultimately pursuing two options. He said a Flexible Alternating Current Transmission Systems device, particularly a Static Synchronous Compensator, or STATCOM, was selected to provide reactive power (VAR) compensation at the new Antioch switchyard. He added that an advanced conductor (TS Sierra M3 9.5) is planned to be used on the double circuit 345kV lines between the new Blue Bluff switchyard and Antioch to reduce overall impedance and assist with reactive support.

4. Description of how the energy utility may provide the amount of electricity needed by the large load customer and estimated project costs. (Section 23(b)(1)(D); also Ind. Code § 8-1-7.9-25(a)(2). AES Indiana witness Garavaglia described how Petitioner proposes to use the Generation and BESS Resources in the Monrovia Project to provide the amount of electricity needed by the Customer and presented the overall estimated Project Cost of \$737.3 million, including the estimated tax equity contribution. The record shows the Monrovia Project will provide new, incremental firm capacity to meet the new Customer load. AES Indiana witness Maguire explained that AES Indiana is serving the Customer with its system as a whole under a "slice of system" approach and that AES Indiana's resource portfolio can meet the incremental capacity and energy needs of the Customer with the inclusion of the Generation and BESS Resources.

AES Indiana witness Raney presented AES Indiana's cost estimates for the Generation and BESS Resources included in the Monrovia Project. Ms. Raney testified that the cost estimates are the result of Petitioner's recent competitive All-Source RFP process and negotiation with the developers. She also supported use of the engineering, procurement, and construction agreement. AES Indiana witness Fields showed the transmission interconnection cost estimates for Crosstrack and Foundry Works are consistent with the MISO generation interconnection agreement process, which include system impact and facility studies, and the cost estimating processes of the respective transmission owners. He testified that the costs identified for the Hardy Hills BESS are

based on an independent evaluation and estimate and are reasonable for this type of work. AES Indiana witness Miller also explained the basis for the estimated tax equity contribution.

We find that AES Indiana presented substantial evidence to support the estimated Project Cost. Although other parties raised concerns about ratemaking cost allocation, no party directly challenged the reasonableness of the Project Cost estimates. Thus, after review of the evidence presented, we find the estimated Project Cost is reasonable.

5. Description of how the proposed project is supportive of the Five Pillars (Section 23(b)(1)(E)).

a. Affordability. Mr. Maguire testified that the 2025 IRP evaluated all portfolios in terms of both the standard 10-year and 25-year present value of revenue requirement, in addition to a dollar per megawatt hour (“\$/MWh”) metric that evaluates the total costs divided by total MWh. He explained that the \$/MWh metric from the IRP was used to identify whether additional load would exert upward or downward pressure on rates. He testified that in addition to providing the \$/MWh metric, the 2025 IRP also provided an incremental \$/MWh metric to show the incremental costs that large loads would incur on the system.

The Generation and BESS Resources included in the Monrovia Project were the result of a competitive RFP process. The identified purpose of the RFPs was to solicit bids from qualified third parties to competitively develop, engineer, procure, and construct resources. AES Indiana witness Maguire testified that the competitive nature of the RFP assisted in the solicitation of bids believed to be the most economic from the bidders.

AES Indiana witness Rimal explained that Petitioner’s filing in this Cause evaluates the specific incremental costs associated with serving the Customer, assigns costs through a traditional cost-of-service study, and includes rates and contract terms that protect customers. AES Indiana witnesses Rimal and Garavaglia further discussed the specific customer protections included in the ESA, CSA, and TSA. As discussed by Mr. Garavaglia, the Customer will pay for at least 100% of the incremental cost on an annual basis and the agreements are expected to deliver more than \$770 million of benefits to AES Indiana’s customers over the life of the ESA.

AES Indiana witness Rogers testified regarding Petitioner’s proposed accounting and ratemaking, which seeks to align recovery of the Project Costs with the Customer revenues associated with the load primarily driving the need for the Monrovia Project. He explained how Petitioner’s proposal to flow the ESA contribution to recovery of fixed costs back to existing and future customers through the Environmental Cost Recovery (“ECR”) rider helps to mitigate customer rate impacts, promotes affordability, and supports ongoing rate stability.

To protect affordability, CAC witness Inskeep recommended the Commission direct AES Indiana to use the same time period as the ESA for determining the depreciation period for network upgrades when calculating the Customer’s rates for that component of service. In the alternative, Mr. Inskeep recommended AES Indiana include a term in the ESA that requires an assessment of the undepreciated book balance of all network upgrades to the Customer at the time it discontinues service, should it occur prior to the network upgrades being fully depreciated. Mr. Inskeep explained the purpose of this recommendation is to protect customer affordability by mitigating

the risk of remaining costs that could be shifted to other customer classes in the future should the Customer discontinue service prior to the network upgrade assets being fully depreciated.

As discussed by Mr. Maguire in rebuttal, it is not reasonable to include recovery of the full cost of the assets in the rates charged to a single customer over the ESA term when those assets are expected to benefit all customers beyond the ESA term. The record shows Petitioner modeled network upgrades using a depreciation method, which balances the long-term benefits provided by the network upgrades, cost causation, and customer protection. The record also shows AES Indiana's proposed ESA and associated ratemaking framework contain customer-specific provisions designed to ensure that costs incurred to serve the Customer are appropriately allocated to the Customer and not shifted to other customers. As Mr. Maguire testified, Petitioner's modeling reasonably bridges the timeframes by ensuring that revenues collected under the ESA are sufficient to satisfy statutory requirements. CAC's proposal is overly broad because it assumes that the undepreciated balance of all network upgrades would necessarily become stranded if the Customer discontinued service. As AES Indiana witness Fields explained in rebuttal, the network upgrades will continue to be used and useful to AES Indiana's system and provide benefits to other customers. In those circumstances, requiring the Customer to pay the full undepreciated book balance could result in recovery that exceeds any actual stranded cost exposure. Accordingly, the Commission declines to adopt Mr. Inskeep's recommendations regarding depreciation for network upgrades.

b. Reliability, Resiliency, and Stability. Mr. Maguire testified that AES Indiana included new metrics in the 2025 IRP, using dispatchable capacity, particularly natural gas and battery storage, as a valuable marker for contributing to the reliability, resiliency, and stability of the system. As a supplement to the scorecard metrics, AES Indiana hired Quanta Technologies to conduct multiple studies assessing the reliability of the portfolios. Mr. Maguire said that for the Low and Mid cases, no reliability, resiliency, or stability issues were identified with the portfolios, which closely match the portfolio designed for the Customer's load, with all import capabilities intact, which is the most likely operating scenario.

He said the Low Data Center case had 179 MW of data center load by 2030 with 160 MW of new 4-hour storage included in the optimized portfolio, a ratio of 90% of installed storage relative to the new peak load addition. He said the Mid Data Center case had 594 MW of data center load by 2030 with 580 MW of new 4-hour storage included in the optimized portfolio, a ratio of 98%. He said the portfolio proposed in this filing includes 390 MW of new load with 460 MW of new 4-hour storage by 2030, a ratio of 118%. He summarized that the results and findings of the study are relevant to this portfolio, as the load and resource additions are similar and, in terms of new installed capacity, even higher than the load in this filing.

Mr. Fields testified that the transmission expansion associated with the Monrovia Project is a robust plan that will contribute to the ongoing safe and reliable operation of the transmission system in the region. The addition of a STATCOM will enhance power system stability in the region through immediate voltage regulation and reactive power compensation. The system design is an N-1-1 solution that will provide system resiliency in the event of non-routine disruptions. Accordingly, the evidence reflects that the transmission infrastructure component of the Monrovia Project supports reliability, resiliency, and stability.

c. Environmental Sustainability. The Generation and BESS resources included in the Monrovia Project contribute no additional carbon emissions. The incremental solar generation brings AES Indiana's solar capacity to over 700 MW and will produce fuel-saving energy during the peak periods of the day.

d. Conclusion. The Commission finds that AES Indiana has reasonably considered the Five Pillars and that the proposed Monrovia Project supports the provision of electric utility service with attributes consistent with the Five Pillars.

6. Description of how the proposed project, and its implementation, if approved, reasonably protects existing and future customers and is consistent with (i) the provision of safe, reliable and affordable electric utility service; and (ii) economical rates. (Section 23(b)(1)(F)). AES Indiana witnesses Garavaglia and Rimal described how the Monrovia Project and its implementation, if approved, reasonably protects existing and future customers. AES Indiana witness Maguire testified that the Monrovia Project and its implementation are consistent with the provision of safe electric utility service. He said AES Indiana's management of the energy infrastructure and the Generation and BESS Resources will enable direct oversight into their construction and operations, allowing AES Indiana to ensure operations of the Monrovia Project are conducted safely.

Mr. Maguire also testified that the Monrovia Project and its implementation is consistent with the provision of reliable electric utility service as the Generation and BESS Resources will add 460 MW of dispatchable 4-hour storage resources by 2030. He stated the inclusion of the proposed Generation and BESS Resources in AES Indiana's overall resource portfolio is also consistent with portfolios analyzed by Quanta Technologies as supporting reliability. AES Indiana witness Fields also explained how the transmission infrastructure investments included in the Monrovia Project support the provision of reliable service.

Finally, Mr. Maguire explained how the Monrovia Project and its implementation are consistent with the requirements the Commission has applied for the approval of customer-specific contracts and provide for economical rates. He testified the rates established under the ESA will be sufficient to cover the annual incremental costs to the AES Indiana system and make a substantial contribution to the existing system costs. The ESA will provide more than \$300 million toward fixed costs at minimum demand and over \$770 million in revenue toward existing system costs at the Customer's full forecasted demand. AES Indiana witness Rogers discussed how AES Indiana's proposed accounting and ratemaking flow these benefits back to AES Indiana's other customers.

IG witness Stephens recommended AES Indiana clarify its consumer protections in the event of Project Cost overruns or early contract termination. AES Indiana witness Maguire, in his rebuttal testimony, addressed the IG's concerns and more clearly articulated AES Indiana's commitments to customer protections. Mr. Maguire's rebuttal testimony also outlined how the ESA addresses both when and how the Customer may terminate the ESA early and requires payment of an Exit Fee if notice of early termination is given. The Commission understands the IG's concerns, but given AES Indiana's express commitments to prevent these contractual events from adversely impacting its customers, we find the ESA reasonably safeguards other customers from the possibility of cost overruns in the early termination scenario. Further, as Mr. Maguire

testified in rebuttal, the ESA allows rate adjustments, which reasonably protects other customers from cost overruns. It is also reasonably structured to allow the Commission to review cost overruns, receive input from other parties, and to address ESA rates in a future rate case.

CAC witness Inskeep recommended AES Indiana directly assign the network upgrade costs to the Customer, rather than socializing the cost across all ratepayers. However, Mr. Inskeep failed to demonstrate that AES Indiana's proposal is unreasonable or that his alternative would provide more customer benefits. The record shows that Petitioner's proposal is based on the modified "slice of system" approach, where the rates are based on the fully allocated cost of serving the Customer with an added provision to ensure that rates recover the incremental fixed cost from the Customer in all years of the ESA, even at the Customer's minimum demand level. As Mr. Rimal testified, the network upgrade costs are a component of the incremental fixed cost calculation. Petitioner's proposal to recover these incremental fixed costs, even at the Customer's minimum monthly demand, provides an enhanced level of protection to existing customers. In addition, under Petitioner's proposal, at the expected level of demand, the Customer will pay significantly more than the incremental fixed cost in every year of the ESA and make significant contributions to the system fixed cost. According to AES Indiana witness Maguire, the Customer will provide approximately \$300 million in contribution to existing system fixed costs through the end of the contract period at the minimum demand level and approximately \$770 million at the expected level of demand.

Although the Customer may be the impetus for the network upgrades being made, this does not preclude the upgrades from providing system-wide benefits. Network upgrades, as the name implies, are upgrades or additions to the transmission network intended to provide reliability, resiliency, and stability to the system at large. As such, it is reasonable for the network upgrades to be treated as overall transmission assets serving all customers and allocated to all customers utilizing the transmission network based on the cost causation approach approved by the Commission. Just as the Customer will be allocated a portion of the existing network transmission infrastructure, it is reasonable for existing customers to also be allocated a portion of the network upgrades. Thus, the Commission finds Petitioner's proposed treatment of network upgrade costs is reasonable and ensures that the Customer will pay its fair share of the costs.

Mr. Inskeep also claimed the cost of serving the Customer is significantly understated in the rate design because Petitioner did not use the Customer's full contract demand to develop the demand allocators. However, the 12 CP approach used by Mr. Rimal is the same approach Petitioner has used in its four most recent rate cases. Because Petitioner assumes that the Customer will have an approximately 90% load factor, the estimated 12 CP allocator for the Customer was calculated by multiplying the Customer's contract demand by the assumed load factor of the Customer. As Mr. Rimal testified, using the Customer's estimated load factor, which was high compared to all other customers, recognizes the Customer's substantial and continuous utilization of the system capacity without assuming that the Customer's maximum demand occurs exactly when the system peaks each month.

As demonstrated by AES Indiana witness Maguire, the network upgrades are a component of the Customer's incremental fixed costs and will be recovered at the Customer's minimum monthly demand. If the Customer is billed at its expected level of demand, the Customer will pay significantly more than the incremental costs and contribute to the system-wide fixed costs.

Additionally, the Commission and stakeholders can assess cost of service and rate design matters in Petitioner's next base rate proceeding, which is expected to be filed in 2029. By that time, Petitioner will have actual load data for the Customer that can be used to calculate the Customer's contribution to the system peaks. Thus, we find Petitioner's proposal regarding network upgrade costs to be reasonable.

7. Description of changes to submissions under Ind. Code chs. 8-1-8.5 or 8-1-39 (Section 23(b)(1)(G)). Mr. Maguire testified that the Monrovia Project, if approved, will be included in AES Indiana's existing resource portfolio in future IRP submissions. He said that Petitioner's transmission, distribution, and storage system improvement charge ("TDSIC") plan, approved by the Commission in Cause No. 45264, is in its final year and AES Indiana is not requesting approval of any portion of Monrovia Project through its TDSIC plan. Thus, Petitioner will not need to update its TDSIC plan to incorporate the proposed Monrovia Project.

8. Information concerning the large load customer and economic development project (Section 23(b)(1)(H)). Mr. Garavaglia provided information concerning the Customer. He testified that the Monrovia Project is required primarily to serve the Customer at its planned data center site in Monrovia, Indiana.

9. IEDC and OED letters and description of communications and information sharing (Sections 23(b)(1)(I), (J), and (K)). Mr. Garavaglia provided a letter from the IEDC and a letter from the Indiana OED, certified the conduct of the prefiling meeting, and described the communications and information sharing that occurred with MISO regarding the Customer's capacity and energy needs.

10. Proposed Order for the petition (Section 23(b)(1)(L)). AES Indiana included a copy of its proposed order as Exhibit C to its Petition and submitted an updated proposed order following the conclusion of the evidentiary hearing in this Cause.

11. Copy of Notice of Filing (Section 23(b)(2)). AES Indiana included a copy of the required notice as Exhibit B to its Petition.

D. Customer Agreements. Pursuant to Ind. Code § 8-1-7.9-26(e), an energy utility may also request Commission review of an arrangement under Ind. Code § 8-1-2-24 and any related rates and charges under Ind. Code § 8-1-2-25. As discussed above, AES Indiana seeks approval of the CSA, ESA and TSA.

Ind. Code § 8-1-2-24(a) provides:

Nothing in this chapter shall be taken to prohibit a public utility from entering into any reasonable arrangement with its customers or consumers, or with its employees, or with any municipality in which any of its property is located, for the division or distribution of its surplus profits, or providing for a sliding scale of charges or other financial device that may be practicable and advantageous to the parties interested. No such arrangement or device shall be lawful until it shall be found by the commission, after investigation, to be reasonable and just and not inconsistent with the purpose of this chapter. Such arrangement shall be under the supervision and regulation of the commission.

Ind. Code § 8-1-2-25 provides as follows:

The commission shall ascertain, determine and order such rates, charges and regulations as may be necessary to give effect to such arrangement, but the right and power to make such other and further changes in rates, charges and regulations as the commission may ascertain and determine to be necessary and reasonable, and the right to revoke its approval and amend or rescind all orders relative thereto, is reserved and vested in the commission, notwithstanding any such arrangement and mutual agreement.

Therefore, customer-specific contracts are lawful if the Commission finds the provisions to be reasonable and just, practicable and advantageous to the parties, in the public interest, and not inconsistent with the purposes of Ind. Code ch. 8-1-2.

The evidence submitted in this Cause demonstrates that the customer specific arrangements meet the requirements of Ind. Code §§ 8-1-2-24 and -25. Mr. Rimal testified the rates for the Customer ESA are based on the cost of serving the Customer using the “slice of system” approach, which is designed to ensure that the revenue from the new customer recovers the full cost of serving that customer. As an additional protection to existing and future customers, in instances where the allocated cost was lower than the direct incremental cost of serving the Customer, the rates are based on the direct incremental cost. This slice of system approach with a floor of direct incremental cost ensures that Petitioner’s existing and future customers are not harmed by the Customer. As AES Indiana witness Rimal explained, the ESA rates were designed to ensure the revenues received from Customer will be sufficient to reimburse at least 100% of the Project’s annual costs (both transmission and generation), even at the Customer’s minimum monthly demand. Additionally, as set forth in Petitioner’s Exhibit 11-C, Confidential Attachment BR-2 and explained by AES Indiana witness Rimal, the Customer is not only covering its incremental costs but also providing a contribution to AES Indiana’s fixed costs.

The CSA provides that the Customer is responsible for all the direct connect costs and will pay AES Indiana for those costs upfront during the construction of the facilities regardless of whether the Customer ultimately takes service for the anticipated amount and within the anticipated time frame. AES Indiana witness Maguire detailed how the negotiated Customer rates in the ESA are sufficient to reimburse at least 100% of the annual revenue requirement associated with the network upgrade transmission investments. Existing and future customers will benefit from the improved reliability provided by the new transmission infrastructure without the need to recover the incremental costs during the term of the ESA. In addition to these protections, the CSA also requires the Customer to provide AES Indiana with adequate credit support to secure the Customer’s obligations under the CSA.

The TSA provides for the provision of service at the transmission level for an approximate one-year period prior to the start of the ESA period. The TSA specifies that the Customer will pay the actual costs to construct and remove the temporary service line that will be used by the Customer during the temporary service period. The TSA also specifies that the Customer will take service under the rates, terms, and conditions of Rate HL, which is the tariff that aligns with the Customer’s load characteristics.

As discussed above, in response to IG witness Stephens' concerns, Mr. Maguire reasonably clarified the consumer protections for customers in the event of Project Cost overruns or early contract termination. Also as discussed above, AES Indiana's proposed ESA and associated ratemaking framework contain customer-specific provisions designed to ensure that costs incurred to serve the Customer are appropriately allocated to the Customer and not shifted to other customers. Thus, the Commission declines to adopt CAC witness Inskeep's proposals to modify the Customer's rates through allocation modifications.

Mr. Inskeep also proposed the Commission modify the ESA provisions regarding notice of contract termination and contract termination fee. Section 9 of the ESA addresses both when and how the Customer may terminate the ESA early. This language shows that the Customer cannot give notice of early termination until a specified point in time, and if the Customer seeks to terminate the agreement, the Customer must provide advance written notice and pay an Exit Fee. The ESA reflects a negotiated customer-specific arrangement that reasonably balances the interests of AES Indiana's other customers, the Customer, and Petitioner, including provisions related to contract term, termination rights, and credit support. Mr. Inskeep failed to reconcile the risks associated with contract termination with the ESA provisions that safeguard other customers in the event costs change or with Petitioner's evidence that it has a system need for capacity beyond the period addressed in the ESA. This need for system capacity makes a different notice of termination period unnecessary. Additionally, as Mr. Maguire testified, multiple IRP cycles will occur before the end of the service agreement, allowing Petitioner to plan for future system needs and evaluate the optimal deployment of capacity and generation resources based on expected load growth, market developments, and other evolving factors. Accordingly, the Commission declines to adopt Mr. Inskeep's proposals.

Based on the evidence presented, we find that the ESA, CSA, and TSA are reasonably designed to cover the cost of providing service to the Customer and provide significant contribution to fixed cost recovery. The ESA rates ensure that the cost of serving AES Indiana's other customers is lower than it otherwise would have been without the Customer. The ESA also provides significant and meaningful financial assurances consistent with Sections 22(b)(2) and 23(b)(1)(A). The Commission finds the proposed agreements are reasonable and just, practicable and advantageous to the parties, in the public interest, and not inconsistent with the purposes of Ind. Code ch. 8-1-2. Therefore, the CSA, ESA, and TSA are approved.

E. Accounting and Ratemaking. AES Indiana witness Rogers testified that Petitioner proposes to recognize the Monrovia Project Cost in the ratemaking process in a manner similar to that utilized for other recent resource additions using the Joint Venture structure (e.g., Hardy Hills, Petersburg Energy Center, Pike County BESS, and Crossvine projects). He said AES Indiana proposes to utilize deferred accounting and regulatory assets to capture the Project Costs (i.e., Petitioner's investment in the Generation and BESS Resources, planning and development costs, and carrying charges) and then reflect those costs in the ECR rider filings. He said the ECR filing revenue requirement for the Monrovia Project will include the recovery of the amortization of the regulatory assets including carrying charges.

However, Mr. Rogers noted that Petitioner is proposing two important modifications in the ratemaking process. First, AES Indiana proposes to use the ESA revenue to offset the Monrovia Project Costs reflected in the ECR revenue requirement. To the extent the ESA revenues are not

sufficient to offset the amortization of the deferred costs, AES Indiana would continue to defer the difference for recovery in a future filing in which there is sufficient ESA revenue to offset the Project Costs. Second, as noted above, the ESA provides a significant contribution to Petitioner's fixed cost of providing service as well as certain cost recovery tracked through rate adjustment mechanisms, namely the FAC, Regional Transmission Organization ("RTO"), Capacity and Off-System Sales ("OSS") riders. Mr. Rogers said AES Indiana plans to reflect this cost recovery benefit through the ECR and other riders to reduce the revenue requirement otherwise subject to recovery from customers through those riders. He said doing so will allow Petitioner's other customers to benefit from the new Customer load.

Mr. Rogers explained how Petitioner can reasonably determine how to apply revenues from the ESA for purposes of the proposed Monrovia Project cost recovery offset and to flow through the benefit of the fixed cost and other rider cost recovery. He elaborated on each of the above identified components and discussed the implementation of Petitioner's proposals. Mr. Rogers also addressed the implementation of Petitioner's proposals.

Mr. Rogers testified that to effectuate the above matching of ESA revenues to the appropriate costs and rider and implement Petitioner's proposal, it is necessary for AES Indiana to have approval for the following:

1. ARP. AES Indiana seeks relief under Ind. Code § 8-1-2.5-6 to support the Joint Venture structure and proposed cost recovery. This statute authorizes the Commission to approve an ARP if it determines that the ARP is in the public interest (through its consideration of the factors set forth in Ind. Code § 8-1-2.5-5(b)) and that it enhances or maintains the value of Petitioner's retail energy services or property.

The Joint Venture structure allows AES Indiana to meet its resource needs at a lower cost by maximizing the benefit of the Project's investment tax credit, which in turn enhances the value for AES Indiana's customers. Under this structure, AES Indiana, through a wholly owned subsidiary, will own a membership interest in each Joint Venture, which in turn will own the ProjectCo that owns the assets. Because AES Indiana is not the direct owner of the Generation and BESS Resources, those assets will not reside in AES Indiana's utility plant in service balance to be included in rate base in subsequent rate cases, and AES Indiana would not record depreciation expense on its income statement.

AES Indiana seeks approval to record its investment in each of the resources as regulatory assets in FERC Account 182.3, along with carrying charges. As explained by Mr. Rogers, the regulatory assets will be included in AES Indiana's rate base in its subsequent base rate cases to allow AES Indiana to reflect a return of and return on the investment in the revenue requirement. He stated Petitioner's request to record regulatory assets for these costs will allow AES Indiana to recover the costs associated with making the investment, which is consistent with Ind. Code §§ 8-1-7.9-25 and 8-1-8.8-11. He also noted that if the requirements of Ind. Code § 8-1-2-6 would deny AES Indiana the opportunity to earn a return on its Monrovia Project investments, the investment required by AES Indiana would be much greater due to reduced tax benefits.

2. AES Indiana-owned transmission infrastructure utility plant. The Monrovia Project includes transmission infrastructure that will be owned by Petitioner and become part of its utility property, plant, and equipment. This infrastructure was addressed by AES Indiana witness Fields. Mr. Rogers stated AES Indiana proposes to depreciate the new investment using the depreciation rates set forth in the Settlement Agreement filed in Cause No. 46258. He explained that AES Indiana requests authority to create a regulatory asset to defer depreciation expense, post in-service carrying charges, and property tax expense associated with the transmission infrastructure and to recover these costs through the ESA rates until they are included in tariff rates approved in a future base rate case proceeding. He said AES Indiana seeks to defer the transmission infrastructure costs and record post in-service carrying charges until there are enough ESA revenues to apply to these deferred costs. He explained that Petitioner's proposal will allow AES Indiana to depreciate the assets and reduce the regulatory asset balance over time.

He further testified that Petitioner's proposal to use the ESA revenues to offset the Monrovia Project's transmission infrastructure costs will provide transparency and allow AES Indiana to recover transmission infrastructure costs and regulatory asset balances. In addition, the accounting and ratemaking treatment proposal will allow Petitioner to make the necessary infrastructure investment to serve the Customer and existing and future customers to realize the benefits of the additional load. He stated that the proposed treatment also enables Petitioner to match the recovery of the reasonably allowed return on and of depreciation expense (as components of the transmission infrastructure costs) associated with the transmission infrastructure assets to be matched with the revenues to be collected through the ESA rates from the Customer.

3. Net Operating Income for FAC. AES Indiana seeks authority to adjust Petitioner's authorized return for purposes of Ind. Code § 8-1-2-42(d)(3) to reflect the incremental net operating income produced by the return on the Generation and BESS Resources (via AES Indiana's investment in each Joint Venture) and on the transmission infrastructure investments. Mr. Rogers explained that Petitioner's request is reasonable because if the authorized net operating income amount is not adjusted to reflect the return on Monrovia Project investments, Petitioner would not have an opportunity to earn the return. He said this would be contrary to the purpose of the accounting and ratemaking proposals discussed above and inconsistent with the regulatory compact. He added that this would also deny Petitioner the necessary earnings and cashflow to satisfy its debt obligations and provide a fair return to shareholders. Mr. Rogers discussed how this proposal would be implemented and testified that the recovery of the increased net operating income will be offset by ESA revenues.

4. Deferrals. To facilitate the matching of ESA revenues with the additional revenue requirement they are intended to cover, AES Indiana requests authorization to defer ESA revenues and the revenue requirement. More specifically, AES Indiana seeks approval to defer ESA revenues when they are received to allow those revenues to be applied to the revenue requirement (1) in the appropriate future rider filing, namely the FAC, RTO, Capacity and OSS riders, or (2) to reflect the recovery of the return on and recovery of the depreciation/amortization expense related to the Joint Venture structure and transmission infrastructure. Petitioner also seeks approval to defer the revenue requirement recovery in the ECR if there is insufficient deferred ESA revenue to cover the full recovery related to the Joint Venture structure.

Mr. Rogers explained that to the extent cost recovery (via the revenue requirement) is reflected in rider filings before enough ESA revenues occur to offset such recovery or cost recovery exceeds the ESA revenues, Petitioner proposes to defer the portion of the revenue requirement exceeding the ESA revenues for recovery in a future rider filing covering a period that does have sufficient ESA revenues to offset such cost recovery. He said to the extent the revenues collected through the ESA exceed costs incurred to provide service to the Customer, Petitioner proposes to defer the additional ESA revenues until the time such additional ESA revenues can be used to offset the revenue requirement in future rate adjustment filings. Mr. Rogers testified that Petitioner proposes deferring these revenues and cost recovery to a regulatory asset/liability used to effectuate the matching of ESA revenues and costs to be recovered through the ESA revenues and to align the recovery of the Project Cost with the receipt of revenues from the Customer. Mr. Rogers also prepared an estimate of the monthly bill impact resulting from Petitioner's proposal to flow certain ESA revenues back to customers as a credit through the ECR.

5. CfD and Joint Venture Cash Distributions. AES Indiana requests timely cost recovery to be administered in AES Indiana's FAC proceedings coinciding with the receipt of Customer revenues, which will also be reflected in the FAC to reduce the revenue requirement. Mr. Rogers explained that AES Indiana proposes that the costs be deferred to the extent necessary to allow the presentation of such costs to coincide with the receipt of associated Customer revenues, which will also be reflected in the FAC. He said this approach will allow the Customer revenues to offset the CfD costs and thus reduce the FAC revenue requirement. AES Indiana also requests approval to flow funds distributed to AES Indiana from the Joint Venture to AES Indiana customers in a timely manner administered through AES Indiana's FAC in a similar method to the cash flows for the CfD.

As discussed by AES Indiana witness Miller, operations and maintenance costs associated with each resource will be paid by ProjectCo out of funds from the sale of energy into the MISO market and any proceeds from the CfD. Mr. Rogers testified that the proposed recovery of the CfD costs net of credits from the Customer via a rate adjustment mechanism is consistent with Ind. Code § 8-1-8.8-11. Mr. Rogers stated that although AES Indiana is proposing to have the cost recovery administered through its FAC, this cost recovery would not be subject to the Ind. Code § 8-1-2-42(d)(1) test or any FAC benchmarks, including the benchmark approved by the Commission in Cause No. 43414. Mr. Rogers testified that Petitioner's proposed cost recovery is consistent with the recovery mechanism approved in other AES Indiana resource filings such as Hardy Hills (Cause No. 45493), Petersburg Energy Center (Cause Nos. 45591/45832) and Crossvine (Cause No. 46113) and added that administering this cost recovery via the FAC proceedings would allow it to be folded into an existing docket rather than create new dockets.

6. Planning Costs and Post-Order Development Costs. AES Indiana also requests to record the planning and post-order development costs incurred by Petitioner at the utility level as a regulatory asset since there is not a utility plant in-service asset on Petitioner's books to record these costs, which would typically be capitalized in the absence of the Joint Venture structure. Mr. Rogers said AES Indiana proposes to defer the planning costs and post-order development costs and to amortize the regulatory asset over approximately 25 years to coincide with the estimated useful life of the Generation and BESS Resources with a return at its weighted average cost of capital. He said this deferral authority is necessary because AES Indiana does not own the resources directly and the amortization would commence at the time the asset is

placed in service. Mr. Rogers explained that AES Indiana will use ESA revenues to offset the amortization of this regulatory asset. He said AES Indiana proposes to reflect the balance of the regulatory asset recorded for these costs, net of amortization, in AES Indiana's next base rate proceeding in net original cost rate base and in the value of its rate base for purposes of Ind. Code § 8-1-2-6.

7. OUCC Recommendations. The OUCC recommended AES Indiana file affiliate guidelines and include certain time allocation information in subsequent base rate cases. AES Indiana is required to file affiliate agreements in accordance with Ind. Code § 8-1-2-49(2). Mr. Rogers testified that AES Indiana conducts business in accordance with state and federal law, including Ind. Code § 8-1-2-49(2) (which requires the filing of certain affiliate transactions) and 18 CFR § 35.44(b)(1) (which establishes a cost standard), and Petitioner intends to continue to do so. Because Petitioner is, and has expressed its intention to stay, in compliance with the above referenced cost standard and other requirements, the Commission finds it is not necessary for Petitioner to file any additional guidelines. With respect to the OUCC's second recommendation, AES Indiana agreed to include records of time allocation in each subsequent rate case to provide evidence that AES Indiana employee expense related to the time dedicated to AES Indiana and the affiliate ProjectCos' work is being properly accounted for. Thus, we direct AES Indiana to comply with this agreement.

8. IG Recommendations. Mr. Stephens recommended that AES Indiana not recover carrying costs from all customer classes on AES Indiana's proposed deferred investment balance if there is insufficient ESA revenue. The record demonstrates Petitioner's proposed accounting and ratemaking reasonably addresses this concern. Under AES Indiana's proposal, to the extent the ESA revenues are not sufficient to offset the amortization of the deferred costs, AES Indiana would continue to defer the difference for recovery in a future filing(s) in which there are sufficient ESA revenues to offset the Project costs. Amortization and recovery of the deferral will only occur when ESA revenues are sufficient. Consequently, Petitioner has a cost of capital for carrying unrecovered investment. Without the recognition of carrying charges, Petitioner would not be afforded the opportunity to earn and recover a reasonable return on this investment. Because Petitioner has proposed to use the ESA revenues to offset the Project costs, including carrying charges, we decline to adopt Mr. Stephens' recommendation.

Pursuant to Ind. Code § 8-1-7.9-25(b), if the Commission approves the Monrovia Project, AES Indiana can recover Project Costs that have been reviewed and found reasonable by the Commission with a return at AES Indiana's weighted average cost of capital. Mr. Stephens recommended Petitioner clarify that any Commission approval of the requested ARP does not prescribe treatment of Project Costs in future Commission proceedings. In rebuttal, Mr. Rogers clarified that a full cost of service study including the Monrovia Project and the Customer load can be conducted and reviewed by the Commission and stakeholders in a future base rate case to develop rates that appropriately allocate costs and revenues across all customer classes. Additionally, AES Indiana's ARP requests are specific to issues necessary to facilitate the establishment of the Joint Venture structure for AES Indiana's investment in the Generation and BESS Resources included in the Monrovia Project. AES Indiana's ARP requests are not specific to the recovery of the Monrovia Project Costs apart from seeking the accounting authority necessary to properly reflect AES Indiana's investment in the Generation and BESS Resources on its books. Therefore, the Commission and other interested parties will have the opportunity to

review Petitioner's full cost of service study, which includes the Monrovia Project and Customer load, in Petitioner's future base rate cases.

Mr. Stephens also recommended AES Indiana clarify the treatment of future costs related to the Customer as a separate rate class. In rebuttal, Mr. Rogers clarified that AES Indiana intends to treat the Customer as its own customer class or potentially include this Customer in a future large load tariff class. We agree that treating the Customer as its own customer class or potentially including this Customer in a future large load tariff class for purposes of a cost-of-service study and rate design ensures that costs are not inappropriately assigned to other existing or future customers. This is a reasonable regulatory mechanism for addressing class-specific cost responsibility. Additionally, Petitioner represented that non-rider costs will be identified and allocated in a cost-of-service study and rate allocation process as part of a future base rate proceeding. The IG and other interested parties will have the opportunity to review and weigh in on this process in such future base rate proceedings. Therefore, we find Mr. Stephens' request has been addressed.

Further, based on the record evidence, the Commission finds it is unnecessary to impose a cost cap as recommended by Mr. Stephens. The ESA allows Petitioner to update the Customer's rate to reflect actual costs, including costs in excess of the estimates presented in this proceeding. The Project includes negotiated contractual protections, and future cost recovery will occur—where applicable—through established Commission processes that allow review of actual costs, allocation, and reasonableness. Imposing a predefined, fixed cap may not reflect actual project requirements, commercial realities, or the distinction between costs allocable to the Customer and broader system costs. We also recognize that AES Indiana may not control all circumstances that could result in a cost increase, such as a force majeure event, unforeseeable conditions at the site, supply chain issues, and change in law or regulation, including potential changes in tax law. The Commission finds the approach proposed by AES Indiana is reasonable, namely: project-specific contractual protection up front, followed by Commission review of specific cost recovery in the appropriate future proceedings. This approach preserves the opportunity for Petitioner to present cost increases to the Commission, allows the OUCC and any intervenors to make arguments regarding any cost overruns at the appropriate time, and allows the Commission to reach a decision based on actual facts.

Mr. Stephens also recommended that AES Indiana be required to provide an update of the final Project and related costs when actual costs for the Project are determined. In rebuttal, Mr. Rogers testified that Petitioner plans to provide an update on the final Project Cost once the actual costs are known and will include additional detail in its relevant rider filings. He noted that AES Indiana already has an accounting framework in place to prevent the double-recovery of costs in future rate proceedings if Petitioner's employees or contractors perform work for ProjectCo. He also explained that the level of utility labor costs during the test year used to establish existing rates is reasonable and necessary for utility operations, and the labor cost to perform work for the Joint Ventures is additional and incremental work necessary for those projects. Furthermore, Petitioner accepted OUCC witness Wright's recommendations to include records of time allocation in each subsequent rate case to provide evidence that AES Indiana employee expense is being properly accounted for. Based on the recommendations of the IG and OUCC and Petitioner's rebuttal testimony, the Commission finds that Petitioner will provide updated cost information,

time allocation, and other accounting records to ensure that expenses are being appropriately allocated between Petitioner and its Joint Ventures.

Mr. Stephens also recommended that AES Indiana provide additional evidence that proposed network transmission upgrades, beyond what is needed for the Customer, are necessary, before such costs are accounted for in a regulatory asset. The record shows AES Indiana has presented evidence demonstrating that the proposed transmission facilities are necessary not only to reliably serve the Customer but also to maintain a robust and reliable transmission system capable of accommodating anticipated load growth in the Monrovia area and surrounding portions of Petitioner's service territory. Mr. Fields testified that transmission planning is not conducted solely to meet the requirements of a single customer. Rather, the transmission system must be designed and operated to maintain reliability, operational flexibility, and compliance with applicable planning standards under a broad range of operating conditions. He explained that the facilities included in the Monrovia Project were developed through standard transmission planning practices and represent prudent investments necessary to support both the Customer and broader system needs. The IG's concern that future load growth may not materialize does not warrant the rejection of the planning analyses and engineering supporting the proposed facilities. Further, as Mr. Fields testified, AES Indiana is not requesting a "guarantee" of future transmission cost recovery irrespective of the actual costs incurred. AES Indiana only seeks approval of the Monrovia Project under Ind. Code ch. 8-1-7.9 and the associated regulatory framework supporting service to the Customer. To the extent AES Indiana decides to seek future ratemaking treatment, the Commission retains its authority to review the reasonableness and allocation of these transmission costs in the applicable future proceeding(s).

Mr. Stephens further recommended that any approved accounting and ratemaking treatment should also preserve the parties' rights to raise cost recovery arguments in future dockets. Mr. Rogers, in rebuttal, agreed that the parties would have rights to raise cost recovery arguments in future dockets. Thus, based on the evidence presented, the parties retain their rights to raise cost recovery arguments in future Commission proceedings related to the Monrovia Project.

Finally, Mr. Stephens recommended that AES Indiana should not be permitted to recover Project planning costs, except as allowed under the special contracts with the Customer, in the event the Project is not completed. Under Ind. Code § 8-1-7.9-25(b)(2), if the Commission approves the Project, Petitioner may recover Project planning costs found to be reasonable, regardless of the Project's completion. *See also* Ind. Code § 8-1-7.9-15, defining project costs to include planning costs. Because the Commission is approving the Monrovia Project, we need not address this issue.

9. CAC Recommendations. In addition to CAC's recommendations regarding depreciation, network upgrade costs, the calculation of production and transmission allocators, and the ESA term, which we addressed earlier in this Order, Mr. Inskeep also raised concerns about potential earnings, namely that AES Indiana might earn a return on the Project investment without adequate scrutiny. As an initial matter, we note that the FAC earnings test is governed by statute. Mr. Rogers showed Petitioner's accounting and ratemaking proposals reasonably manage the CAC's concern. As Mr. Rogers explained, AES Indiana's accounting and ratemaking proposals enable Petitioner to match the Monrovia Project Costs with the revenue to be collected through the ESA with the Customer without negatively impacting other existing and

future customers. AES Indiana proposes to reflect the Project's incremental net operating income produced by the return on its investment in its authorized return for purposes of the Ind. Code § 8-1-2-42(d)(3) test, and to credit ESA revenues against fixed costs and rider costs through the ECR and other riders. AES Indiana's proposal is specifically designed to ensure the return associated with the Project is transparently presented to the Commission and matched to costs.

10. Conclusion. Pursuant to Ind. Code § 8-1-2.5-6, the Commission is authorized to approve alternative regulatory practices, procedures, and mechanisms if they are found to be in the public interest and to enhance or maintain the value of the energy utility's retail energy services or property. As explained above, the proposed accounting and ratemaking will allow AES Indiana to invest in the Generation and BESS Resources in a way that reduces the overall cost of the Project for the benefit of its customers. As the managing member of the Joint Venture, the AES Indiana Sponsor, a wholly owned subsidiary of AES Indiana, will have operational control of the Project. Having this investment in AES Indiana's portfolio at a desirable physical location is an enhancement of AES Indiana's retail electric services and property. By reducing the overall cost of the investment, while recognizing AES Indiana's need to earn a return of and on its investments, the ARP promotes energy utility efficiency. The Monrovia Project also promotes utility efficiency by further diversifying AES Indiana's generation portfolio with the addition of a solar generation facility and energy storage systems. Thus, the Commission finds approval of the ARP will be beneficial to AES Indiana, its customers, and Indiana.

Petitioner's proposed accounting and ratemaking also seeks to align recovery of the Project Costs with the Customer revenues associated with the load primarily driving the need for the Project. Petitioner's proposal to flow the ESA contribution to recovery of fixed costs back to existing and future customers through the ECR helps mitigate customer rate impacts, promotes affordability, and supports ongoing rate stability. The record demonstrates Petitioner's proposed accounting and ratemaking protects and safeguards existing and future customers and provides Petitioner cost recovery consistent with the statute. Therefore, the Commission finds and concludes Petitioner's proposed accounting and ratemaking is reasonable, and Petitioner's proposals are approved.

After considering the factors set forth in Ind. Code § 8-1-2.5-5 and -6, we find the Joint Venture structure and the elements of the requested ARP proposed by AES Indiana are in the public interest. Approval of the ARP, including the Joint Venture structure and AES Indiana's proposed cost recovery plan, advances the development of the Monrovia Project. The Commission finds the Project's ownership structure as well as the requested accounting and ratemaking treatment reasonably facilitates AES Indiana's ability to carry out the Monrovia Project while mitigating the ratemaking impact on AES Indiana's customers. Thus, we find the ARP proposed by AES Indiana is in the public interest and should be approved.

F. Jurisdiction over Joint Ventures and ProjectCos. Since the Joint Venture for each generation resource will not be the title owner of the resource, the Joint Venture will not own facilities that provide electricity. As such, the Joint Venture is not a "public utility." ProjectCo, which the Joint Venture will own, is the MISO market participant and will sell all the energy from the Generation and BESS Resources into the MISO market subject to FERC regulation. The circumstances of this arrangement, the Commission's exercise of jurisdiction over AES Indiana, and regulation by FERC render the exercise of jurisdiction by this Commission over

each Joint Venture, including ProjectCo, as a public utility unnecessary or wasteful. Declining to exercise jurisdiction will promote energy utility efficiency by avoiding unnecessary regulation and allowing AES Indiana to invest in economic renewable generation. Declining to exercise jurisdiction will be beneficial to the Joint Venture, AES Indiana, its customers, and Indiana. Finally, the exercise of the Commission's jurisdiction over ProjectCo as a public utility would increase the regulation of this entity unnecessarily, and this in turn would burden AES Indiana's implementation of the Monrovia Project. For these reasons, the Commission declines to exercise its jurisdiction over the Joint Venture, including ProjectCo, as a public utility. The Commission further finds that the declination of jurisdiction should be maintained once the ProjectCo becomes an affiliated interest of AES Indiana. Once the ProjectCo becomes an affiliated interest of AES Indiana, the parties' agreements will be subject to the requirements of Ind. Code § 8-1-2-49(2) and the Commission's General Administrative Order 2016-5.

G. Conclusion. Pursuant to Ind. Code § 8-1-7.9-24(b) provides the Commission shall make its decision based on whether the relief requested is just, reasonable, and in the public interest. Additionally, to approve an energy utility's request filed under Ind. Code § 8-1-7.9-22, the Commission must make the four required findings set forth in Ind. Code § 8-1-7.9-24(e).

In reaching our decision, the Commission has considered the required statutory showings by AES Indiana, including whether AES Indiana's proposed Monrovia Project supports the Five Pillars and protects existing and future customers. Consistent with our discussion above, the Commission finds the information provided by AES Indiana under Section 23 is complete. We also find that the evidence, including the testimony of AES Indiana witnesses Maguire and Fields, shows reasonable and demonstrable consideration was given to non-generation alternatives by the parties involved.

The Commission also finds that the Monrovia Project is reasonably designed to serve primarily a qualifying large load customer while protecting existing and future customers. Petitioner evaluated a broad range of resource options through a competitive solicitation process and selected a portfolio of generation and battery energy storage resources that is consistent with AES Indiana's IRP and Indiana's clean energy statutes. The record demonstrates, and we find, that the acquisition costs and the planning costs are reasonable. The record demonstrates that the proposed Monrovia Project and associated transmission network upgrades are reasonable and necessary to serve the Customer's load and will benefit the broader AES Indiana transmission system and its retail customers. AES Indiana negotiated arms-length customer agreements that include substantial and meaningful financial assurances, ensuring that the Customer will reimburse at least 80% of the Project Costs reasonably allocable to the Customer, as required by Ind Code § 8-1-7.9-22, regardless of load ramp or future usage. The Project incorporates prudent transmission investments, sound joint-venture and tax equity structures, and CfD arrangements that provide price certainty and risk mitigation for customers.

The Commission further finds that taken as a whole, the Monrovia Project, as detailed by AES Indiana in its Verified Petition and witness testimony, advances the Five Pillars of electric utility service—reliability, affordability, resiliency, stability, and environmental sustainability—while supporting economic development in Indiana. The ESA contains multiple protections, including minimum demand commitments, termination provisions, responsibility for Project Cost

overruns, and security and credit support requirements that help ensure costs and risks associated with serving the Customer are appropriately borne by the Customer. AES Indiana's proposal, including its proposed accounting and ratemaking treatment, for the Project appropriately addresses concerns by allowing adequate scrutiny; providing customer protections; allowing for the update of estimates to actual costs; allowing for Commission and stakeholder review of actual costs, allocation, and reasonableness; allowing updates to the Customer's rates; supporting recovery of reasonable Project Costs; and preventing double recovery of employee costs.

Based on the record evidence and discussion above, the Commission finds and concludes that the proposed Monrovia Project and associated relief sought by AES Indiana comply with the governing statutory framework and are otherwise just, reasonable, and in the public interest. Accordingly, AES Indiana's Monrovia Project and associated relief sought by Petitioner are approved.

9. Confidentiality Findings. AES Indiana filed a Motion for Protection and Nondisclosure of Confidential and Proprietary Information ("Motion") on April 22, 2026, which was supported by affidavits showing that certain information to be submitted to the Commission was trade secret information as defined in Ind. Code § 24-2-3-2 and should be treated as confidential consistent with Ind. Code § 8-1-7.9-26 and in accordance with Ind. Code §§ 5-14-3-4 and 8-1-2-29. In a Docket Entry dated May 1, 2026, the Presiding Officers found Petitioner had provided a sufficient basis for the requested confidential determination and further found the information should be held confidential on a preliminary basis.

While CAC did not file an objection to the Motion, Mr. Inskeep recommended that certain confidential information be made public. CAC argued that disclosure of the information is necessary for the public and Commission to evaluate whether the Customer contracts are just, reasonable, and in the public interest. The Commission, OUCC, IG, and CAC were all provided unredacted versions of the confidential information identified by Mr. Inskeep. Mr. Inskeep did not identify any information that the CAC, the other parties, or the Commission was unable to review due to confidentiality.

While we understand the CAC's arguments for more transparency concerning these types of utility transactions, we find AES Indiana provided sufficient evidence showing the information is trade secret information as defined in Ind. Code § 24-2-3-2, is exempt from public access and disclosure pursuant to Ind. Code §§ 5-14-3-4 and 8-1-2-29, and shall be held as confidential and protected from public access and disclosure by the Commission.

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

1. AES Indiana's petition for approval of the Monrovia Project and associated relief is approved.
2. AES Indiana's proposed accounting and ratemaking for the Monrovia Project are approved, and AES Indiana is granted accounting authority to implement its proposed accounting and ratemaking.
3. AES Indiana's estimated acquisition costs, planning costs, and post order

development costs and associated cost recovery are approved.

4. The CSA, ESA, and TSA are approved.

5. The Generation and BESS Resources, including the MIPAs, the Joint Venture structures and use of CfDs, are clean energy projects under Ind. Code § 8-1-8.8-2, and are just and reasonable under Ind. Code § 8-1-8.8-11 and are approved under Ind. Code § 8-1-7.9-24.

6. AES Indiana's proposed depreciation rates for the transmission infrastructure associated with the Project are approved.

7. AES Indiana's ARP described herein is approved.

8. The Commission declines to exercise jurisdiction over the ProjectCos and the Joint Ventures.

9. AES Indiana's request to defer and recover its investments in the Generation and BESS Resources and its planning costs as summarized herein and in Petitioner's evidence are approved.

10. The material submitted to the Commission under seal is declared to contain trade secret information as defined in Ind. Code § 24-2-3-2 and, therefore, shall continue to be exempt from the public access requirements contained in Ind. Code ch. 5-14-3 and Ind. Code § 8-1-2-29.

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

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

APPROVED: OCT 07 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: 2026.10.07 10:13:18
-04'00'

on behalf of

**Dana Kosco
Secretary of the Commission**