

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS)
POWER & LIGHT COMPANY D/B/A AES)
INDIANA FOR COMMISSION APPROVAL OF AN)
ELECTRIC VEHICLE PORTFOLIO,) CAUSE NO. 45843
INCLUDING: (1) A PUBLIC USE ELECTRIC)
VEHICLE PILOT PROGRAM PURSUANT TO)
IND. CODE CH. 8-1-43; AND (2) TIME-VARYING)
AND OTHER ALTERNATIVE PRICING)
STRUCTURES AND TARIFFS PURSUANT TO)
IND. CODE § 8-1-2.5-6(3); AND FOR APPROVAL)
OF ASSOCIATED ACCOUNTING AND)
RATEMAKING)

**PETITIONER'S SUBMISSION OF DIRECT TESTIMONY OF
KIMBERLY ALIFF**

Indianapolis Power & Light Company d/b/a AES Indiana ("AES Indiana" or "Petitioner"),
by counsel, hereby submits the direct testimony and attachments of Kimberly Aliff.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing was served this 27th day of January 2023, by electronic transmission or United States Mail, first class, postage prepaid on:

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D/B/A AES INDIANA

**VERIFIED DIRECT TESTIMONY
OF
KIMBERLY ALIFF
ON BEHALF OF
INDIANAPOLIS POWER & LIGHT COMPANY D/B/A AES INDIANA**

SPONSORING PETITIONER'S ATTACHMENT KA-1

VERIFIED DIRECT TESTIMONY OF KIMBERLY ALIFF

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

2 A1. My name is Kimberly Aliff. I am employed by Indianapolis Power & Light Company
3 d/b/a AES Indiana ("AES Indiana", "IPL", or "Company"), whose business address is
4 One Monument Circle, Indianapolis, Indiana 46204.

5 **Q2. What is your position with AES Indiana?**

6 A2. I am a Revenue Requirements Manager in Regulatory Affairs.

7 **Q3. What are your duties and responsibilities as Revenue Requirements Manager?**

8 A3. I provide financial, technical, and regulatory analysis and I manage or am involved with
9 filings to support various regulatory projects and rate recovery mechanisms. Additionally,
10 I am involved with the planning, development, and analysis of Demand Side
11 Management Programs, as well as tracking and reporting program results. I am a
12 member of AES Indiana's DSM Oversight Board.

13 **Q4. What is your work experience with AES Indiana?**

14 A4. I have been an employee of AES Indiana since April 25, 2005. During my tenure with
15 the Company, I worked in various accounting staff roles until 2010 when I transferred to
16 Regulatory Affairs as a Research Analyst and later as a Senior Regulatory Analyst and
17 most recently my current position of Revenue Requirements Manager.

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

19 A5. I hold a Bachelor of Science Degree in Accounting and Computer Information Systems
20 from Indiana University and a Master of Business Administration from the University of

1 Indianapolis. I have attended various regulated utility training courses such as Edison
2 Electric Institute Electric Rates Courses and Public Utility Accounting Courses. I have
3 also attended workshops, seminars, and conferences pertaining to planning,
4 implementation, and evaluation of DSM programs.

5 **Q6. Have you previously testified before this Commission?**

6 A6. Yes, I have previously testified before the Commission regarding accounting and
7 ratemaking treatment for AES Indiana's Electric Vehicle Sharing Program in Cause No.
8 44478. I have also testified regarding cost recovery and cost allocation for several of
9 AES Indiana's DSM Plans in Cause Nos. 44328, 44497, 44792, 44945, and 45370. I have
10 been a witness in several of the Company's prior semi-annual Demand Side Management
11 Adjustment (Cause No. 43623-DSM-XX) proceedings beginning with DSM-10 and in
12 AES Indiana's Standard Contract Rider No. 26, Cause No. 44808 RTO-4 and RTO-5.

13 **Q7. What is the purpose of your testimony in this proceeding?**

14 A7. The purpose of my testimony is to discuss AES Indiana's proposed accounting and
15 ratemaking treatment for the projected costs AES Indiana will incur providing the
16 Company's proposed electric vehicle (EV) portfolio.

17 **Q8. What attachments are you sponsoring in this proceeding?**

18 A8. I am sponsoring Petitioner's Attachment KA-1 Estimated Rate Impact.

19

1 **Q9. Did you submit any workpapers?**

2 A9. Yes. I submitted Petitioner's Workpaper KA-1, which is an electronic spreadsheet
3 showing the calculation of the estimated regulatory asset and carrying charges associated
4 with the EV Portfolio and reflected in Petitioner's Attachment KA-1.

5 **Q10. Were these attachments and workpapers prepared or assembled by you or under**
6 **your direction or supervision?**

7 A10. Yes.

8 **Q11. Please describe the accounting and ratemaking authorization AES Indiana is**
9 **requesting.**

10 A11. AES Indiana seeks approval to recover costs to implement the proposed EV portfolio
11 presented by AES Indiana witness Elliot. In pertinent part, the proposed accounting and
12 ratemaking provisions are:

13 a. The creation of a regulatory asset to record AES Indiana's costs of the EV
14 Portfolio (as detailed on Petitioner's Attachment ZE-1), which would be
15 included in rate base in subsequent rate cases.

16 b. The authority to recognize and defer as a regulatory asset, carrying charges on
17 the EV Portfolio regulatory asset until such time that the regulatory asset is
18 included in rate base and amortization expense is included in AES Indiana's
19 revenue requirement. Carrying charges will be accrued at the Allowance for
20 Funds Used During Construction ("AFUDC") rate (debt and equity) until
21 included in base rates.

22 c. Full recovery of the regulatory asset and carrying charges in AES Indiana's
23 subsequent rate cases through amortization of the regulatory asset as a
24 recoverable expense for ratemaking purposes over a period of three (3) years
25 and inclusion of the unamortized portion of the regulatory asset in AES
26 Indiana's rate base upon which AES Indiana is permitted to earn a return.

1 **Q12. Are AES Indiana's books kept in accordance with the Uniform System of Accounts**
2 **("USOA")?**

3 A12. Yes. AES Indiana's books and records are maintained according to the USOA as
4 prescribed by the Federal Energy Regulation Commission ("FERC") and adopted by this
5 Commission at 170 IAC 4-2-1.1.

6 **Q13. What process will AES Indiana use to segregate costs that will be deferred?**

7 A13. AES Indiana will establish a separate work breakdown structure ("WBS") within SAP to
8 record the program administration and implementation costs, customer incentive and
9 rebate payments and associated carrying charges.

10 **Q14. How will AES Indiana calculate carrying charges on the regulatory asset?**

11 A14. AES Indiana is proposing to record carrying charges (debt and equity) using the AFUDC
12 rate, which is reviewed and recalculated on a quarterly basis as defined by the FERC
13 USOA.

14 **Q15. What is the estimated cost of the EV Portfolio?**

15 A15. The Company's estimate (excluding carrying charges) of the total costs as shown in
16 Petitioner's Attachment ZE-1 is approximately \$16.2 million for the three year program,
17 including capital (*i.e.*, charging infrastructure and make-ready work) and O&M
18 expenditures.

19 Additionally, there is an estimated \$10.6 million associated with the Tariff EVSE pilot
20 program. As explained by AES Indiana Witness Elliot, all of the costs of the Tariff
21 EVSE will be funded by Tariff EVSE participants and therefore not included in the
22 regulatory asset.

1 **Q16. How does the Company propose to recover the costs of the EV Portfolio?**

2 A16. AES Indiana proposes to defer the EV Portfolio costs (excluding the Tariff EVSE pilot)
3 and record as a regulatory asset (FERC Account 182.3 Other Regulatory Assets), with
4 carrying charges, for recovery in subsequent basic rate case(s).

5 **Q17. Have you calculated the anticipated rate impact of the requested accounting and**
6 **ratemaking treatment for the EV Portfolio for a typical residential customer using**
7 **1,000 kWh per month?**

8 A17. Yes, in Petitioner's Attachment KA-1 the total estimated regulatory asset is
9 approximately \$17.3 million (including carrying charges of approximately \$1.2 million).
10 Carrying charges in this estimate are assumed for three (3) year term of the program
11 (Petitioner's Workpaper KA-1). Actual carrying charges will be calculated on the
12 unamortized balance of the regulatory asset that is not included in base rates. This
13 calculation assumes no rate case during the course of the program (but AES Indiana
14 would not be prohibited from filing a general rate case). This calculation also assumes
15 participation based on estimates shown in Petitioner's Attachment ZE-1. As more fully
16 described by AES Indiana Witnesses Schmidt and Elliot, the EV Portfolio benefits all
17 customers; therefore while final allocations will be decided in the course of a base rate
18 case, the Company has used the current allocation factors from Cause No. 45029 for all
19 classes for estimation purposes in this proceeding as shown on Petitioner's Attachment
20 KA-1.

21 The monthly estimated rate impact for 1,000 kWh per month is shown in Table KA-1
22 below.

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Table KA-1

Rate Class	Estimated Monthly Impact per 1,000 kwh
Residential	\$0.58
Small C&I	\$0.56
Large C&I	\$0.49
Lighting	\$0.50

Q18. In your opinion, is AES Indiana’s proposed accounting and ratemaking treatment reasonable?

A18. Yes. As described by AES Indiana witness Elliot, Ind. Code ch. 8-1-43 allows an electric utility to request approval of cost recovery for Public Use EV Pilot programs, including deferral of pilot program capital costs. Ind. Code ch. 8-1-2.5 also allows the Commission to approve alternative regulatory plans, including associated cost recovery, in order to address technological change and associated operating conditions. AES Indiana witness Elliot explains the benefits of the EV Portfolio and shows the proposed programs and cost recovery are in the public interest. Moreover, the Commission has previously recognized the reasonableness of encouraging expedited learning regarding the effects of EVs on the electric utility distribution system, including granting cost recovery for EV pilot programs.¹ For these reasons, the Company’s proposed accounting and ratemaking treatment for the EV Portfolio is reasonable and should be approved.

¹ See, e.g., *Re Duke Energy Indiana, Inc.*, Cause No. 45616 at 15 (IURC June 1, 2022) (approving Duke Energy Indiana’s EV pilot programs and associated ratemaking and accounting requests and citing similar approval granted to I&M).

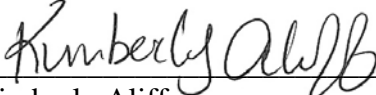
1 **Q19. Does this conclude your prepared direct testimony?**

2 A19. Yes, at this time.

3

VERIFICATION

I, Kimberly Aliff, Revenue Requirements Manager 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.



Kimberly Aliff
Dated: January 27, 2023

**AES Indiana
 Electric Vehicle Portfolio Filing
 Estimated Rate Impact**

Line		<u>Regulatory Asset</u>
1	Projected Regulatory Asset to be included in Rate Base in Rate Order	\$17,359,871
2	x Rate of Return per 11/30/22 Capital Structure in ECR-36	6.63%
3	Proxy for Net Operating Income Requirement	<u>\$1,150,959</u>
4	x Revenue Conversion Factor for Capital Investment in ECR-36	1.22649
5	Proxy for Annual Revenue Requirement - Return on Regulatory Asset	<u><u>\$1,411,640</u></u>
6	Annual Amortization of Regulatory Asset over three years	\$5,786,624
7	x Revenue Conversion Factor for Expense in 45264 TDSIC-5	1.00475
8	Proxy for Annual Revenue Requirement - Return of Regulatory Asset	<u><u>\$5,814,110</u></u>
9	Proxy for Total Annual Revenue Requirement - Regulatory Asset	<u><u>\$7,225,750</u></u>
10	Allocation factors from Cause No. 45029	
11	Residential	42.48% \$ 3,069,499
12	Small C&I	14.10% \$ 1,018,831
13	Large C&I	43.00% \$ 3,107,073
14	Lighting	0.42% \$ 30,348
		<u>100.00% \$ 7,225,751</u>
15	Projected Annual Retail MWH Sales	2024
16	Residential	5,260,642.8
17	Small C&I	1,806,618.0
18	Large C&I	6,334,907.0
19	Lighting	60,718.9
		<u>13,462,886.7</u>
20	Monthly Impact per 1,000 kWh	
21	Residential	\$0.58
22	Small C&I	\$0.56
23	Large C&I	\$0.49
24	Lighting	\$0.50