

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANAPOLIS POWER & LIGHT)
COMPANY D/B/A AES INDIANA ("AES INDIANA"))
FOR AUTHORITY TO INCREASE RATES AND)
CHARGES FOR ELECTRIC UTILITY SERVICE)
THROUGH A PHASE-IN RATE ADJUSTMENT; AND)
FOR APPROVAL OF RELATED RELIEF,)
INCLUDING (1) REVISED DEPRECIATION RATES,)
INCLUDING COST OF REMOVAL LESS SALVAGE) CAUSE NO. 46258
AND UPDATED DEPRECIATION EXPENSE; (2))
ACCOUNTING RELIEF, INCLUDING DEFERRALS)
AND AMORTIZATIONS, (3) INCLUSION OF)
CAPITAL INVESTMENT, (4) RATE ADJUSTMENT)
MECHANISM PROPOSALS, INCLUDING A NEW)
PROPERTY TAX RIDER, AND (5) NEW SCHEDULES)
OF RATES, RULES AND REGULATIONS FOR)
SERVICE.)

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR
PUBLIC EXHIBIT NO. 2 – REDACTED TESTIMONY OF OUCC WITNESS
MICHAEL D. ECKERT

Respectfully submitted,

INDIANA OFFICE OF UTILITY CONSUMER
COUNSELOR



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**REDACTED TESTIMONY OF WITNESS MICHAEL D. ECKERT
CAUSE NO. 46258
INDIANAPOLIS POWER & LIGHT COMPANY D/B/A AES INDIANA**

I. INTRODUCTION

1 **Q: Please state your name, business address, and employment capacity.**

2 A: My name is Michael D. Eckert, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204. I am a Chief Technical
4 Advisor within the Electric Division for the Indiana Office of Utility Consumer
5 Counselor (“OUCC”). My qualifications are set forth in Appendix A of this
6 document.

7 **Q: Have you previously testified before the Indiana Utility Regulatory**
8 **Commission (“Commission” or “IURC”)?**

9 A: Yes. I have testified on behalf of the OUCC before the Commission in numerous
10 proceedings, including multiple rate cases filed by Indianapolis Power & Light
11 Company d/b/a AES Indiana (“AESI,” “Company,” or “Petitioner”) (Cause Nos.
12 44576, 45029 and 45911), Indiana Michigan Power Company (“I&M”) (Cause
13 Nos. 45235 and 45933), CenterPoint Energy Indiana South (“CEI South”) (Cause
14 No. 45990), Citizens Thermal Energy (“CTE”) (Cause Nos. 44349 and 44781),
15 Duke Energy Indiana, LLC (“Duke”) (Cause Nos. 45253, 45576, and 46038), and
16 Northern Indiana Public Service Company LLC (“NIPSCO”) (Cause Nos. 45159,
17 45772, and 46120). I have provided testimony in numerous dockets before the
18 Commission including Fuel Adjustment Clause (“FAC”) proceedings filed by
19 various utilities, including AESI (Cause No. 38703 FAC XXX), I&M (Cause No.
20 38702 FAC XX), CEI South (Cause No. 38708 FAC XXX), CTE (Cause No. 41969
21 FAC XX), Duke (Cause No. 38707 FAC XXX), and NIPSCO (Cause No. 38706

1 FAC XXX).

2 II. PURPOSE OF TESTIMONY

2 **Q: What is the purpose of your testimony?**

3 A: I am sponsoring the OUCC's overall revenue requirement recommendation in this
4 Cause. I incorporate the impact of other OUCC witnesses' recommendations in the
5 revenue requirement calculations. I incorporate an adjustment to AESI's test year
6 depreciation expense to account for the effect of the OUCC Witness James Garren's
7 proposed depreciation changes. Based on the return on equity recommended by
8 OUCC witness Leja Courter and adjusted by OUCC witness Brian Latham, I
9 recommend a weighted average cost of capital ("WACC") of 6.50%.

10 I testify regarding the OUCC's evaluation and analyses of the revenue
11 requirement request in AESI's case-in-chief. I explain how cost trackers continue
12 to shift the risk of operating expense increases and capital expenditures from AESI
13 to its ratepayers. I also explain specific adjustments and recommendations
14 regarding certain AESI requests, including its proposals for fuel cost, fuel
15 inventory, IURC Fee expense, and uncollectible accounts expense.

16 I recommend the Commission:

- 17 1) Reject AESI's requested annual rate increase of \$192.9 million (10.10%)¹ and
18 decrease Petitioner's current revenue requirement by \$21.2 million;²
- 19 2) Reject Petitioner's requested 10.7% authorized return on equity ("ROE") and
20 instead approve an 8.5% ROE³ based on the ROE analysis (9.00%) by OUCC
21 witness Leja Courter and further modifications by OUCC witness Brian
22 Latham;

¹ Direct Testimony of Brandi Davis-Handy, page 7, lines 1 - 2.

² Schedule MDE-1, Phase 2, page 1 of 1.

³ Public's Exhibit No. 8, Direct Testimony of Leja Courter, page 2, line 10.

- 1 3) Continue the current agreement allowing the OUCC and intervenors to file FAC
2 testimony 35 days after AESI files its petition and testimony;
- 3 4) Reject AESI's proposed fuel cost adjustment;
- 4 5) Utilize the current IURC factor in effect to calculate IURC fee expense;
- 5 6) Utilize the OUCC's uncollectible percentage in the calculation of uncollectible
6 expense; and
- 7 7) Approve the recommendations and proposals of the OUCC's additional
8 witnesses.

9 **Q: To the extent you do not address a specific item, should that be construed to**
10 **mean you or the OUCC agree with Petitioner's proposal?**

11 A: No. The scope of my testimony is limited to the specific items addressed herein.

12 **Q: Please describe the review you conducted to prepare your testimony.**

13 A: I reviewed AESI's petition and prefiled testimony in this proceeding. I also read
14 relevant Commission Orders, reviewed Petitioner's workpapers, and reviewed the
15 Minimum Standard Filing Requirement documents. I submitted data requests
16 ("DR") and reviewed Petitioner's responses to the OUCC's and Intervenors' DRs.
17 In addition, I reviewed consumer comments submitted in this Cause and
18 participated in meetings with OUCC staff.

III. OUCC REVENUE REQUIREMENTS

19 **Q: Please summarize your findings regarding Petitioner's proposed revenue**
20 **requirement.**

21 A: My compilation of the OUCC's analyses shows AESI's annual revenues should be
22 decreased by \$21.2 million,⁴ or an approximately 1.00% decrease in its revenue
23 requirement. This contrasts with AESI's \$192.9 million, or 10.1%, requested

⁴ Schedule MDE-1, Phase 2, page 1 of 1.

1 increase.⁵ I recommend a revenue requirement decrease based on a 6.50% WACC.⁶

2 **Q: Please provide an overview of the OUCC's process to evaluate AESI's**
3 **proposed revenue requirements.**

4 A: As an Investor-Owned Utility ("IOU"), AESI's rates and charges are regulated
5 under Ind. Code § 8-1-2-1, *et seq.* The OUCC compared the operating revenues,
6 operating expenses, rate base figures, capital structure, and net operating income
7 from AESI's historic base period year ending December 31, 2024, to the
8 Unadjusted Forward Looking Test Year (2026) operating revenues, operating
9 expenses, rate base figures, capital structure, and net operating income.
10 Adjustments to the Unadjusted Forward Looking Test Year (2026) revenue and
11 expense data were generally made to reflect changes that will be and are projected
12 to occur by the end of the Adjusted Forward Looking Test Year (2026). The OUCC
13 also adjusted Petitioner's forecasted rate base and proposed rate of return used in
14 calculating return on rate base.

15 **Q: AESI is proposing to implement its requested rate increase in two phases. Have**
16 **you prepared schedules for Phase 1 and Phase 2 to support and accompany**
17 **your testimony?**

18 A: Yes. The Phase 1 and Phase 2 schedules (MDE-1 through MDE-8) listed below are
19 attached to my testimony. (See Table MDE – 1). The schedules are also included
20 in a separate submission to the Commission in Microsoft Excel format with the
21 formulas intact.

Table MDE - 1

Schedule Number	Phase	Schedule Name
MDE-1	1	Comparison of Petitioner's and OUCC Recommended Revenue

⁵ Direct Testimony of Brandi Davis-Handy, page 7, lines 1 - 2.

⁶ Schedule MDE-1, Phase 2, page 1 of 1.

		Increase/(Decrease) as of December 31, 2025
MDE-4	1	Pro-Forma Income Statement for the Twelve months ended December 31, 2024, December 31, 2025, and December 31, 2026
MDE-5	1	Rate Base Summary as of December 31, 2025
MDE-6	1	Weighted Cost of Capital as of December 31, 2025
MDE-7	1	OUCR Revenue and Expense Adjustment as of December 31, 2025
MDE-1	2	Comparison of Petitioner's and OUCR Recommended Revenue Increase/(Decrease) as of December 31, 2026
MDE-2	1 & 2	Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
MDE-3	1 & 2	Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
MDE-4	2	Pro-Forma Income Statement for the Twelve months ended December 31, 2026
MDE-5	2	Rate Base Summary as of December 31, 2026
MDE-6	2	Weighted Cost of Capital as of December 31, 2026
MDE-7	2	OUCR Revenue and Expense Adjustment as of December 31, 2026
MDE-8	1 & 2	OUCR Rate Base Adjustments as of December 31, 2025, and December 31, 2026

1 **Q: Please describe how you prepared Schedules MDE-2 and MDE-3.**

2 A: Schedules MDE-2 and MDE-3 are AESI's 2024, 2025, and 2026 Balance Sheets
3 and Income Statements, respectively. These financial statement schedules are
4 copied directly from AESI's Financial Exhibit.

5 **Q: Please describe Schedule MDE-4.**

6 A: Schedule MDE-4 is the Pro forma Income Statement reflecting AESI's proposed
7 test year Pro forma Income Statement as of December 31, 2025, and December 31,
8 2026.

9 **Q: Please describe Schedule MDE-5.**

10 A: Schedule MDE-5 is the OUCR's Original Cost Electric Rate Base as of December
11 31, 2025, and December 31, 2026.

12 **Q: Please describe Schedule MDE-6.**

13 A: Schedule MDE-6 is the OUCR's WACC Calculation as of December 31, 2025, and
14 December 31, 2026.

1 **Q: Please describe Schedules MDE-7 and MDE-8.**

2 A: Schedule MDE-8 shows the OUCC's Revenue and Expense Adjustment as of
3 December 31, 2025, and December 31, 2026. Schedule MDE-8 shows the OUCC's
4 rate base adjustments as of December 31, 2025, and December 31, 2026.

5 **Q: What adjustment did you make to income taxes?**

6 A: My adjustment for income taxes represents the taxes on the Operating Income on
7 Schedule MDE-4. The adjustment is applied to net operating income at the statutory
8 state rate (4.9%) and the statutory federal rate (21%). These adjustments are shown
9 in my Schedules MDE-1 and Schedule MDE-7.

10 **Q: What are AESI's capital structure and WACC proposals for the Adjusted**
11 **Forward-Looking Test Year ending December 31, 2026?**

12 A: AESI's proposed capital structure consists of 47.33% long-term debt, 46.48%
13 common equity, 6.00% Cost Free Capital, and 0.18% for other capital. Using the
14 10.7% ROE AESI witness Adrien McKenzie recommends, and the 5.38% cost of
15 debt as of December 31, 2026, AESI's proposed WACC is 7.52%.⁷

16 **Q: What is your recommended WACC?**

17 A: Based on Mr. Courter's 9.0% ROE recommendation and Mr. Latham's downward
18 adjustments for 1) affordability (30 basis points) and 2) ACE billing (20 basis
19 points), my proposed capital structure results in a WACC of 6.50%. (See Schedule
20 MDE-6).

21 **Q: Are you incorporating any adjustments to depreciation expense and**
22 **accumulated depreciation?**

23 A: Yes. I incorporate Mr. Garren's proposed depreciation expense reduction of

⁷ AES Indiana Financial Exhibit AESI-CC, Schedule CC-2.

1 \$62.893 million⁸ into my revenue requirement recommendation.

IV. CURRENT RIDER IMPACT

2 **Q: How will the outcome of this case affect AESI's current riders?**

3 A: After the Commission issues its order, AESI will continue to implement riders that
4 change rates quarterly, bi-annually, and annually through the FAC, Demand-Side
5 Management Adjustment ("DSMA"), Environmental Compliance Cost Recovery
6 Adjustment ("ECR"), Capacity Adjustment ("CAP"), Off-System Sales Margin
7 Adjustment ("OSS"), Regional Transmission Organization Adjustment ("RTO"),
8 and Transmission, Distribution and Storage System Improvement Charge
9 ("TDSIC").

10 **Q: Do cost trackers shift risk from a utility to its ratepayers?**

11 A: Yes. Cost trackers shift the risk of increased operating expenses and capital
12 expenditure from utilities to their ratepayers. Trackers also reduce the effects of
13 regulatory lag, which would otherwise incentivize utilities to control costs and
14 evaluate expenditures to ensure costs are reasonable and prudent. In traditional
15 ratemaking, base rate cases motivate utilities to control costs between rate cases
16 because the utility bears the risk of higher costs. Trackers, on the other hand, allow
17 for more immediate recovery of costs. Overall, cost trackers provide real benefits
18 to utilities and their shareholders by reducing cost recovery risk and investors'
19 earning uncertainties.

20 **Q: Have you calculated how AESI's current trackers impact its residential**
21 **customers' monthly bill based on 1,000 kWh per month usage as of August 20,**
22 **2025?**

⁸ Direct Testimony of Witness James Garren, page 6, Table JSG - 1.

1 A: Yes. Table MDE-2 below illustrates the tracker impacts on the monthly bill of an
 2 AESI residential customer using 1,000 kWh per month. The current base rate
 3 portion of the monthly bill totals \$136.62, which includes the customer charge and
 4 energy charge portion of the bill (lines 1-3). The total monthly bill, including
 5 trackers, is \$158.26. Therefore, 13.67% of a typical AESI residential customer's
 6 monthly bill is associated with the utility's numerous trackers (lines 4-10).

Table MDE - 2: Residential Customer Bill Calculation as of August 20, 2025

Line No.	Description	kWh	Rate	\$	% of Bill
1	Customer Charge	N/A	N/A	\$17.00	10.74%
2	Energy Charge (First 500 kWh per month)	500	\$0.125421	62.71	39.62%
3	Energy Charge (Second 500 kWh per month)	500	\$0.113822	56.91	35.96%
4	Fuel Charge	1,000	\$0.001223	1.22	0.77%
5	Demand Side Management Adjustment	1,000	\$0.005404	5.40	3.41%
6	ECR Adjustment	1,000	\$0.009476	9.48	5.99%
7	Capacity Adjustment	1,000	(\$0.000519)	(0.52)	(0.33)%
8	Off-System Sales Margin	1,000	\$0.004121	4.12	2.60%
9	Regional Transmission Organization Adjustment	1,000	\$0.000044	0.04	0.03%
10	TDSIC Adjustment	1,000	\$0.001893	1.89	1.20%
11	Total			\$158.26	100.00%
	Description			\$	% of Bill
12	Base Charge			\$136.62	86.33%
13	Non-FAC Trackers			20.42	12.90%
14	FAC			1.22	0.77%
15	Total			\$158.26	100.00%

V. RIDERS

7 **Q: Does AESI propose changing any of its current riders and/or adding a new**
 8 **rider?**

9 A: Yes. Currently, AESI has eight established riders and two new proposed riders.

10 AESI is proposing the following for each of its riders:

- 1) TDSIC Rider (Rider 3): AESI proposes no change;
- 2) FAC Rider (Rider 6): Petitioner is proposing a new base cost of fuel of \$0.044940 (current is \$0.039027);
- 3) Environmental Compliance Cost Recovery Adjustment Rider (Rider 20): AESI is proposing to establish a new benchmark level in base rates for consumable expenses;
- 4) DSMA Rider (Rider 22): AESI proposes no change;
- 5) CAP Rider (Rider 24): AESI is proposing a new benchmark level;
- 6) OSS Rider (Rider 25): AESI proposes a new benchmark level; and
- 7) RTO Rider (Rider 26): AESI is proposing a new benchmark level; and
- 8) GPR Rider (Rider 21): AESI proposes no change.

Q: Is OUCC witness Brittany Baker recommending denial of AESI's proposed property tax rider?

A: Yes. Ms. Baker's testimony discusses why the proposed property tax rider should be denied.

Q: Did you review AESI's proposed Phase-In Adjustment Rider?

A: Yes. I do not oppose AESI's proposed Phase-In Adjustment Rider (Rider 28).

Q: Do you have any recommendations regarding the FAC?

A: Yes. The current agreement that allows the OUCC and intervenors to file FAC testimony 35 days after AESI files its petition and testimony should be continued.

Q: What do you recommend regarding the cost allocation of AESI's proposed trackers?

A: I recommend the Commission approve OUCC witness Michael Deupree's proposed customer class revenue allocation factors for all AESI riders.

VI. FUEL OIL INVENTORY LEVEL (GALLONS)

Q: Does the OUCC agree with AESI's proposed Harding Street fuel oil inventory level of 1,000,000 gallons?

1 A: No. A reasonable amount of fuel oil inventory must be maintained and reflected in
 2 customers' base rates. AESI is allowed to earn a return on its fuel oil inventory,
 3 which is different than the fuel oil costs recovered through the FAC. AESI's
 4 Harding Street fuel oil inventory has remained relatively flat since December 2022.
 5 AESI's Harding Street fuel oil inventory at the end of calendar year 2022 was
 6 853,429 gallons⁹ (\$1,557,472).¹⁰ At the end of the historical year (December 31,
 7 2024) its fuel oil inventory was 810,534¹¹ tons (\$1,725,958).¹²

8 **Q: Please explain how you calculated your recommended fuel oil inventory level.**

9 A: I calculated the fuel oil inventory level by multiplying 800,128 gallons of fuel oil
 10 by AESI's proposed price per gallon of \$2.13 to arrive at an inventory balance of
 11 \$1,703,801. My recommended fuel oil inventory is based on the average of AESI's
 12 December 31, 2022, 2023, and 2024 fuel oil inventory balances, as shown in Table
 13 MDE – 3.

Table MDE- 3

Fuel Oil Inventory						
Description	2022 Actual	2023 Actual	2024 Forecasted	2025 Forecasted	2026 Forecasted	OUCG Amount
Gallons	853,429	736,423	810,534	1,000,000	1,000,000	800,128
Price	\$1.82	\$1.79	\$2.13	\$2.13	\$2.13	\$2.13
Expense	\$1,557,472	\$1,319,859	\$1,725,958	\$2,129,409	\$2,129,409	\$1,703,801

14 **Q: What amount of fuel oil inventory do you recommend be included in rate base?**

15 A: An average of the three most recent complete calendar years would be a reasonable
 16 fuel oil inventory level for Petitioner to include in rate base because this average is

⁹ Attachment MDE - 1: 46258 OUCG DR 18-2.

¹⁰ *Id.*

¹¹ 46258_AESIN_Financial Exhibits and Workpapers_060325.xls, Tab: RB7-WP2-Fuel Oil Inventory Ad.

¹² *Id.*

1 based on actual historical data. I am recommending an inventory level of 800,128
 2 tons or \$1,703,801. Thus, I am recommending an additional downward adjustment
 3 of \$425,608 to AESI's proposed downward adjustment of \$741,000.

VII. FUEL COST

4 **Q: Do you accept AESI's requested base cost of fuel?**

5 A: No. AESI's proposed base cost of fuel is too high in light of current economic
 6 conditions and customer affordability concerns. AESI is proposing a \$0.044940 per
 7 kWh base cost of fuel as compared to the currently approved \$0.039027 per kWh
 8 base cost of fuel. AESI's proposal will increase fuel costs included in base rates by
 9 \$35.627 million.

10 **Q: How does AESI's proposed base cost of fuel compare to other utilities?**

11 A: AESI's proposed base cost of fuel will be the highest in Indiana, if approved.
 12 AESI's current base cost of fuel is the second highest. (See Table MDE – 4)

Table MDE - 4

Utility Name	Base Cost of Fuel	Cause Number	Order Date
AESI (proposed)	\$0.044940 per kWh	46258	NA
AESI (current)	\$0.039027 per kWh	45911	April 17, 2024
CenterPoint South	\$0.044308 per kWh	45990	December 5, 2023
Duke Energy Indiana	\$0.034378 per kWh	46038	April 4, 2024
Indiana Michigan	\$0.012981 per kWh	45933	May 8, 2024
NIPSCO	\$0.027166 per kWh	46120	September 12, 2024

13 **Q: How much of AESI's proposed operations and maintenance expense and**
 14 **operating expenses consist of proposed fuel costs?**

1 A: AESI's proposed fuel costs are \$597.427 million. They constitute 52.90% of total
2 operations and maintenance expense and 36.96% of total operating expenses.

3 **Q: Will AESI be more susceptible to natural gas market rates once Petersburg**
4 **Units 3 and 4 are retired?**

5 A: Yes. Once Petersburg Units 3 and 4 are no longer using coal, AESI's power sources
6 will be limited to gas generation, Purchased Power Agreements, and MISO market
7 purchases. AESI's O&M Schedule 2 shows the total dollar amount associated with
8 each type of generation. I have included parts of O&M Schedule 2 in the Table
9 below (Table MDE – 5). I have also added a column showing the percentage of
10 each type of power compared to total power. AESI's projected fuel sources subject
11 to market prices and variations and account for almost 90.0% of its generation.

Table MDE-5

Source	AESI Proposed Fuel/Power Expense	Percent to Total
Coal and oil generation	\$ 0	0.00%
Gas generation	530,451	77.71%
Other generation- internal combustion	0	0.00%
Wind generation	0	0.00%
Purchases through MISO:		
Wind purchase power agreement purchases	54,668	8.01%
Non-wind PPA market purchases	58,987	8.64%
MISO components of cost of fuel	14,627	2.14%
Purchased power other than MISO (solar)	23,879	3.50%
Total cost of fuel	\$682,612	100.00%

1 **Q: What is your recommendation?**

2 A: I recommend the Commission disallow AESI's requested fuel increase of \$35.627
3 million.

4 **Q: What base cost of fuel do you recommend?**

5 A: The OUCC's recommended cost of fuel is \$0.42260 after exclusion of AESI's
6 proposed fuel cost increase of \$35.627 million. This number is calculated by
7 dividing the Unadjusted test year fuel cost of \$561.800 million¹³ by the Adjusted
8 MWh source of 13,293,984.¹⁴

9 **Q: Why should the Commission maintain the current base cost of fuel as opposed**
10 **to raising it to the level AESI proposed?**

11 A: Disallowing AESI's requested increase would protect consumers from higher base
12 rates as lower base rates are more affordable for consumers in the near-term. The
13 Commission should prioritize keeping electricity affordable for all customers.
14 Further, this provides protection to consumers if the market prices used in AESI's
15 calculation of its proposed base cost of fuel do not materialize. In addition, AESI
16 is in a better position if recovery is delayed rather than ratepayers prepaying for
17 fuel cost and receiving credit later.

18 **Q: How is AESI able to recover all its fuel costs through its FAC proceedings?**

19 A: The FAC proceeding allows utilities to recover the actual cost of fuel and purchased
20 power on a dollar-for-dollar basis. AESI makes a quarterly filing regarding its
21 forecasted fuel costs and the recovery of its past fuel costs. If AESI has over-
22 recovered its fuel costs, it will provide consumers a credit and if it has under-
23 recovered its fuel costs, it will charge customers to recover the amount under-

¹³ AES Indiana Financial Exhibit AESI-OPER, Schedule OM2.

¹⁴ *Id.*

1 recovered. Each FAC filing is subject to OUCC review and IURC approval. This
2 ensures the estimates and charges are reasonable, accurate, and consistent with
3 Indiana law. Once the Commission approves the FAC rate, the rate is charged to
4 the utility's customers, which results in a charge or credit.

5 **Q: Please explain how the charge or credit is determined.**

6 A: In general, it consists of four parts. First, the forecasted cost of fuel is determined.
7 Second, the over/under recovery of past fuel costs is determined. Third, the
8 over/under recovery and the forecasted fuel costs are added together to determine
9 the adjusted fuel charge. Fourth, the base cost of fuel as determined by the
10 Commission is subtracted from the adjusted fuel charge to determine the fuel
11 adjustment credit/charge factor to be applied to customer bills.

12 **Q: What do you recommend regarding AESI's fuel cost?**

13 A: I recommend the Commission reject AESI's proposed embedded fuel cost increase
14 of \$35.627 million as it will help alleviate the immediate financial burden on
15 ratepayers. Petitioner will not be harmed by this reduction because it will still
16 recover and collect actual fuel costs pursuant to Ind. Code 8-1-2-42.

VIII. FUEL COST – REVENUE ADJUSTMENT

17 **Q: Did you make an adjustment to increase fuel costs to reflect the additional fuel**
18 **associated with the with OUCC Witness Derek Leader's revenue adjustment?**

19 A: Yes. OUCC Witness Leader increased sales by \$229,851 (2,126,250 kWh). My
20 adjustment increases fuel costs \$89,855 to reflect the additional fuel expense
21 associated with the increase sales. This amount was calculated by multiplying the

1 increase in kWh of 2,126,250 by the OUCC's proposed base cost of fuel of
2 \$0.042260 as depicted in Schedule MDE-7, page 3.

IX. STORM DAMAGE AND RESTORATION

3 **Q: Did any thunderstorms affect AESI's customers during the first half of 2025?**

4 A: Yes. AESI classified a thunderstorm that occurred on April 2, 2025,¹⁵ as a major,
5 level 3 event.

6 **Q: What reporting requirements did AESI agree to in its last rate case?**

7 A: In the Settlement Agreement in Cause No. 45911, AESI agreed to:

8 1) A 2,500 customer threshold for filing reports under 170 IAC 4-1-23(b)(1);

9 2) Continuous reports until customer interruptions drop to zero;

10 3) Meet with the OUCC and additional interested Settling Parties to collaborate
11 on any additional modifications to its storm reporting requirements and/or
12 related procedures; and

13 4) Submit a report to the Commission with any additional recommendations.

14 **Q: Did AESI report the number of crews it used in its Major Storm Outage**
15 **reports to the Commission?**

16 A: Yes. In the "Notes" section¹⁶ of the reports, AESI identified the number of crews it
17 used to repair its systems. The crews were identified by types of crews such AES
18 (Line/UG and Trouble), Contractor Crews (Field and vegetation), and Mutual

¹⁵ Major Storms are defined as Level 3 and Level 4.

¹⁶ Attachment MDE – 2, Report of Outage – April 2, 2025.

1 Assistance (Utility and Contractor Crews). In addition, AESI provided a “Storm
2 Restoration Major Overview.”

3 **Q: Did the OUCC meet with AESI and other consumer parties to address**
4 **additional modifications to Petitioner’s storm reporting requirements?**

5 A: Yes. In addition, AESI filed a report¹⁷ with the Commission on July 16, 2024.

6 **Q: What do you recommend?**

7 A: I recommend AESI continue to:

- 8 1) Report storm outages affecting at least 2,500 customers, pursuant to 170 IAC
9 4-1-23(b)(1);
- 10 2) Continue reports until customer interruptions drop to zero; and
- 11 3) State the number and types of crews it used to repair the system following each
12 outage.

X. CUSTOMER SUPPORT PROGRAMS

13 **Q: Is AESI proposing to continue the customer support programs it agreed to**
14 **implement in Cause No. 45911?**

15 A: Yes. On pages 19 and 20 of her direct testimony, Petitioner’s witness Brandi Davis-
16 Handy testified the Company proposes to maintain the customer support practices
17 implemented as a result of the approved Cause No. 45911. The support practices
18 AESI proposes to continue are: 1) Low Income Home Energy Assistance Program

¹⁷ AES Indiana Storm Reporting Collaborative Compliance Filing, IURC Cause No. 45911, July 16, 2024.

1 (“LIHEAP”) Customer Deposits; 2) Residential Late Payment Charge; 3)
2 Disconnection/Reconnection; and 4) Medical Hold/Medical Alert.

3 **Q: Please describe these four programs.**

4 A: The four programs are¹⁸:

5 **1) LIHEAP Customer Deposit.** If an applicant for residential service or current
6 customer is qualified by a Community Action Agency to participate in the
7 LIHEAP program, the residential deposit will be limited to \$50.00.

8 **2) Residential Late Payment Charge.** Once within a rolling twelve-month
9 period, the Company will waive the late payment charge on a delinquent bill,
10 provided payment is tendered not later than the last date for payment of the net
11 amount of the next succeeding month’s bill.

12 **3) Disconnection/Reconnection.** With respect to disconnections due to non-
13 payment, AESI will not disconnect service for any residential customer on
14 Fridays, Saturdays, Sundays, and the following Holidays: New Year’s Day,
15 Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Friday after
16 Thanksgiving Day, December 24, and Christmas Day. The fee for remote
17 disconnection continues to be set at \$0. The fee for remote reconnection remains
18 \$3; and

19 **4) Medical Hold/Medical Alert.** If the customer is a LIHEAP-Qualified
20 Participant, the protection from disconnection for Medical Hold will continue
21 to reflect the increase from 20 days to 30 days. A Medical Hold will not require
22 proof of the reason for the hold. Before any disconnection, the Company will
23 continue to place a collection call to such customer that prompts the customer
24 to contact the Company to establish an installment plan. If a residential
25 customer is on the Medical Hold or Medical Alert Program, or a participant in
26 the AMI Opt-Out Program, or does not have an AMI meter, or has not provided
27 a phone number or email address, AESI will make an on-premises visit on the
28 day of disconnect.

¹⁸ Direct Testimony of Brandi Davis-Handy, page 19, line 10 through page 20, line 4.

1 **Q: Does the OUCC support AESI's proposed continuation of these four customer**
2 **support programs?**

3 A: Yes.

XI. OTHER CONCERNS

4 **Q: Did the Commission issue an order addressing the effective date of approved**
5 **rate changes?**

6 A: Yes. In Cause No. 45772, a recent electric rate case for NIPSCO, the OUCC and
7 the NIPSCO Industrial Group filed a motion requesting the Commission require
8 NIPSCO to apply its new rates and charges on a prospective basis for service
9 rendered after the effective date of the new rates, rather than to bills it issued after
10 the effective date which included service rendered before the effective date. The
11 Commission granted the motion on October 11, 2023, finding that "neither the
12 Settlement Agreement nor the August Order approving that Settlement Agreement
13 authorized NIPSCO to implement the new rates on a bills-rendered basis, as
14 opposed to on a consumption basis." (Cause No. 45772, Order of the Commission
15 on Motion to Enforce at 2 (Oct. 11, 2023)).

16 **Q: Should AESI also implement the rates approved in this Cause on a prospective**
17 **basis to service rendered after the rates become effective?**

18 A: Yes. The OUCC requests the Commission to find that any rate change approved for
19 a jurisdictional utility only apply on the basis of service rendered on or after the
20 effective date of the rate change, and not to bills issued after the effective date
21 because these may include service provided before the effective date.

XII. CUSTOMER SATISFACTION

22 **Q: Have you reviewed public data regarding AESI's customer satisfaction levels?**

23 A: Yes. I reviewed public J.D. Power Customer Satisfaction surveys regarding AESI.

1 Public J.D. Power information on Overall Residential Customer Satisfaction shows
 2 AESI has ranked anywhere from above the segment average (4th) to below the
 3 segment average (12th) out of the 16 utilities in the “Midwest Region,” “Midsize
 4 Segment” during the last five years (2020-2024).¹⁹ Table MDE-6 shows how AESI
 5 compares to the Midwest Segment Average, according to J.D. Power.

Table MDE - 6

Midwest Midsize Utility Comparison				
Year	AESI Score	Midwest Segment Average	Rank	Total Utilities
2024	671	692	12	16
2023	704	706	11	16
2022	768	769	4	7
2021	735	746	10	16
2020	741	747	9	16

¹⁹ 2024: <https://www.jdpower.com/business/press-releases/2014-electric-utility-residential-customer-satisfaction-study>.

2023: <https://www.jdpower.com/business/press-releases/2023-electric-utility-residential-customer-satisfaction-study>.

2022: <https://www.jdpower.com/business/press-releases/2022-electric-utility-residential-customer-satisfaction-study>.

2021: <https://www.jdpower.com/business/press-releases/2021-electric-utility-residential-customer-satisfaction-study>.

2020: <https://www.jdpower.com/business/press-releases/2020-electric-utility-residential-customer-satisfaction-study>.

1 Public J.D. Power information on Overall Residential Customer Satisfaction shows
 2 AES Indiana has ranked anywhere from 3rd to 4th lowest among the five Indiana
 3 electric IOUs during the last five years (2020-2024).²⁰

Table MDE - 7

Indiana Utility Comparison					
Year	AESI	CEI South	Duke	I&M	NIPSCO
2024	671	556	712	727	700
2023	704	598	726	728	705
2022	768	NA	783	787	713
2021	735	651	757	729	752
2020	741	690	764	752	743

4 **Q: Have the OUCC and Commission received significant public input in this**
 5 **proceeding?**

6 **A:** Yes. The OUCC has received more than 6,700 written consumer comments in this
 7 proceeding, while all four of the IURC's public field hearings were well attended.
 8 OUCC witness Ashley Bishop's testimony discusses the comments and field
 9 hearings in more detail.

XIII. UNCOLLECTIBLE ACCOUNTS EXPENSE

10 **Q: Did you review Petitioner's adjustment to uncollectible accounts expense?**

11 **A:** Yes. AESI used a ten-year (2014 through 2023) average of uncollectible expense

²⁰ 2024: <https://www.jdpower.com/business/press-releases/2014-electric-utility-residential-customer-satisfaction-study>.

2023: <https://www.jdpower.com/business/press-releases/2023-electric-utility-residential-customer-satisfaction-study>.

2022: <https://www.jdpower.com/business/press-releases/2022-electric-utility-residential-customer-satisfaction-study>.

2021: <https://www.jdpower.com/business/press-releases/2021-electric-utility-residential-customer-satisfaction-study>.

2020: <https://www.jdpower.com/business/press-releases/2020-electric-utility-residential-customer-satisfaction-study>.

1 percentage to calculate its uncollectible expense percentage, which it used in its
2 calculation of pro forma uncollectible expense. In addition, AESI removed the high
3 (2023) and low (2020) amounts as extraordinary. AESI calculated its uncollectible
4 expense by multiplying forecasted electric operating revenue (less Off-System
5 Sales, Rent Revenues, and Miscellaneous Electric Revenues) by the uncollectible
6 expense percentage to arrive at pro forma uncollectible expense.

7 **Q: Do you agree with Petitioner's Uncollectible Account Expense methodology?**

8 A: Yes. However, I do not agree with AESI's calculation of the uncollectible account
9 expense percentage that it used in its calculation.

10 **Q: Why do you disagree with Petitioner's uncollectible account expense**
11 **percentage?**

12 A: During my review of AESI's schedules and workpapers, I determined the Company
13 should have removed three years of uncollectible expense percentage as being
14 extraordinary instead of two. The 2021 uncollectible expense percentage is
15 significantly higher than the other years used in the calculation (See Table MDE-
16 8) and should be removed for the same reason AESI removed the uncollectible

1 expenses for 2020 and 2023 to make the uncollectible expense percentage
2 accurately representative of recent history.

Table MDE-8

Year	Revenues	Net Write Offs	Uncollectible Account (%)	AESI Calculation	OUC Calculation
2023	1,555,183,632	7,763,948	0.4992 %		
2022	1,600,496,720	7,008,000	0.4379 %	0.4379 %	0.4379 %
2021	1,369,893,785	6,448,000	0.4707 %	0.4707 %	
2020	1,279,699,639	3,627,000	0.2834 %		
2019	1,385,238,075	5,528,000	0.3991 %	0.3991 %	0.3991 %
2018	1,386,038,216	6,017,000	0.4341 %	0.4341 %	0.4341 %
2017	1,317,627,722	5,389,000	0.4090 %	0.4090 %	0.4090 %
2016	1,309,006,380	4,255,000	0.3251 %	0.3251 %	0.3251 %
2015	1,230,781,193	3,851,000	0.3129 %	0.3129 %	0.3129 %
2014	1,229,651,882	4,758,000	0.3869 %	0.3869 %	0.3869 %
Total				0.3994%	0.3891%

3 **Q: What is your adjustment to uncollectible expense?**

4 A: My adjustment reduces uncollectible expense by \$1.042 million as opposed to
5 Petitioner's proposed adjustment increase of \$848,000.

XIV. PUBLIC UTILITY FEE

6 **Q: Please explain your adjustment to the Indiana IURC fee rate.**

7 A: In its filing, AESI used an IURC Fee rate of \$0.1750 percent. The currently
8 approved IURC fee rate is \$0.1456147 percent for the period covering July 1, 2025,
9 through June 30, 2026. I have used the current IURC fee of \$0.1456147 in my
10 calculation of the Present Rate and Pro Forma Proposed IURC Fee Expense
11 because that rate is fixed, known, and measurable.

XV. AMORTIZATION EXPENSE

12 **Q: What should the Commission require AESI to do when the amortization**
13 **period ends?**

14 A: I recommend the Commission require AESI to reduce its base rates to account for

1 the end of the amortization of regulatory assets upon the amortization period
2 expiring. AESI has proposed this reduction be through its credit rider, which the
3 OUCC does not oppose.

XVI. RECOMMENDATIONS

4 **Q: Please summarize your recommendations.**

5 A: I recommend the Commission:

- 6 1) Reject AESI's requested annual rate increase of \$192.9 million (10.10%)²¹
7 and decrease Petitioner's current revenue requirement by \$21.2 million;
- 8 2) Reject Petitioner's requested 10.7% authorized ROE and approve an 8.5%
9 ROE based on Mr. Courter's ROE analysis (9.0%) and Mr. Latham's further
10 modifications;
- 11 3) Continue the current agreement that allows the OUCC and intervenors to
12 file FAC testimony 35 days after AESI files its petition and testimony;
- 13 4) Reject Petitioner's adjustment to fuel cost;
- 14 5) Utilize the IURC Factor and the uncollectible percentage recommended by
15 the OUCC;
- 16 6) Approve modifications to certain depreciation rates as recommended by Mr.
17 Garren; and
- 18 7) Approve the recommendations of the OUCC's additional witnesses.

19 **Q: Does this conclude your testimony?**

20 A: Yes.

²¹ Direct Testimony of Brandi Davis-Handy, page 6, lines 1 - 2.

APPENDIX A – QUALIFICATIONS OF MICHAEL D. ECKERT

1 **Q: Please describe your educational background and experience.**

2 A: I graduated from Purdue University in West Lafayette, Indiana, in December 1986,
3 with a Bachelor of Science degree, majoring in Accounting. I passed the Certified
4 Public Accountant Exam. Upon graduation, I worked as a Field Auditor with the
5 Audit Bureau of Circulation in Schaumburg, Illinois, until October 1987. In
6 December 1987, I accepted a position as a Staff Accountant with the OUCC. In
7 May 1995, I was promoted to Principal Accountant, and in December 1997, I was
8 promoted to Assistant Chief Accountant. As part of the OUCC's reorganization, I
9 accepted the position of Assistant Director of the OUCC's Telecommunications
10 Division in July 1999. From January 2000 through May 2000, I was the Acting
11 Director of the Telecommunications Division. From January 2000 through May
12 2000, I was the Acting Director of the Telecommunications Division. During an
13 OUCC reorganization, I accepted a position as a Senior Utility Analyst, and in
14 September 2017, I was promoted to Assistant Director of the OUCC's Electric
15 Division. In February 2022, I was promoted to Director of the Electric Division. In
16 November 2024, I accepted the position of Chief Technical Advisor. As part of my
17 continuing education, I have attended the National Association of Regulatory
18 Utility Commissioners ("NARUC") two-week seminar in Lansing, Michigan. I
19 attended NARUC's Spring 1993 and 1996 seminar on the system of accounts. In
20 addition, I attended several CPA sponsored courses and the Institute of Public
21 Utilities Annual Conference in December 1994 and December 2000.

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<u>Phase 1:</u>	<u>Schedule Name:</u>
Schedule MDE - 1	Comparison of Petitioner's and OUCC Recommended Revenue Increase/(Decrease) as of December 31, 2025
Schedule MDE - 2	Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
Schedule MDE - 3	Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
Schedule MDE - 4	Pro-Forma Income Statement for the Twelve months ended December 31, 2025
Schedule MDE - 5	Rate Base Summary as of December 31, 2025
Schedule MDE - 6	Weighted Cost of Capital as of December 31, 2025
Schedule MDE - 7	OUCC Rate Base Adjustment as of December 31, 2025
Schedule MDE - 8	OUCC Rate Base Adjustments as of December 31, 2025 and December 31, 2026

<u>Phase 2:</u>	
Schedule MDE - 1	Comparison of Petitioner's and OUCC Recommended Revenue Increase/(Decrease) as of December 31, 2026
Schedule MDE - 2	Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
Schedule MDE - 3	Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
Schedule MDE - 4	Pro-Forma Income Statement for the Twelve months ended December 31, 2026
Schedule MDE - 5	Rate Base Summary as of December 31, 2026
Schedule MDE - 6	Weighted Cost of Capital as of December 31, 2026
Schedule MDE - 7	OUCC Rate Base Adjustment as of December 31, 2026
Schedule MDE - 8	OUCC Rate Base Adjustments as of December 31, 2025 and December 31, 2026

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<u>Phase 1:</u>	<u>Schedule Name:</u>
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Schedule MDE - 6	Weighted Cost of Capital as of December 31, 2025
Schedule MDE - 7	OUCC Rate Base Adjustment as of December 31, 2025
Schedule MDE - 8	OUCC Rate Base Adjustments as of December 31, 2025 and December 31, 2026

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Comparison of Petitioner's and OUCC Recommended
Revenue Increase/(Decrease) as of December 31, 2025
(000)

Line No.	Description	AES Indiana Fee/Rate	OUCC Fee/Rate	AES Indiana Revenue Inc/(Dec)	OUCC Revenue Inc/(Dec)	OUCC Schedule Reference
1	Net Original Cost Rate Base			\$ 4,977,153	\$ 4,949,886	Schedule 5
2	Rate of Return			7.36%	6.40%	Schedule 6
3	Net Operating Income (Line 1* Line 2)			366,319	316,793	
4	Pro forma Net Operating Income			302,552	356,205	Schedule 4
5	Increase in Net Operating Income (NOI Shortfall) (Line 3 - Line 4)			63,767	(39,412)	
6	Effective Incremental Revenue NOI Conversion Factor (Line 17)			74.697%	74.727%	
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5/Line 6)			\$ 85,367	\$ (52,742)	
Gross Revenue Conversion Factor:						
8	Revenue			100.0000%	100.0000%	
9	Less: Petitioner Uncollectible Accounts Expense	0.3994%		0.3994%		
10	Less: OUCC Uncollectible Accounts Expense		0.3891%		0.3891%	
11	Less: Petitioners IURC Fee Expense	0.1750%		0.1750%		
12	Less: OUCC IURC Fee Expense		0.1456%		0.1456%	
13	State Taxable Income (Line 8 - (Line 9 - Line 12))			99.4256%	99.4653%	
14	Less: Gross State Income Tax Rate	4.9000%	4.9000%	4.8719%	4.8738%	
15	Federal Taxable Income (Line 13 - Line 14)			94.5537%	94.5915%	
16	Less: Federal Income Tax Rate	21.0000%	21.0000%	19.8563%	19.8642%	
17	Revenue Conversion Factor (Line 15 - Line 16)			74.6975%	74.7273%	

Indianapolis Power & Light Company d/b/a AES Indiana
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Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
(000)

Line No.	Description	December 31, 2024 Amounts	December 31, 2025 Amounts	December 31, 2026 Amounts
1	Utility Plant In Service			
2	Utility Plant In Service	\$7,615,364	\$8,068,415	\$8,817,883
3	Less: Accumulated Depreciation	3,977,095	4,210,129	4,454,351
4	Net Utility Plant In Service	3,638,269	3,858,286	4,363,532
5	Construction Work In Progress	270,582	366,901	177,604
6	Other Utility Plant - Net	1,002	1,002	1,002
7	Total Utility Plant	\$3,909,853	\$4,226,189	\$4,542,138
8	Other Propoerty and Investments			
9	Other Property Plant and Investments	\$56,998	\$56,998	\$56,998
10	Current Assets			
11	Cash and Cash Equivalents	\$23,882	\$29,722	\$34,085
12	Accounts Receivable (Less Allowance for Doubtful Accounts)	198,045	184,390	202,838
13	Fuel Stock	50,842	51,232	51,625
14	Plant Materials and Operating Supplies	111,341	115,582	122,352
15	Prepayments and Other Current Assets	193,544	187,807	195,558
16	Total Current Assets	\$577,654	\$568,733	\$606,458
17	Deferred Debits			
18	Unamortized Debt Expense	\$26,443	\$26,443	\$26,443
19	Rate-Based Regulatory Assets	1,328,209	1,152,086	1,120,201
20	Non Rate-Based Regulatory Assets	569,009	1,006,958	1,344,703
21	Unamortized Loss on Reaquired Debt	12,832	12,832	12,832
22	Accumulated Deferred Income Taxes - FAS 109	0	0	0
23	Accumulated Deferred Income Taxes - Other	188,286	188,286	188,286
24	Miscellaneous	33,507	34,729	34,725
25	Total Deferred Debits	\$2,158,286	\$2,421,334	\$2,727,190
26	Total Assets	\$6,702,791	\$7,273,254	\$7,932,784

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
(000)

Line No.	Description	December 31, 2024 Amounts	December 31, 2025 Amounts	December 31, 2026 Amounts
1	Proprietary Capital			
2	Common Stock Issued	\$324,537	\$324,537	\$324,537
3	Preferred Stock Issued	0		0
4	Premium on Cumulative Preferred Stock	0		0
5	Other Paid In Capital	1,418,296	1,968,296	2,318,296
6	Retained Earnings	353,800	353,800	353,800
7	Unappropriated Undistributed Subsidiary Earnings/(Deficit)	57,721	57,721	57,721
8	Total Proprietary Capital	<u>\$2,154,354</u>	<u>\$2,704,354</u>	<u>\$3,054,354</u>
9				
10	Long-Term Debt			
11	Bonds	\$2,763,800	\$3,063,800	\$3,063,800
12	Unamortized Discount on Long-Term Debt	(8,092)	(8,092)	(8,092)
13	Total Long-Term Debt	<u>\$2,755,708</u>	<u>\$3,055,708</u>	<u>\$3,055,708</u>
14	Other Noncurrent Liabilities			
15	Obligations Under Capital Leases - Noncurrent	\$0	\$0	\$0
16	Accumulated Provision for Injuries and Damages	0	0	0
17	Accumulated Depreciation for Pensions and Benefits	369	369	369
18	Accumulated Miscellaneous Operating Provisions	0	0	0
19	Long-Term Portion of Derivative Instrument Liabilities	0	0	0
20	Asset Retirement Obligations	370,210	370,210	370,210
21	Total Other Noncurrent Liabilities	<u>\$370,579</u>	<u>\$370,579</u>	<u>\$370,579</u>
22	Current and Accrued Liabilities			
23	Accounts payable	\$191,682	\$193,720	\$171,742
24	Short Term Debt	500,000	167,300	420,200
25	Customer Deposits	11,892	11,892	11,892
26	Taxes Accrued	18,887	18,887	18,887
27	Interest Accrued	30,408	30,408	30,408
28	Dividends Declared	0	0	0
29	Tax Collections Payable	7,325	7,325	7,325
30	Other Current Liabilities	22,821	22,821	22,821
31	Total Current & Accrued Liabilities	<u>\$783,015</u>	<u>\$452,353</u>	<u>\$683,275</u>
32	Deferred Credits			
33	Accumulated Deferred Investment Tax Credits	\$18	\$18	\$0
34	Other Deferred Credits	9,953	9,953	18
35	Other Regulatory Liabilities	71,429	71,429	9,953
36	Accumulated Deferred Income Taxes - FAS 109	(58,378)	0	71,429
37	Accumulated Deferred Income Taxes - Other	616,112	608,860	687,468
38	Total Deferred Credits	<u>\$639,134</u>	<u>\$690,260</u>	<u>\$768,868</u>
39	Total Capitalization and Liabilities	<u><u>\$6,702,790</u></u>	<u><u>\$7,273,254</u></u>	<u><u>\$7,932,784</u></u>

Indianapolis Power & Light Company d/b/a AES Indiana
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Operating Income Statements for the periods ending December 31, 2024, December 31, 2025, and December 31, 2026
(000)

Line No.	Description	December 31, 2024 Amounts	December 31, 2025 Amounts	December 31, 2026 Amounts
1	Operating Revenues	\$1,633,897	\$1,883,553	\$1,989,756
2	Operating Expenses			
3	Operating Expense	\$836,280	\$955,680	\$1,000,780
4	Maintenance Expense	145,339	175,149	173,972
5	Depreciation Expense	303,949	300,348	322,098
6	Amortization of Depletion of Plant	25,740	30,642	32,222
7	Amortization of Utility Plant Acquisition Adjustment	15	18	19
8	Amortization of Regulatory Debits/Credits	(7,507)	34,312	36,796
9	Taxes Other Than Income Taxes	29,576	33,457	40,970
10	Income Taxes - Federal	13,921	16,804	799
11	Income Taxes - Other	3,305	4,069	168
12	Net Deferred Income Taxes - Federal	16,759	25,341	42,211
13	Net Deferred Income Taxes - Other	5,593	7,094	11,207
14	ITC Adjustment (NET)	(3)	(16)	(3)
15	Gains on Disposition of Allowances	0	0	0
16	ARO Accretion and Loss on ARO Settlements	0	0	0
17	Total Utility Operating Expenses	\$1,372,967	\$1,582,898	\$1,661,239
18	Net Utility Operating Income	260,930	300,655	328,517
19	Nonutility Operating Income			
20	Revenues from Nonutility Operations	(\$18)	\$0	(\$4)
21	Expenses of Nonutility Operations	(1,237)	(10)	(10)
22	Non-operating Rental Income	9	0	0
23	Equity in Earnings of Subsidiaries	28,991	0	0
24	Interest and Dividend Income	2,194	46	47
25	Allowance for Equity Funds Used During Construction	3,991	849	8,194
26	Miscellaneous Non-operating Income	101	0	0
27	Gain on Disposition of Property	1,559	0	0
28	Total Other Income	\$35,590	\$885	\$8,227
29	Other Income Deductions			
30	Loss on Disposition of Property	\$0	\$0	\$0
31	Miscellaneous Amortization	0	0	0
32	Donations	1,893	1,479	1,507
33	Penalties	1	40	41
34	Civic Expenditures	729	740	710
35	Other Deductions	1,821	0	0
36	Taxes on Other Income and Deductions	(70)	2,094	1,995
37	Total Other Income Deductions	\$4,374	\$4,353	\$4,253
38	Interest Charges			
39	Interest on Long-Term Debt	\$131,458	\$158,988	\$173,695
40	Amortization of Debt Discount	1,754	0	0
41	Amortization of Loss on Reacquired Debt	26,359	5,492	6,000
42	Other Interest Expense	0	0	0
43	Allowance for Borrowed Funds Used During Construction	(32,240)	(31,308)	(21,901)
44	Net Interest Charges	\$127,331	\$133,172	\$157,794
45	Net Income	\$164,815	\$164,015	\$174,697

**Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258**

**Pro-Forma Income Statement for the Twelve months ended December 31, 2025
(000)**

Line No.	Description:	Phase Test Year Unadjusted (Col. 1)	AES IN Adjustments At Present Rates (Col. 2)	AES Indiana Adjusted At Present Rates (Col. 3)	OUCC Adjustments at Present Rates P1 Att. MDE-7, p. 1	OUCC Adjusted At Present Rates	Adjustments At Proposed Rates (Col. 4)	OUCC Adjusted At Proposed Rates (Col. 5)
1	Operating Revenues	\$ 1,989,756	\$ (72,073)	\$ 1,917,683	\$ 230	\$ 1,917,913	\$ (52,742)	\$ 1,865,171
	Operating Expenses							
2	Operation and Maintenance Expenses	\$ 1,174,752	\$ (39,377)	\$ 1,135,375	\$ (70,252)	\$ 1,065,123	\$ (282)	\$ 1,064,841
3	Depreciation Expense	391,135	(539)	390,596	0	390,596	0	390,596
4	Taxes - Other Than Income Taxes	40,970	6,181	47,151	(932)	46,219	0	46,219
5	Total Operating Expenses Other Than Income Taxes	\$ 1,606,857	\$ (33,735)	\$ 1,573,122	\$ (71,184)	\$ 1,501,938	\$ (282)	\$ 1,501,656
6	Net Operating Income Before Income Taxes	\$ 382,899	\$ (38,338)	\$ 344,561	\$ 71,414	\$ 415,975	\$ (52,460)	\$ 363,516
	Income Taxes							
7	Federal Income Taxes - Current	\$ 799	\$ 17,257	\$ 18,056	\$ 14,262	\$ 32,318	\$ (10,477)	\$ 21,841
8	State Income Taxes - Current	168	4,234	4,402	3,499	7,901	(2,571)	5,330
9	Federal Income Taxes - Deferred	42,211	(27,182)	15,029	0	15,029	0	15,029
10	State Income Taxes - Deferred	11,207	(6,669)	4,538	0	4,538	0	4,538
11	Income Tax Credit Adjustments	(3)	(13)	(16)	0	(16)	0	(16)
12	Total Income Taxes	\$ 54,382	\$ (12,373)	\$ 42,009	\$ 17,761	\$ 59,770	\$ (13,047)	\$ 46,723
13	Net Utility Operating Income	\$ 328,517	\$ (25,965)	\$ 302,552	\$ 53,653	\$ 356,205	\$ (39,412)	\$ 316,793

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Rate Base Summary as of December 31, 2025
(000)

Line No.	Description	AES Indiana			OUCC	
		Test Year	Adjustment	Adj. Rate Base Rate Base December 31, 2025	OUCC Rate Base Adjustments	Pro forma As Of December 31, 2025
		(Note A)	(Note A)	(Note A)	(Note B)	
	Rate Base					
1	Utility Plant	\$ 8,085,715	\$ (1,047,869)	\$ 7,037,846	\$ (26,843)	\$ 7,011,003
2	Non Jurisdictional Plant	-	-	-	-	-
3	Common Allocated	-	-	-	-	-
4	Total Electric Utility Plant	<u>8,085,715</u>	<u>(1,047,869)</u>	<u>7,037,846</u>	<u>(26,843)</u>	<u>7,011,003</u>
5	Utility Plant Accumulated Depreciation	(4,210,460)	861,863	(3,348,597)	-	(3,348,597)
6	Non Jurisdictional Plant Accumulated Depreciation	-	-	-	-	-
7	Common Allocated Accumulated Depreciation	-	-	-	-	-
8	Total Electric Accumulated Depreciation	<u>(4,210,460)</u>	<u>861,863</u>	<u>(3,348,597)</u>	<u>-</u>	<u>(3,348,597)</u>
9	Net Electric Utility Plant	\$ 3,875,255	\$ (186,006)	\$ 3,689,249	\$ (26,843)	\$ 3,662,406
10	Materials & Supplies	122,352	(4,037)	118,315	-	118,315
11	Production Fuel	50,617	(47,746)	2,871	(425)	2,446
12	Regulatory Assets	1,152,086	14,633	1,166,719	-	1,166,719
13	Total Electric Rate Base	<u>\$ 5,200,310</u>	<u>\$ (223,156)</u>	<u>\$ 4,977,153</u>	<u>\$ (27,268)</u>	<u>\$ 4,949,886</u>

Note A: AES Indiana Prefiled Exhibit: 46258_AESIN_Financial Exhibits Phase 1 Workpapers_060325, Tab: RB1-Original Cost Electric Rate
Note B: OUCC Adjustments are listed on Schedule 8, Page 1 of 1.

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Weighted Cost of Capital as of December 31, 2025
(000)

Line No.	Description	December 31, 2025 Balance	Percent of Total	Return Rate	Weighted Return rate
		(Note A)			
1	Long-Term Debt	\$3,050,700	50.54%	5.26%	2.66%
2	Preferred Stock	0	0.00%	0.00%	0.00%
3	Common Equity	2,646,633	43.85%	8.50%	3.73%
4	Customer Deposits	11,892	0.20%	6.00%	0.01%
5	Prepaid Pension Asset (Net of OPEB liability)	(140,649)	-2.33%	0.00%	0.00%
6	Deferred Income Taxes	467,122	7.74%	0.00%	0.00%
7	Post 1970 ITC	2	0.00%	6.77%	0.00%
8	Totals	\$6,035,700	100.00%		6.40%

Post 1970 ITC Calculation

Line No.	Description	December 31, 2025 Balance	Percent of Total	Return Rate	Weighted Return rate
1	Long-Term Debt	\$3,050,700	53.55%	5.26%	2.82%
2	Preferred Stock	0	0.00%	0.00%	0.00%
3	Common Equity	2,646,633	46.45%	8.50%	3.95%
4	Totals	\$5,697,333	100.00%		6.77%

Note A: AES Indiana Prefiled Exhibit: 46258_AESIN_Financial Exhibits Phase 1 Workpapers_060325, Tab: CC2- Weighted Average

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Summary of Adjustments to Net Income
for the Test Year Ended December 31, 2025
(\$000)

Description:	Witness Schedule Reference	Revenues	O&M Expenses	Depreciation & Amortization Expense	Taxes Other Than Income	State Income Taxes	Federal Income Taxes	Net Operating Income
<u>OUCC Adjustments:</u>								
Revenue Adjustment	Leader	\$230		-	-	11	46	173
Fuel Expense-Revenue Adjustment	Eckert (7-3)		\$90	-	-	(4)	(18)	(68)
Fuel Expense	Eckert (7-2)	-	(35,627)	-	-	1,746	7,115	26,766
Vegetation Management Expense	Sanka	-	(17,442)	-	-	855	3,483	13,104
Storm Reserve Expense	Lantrip	-	(1,477)	-	-	72	295	1,110
Rate Case Expense	Baker	-	(759)	-	-	37	152	570
IURC Fee Expense	Eckert (7-5)	-	(548)	-	-	27	109	412
Uncollectible Account Expense	Eckert (7-4)	-	(194)	-	-	10	39	146
		-	-	-	-	-	-	-
		-	-	-	-			
Total OUCC Adjustments		\$ 230	\$ (70,252)	\$ -	(932)	\$ 3,499	\$ 14,262	\$ 53,653
Revenue Conversion Factor						<u>4.90000%</u>	<u>19.97100%</u>	

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Fuel Expense
(\$000)

Line No.	Description:	OUCC Proposed Amount
1	OUCC Proposed Fuel Cost	\$ 561,800
2	Less: AESI Proposed Base Cost of Fuel	597,427
3	OUCC Adjustment - Inc/(Dec)	<u><u>\$ (35,627)</u></u>

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Fuel Expense Adjustment - Revenue
(000)

Line No.	Description:	OUCC Proposed Amount	Tariff Rate	OUCC Proposed Amount
Revenue Adjustment:				
1	Residential Class:			
2	Residential Service (RS) (MWh)			1,147
3	Residential (RC) (MWh)			803
4	Residential Heat (RH) (MWh)			177
5	Total Mwh			2,126
Fuel Expense Adjustment				
6	Total kWh			2,126,250
7	Multiply by Base Cost of Fuel			\$0.042260
8	OUCC Adjustment - Inc/(Dec)			\$89,855

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Uncollectible Expense
(\$000)

Line No.	Description:	Amount
1	Forecasted electric operating revenues for the twelve months ended December 31, 2026	\$1,917,683
2	Less: Off-system sales	(24,906)
3	Less: Rents from electric property	(3,540)
4	Less: Miscellaneous electric revenue	(4,387)
5	Net forecasted electric operating revenues	1,884,850
6	Uncollectible accounts experience rate	0.3891 %
7	Adjusted uncollectible electric accounts expense	7,334
8	Unadjusted uncollectible electric accounts expense	6,486
9	Adjustment at present rates	848
10	Less: AES Proposed adjustment	(1,042)
11	OUCC Adjustment - Inc/(Dec)	(\$194)

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

IURC Fee Expense
(\$000)

Line No.	Description:	Amount
1	Forecasted electric operating revenues for the twelve months ended December 31, 2026	\$1,917,683
2	Less: Off-system sales	(24,906)
3	Less: Rents	(3,540)
4	Less: Other customer charges	(10,816)
5	Less: Miscellaneous electric revenues	(4,387)
6	Less: Uncollectible accounts expense	(7,528)
	Net forecasted electric operating revenue subject to public utility fee	1,866,506
8	Effective public utility fee rate	0.1456 %
9	Adjusted test year public utility fee	2,718
10	Less: AES Indiana IURC Fee	3,266
11	Adjustment at proposed rates	(\$548)

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Original Cost Rate Base adjustments as of December 31, 2025 and December 31, 2026
(000)

Line No.	Description:	Witness Reference	December 31, 2025 OUCC Rate Base Adjustment (1)	December 31, 2026 OUCC Rate Base Adjustment (2)	December 31, 2025 plus December 31, 2026OUCC Rate Base Adjustment (1+2)
1	Fuel Inventory	Eckert	(\$425)	\$0	(425)
2	ACE Investment	Lantrip	(4,350)	(4,600)	(8,950)
3	368.00 Line Transformers	Kelley	(20,921)	0	(20,921)
4	364.00 Poles, Towers & Fixture	Kelley	0	(617)	(617)
5	391.00 Office Furniture & Fixt	Kelley	(200)	(328)	(528)
6	360.00 Underground conductors and devices	Kelley	(217)	0	(217)
7	397.00 Communication Equip Post 1996	Kelley	(405)	(695)	(1,100)
8	398.00 Miscellaneous Equipment	Kelley	0	(715)	(715)
9	303.00 Intangible - Software	Kelley	0	(500)	(500)
10	303.00 Intangible - Software	Kelley	0	(1,363)	(1,363)
11	353.00 Station Equipment	Kelley	0	(1,708)	(1,708)
12	391.60 Office Furniture & Fixt	Kelley	(750)	0	(750)
13	Total Pro Forma Rate Base Adjustments		<u>\$ (27,268)</u>	<u>\$ (10,526)</u>	<u>\$ (37,794)</u>

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Cover and Index

Phase 2:

Schedule MDE - 1	Comparison of Petitioner's and OUCC Recommended Revenue Increase/(Decrease) as of December 31, 2026
Schedule MDE - 2	Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
Schedule MDE - 3	Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
Schedule MDE - 4	Pro-Forma Income Statement for the Twelve months ended December 31, 2026
Schedule MDE - 5	Rate Base Summary as of December 31, 2026
Schedule MDE - 6	Weighted Cost of Capital as of December 31, 2026
Schedule MDE - 7	OUCC Rate Base Adjustment as of December 31, 2026
Schedule MDE - 8	OUCC Rate Base Adjustments as of December 31, 2025 and December 31, 2026

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Comparison of Petitioner's and OUCC Recommended
Revenue Increase/(Decrease) as of December 31, 2026
(000)

Line No.	Description	AES Indiana Fee/Rate	OUCC Fee/Rate	AES Indiana Revenue Inc/(Dec)	OUCC Revenue Inc/(Dec)	OUCC Schedule Reference
1	Net Original Cost Rate Base			\$ 5,547,851	\$ 5,510,058	Schedule 5
2	Rate of Return			7.52%	6.50%	Schedule 6
3	Net Operating Income (Line 1* Line 2)			417,198	358,154	
4	Pro forma Net Operating Income			273,084	374,056	Schedule 4
5	Increase in Net Operating Income (NOI Shortfall) (Line 3 - Line 4)			144,114	(15,902)	
6	Effective Incremental Revenue NOI Conversion Factor (Line 17)			74.697%	74.729%	
7	Increase in Revenue Requirement (Based on Net Original Cost Rate Base) (Line 5/Line 6)			\$ 192,931	\$ (21,279)	
Gross Revenue Conversion Factor:						
8	Revenue			100.0000%	100.0000%	
9	Less: Petitioner Uncollectible Accounts Expense	0.3994%		0.3994%		
10	Less: OUCC Uncollectible Accounts Expense		0.3891%		0.3891%	
11	Less: Petitioners IURC Fee Expense	0.1750%		0.1750%		
12	Less: OUCC IURC Fee Expense		0.1456%		0.1456%	
13	State Taxable Income (Line 8 - (Line 9 - Line 12))			99.4256%	99.4653%	
14	Less: Gross State Income Tax Rate	4.9000%	4.9000%	4.8719%	4.8719%	
15	Federal Taxable Income (Line 13 - Line 14)			94.5537%	94.5934%	
16	Less: Federal Income Tax Rate	21.0000%	21.0000%	19.8563%	19.8646%	
17	Revenue Conversion Factor (Line 15 - Line 16)			74.6975%	74.7288%	

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
(000)

Line No.	Description	December 31, 2024 Amounts	December 31, 2025 Amounts	December 31, 2026 Amounts
1	Utility Plant In Service			
2	Utility Plant In Service	\$7,615,364	\$8,068,415	\$8,817,883
3	Less: Accumulated Depreciation	3,977,095	4,210,129	4,454,351
4	Net Utility Plant In Service	3,638,269	3,858,286	4,363,532
5	Construction Work In Progress	270,582	366,901	177,604
6	Other Utility Plant - Net	1,002	1,002	1,002
7	Total Utility Plant	\$3,909,853	\$4,226,189	\$4,542,138
8	Other Propoerty and Investments			
9	Other Property Plant and Investments	\$56,998	\$56,998	\$56,998
10	Current Assets			
11	Cash and Cash Equivalents	\$23,882	\$29,722	\$34,085
12	Accounts Receivable (Less Allowance for Doubtful Accounts)	198,045	184,390	202,838
13	Fuel Stock	50,842	51,232	51,625
14	Plant Materials and Operating Supplies	111,341	115,582	122,352
15	Prepayments and Other Current Assets	193,544	187,807	195,558
16	Total Current Assets	\$577,654	\$568,733	\$606,458
17	Deferred Debits			
18	Unamortized Debt Expense	\$26,443	\$26,443	\$26,443
19	Rate-Based Regulatory Assets	1,328,209	1,152,086	1,120,201
20	Non Rate-Based Regulatory Assets	569,009	1,006,958	1,344,703
21	Unamortized Loss on Reaquired Debt	12,832	12,832	12,832
22	Accumulated Deferred Income Taxes - FAS 109	0	0	0
23	Accumulated Deferred Income Taxes - Other	188,286	188,286	188,286
24	Miscellaneous	33,507	34,729	34,725
25	Total Deferred Debits	\$2,158,286	\$2,421,334	\$2,727,190
26	Total Assets	\$6,702,791	\$7,273,254	\$7,932,784

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Balance Sheets as of December 31, 2024, December 31, 2025, and December 31, 2026
(000)

Line No.	Description	December 31, 2024 Amounts	December 31, 2025 Amounts	December 31, 2026 Amounts
1	Proprietary Capital			
2	Common Stock Issued	\$324,537	\$324,537	\$324,537
3	Preferred Stock Issued	0		0
4	Premium on Cumulative Preferred Stock	0		0
5	Other Paid In Capital	1,418,296	1,968,296	2,318,296
6	Retained Earnings	353,800	353,800	353,800
7	Unappropriated Undistributed Subsidiary Earnings/(Deficit)	57,721	57,721	57,721
8	Total Proprietary Capital	<u>\$2,154,354</u>	<u>\$2,704,354</u>	<u>\$3,054,354</u>
9				
10	Long-Term Debt			
11	Bonds	\$2,763,800	\$3,063,800	\$3,063,800
12	Unamortized Discount on Long-Term Debt	(8,092)	(8,092)	(8,092)
13	Total Long-Term Debt	<u>\$2,755,708</u>	<u>\$3,055,708</u>	<u>\$3,055,708</u>
14	Other Noncurrent Liabilities			
15	Obligations Under Capital Leases - Noncurrent	\$0	\$0	\$0
16	Accumulated Provision for Injuries and Damages	0	0	0
17	Accumulated Depreciation for Pensions and Benefits	369	369	369
18	Accumulated Miscellaneous Operating Provisions	0	0	0
19	Long-Term Portion of Derivative Instrument Liabilities	0	0	0
20	Asset Retirement Obligations	370,210	370,210	370,210
21	Total Other Noncurrent Liabilities	<u>\$370,579</u>	<u>\$370,579</u>	<u>\$370,579</u>
22	Current and Accrued Liabilities			
23	Accounts payable	\$191,682	\$193,720	\$171,742
24	Short Term Debt	500,000	167,300	420,200
25	Customer Deposits	11,892	11,892	11,892
26	Taxes Accrued	18,887	18,887	18,887
27	Interest Accrued	30,408	30,408	30,408
28	Dividends Declared	0	0	0
29	Tax Collections Payable	7,325	7,325	7,325
30	Other Current Liabilities	22,821	22,821	22,821
31	Total Current & Accrued Liabilities	<u>\$783,015</u>	<u>\$452,353</u>	<u>\$683,275</u>
32	Deferred Credits			
33	Accumulated Deferred Investment Tax Credits	\$18	\$18	\$0
34	Other Deferred Credits	9,953	9,953	18
35	Other Regulatory Liabilities	71,429	71,429	9,953
36	Accumulated Deferred Income Taxes - FAS 109	(58,378)	0	71,429
37	Accumulated Deferred Income Taxes - Other	616,112	608,860	687,468
38	Total Deferred Credits	<u>\$639,134</u>	<u>\$690,260</u>	<u>\$768,868</u>
39	Total Capitalization and Liabilities	<u><u>\$6,702,790</u></u>	<u><u>\$7,273,254</u></u>	<u><u>\$7,932,784</u></u>

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Operating Income Statements for the periods ending December 31, 2024, December 31, 2025, and December 31, 2026
(000)

Line No.	Description	December 31, 2024 Amounts	December 31, 2025 Amounts	December 31, 2026 Amounts
1	Operating Revenues	\$1,633,897	\$1,883,553	\$1,989,756
2	Operating Expenses			
3	Operating Expense	\$836,280	\$955,680	\$1,000,780
4	Maintenance Expense	145,339	175,149	173,972
5	Depreciation Expense	303,949	300,348	322,098
6	Amortization of Depletion of Plant	25,740	30,642	32,222
7	Amortization of Utility Plant Acquisition Adjustment	15	18	19
8	Amortization of Regulatory Debits/Credits	(7,507)	34,312	36,796
9	Taxes Other Than Income Taxes	29,576	33,457	40,970
10	Income Taxes - Federal	13,921	16,804	799
11	Income Taxes - Other	3,305	4,069	168
12	Net Deferred Income Taxes - Federal	16,759	25,341	42,211
13	Net Deferred Income Taxes - Other	5,593	7,094	11,207
14	ITC Adjustment (NET)	(3)	(16)	(3)
15	Gains on Disposition of Allowances	0	0	0
16	ARO Accretion and Loss on ARO Settlements	0	0	0
17	Total Utility Operating Expenses	\$1,372,967	\$1,582,898	\$1,661,239
18	Net Utility Operating Income	260,930	300,655	328,517
19	Nonutility Operating Income			
20	Revenues from Nonutility Operations	(\$18)	\$0	(\$4)
21	Expenses of Nonutility Operations	(1,237)	(10)	(10)
22	Non-operating Rental Income	9	0	0
23	Equity in Earnings of Subsidiaries	28,991	0	0
24	Interest and Dividend Income	2,194	46	47
25	Allowance for Equity Funds Used During Construction	3,991	849	8,194
26	Miscellaneous Non-operating Income	101	0	0
27	Gain on Disposition of Property	1,559	0	0
28	Total Other Income	\$35,590	\$885	\$8,227
29	Other Income Deductions			
30	Loss on Disposition of Property	\$0	\$0	\$0
31	Miscellaneous Amortization	0	0	0
32	Donations	1,893	1,479	1,507
33	Penalties	1	40	41
34	Civic Expenditures	729	740	710
35	Other Deductions	1,821	0	0
36	Taxes on Other Income and Deductions	(70)	2,094	1,995
37	Total Other Income Deductions	\$4,374	\$4,353	\$4,253
38	Interest Charges			
39	Interest on Long-Term Debt	\$131,458	\$158,988	\$173,695
40	Amortization of Debt Discount	1,754	0	0
41	Amortization of Loss on Reacquired Debt	26,359	5,492	6,000
42	Other Interest Expense	0	0	0
43	Allowance for Borrowed Funds Used During Construction	(32,240)	(31,308)	(21,901)
44	Net Interest Charges	\$127,331	\$133,172	\$157,794
45	Net Income	\$164,815	\$164,015	\$174,697

**Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258**

**Pro-Forma Income Statement for the Twelve months ended December 31, 2026
(000)**

Line No.	Description:	Phase Test Year Unadjusted (Col. 1)	AES IN Adjustments At Present Rates (Col. 2)	AES Indiana Adjusted At Present Rates (Col. 3)	OUCC Adjustments at Present Rates P2 Att. MDE-7, p. 1	OUCC Adjusted At Present Rates	Adjustments At Proposed Rates (Col. 4)	OUCC Adjusted At Proposed Rates (Col. 5)
1	Operating Revenues	\$ 1,989,756	\$ (72,073)	\$ 1,917,683	\$ 230	\$ 1,917,913	\$ (21,279)	\$ 1,896,634
2	Operating Expenses							
2	Expenses	\$ 1,174,752	\$ (46,530)	\$ 1,128,222	\$ (70,342)	\$ 1,057,880	\$ (114)	\$ 1,057,766
3	Depreciation Expense	391,135	49,060	440,195	(62,893)	377,302	0	377,302
4	Taxes - Other Than Income Taxes	40,970	5,781	46,751	(932)	45,819	0	45,819
								0
5	Than Income Taxes	\$ 1,606,857	\$ 8,311	\$ 1,615,168	\$ (134,167)	\$ 1,481,001	\$ (114)	\$ 1,480,887
6	Net Operating Income Before Income Taxes	\$ 382,899	\$ (80,384)	\$ 302,515	\$ 134,397	\$ 436,912	\$ (21,166)	\$ 415,746
	Income Taxes							
7	Federal Income Taxes - Current	\$ 799	\$ 17,259	\$ 18,058	\$ 26,840	\$ 44,898	\$ (4,227)	\$ 40,671
8	State Income Taxes - Current	168	4,234	4,402	6,585	10,987	(1,037)	9,950
9	Federal Income Taxes - Deferred	42,211	(37,283)	4,928		4,928	0	4,928
10	State Income Taxes - Deferred	11,207	(9,148)	2,059		2,059	0	2,059
11	Income Tax Credit Adjustments	(3)	(13)	(16)		(16)	0	(16)
12	Total Income Taxes	\$ 54,382	\$ (24,951)	\$ 29,431	\$ 33,425	\$ 62,856	\$ (5,264)	\$ 57,593
13	Net Utility Operating Income	\$ 328,517	\$ (55,433)	\$ 273,084	\$ 100,972	\$ 374,056	\$ (15,902)	\$ 358,154

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Rate Base Summary as of December 31, 2026
(000)

Line No.	Description	AES Indiana			OUCC	
		Unadjusted Test Year	Adjustment	Adj. Rate Base Rate Base 31-Dec-26	OUCC Rate Base Adjustments	Pro forma As Of 31-Dec-26
		(Note A)	(Note A)	(Note A)	(Note B)	
	Rate Base					
1	Utility Plant	\$ 8,817,883	\$ (938,638)	\$ 7,879,245	\$ (37,369)	7,841,876
2	Non Jurisdictional Plant	-	-	-	-	-
3	Common Allocated	-	-	-	-	-
4	Total Electric Utility Plant	8,817,883	(938,638)	7,879,245	(37,369)	7,841,876
5	Utility Plant Accumulated Depreciation	(4,454,351)	861,900	(3,592,451)	-	(3,592,451)
6	Non Jurisdictional Plant Accumulated Depreciation	-	-	-	-	-
7	Common Allocated Accumulated Depreciation	-	-	-	-	-
8	Total Electric Accumulated Depreciation	(4,454,351)	861,900	(3,592,451)	-	(3,592,451)
9	Net Electric Utility Plant	\$ 4,363,532	\$ (76,738)	\$ 4,286,794	\$ (37,369)	\$ 4,249,425
10	Materials & Supplies	122,352	(4,037)	118,315	-	118,315
11	Production Fuel	50,617	(48,488)	2,129	(425)	1,704
12	Regulatory Assets	1,120,201	20,413	1,140,614	-	1,140,614
13	Total Electric Rate Base	\$ 5,656,702	\$ (108,850)	\$ 5,547,852	\$ (37,794)	\$ 5,510,058

Note A: AES Indiana Prefiled Exhibit: 46258_AESIN_Financial Exhibits Workpapers_060325, Tab: RB1-Original Cost Electric Rate
Note B: OUCC Adjustments are listed on Schedule 8, Page 1 of 1.

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Weighted Cost of Capital as of December 31, 2026
(000)

Line No.	Description	December 31, 2026 Balance	Percent of Total	Return Rate	Weighted Return rate
		(Note A)			
1	Long-Term Debt	\$3,051,302	47.33%	5.38%	2.54%
2	Preferred Stock	0	0.00%	0.00%	0.00%
3	Common Equity	2,996,633	46.48%	8.50%	3.95%
4	Customer Deposits	11,892	0.18%	6.00%	0.01%
5	Prepaid Pension Asset (Net of OPEB liability)	(133,494)	-2.07%	0.00%	0.00%
6	Deferred Income Taxes	520,540	8.07%	0.00%	0.00%
7	Post 1970 ITC	308	0.00%	6.92%	0.00%
8	Totals	\$6,447,181	100.00%		6.50%

Post 1970 ITC Calculation

Line No.	Description	December 31, 2026 Balance	Percent of Total	Return Rate	Weighted Return rate
1	Long-Term Debt	\$3,051,302	50.45%	5.38%	2.71%
2	Preferred Stock	0	0.00%	0.00%	0.00%
3	Common Equity	2,996,633	49.55%	8.50%	4.21%
4	Totals	\$6,047,935	100.00%		6.92%

Note A: AES Indiana Prefiled Exhibit: 46258_AESIN_Financial Exhibits Workpapers_060325, Tab: CC2- Weighted Averag Cost of C

Indianapolis Power & Light Company d/b/a AES Indiana
Cause No. 46258

Summary of Adjustments to Net Income
for the Test Year Ended December 31, 2026
(\$000)

Description:	Schedule Reference	Revenues	O&M Expenses	Depreciation & Amortization Expense	Taxes Other Than Income	State Income Taxes	Federal Income Taxes	Net Operating Income
<u>OUCC Expense Adjustments:</u>								
Revenue Adjustment	Leader	\$230	-	-	-	11	46	173
Fuel Expense-Revenue Adjustment	Eckert (7-3)		-	-	-	-	-	-
Fuel Expense	Eckert (7-2)	-	(35,627)	-	-	1,746	7,115	26,766
Vegetation Management Expense	Sanka	-	(17,442)	-	-	855	3,483	13,104
Storm Reserve Expense	Lantrip	-	(1,477)	-	-	72	295	1,110
Rate Case Expense	Baker	-	(759)	-	-	37	152	570
Depreciation Expense Adjustment	Garren	-	-	(62,893)	-	3,082	12,560	47,251
IURC Fee Expense	Eckert (7-5)	-	(548)	-	-	27	109	412
Uncollectible Account Expense	Eckert (7-4)	-	(194)	-	-	10	39	146
Total OUCC Adjustments		\$ 230	\$ (70,342)	\$ (62,893)	(932)	\$ 6,585	\$ 26,840	\$ 100,971
Revenue Conversion Factor						4.90000%	19.97100%	

Indianapolis Power & Light Company d/b/a AES Indiana
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Fuel Expense
(\$000)

Line No.	Description:	OUCC Proposed Amount
1	OUCC Proposed Fuel Cost	\$ 561,800
2	Less: AESI Proposed Base Cost of Fuel	597,427
3	OUCC Adjustment - Inc/(Dec)	<u><u>\$ (35,627)</u></u>

Indianapolis Power & Light Company d/b/a AES Indiana
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Fuel Expense Adjustment - Revenue
(000)

Line No.	Description:	OUCC Proposed Amount	Tariff Rate	OUCC Proposed Amount
	Revenue Adjustment:			
1	Residential Class:			
2	Residential Service (RS) (MWh)			1,147
3	Residential (RC) (MWh)			803
4	Residential Heat (RH) (MWh)			177
5	Total Mwh			2,126
	Fuel Expense Adjustment			
6	Total kWh			2,126,250
7	Multiply by Base Cost of Fuel			\$0.042260
8	OUCC Adjustment - Inc/(Dec)			\$89,855

Indianapolis Power & Light Company d/b/a AES Indiana
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Uncollectible Expense
(\$000)

Line No.	Description:	Amount
1	Forecasted electric operating revenues for the twelve months ended December 31, 2026	\$1,917,683
2	Less: Off-system sales	(24,906)
3	Less: Rents from electric property	(3,540)
4	Less: Miscellaneous electric revenue	(4,387)
5	Net forecasted electric operating revenues	1,884,850
6	Uncollectible accounts experience rate	0.3891 %
7	Adjusted uncollectible electric accounts expense	7,334
8	Unadjusted uncollectible electric accounts expense	6,486
9	Adjustment at present rates	848
10	Less: AES Proposed adjustment	(1,042)
11	OUCC Adjustment - Inc/(Dec)	(\$194)

Indianapolis Power & Light Company d/b/a AES Indiana
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IURC Fee Expense
(\$000)

Line No.	Description:	Amount
1	Forecasted electric operating revenues for the twelve months ended December 31, 2026	\$1,917,683
2	Less: Off-system sales	(24,906)
3	Less: Rents	(3,540)
4	Less: Other customer charges	(10,816)
5	Less: Miscellaneous electric revenues	(4,387)
6	Less: Uncollectible accounts expense	(7,528)
		<hr/>
	Net forecasted electric operating revenue subject to public	
7	utility fee	1,866,506
8	Effective public utility fee rate	0.1456 %
		<hr/>
9	Adjusted test year public utility fee	2,718
10	Less: AES Indiana IURC Fee	3,266
		<hr/>
11	Adjustment at proposed rates	(\$548)
		<hr/> <hr/>

Indianapolis Power & Light Company d/b/a AES Indiana
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Original Cost Rate Base adjustments as of December 31, 2025 and December 31, 2026
(000)

Line No.	Description:	Witness Reference	December 31, 2025 OUCC Rate Base Adjustment (1)	December 31, 2026 OUCC Rate Base Adjustment (2)	December 31, 2025 plus December 31, 2026OUCC Rate Base Adjustment (1+2)
1	Fuel Inventory	Eckert	(\$425)	\$0	(425)
2	ACE Investment	Lantrip	(4,350)	(4,600)	(8,950)
3	368.00 Line Transformers	Kelley	(20,921)	0	(20,921)
4	364.00 Poles, Towers & Fixture	Kelley	0	(617)	(617)
5	391.00 Office Furniture & Fixt	Kelley	(200)	(328)	(528)
6	360.00 Underground conductors and devices	Kelley	(217)	0	(217)
7	397.00 Communication Equip Post 1996	Kelley	(405)	(695)	(1,100)
8	398.00 Miscellaneous Equipment	Kelley	0	(715)	(715)
9	303.00 Intangible - Software	Kelley	0	(500)	(500)
10	303.00 Intangible - Software	Kelley	0	(1,363)	(1,363)
11	353.00 Station Equipment	Kelley	0	(1,708)	(1,708)
12	391.60 Office Furniture & Fixt	Kelley	(750)	0	(750)
13	Total Pro Forma Rate Base Adjustments		\$ (27,268)	\$ (10,526)	\$ (37,794)

Indianapolis Power & Light Company
d/b/a AES Indiana
Cause No. 46258
AES Indiana Responses to OUCC DR Set 18

Data Request OUCC DR 18 - 2

Referring to the direct testimony of Alexander Dickerson, Table AJD-1, please provide the same information in the same format as provided in Table AJD-1 for Calendar years ending December 31, 2022, and December 31, 2023.

Objection:

Response:

OUCC DR 18-2 Table 1:

	2022	2023
HSS Oil	Actual	Actual
Gallons	853,429	736,423
Dollars	\$1,557,472	\$1,319,859
\$/Gallon	\$1.82	\$1.79

RESET



REPORT OF OUTAGE
State Form 54646 (R4 / 07-24)
INDIANA UTILITY REGULATORY COMMISSION

Instructions for reporting are on page 2 and do not need to be filed with the report.

Required Information

Final Report: ☒ YES ☐ NO

Contact Information

Name of Utility: AES Indiana

Utility Contact Representative: Chad Rogers

Contact Phone Number: Cell: 317-340-7684, Office: 317-261-8983

Outage Information

Estimated Total Number of Customers affected and
Number of Customers still out as of this report: ~87,000 Customers Affected
0 Customers Still Out from this Storm Event as of This Report

Interruption(s) Start Date (*month, day, year*) / Time: 04/02/2025 @ 2130 Hrs

Duration of Interruption(s): 71.5 Hours

Location of Interruption(s): Across Entire Service Territory
County, City, Address or other description

Cause of Interruption(s): Rain, lightning, 60-80 mph winds, and reported tornado resulting from
weather front moving through service territory.

Estimated Service Restoration Time: Restoration efforts for those affected by this storm event have been
completed.

Reported By: Alisha Goad

Date (*month, day, year*) / Time: 04/05/2025 @ 2100 Hrs

Notes:

AES Crews: 21 Line/UG, 8 Trouble
Contractor Crews: 47 Field, 70 Vegetation
MA Utility Crews: 0
MA Contractor Crews: 30 Line
Storm Restoration Major Overview: Replaced 49 Poles and 40 Transformers. 5 Transmission
H-frame structures damaged.

REPORT OF OUTAGE INSTRUCTIONS

Initial Outage Reporting Conditions

- Investor-owned utilities must report outages lasting two (2) or more hours and affecting 2% or 5,000 of their customers, whichever is less.
- Municipal and cooperative utilities must report outages lasting two (2) hours or more and affecting 1,500 or more customers.
- The report should be made to the Commission as soon as possible after the two (2) hours, and the customer affected level has been reached.
- The initial report should be accomplished via email addressed to outage@urc.in.gov
- Utilities are encouraged to report any outage believed to cause public concern. For example, a large housing development or a segment of the business district during business hours, even if the outage does not meet the duration/customer level threshold.

Updates to On-going Outages:

Following the initial outage report, outage status updates shall be provided by email to outage@urc.in.gov at the times listed below until the problem is resolved. If circumstances limit the availability of email for reporting, a telephone report is acceptable. All telephone reports shall also be supported by a corresponding email report as soon as possible.

Business Days: 6:00 a.m., 9:00 a.m., 11:00 a.m., 2:00 p.m., 4:00 p.m., and 9:00 p.m. Indianapolis time.

Non-Business Days: 6:00 a.m., 2:00 p.m., and 9:00 p.m. Indianapolis time.

In the case of an extreme emergency, a schedule will be agreed to by the Commission and the utility (e.g. times when major circuits are restored). The last report to be submitted by a utility shall be noted as the "Final Report" for this event.

Contact Person: Each utility must provide the Commission with a contact person in case of inquiries on outages the utility did not report to the Commission. During significant restoration events, additional information requested by the Commission should be directed to the individual listed on the latest report from the utility.

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true and correct to the best of my information and belief.



Michael D. Eckert
Chief Technical Advisor
Indiana Office of Utility Consumer Counselor
Cause No. 46258

September 9, 2025

Date

CERTIFICATE OF SERVICE

This is to certify that a copy of the Indiana Office of Utility Consumer Counselor Public Exhibit No. 2 – Redacted Testimony of OUCC Witness Michael D. Eckert has been served upon the following in the above-captioned proceeding by electronic service on September 9, 2025:

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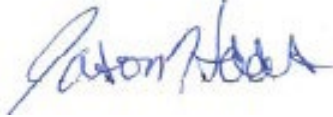
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