

FILED
June 28, 2023
INDIANA UTILITY
REGULATORY COMMISSION

VERIFIED DIRECT TESTIMONY
OF
BRENT A. ROBINSON
ON BEHALF OF
INDIANAPOLIS POWER & LIGHT COMPANY
D/B/A AES INDIANA
Cause No. 45911

SPONSORING AES INDIANA ATTACHMENT BAR-1

VERIFIED DIRECT TESTIMONY OF BRENT A. ROBINSON
ON BEHALF OF AES INDIANA

1. INTRODUCTION

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

A1. My name is Brent A. Robinson. I am employed by AES US Services, LLC, (“AES Services”, also “Service Company”), which is the service company that serves Indianapolis Power & Light Company d/b/a AES Indiana (“AES Indiana”, “IPL”, or “the Company”). The Service Company is located at One Monument Circle, Indianapolis, Indiana 46204.

Q2. What is your position with AES Services?

A2. I am a Senior Accountant.

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 Accountant.

A4. I began employment with the Service Company in November 2019. During my tenure with the Service Company, I have worked as a Regulatory Accountant supporting AES Indiana and Dayton Power & Light Company d/b/a AES Ohio (“AES Ohio” or “DP&L”). My primary duties have included preparing journal entries, account reconciliations, and regulatory filings. I also am responsible for the preparation of supporting schedules, and the computation and tracking of various costs for these filings.

1 **Q5. Please summarize your education and professional qualifications.**

2 A5. I hold a Master of Science degree in Accounting from Indiana University. I received my
3 Certified Public Accountant license for the State of Indiana and have fulfilled the necessary
4 educational requirements to allow use of the CPA designation.

5 **Q6. Please summarize your prior work experience.**

6 A6. Prior to November 2019, I worked in public accounting for over four years. As a public
7 accountant, I worked as a consultant in the health care industry.

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

10 A7. Yes. I testified on behalf of AES Indiana in Cause No. 44121 GPR-13, related to AES
11 Indiana’s Green Power Initiative, and Cause No. 43623 DSM-22, related to AES Indiana’s
12 Demand Side Management (“DSM”) Adjustment Rider filing.

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

14 A8. The purpose of my testimony is to explain how the Company calculated several pro forma
15 adjustments to the test year, and to support those adjustments.

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

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

- 18 • AES Indiana Financial Exhibit AESI-OPER, Schedule-OM19 - Pro Forma
19 Adjustment to Remove Image-Building Advertising Costs
- 20 • AES Indiana Financial Exhibit AESI-OPER, Schedule-OM20 - Pro Forma
21 Adjustment to Injuries and Damages Expense

- 1 • AES Indiana Financial Exhibit AESI-OPER, Schedule-OM21 - Pro Forma
- 2 Adjustment to Amortization of Rate Case Expense

- 3 • AES Indiana Financial Exhibit AESI-OPER, Schedule-OM25 - Pro Forma
- 4 Adjustment to Property and Other Casualty Insurance Expense

- 5 • AES Indiana Financial Exhibit AESI-OPER, Schedule-OM27 - Pro Forma
- 6 Adjustments to Uncollectible Accounts Expense

- 7 • AES Indiana Financial Exhibit AESI-OPER, Schedule-OM28 - Pro Forma
- 8 Adjustments to Public Utility Fee

- 9 • AES Indiana Attachment BAR-1 – IURC Public Utility Fee Invoice

10 **Q10. Did you submit any workpapers?**

11 A10. Yes. AES Indiana is submitting workpapers in electronic format that support the basic rate
12 case schedules. I am sponsoring the workpapers that support the schedules that I sponsor.

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

16 A11. Yes.

17 **2. EXHIBIT LIST**

18 **Q12. Please describe AES Indiana Financial Exhibit AESI-OPER, Schedule OM19,**
19 **regarding image-building advertising costs.**

1 A12. This schedule includes an adjustment to remove a total of \$2.2 million of image-building
2 advertising costs included in operating expenses during the test year. These costs were
3 determined to fall outside of the material benefit rule set forth in 170 Indiana
4 Administrative Code (“IAC”) 1-3-4. The total adjustment consists of image-building
5 advertising costs of \$2.1 million in Account 930.1 – General Advertising Expense, \$39
6 thousand in Account 930.2 – Miscellaneous General Expense, and \$48 thousand in other
7 operating expense accounts. In preparation for this filing, the accounting team worked with
8 the Company’s Community Relations department to review Account 930.2, Account
9 909.1, and other operating expense accounts, to identify any image-building advertising
10 expense that was booked outside of Account 930.1 in the test year. Pro forma adjustments
11 for the amounts recorded to these accounts resulted from the accounting team’s review and
12 related to items identified after the books were closed for December 2022. The total pro
13 forma expense of \$2.2 million is included in the summary of electric operation and
14 maintenance expense adjustments on AES Indiana Financial Exhibit AESI-OPER,
15 Schedule OM1, Line 19, Column 2.

16 **Q13. Please describe AES Indiana Financial Exhibit AESI-OPER, Schedule OM20,**
17 **regarding injuries/damages expense.**

18 A13. In preparing this filing, AES Indiana reviewed and analyzed its historical expenses for
19 injuries and damages claims. Expenses for injuries and damages are volatile in magnitude
20 and can take multiple years to resolve. This causes the expense to be difficult to estimate
21 and be subject to out-of-period adjustments for changes in estimates of prior period claims.
22 AES Indiana Financial Exhibit AESI-OPER, Schedule OM20 presents the Company’s
23 normalized expenses for injuries and damages by adjusting to a three-year average,

1 excluding labor costs. The three-year average is the same normalization methodology
2 accepted in the Company's previous rate case, Cause No. 45029. The resulting pro forma
3 expense increase of \$0.2 million is included in the summary of electric operation and
4 maintenance expense adjustments on AES Indiana Financial Exhibit AESI-OPER,
5 Schedule OM1, Line 20, Column 2. If this pro forma adjustment is not made, the expense
6 level for injuries and damages claims included in the determination of the Company's
7 jurisdictional electric operating income at present rates would be understated and not
8 representative of future operating costs during the period when the requested rates are
9 expected to be in effect (approximately three years).

10 **Q14. Please describe AES Indiana Financial Exhibit AESI-OPER, Schedule OM21,**
11 **regarding the amortization of rate case expense.**

12 A14. This adjustment is required to reflect amortization of the estimated expenses associated
13 with this proceeding, with an amortization period of three years. The schedule shows the
14 costs of depreciation and demolition studies (Lines 1 through 4), and all other expected
15 rate case expenses (Lines 5 through 14). This adjustment reflects the total rate case expense
16 estimate of \$5.0 million amortized at \$1.7 million over a three-year period, which reflects
17 the period of time the rates established in this proceeding are currently estimated to be in
18 effect. The pro forma expense increase of \$1.7 million is included on AES Indiana
19 Financial Exhibit AESI-OPER, Schedule OM1, Line 21, Column 2.

20 **Q15. Please describe AES Indiana Financial Exhibit AESI-OPER, Schedule OM25,**
21 **regarding property and other casualty insurance expense.**

22 A15. In preparing this filing, AES Indiana reviewed its insurance premiums and known changes
23 in its insurance needs. AES Indiana's property insurance policy, which began on April 1,

1 2023, covers Harding Street, Eagle Valley, Petersburg, Georgetown, and other AES
2 Indiana assets. AES Indiana's casualty insurance policy includes casualty, cyber, and
3 financial premiums, with starting dates ranging from March through September 2023.
4 These policies will be in place for 12 months. The costs of these policies were provided to
5 me by the Company's in-house insurance expert. Since this differs from test year amounts,
6 the Company prepared adjustments to align with the known and measurable amounts that
7 will be in effect beginning in 2023. Specifically, the Company is proposing adjustments to
8 increase property insurance by \$2.5 million and casualty/cyber insurance by \$2.4 million.
9 The pro forma expense increase of \$4.9 million is included on AES Indiana Financial
10 Exhibit AESI-OPER, Schedule OM1, Line 25, Column 2. If this net adjustment is not
11 made, the pro forma electric operation and maintenance expense included in the
12 determination of the Company's electric operating income at present and at proposed rates
13 would be understated and not representative of future operating costs during the period
14 when the requested rates are expected to be in effect.

15 **Q16. Please describe AES Indiana Financial Exhibit AESI-OPER, Schedule OM27,**
16 **regarding uncollectible accounts expense.**

17 A16. This adjustment is a pro forma level of electric uncollectible accounts expense, calculated
18 by applying a historical write-off rate to total electric operating revenues. To be consistent
19 with the components considered in deriving the write-off rate, the pro forma total electric
20 operating revenue for this computation is reduced by sales for resale, rents from electric
21 property, and miscellaneous electric revenue (other than connect and reconnect charges).

22 The historical write-off rate is the ten-year average uncollectible rate with the removal of
23 the highest and lowest years, as was accepted in the Company's last two basic rate cases,

1 Cause Nos. 44576 and 45029. Cause No. 45029 was a settlement approved by the
2 Commission. However, the Commission specifically stated in the Cause No. 44576 Order
3 (at p. 61): “The purpose of ratemaking is to develop an overall revenue requirement that is
4 reflective of utility operations going forward. For uncollectible expense, this is best
5 demonstrated by the ten-year average uncollectible rate, with the removal of the two outlier
6 years.” As calculated in Workpaper OM27-WP1 for AESI Financial Exhibit-OPER,
7 Schedule OM27, the ten-year (2013-2022) uncollectible rate with the removal of the
8 highest (2021) and lowest (2020) years is 0.3814%.

9 The computation is first applied to pro forma total electric operating revenues at present
10 rates and compared with test year total electric uncollectible accounts expense. The \$1.5
11 million pro forma decrease is included in the summary of electric operation and
12 maintenance expense adjustments on AES Indiana Financial Exhibit AESI-OPER,
13 Schedule OM1, Line 27, Column 2.

14 Next, the computation is applied to pro forma total electric operating revenues at proposed
15 rates and compared with the original calculation at present rates. The \$0.5 million pro
16 forma expense increase is included in the summary of electric operation and maintenance
17 expense adjustments on AES Indiana Financial Exhibit AESI-OPER, Schedule OM1, Line
18 27, Column 3.

19 If these pro forma adjustments are not made, the expense level for uncollectible accounts
20 included in the determination of the Company’s jurisdictional electric operating income at
21 present rates would be overstated and the expense level for uncollectible accounts included
22 in the determination of the Company’s jurisdictional electric operating income at proposed

1 rates would be understated and not be representative of future operating costs during the
2 period when the requested rates are expected to be in effect.

3 **Q17. Please describe AES Indiana Financial Exhibit AESI-OPER, Schedule OM28,**
4 **regarding public utility fee expense.**

5 A17. This schedule computes the public utility fee expense based on pro forma total electric
6 operating revenues at present and proposed rates and adjusts the test year public utility fee
7 expense accordingly. The Company is assessed this fee annually by the State of Indiana.
8 The assessment is a function of the applicable annual electric sales revenue excluding:
9 capacity sales, sales for resale, rents from electric property, customer collection charges,
10 and miscellaneous electric revenue. The computation of the assessment also reduces
11 applicable revenue by the amount of electric uncollectible accounts expense. This
12 adjustment reflects the currently effective public utility fee assessment factor of 0.1163%.
13 The computation is first applied to pro forma total electric operating revenues at present
14 rates and compared with test year total electric expense. The resulting \$0.2 million pro
15 forma expense increase is included in the summary of electric operation and maintenance
16 expense adjustments on AES Indiana Financial Exhibit AESI-OPER, Schedule OM1, Line
17 28, Column 2.

18 The computation is also applied to pro forma total electric operating revenues at proposed
19 rates and compared with the amount calculated at present rates. The resulting \$0.2 million
20 pro forma expense increase is included in the summary of electric operation and
21 maintenance expense adjustments on AES Indiana Financial Exhibit AESI-OPER,
22 Schedule OM1, Line 28, Column 3.

1 After finalizing the pro forma adjustments for this filing, the Company received the IURC
2 public utility fee invoice for the 2023/2024 billing period.¹ As mentioned above, the current
3 public utility fee assessment factor is 0.1163%. The factor provided in the invoice for the
4 2023-2024 billing period is 0.1468%. When this updated factor is applied to pro forma
5 total electric operating revenues at proposed rates, the result is an increase of the public
6 utility fee expense of approximately \$0.5 million. Because this increase is fixed in time,
7 known to be occurring, and measurable in amount, the Company intends to update this
8 amount in its Rebuttal testimony.

9 If these pro forma adjustments are not made, the expense level for public utility fees
10 included in the determination of the Company's jurisdictional electric operating income at
11 present and proposed rates would be understated and not representative of future operating
12 costs during the period when the requested rates are expected to be in effect.

13 **3. SUMMARY AND RECOMMENDATIONS**

14 **Q18. Please summarize your testimony and recommendations.**

15 A18. The pro forma adjustments that I sponsor are AES Indiana Financial Exhibit AES-OPER,
16 Schedule-OM19 (image-building advertising costs), AES Indiana Financial Exhibit AES-
17 OPER, Schedule-OM20 (injuries and damages expense), AES Indiana Financial Exhibit
18 AES-OPER, Schedule-OM21 (amortization of rate case expense), AES Indiana Financial
19 Exhibit AES-OPER, Schedule-OM25 (property and other casualty insurance expense),
20 AES Indiana Financial Exhibit AES-OPER, Schedule-OM27 (uncollectible accounts
21 expense), and AES Indiana Financial Exhibit AES-OPER, Schedule-OM28 (public utility

¹ See AES Indiana Attachment BAR-1

1 fee). These adjustments are appropriate for setting new basic rates and charges as these
2 adjustments reflect changes through the twelve-months following the end of the test year
3 which are representative of utility operations and which are fixed in time, known to be
4 occurring, and measurable in amount and are appropriately annualized and normalized.
5 Consequently, it is necessary to give effect to these adjustments to properly determine the
6 appropriate level of pro forma electric operating expenses. If these adjustments are not
7 made, the pro forma electric operation and maintenance expenses included in the
8 determination of AES Indiana's electric operating income at present and at proposed rates
9 would not be representative of future operating costs during the period when the requested
10 rates are expected to be in effect.

11 **Q19. Does that conclude your verified pre-filed direct testimony?**

12 A19. Yes.

VERIFICATION

I, Brent A. Robinson, Senior Accountant in Regulatory Accounting for Indianapolis Power & Light Company d/b/a AES Indiana, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Brent Robinson

Brent A. Robinson
Dated: June 28, 2023



Indiana Utility Regulatory Commission
Attention: Fee Billing
101 W Washington St., Suite 1500 East
Indianapolis, Indiana 46204

For Fee Billing Questions Contact :
TEL(317)233 8720
FAX(317)232 6758
Email:feebilling@urc.in.gov
Federal ID# : 35-6000158

Indianapolis Power & Light Company

Attn: Chad Rogers
One Monument Circle
Indianapolis, IN 46204
USA

Invoice #:	1094-2023
Invoice Date:	6/7/2023
Due Date:	7/1/2023
Net Payment Due:	\$2,340,306.11
Utility ID:	1094
Industry:	Electric

Based upon your company's total intrastate revenues reported for the calendar year 2022, your annual public fee is calculated as follows:

Intrastate Revenues reported: \$1,594,645,218.00

Final Net Percentage: 0.001467603

Payment Due: \$2,340,306.11

You have the option of making the full year payment on July 1st, or making four quarterly installments due the first day of July, October, January, and April. However, you will be responsible for making sure those payments are received by the Commission on the due date because **this is the only invoice you will receive.** If you have questions regarding this invoice, please contact the IURC Fee Billing Department at (317) 233-8720.

2023 - Fee Bill Summary

Indiana Utility Regulatory Commission

Attention: Fee Billing
101 W Washington St., Suite 1500 East
Indianapolis Indiana 46204

Utility ID:	1094
Due Date:	7/1/2023
Invoice #:	1094-2023
Industry:	Electric

Name/Address corrections only:

Phone: _____ - _____ - _____

Detach quarterly voucher below and return with payment

2023 - Fee Bill Invoice

Due Date: 7/1/2023

Indiana Utility Regulatory Commission
Attention: Fee Billing
101 W Washington St., Suite 1500 East
Indianapolis Indiana 46204

Utility Name: Indianapolis Power & Light

Invoice Number: 1094-2023

Quarterly payment of \$585,076.53 enclosed

Full payment of \$2,340,306.11 enclosed

2023 - Fee Bill Invoice

Due Date: 10/1/2023

Indiana Utility Regulatory Commission
Attention: Fee Billing
101 W Washington St., Suite 1500 East
Indianapolis Indiana 46204

Utility Name: Indianapolis Power & Light

Invoice Number: 1094-2023

Quarterly payment of \$585,076.53 enclosed

2023 - Fee Bill Invoice

Due Date: 1/1/2024

Indiana Utility Regulatory Commission
Attention: Fee Billing
101 W Washington St., Suite 1500 East
Indianapolis Indiana 46204

Utility Name: Indianapolis Power & Light

Invoice Number: 1094-2023

Quarterly payment of \$585,076.53 enclosed

2023 - Fee Bill Invoice

Due Date: 4/1/2024

Indiana Utility Regulatory Commission
Attention: Fee Billing
101 W Washington St., Suite 1500 East
Indianapolis Indiana 46204

Utility Name: Indianapolis Power & Light

Invoice Number: 1094-2023

Quarterly payment of \$585,076.53 enclosed