

VERIFIED DIRECT TESTIMONY
OF
ALEXANDER J. DICKERSON
ON BEHALF OF
INDIANAPOLIS POWER & LIGHT COMPANY
D/B/A AES INDIANA
Cause No. 46258

SPONSORING AES INDIANA ATTACHMENT AJD-1

VERIFIED DIRECT TESTIMONY OF ALEXANDER J. DICKERSON
ON BEHALF OF AES INDIANA

1. INTRODUCTION

Q1. Please state your name, employer, and business address.

A1. My name is Alexander Dickerson. I am employed by Indianapolis Power & Light Company d/b/a AES Indiana (“AES Indiana”, “IPL”, or “the Company”). My business address is One Monument Circle, Indianapolis, IN 46204.

Q2. What is your position with AES Indiana?

A2. I am Senior Manager, Wholesale Energy.

Q3. On whose behalf are you submitting this direct testimony?

A3. I am submitting this testimony on behalf of AES Indiana.

Q4. Please describe your duties as Senior Manager, Wholesale Energy.

A4. As the Senior Manager, Wholesale Energy, I am responsible for managing AES Indiana’s participation in the Midcontinent Independent System Operator, Inc. (“MISO”) energy market and oversight of AES Indiana’s strategy and execution for demand bids and generation offers. I am also responsible for the management of AES Indiana’s wind power purchase agreements (“PPAs”) and procurement of natural gas. I also testify in AES Indiana’s fuel cost adjustment (“FAC”) proceedings.

Q5. Please summarize your education and professional qualifications.

A5. I received a Bachelor of Arts Degree in Economics and Political Science from Marian College and a Master’s in Business Administration from Western Governors University.

Q6. Please summarize your prior work experience.

A6. I have been employed by AES since 2017, assuming my current role in September 2017. Prior to AES Indiana, I worked at Citizens Energy Group, Indianapolis, Indiana between 2015 to 2017, as a Rates and Regulatory Analyst. Prior to that, I was a Gas Control Specialist from 2012 to 2015.

Q7. Have you testified previously before the Indiana Utility Regulatory Commission (“Commission”) or any other regulatory agency?

A7. Yes. I have submitted testimony in AES Indiana’s basic rate case, Cause No. 45911, as well as FAC filings, Cause Nos. 38703 FAC-XX.

Q8. What is the purpose of your testimony in this proceeding?

A8. My testimony discusses AES Indiana’s fuel inventory and presents the calculation of the base cost of fuel.

Q9. Are you sponsoring or co-sponsoring any financial exhibits or attachments?

A9. Yes. I sponsor or co-sponsor the following financial exhibits or attachments:

- AES Indiana Financial Exhibit AESI-RB, Schedule RB7 – Electric Fuel Stock Inventory
- AES Indiana Financial Exhibit AESI-OPER, Schedule OM2 – Cost of Fuel and Purchased Power
- AES Indiana Attachment AJD-1 – Adjusted Test Year Fuel by Source Type

Q10. Did you submit any workpapers?

1 A10. Yes. AES Indiana is submitting workpapers in electronic format that support the basic rate
2 case schedules. I am sponsoring the workpapers that support the financial statements and
3 schedules that I sponsor.

4 **Q11. Were these exhibits, attachments, or workpapers, or portions thereof, that you are**
5 **sponsoring or co-sponsoring prepared or assembled by you or under your direction**
6 **and supervision?**

7 A11. Yes.

8 **Q12. For ease of reference, please summarize the key terms utilized in the Company's**
9 **filing.**

10 A12. Key terms as defined by AES Indiana witness Peters include the following.¹ First, the per
11 books twelve months ended December 31, 2024 is the "Historical Base Period". Second,
12 the forecasted twelve months ending December 31, 2025 is the "Linking Period". Next, the
13 unadjusted forward-looking test year for twelve months ending December 31, 2026 is the
14 "Unadjusted Test Year". Finally, the adjusted forward-looking test year for the twelve
15 months ending December 31, 2026 is the "Adjusted Test Year".

16 **2. FUEL INVENTORY**

17 **Q13. What is included in the Company's fuel inventory?**

18 A13. AES Indiana historically has had both coal and diesel fuel (fuel oil) inventory for electric
19 generation. After July 2026, Petersburg will be utilizing natural gas in the generation of
20 electricity, thereby eliminating the need for coal inventory as well as any fuel oil related to
21 start up or flame stabilization at that plant. Accordingly, for purposes of the Adjusted Test

¹ AES Indiana witness Peters, Q/A 13.

1 Year fuel inventory, AES Indiana has removed coal inventory and fuel oil associated with
2 Petersburg. Harding Street will continue to utilize fuel oil as an alternative fuel for dual
3 fuel units, or, in some cases, as the primary fuel for certain small generating units, and
4 therefore, fuel oil will remain a component of fuel inventory during the Adjusted Test Year.

5 **Q14. How does Harding Street use fuel oil in the generation process?**

6 A14. Harding Street is home to both natural gas and fuel oil powered generators. The three steam
7 generators at Harding Street, Units 5, 6, & 7, are natural gas fired units and have no need
8 for fuel oil. However, Harding Street has a pair of fuel oil-only powered units (Units 1 &
9 2) and two dual-fuel units that can operate on both natural gas and fuel oil (gas turbine
10 (“GTs”) 4 & 5). These fuel oil and dual fuel generation units provide Harding Street with
11 its black start capabilities.

12 **Q15. What is the Adjusted Test Year fuel inventory?**

13 A15. As shown on AES Indiana Financial Exhibit AESI-RB, Schedule RB7, the Adjusted Test
14 Year fuel inventory is \$2.1 million, consisting of one million gallons of fuel oil for Harding
15 Street. This is a decrease of \$48.5 million from the Unadjusted Test Year level, reflecting
16 removal of the Petersburg coal inventory.

17 **Q16. How did you forecast the Adjusted Test Year fuel inventory?**

18 A16. The Adjusted Test Year reflects the Company’s target of 1,000,000 gallons of fuel oil
19 inventory for our black start protocol. Harding Street’s black start protocol requires, at a
20 minimum, a 24-hour supply of fuel oil sufficient to drive Units 1 & 2 and GTs 4 & 5 at full
21 load. This calculates to approximately 278,000 gallons per day. The target inventory was
22 set at approximately four days’ supply at full load because in the absence of a reliable gas

supply, fuel oil is the only source of fuel until a natural gas disruption is resolved. This time period would help bridge any gaps caused by a natural gas disruption to the plant.

Q17. How was the Adjusted Test Year cost of fuel oil inventory calculated?

A17. For the Adjusted Test Year cost of inventory, the Company carried forward the end of 2024 inventory cost. The inventory does not turn over frequently and therefore any change to the weighted average cost of the inventory would take time; as a result, this is a reasonable forecast of the cost of fuel oil during the Test Year.

Q18. How does the Adjusted Test Year fuel oil inventory compare to prior years?

A18. The Adjusted Test Year fuel oil inventory is a slight increase from the actual fuel oil inventory as of December 31, 2024 (the end of the Historical Base Period) and consistent with the forecasted level of fuel oil inventory for 2025, as shown in Table AJD-1:

Table AJD-1: Fuel Oil Inventory, 2024-2026

	2024	2025	2026
HSS Oil	Actual	Forecast	Forecast
Gallons	810,534	1,000,000	1,000,000
Dollars	\$1,725,958	\$2,129,409	\$2,129,409
\$/Gallon	\$2.13	\$2.13	\$2.13

The actual fuel oil inventory at the end of the Historical Base Period reflected the fact that the Company had recently completed a test of Harding Street's dual fuel capability for GTs 4 & 5, resulting in the use of some fuel oil.

Q19. Are the Company's fuel procurement practices reasonable?

1 A19. Yes. AES Indiana has and continues to manage its fuel supplies in a manner to provide
2 reliable service and reasonable overall fuel costs, and monitors conditions in the fuel
3 markets.

4 **Q20. Is the Adjusted Test Year fuel inventory reasonable?**

5 A20. Yes. The Adjusted Test Year level of fuel inventory is reasonable and representative of
6 AES Indiana's going-forward required fuel inventory.

7 **3. BASE COST OF FUEL**

8 **Q21. What is the base cost of fuel for the Adjusted Test Year?**

9 A21. AES Indiana Financial Exhibit AESI-OPER, Schedule OM2 shows the derivation of the
10 Adjusted Test Year base cost of fuel, which reflects the Company's forecasted dispatch of
11 system resources for 2026. More specifically, the base cost of fuel includes several
12 different components that together make up a portion of a customer's bill. These
13 components include the cost of generation from AES Indiana assets, power purchase
14 agreements, and market purchases from MISO, and are offset by Off System sales back to
15 MISO. The base cost of fuel also includes firm gas transportation costs as described later
16 in my testimony.

17 AES Indiana witness Steiner discusses the production dispatch model (EnCompass) used
18 to simulate generation output and the cost inputs used in developing the generation dispatch
19 forecast. The proposed Adjusted Test Year base cost of fuel is \$0.044940 per kwh. By
20 comparison, the Company's current base cost of fuel, established in Cause No. 45911, is
21 \$0.039027.

22 **Q22. How did you calculate the base cost of fuel for the Adjusted Test Year?**

A22. The calculation to determine base cost of fuel is \$597.4 million divided by 13,293,984 MWh. Once converted to kWh the Adjusted Test Year base cost of fuel is \$0.044940 per kWh as shown on AES Indiana Financial Exhibit AESI-OPER, Schedule OM2, line 23.

Q23. What is the Adjusted Test Year Fuel and Purchased Power Costs?

A23. The Adjusted Test Year fuel and purchased power is \$597.4 million as shown on AES Indiana Financial Exhibit AESI-OPER, Schedule OM2, line 22. Please see Table AJD-2 below for a comparison between the Historical Base Period and Adjusted Test Year fuel and purchased power costs.

Table AJD-2: Fuel and Purchased Power Costs

MWH	Historical Base Period (2024)	Adjusted TY (2026)
Coal Generation	2,963,139	-
Gas Generation	9,518,888	14,396,762
Oil Generation	120	-
Wind Generation	186,606	232,898
Purchased Power	1,472,726	1,848,968
Less:		
Inter-System Sales	855,494	2,439,814
Energy Losses & Co. Use	591,466	553,396
	-	191,433
Total	12,694,519	13,293,985

FUEL COST (\$)	Historical Base Period (2024)	Adjusted TY (2026)
Coal Generation	\$ 118,853,571	\$ -
Gas Generation	\$ 242,157,118	\$ 530,451,226
Oil Generation	\$ 25,355	\$ -
Purchased Power	\$ 104,599,898	\$ 137,534,485
Other MISO Costs	\$ 6,616,838	\$ 14,626,627
Less:		
Control Area Losses	\$ 2,339,127	\$ 6,494,514
Inter-System Sales	\$ 19,189,763	\$ 78,689,716
Total	\$ 450,723,890	\$ 597,428,108

Q24. Please further discuss how the base cost of fuel was determined.

A24. As further described in AES Indiana witness Steiner's testimony, the dispatch model incorporates various inputs in order to simulate the dispatch of the Company's generating units.

1 I provided AES Indiana witness Steiner with data related to forecasted natural gas and
2 power costs and firm gas transportation costs, which were incorporated into the dispatch
3 model. Consistent with the discussion above related to fuel inventory, for purposes of the
4 Adjusted Test Year the dispatch model was run with the assumption that Petersburg Units
5 3 and 4 would run on natural gas for the entire year. The outputs from the dispatch model
6 include the Adjusted Test Year forecasted generation and cost of fuel and purchased power.
7 Please see AES Indiana Attachment AJD-1 for the projected fuel by source type in the
8 Adjusted Test Year resulting from the dispatch model. These outputs are then used to
9 calculate the base cost of fuel.

10 **Q25. How did you develop the forecasted natural gas and power costs used by AES Indiana**
11 **witness Steiner in the dispatch model?**

12 A25. For purposes of the Unadjusted Test Year, the dispatch model relied on natural gas and
13 power costs as of October 17, 2024, which was the most recent data available at that time.
14 For purposes of the Adjusted Test Year, AES Indiana took an average of the 2026 forward
15 price settles through all of 2024. This approach is reasonable because it better accounts for
16 high and low natural gas and power price scenarios that can occur during the course of a
17 year. Moreover, for a rate case that is establishing the base cost of fuel for a longer period
18 of time, it is reasonable to utilize a longer time horizon to determine the pricing for the
19 dispatch model.

20 **Q26. Please discuss the differences in fuel and purchased power costs from the Historical**
21 **Base Period through the Adjusted Test Year.**

22 A26. The Historical Base Period represents realized costs associated with fuel and purchased
23 power that includes Petersburg Units 3 and 4 running on coal. For the Adjusted Test Year,

1 the Company is utilizing forward gas and power prices, as well as assuming Petersburg
2 Units 3 and 4 are natural gas-fired units with their conversions completed. Actual economic
3 and market conditions can drive variances between realized cost and estimated cost. The
4 forward market incorporates a level of risk in those prices due to the inherent uncertainty
5 of the future. This can lead to projected prices being elevated compared to their ultimate
6 realized price. To better account for that variability in risk, the Company used an average
7 of those forward prices over the course of a year. This dampens the impact of momentary
8 high and low priced periods.

9 **Q27. Is the Adjusted Test Year base cost of fuel reasonable?**

10 A27. Yes.

11 **4. SUMMARY**

12 **Q28. Please summarize your testimony.**

13 A28. The Adjusted Test Year fuel inventory, base cost of fuel, and cost of fuel and purchased
14 power are reasonable and representative of the Company's going forward cost of providing
15 service. The Adjusted Test Year fuel inventory forecast removes the Company's existing
16 coal inventory from rate base as well as the fuel oil inventory at Petersburg as these will
17 no longer be necessary following the Petersburg gas conversion. Harding Street will
18 continue to maintain 1,000,000 gallons of inventory during the Test Year as required by
19 our black start protocol requirements. Finally, the Adjusted Test Year base cost of fuel of
20 \$0.044940 per kwh is reasonable and is based on reasonable forecasts of fuel and purchased
21 power costs.

22 **Q29. Does this conclude your verified pre-filed direct testimony?**

1 A29. Yes.

VERIFICATION

I, Alexander J. Dickerson, Senior Manager, Wholesale Energy for AES Indiana, affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

A handwritten signature in dark ink, appearing to read 'AJ Dickerson', is written over a horizontal line.

Alexander Dickerson

Dated: May 30, 2025

AES INDIANA FUEL CONSUMPTION

ADJUSTED TEST YEAR JANUARY 1, 2026 THROUGH DECEMBER 31, 2026

Generating Station	Measurement	Fuel Consumption
Petersburg- Coal	Tons	0
Petersburg- Oil	Gallons	0
Petersburg- Gas	Dekatherms	63,228,422
Harding Street- Gas	Dekatherms	33,060,507
Eagle Valley- Gas	Dekatherms	38,096,168

AES INDIANA COST OF FUEL CONSUMPTION

TEST YEAR JANUARY 1, 2026 THROUGH DECEMBER 31, 2026

Generating Station	Cost of Fuel Consumption
Petersburg- Coal	\$0
Petersburg- Oil	\$0
Petersburg- Gas	\$217,633,317
Harding Street- Gas	\$125,903,949
Eagle Valley- Gas	\$136,541,259