

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

SUBDOCKET FOR REVIEW OF)
INDIANAPOLIS POWER & LIGHT)
COMPANY D/B/A AES INDIANA'S 2021) CAUSE NO. 38703 FAC 133 S1
EXTENDED FORCED OUTAGE AT EAGLE)
VALLEY AND ITS RELATED IMPACT ON)
FUEL PROCUREMENT AND FUEL COSTS.)

**APPLICANT'S SUBMISSION OF REVISIONS TO
NATALIE HERR COKLOW'S DIRECT TESTIMONY**

Applicant Indianapolis Power & Light Company d/b/a AES Indiana ("AES Indiana", "IPL" or "Company"), by counsel, hereby submits the attached revision to AES Indiana witness Natalie Herr Coklow's direct testimony. A redline of revised page 4 and an entire clean copy of Ms. Coklow's direct testimony is being provided. The clean copy inclusive of the revision will be included in the court reporter copy offered into evidence at the hearing.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 14th day of October, 2022, by email transmission, hand delivery or United States Mail, first class, postage prepaid to:

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DMS 23936712v1

- AES Indiana Attachment NHC-1 is calculation of the estimated FAC factor impact for the fuel and purchased power related to the Eagle Valley outage that the Company seeks to recover.

Q8. Are you sponsoring any workpapers?

A8. Yes. I have included the Excel workbook that supports the calculation of AES Indiana Attachment NHC-1.

Q9. What is the purpose of your testimony in this proceeding?

A9. My testimony discusses AES Indiana's proposed accounting and ratemaking treatment for the unrecovered deferred fuel and purchased power costs related to the Eagle Valley outage that was calculated by Witness Jackson, including the proposed recovery period. My testimony will also discuss the estimated FAC factor impact for this proposed accounting and ratemaking treatment and will discuss the proposed timing of recovery.

Q10. What amounts are currently deferred related to the Eagle Valley outage?

A10. For the period of May 1, 2021 through March 18, 2022 (Eagle Valley was offered at full capacity on March 18, 2022) AES Indiana has estimated that the portion of the fuel cost variances related to Eagle Valley is \$41,518,474 ~~million~~ as show in Table 1 below and calculated in AES Indiana Attachment DJ-3. which is sponsored by Witness Jackson. This is the same calculation that was presented in FAC 135 (Attachment DJ-5) which included the months of May 2021 through January 2022 which totaled \$35,168,380 million. For this subdocket filing, this calculation was updated to include the remaining portion of the outage, which was February 2022 through March 18, 2022, which is \$6,350,094 million for a total estimated Eagle Valley outage impact of \$41,518,474 million. In the FAC 135 filing, AES Indiana did not request recovery of any portion of the estimated Eagle Valley

VERIFIED DIRECT TESTIMONY

OF

NATALIE HERR COKLOW

ON BEHALF OF

AES INDIANA

SPONSORING AES INDIANA ATTACHMENT NHC-1

**VERIFIED TESTIMONY OF NATALIE HERR COKLOW
MANAGER IN REGULATORY ACCOUNTING**

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

2 A1. My name is Natalie Herr Coklow. I am employed by AES US Services, LLC (“the Service
3 Company”), which is the Service Company that serves Indianapolis Power & Light
4 Company d/b/a AES Indiana (“AES Indiana”, “IPL” or the “Applicant”). The Service
5 Company is located at One Monument Circle, Indianapolis, Indiana 46204. The Service
6 Company provides accounting, legal, human resources, information technology and other
7 corporate services to the businesses owned by The AES Corporation in the United States
8 of America, including AES Indiana.

9 **Q2. What is your position with the Service Company?**

10 A2. I am a Manager in the Regulatory Accounting department.

11 **Q3. Please summarize your work experience with the Service Company.**

12 A3. I began employment with the Service Company in July 2013. During my tenure with the
13 Service Company, I have worked in Regulatory Accounting on various AES Indiana and
14 Dayton Power & Light Company d/b/a AES Ohio (“AES Ohio” or “DP&L”) regulatory
15 filings and the associated accounting entries for both companies. I am responsible for the
16 various general ledger entries, the reconciliation of regulatory asset and liability accounts,
17 the computation and tracking of various costs for regulatory filings, and the preparation of
18 supporting schedules for these filings. These regulatory filings for AES Indiana have
19 included filings related to the Fuel Adjustment Clause (“FAC”) (Cause No. 38703-FAC

1 XX), AES Indiana's most recent basic rate cases (Cause Nos. 44576 and 45029), the
2 Environmental Compliance Cost Recovery Adjustment ("ECCRA") (Cause No. 42170-
3 ECR XX) and the Transmission, Distribution, and Storage System Improvement Charge
4 ("TDSIC") (Cause No 45264-TDSIC XX).

5 **Q4. Please summarize your prior work experience.**

6 A4. Prior to the Service Company, I was employed by London Witte Group, LLC ("LWG") for
7 seven years. LWG is a certified public accounting firm that provides an array of accounting
8 and consulting services to public utility, private and governmental clients. At LWG, I
9 worked on the review of Gas Cost Adjustments filed with this Commission by various
10 Indiana utilities, performed financial statement audits for predominately gas and electric
11 utility clients, completed rate design for municipally owned utilities, and completed or
12 reviewed financial statements and tax returns.

13 **Q5. Please summarize your educational qualifications.**

14 A5. I hold a Bachelor of Science Degree in Accounting from Indiana University.

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

16 A6. Yes. I have submitted testimony on behalf of AES Indiana in previous FAC proceedings
17 as well as ECCRA and TDSIC proceedings. I also submitted testimony in AES Indiana's
18 basic rates case, Cause No. 45029.

19 **Q7. Are you sponsoring any attachments?**

20 A7. Yes. I am sponsoring the following attachment:

- 1 • AES Indiana Attachment NHC-1 is calculation of the estimated FAC factor impact
2 for the fuel and purchased power related to the Eagle Valley outage that the Company
3 seeks to recover.

4 **Q8. Are you sponsoring any workpapers?**

5 A8. Yes. I have included the Excel workbook that supports the calculation of AES Indiana
6 Attachment NHC-1.

7 **Q9. What is the purpose of your testimony in this proceeding?**

8 A9. My testimony discusses AES Indiana's proposed accounting and ratemaking treatment for
9 the unrecovered deferred fuel and purchased power costs related to the Eagle Valley outage
10 that was calculated by Witness Jackson, including the proposed recovery period. My
11 testimony will also discuss the estimated FAC factor impact for this proposed accounting
12 and ratemaking treatment and will discuss the proposed timing of recovery.

13 **Q10. What amounts are currently deferred related to the Eagle Valley outage?**

14 A10. For the period of May 1, 2021 through March 18, 2022 (Eagle Valley was offered at full
15 capacity on March 18, 2022) AES Indiana has estimated that the portion of the fuel cost
16 variances related to Eagle Valley is \$41,518,474 as show in Table 1 below and calculated
17 in AES Indiana Attachment DJ-3. which is sponsored by Witness Jackson. This is the same
18 calculation that was presented in FAC 135 (Attachment DJ-5) which included the months
19 of May 2021 through January 2022 which totaled \$35,168,380 million. For this subdocket
20 filing, this calculation was updated to include the remaining portion of the outage, which
21 was February 2022 through March 18, 2022, which is \$6,350,094 million for a total
22 estimated Eagle Valley outage impact of \$41,518,474 million. In the FAC 135 filing, AES
23 Indiana did not request recovery of any portion of the estimated Eagle Valley

outage related variances and instead requested that recovery of this portion of the variances be resolved in the FAC 133 subdocket.

Table 1¹

AES Indiana			
Estimated Impact of Eagle Valley Forced Outage			
		Estimated	
	As Filed Variance	Non Outage Results (2)	Eagle Valley Impact
FAC133	\$ 13,683,621	\$ 7,032,886	\$ 6,650,735
FAC134	\$ 32,281,690	\$ 27,356,531	\$ 4,925,159
FAC135	\$ 64,326,816	\$ 40,734,330	\$ 23,592,486
FAC 136 (1)	\$ 12,378,189	\$ 6,028,093	\$ 6,350,096
		\$ 81,151,841	\$ 41,518,476
less 50% FAC133 already recovered		\$ 6,841,811	
		\$ 74,310,030	
(1) Outage ended on March 18, 2022 therefore only includes the months of February and March 2022.			
(2) Estimated results if EV had been available			

Q11. Please explain the variances that were included in the factor in each of the FAC filings during the outage period.

A11. The variances and the amount included in each FAC factor is summarized in Table 2 below.

Table 2

Deferred Variances				
	Reconciliation Period	Deferred	In Proposed Factors	Cumulative Deferral
FAC133	May - Jul 2021	\$13,683,621	\$6,841,811	\$6,841,810
FAC134	Aug - Oct 2021	\$32,281,690	\$0	\$39,123,500
FAC135	Nov 2021 - Jan 2022	\$64,326,816	\$34,140,968	\$69,309,348
FAC136	Feb - Apr 2022	\$12,378,189	\$40,169,062	\$41,518,475
		\$122,670,316	\$81,151,841	

The Eagle Valley outage impacted the months of April 2021 through March 2022 and the FAC 133 through FAC 136 filings². As shown in Table 2 above, AES Indiana has included

¹ See [AES Indiana Attachment DJ-3](#) for detailed calculation.

² April 2021 was included in FAC 132 and is not part of the subdocket.

1 only non-outage variances in its FAC filings for these periods. The FAC 133 Order allowed
2 recovery of 50% of the variance in that proceeding which was less than the calculated
3 estimate of the non outage actual variance. In FAC 134, AES Indiana proposed to defer all
4 variances while the Company worked on the calculation to determine the portion of costs
5 and variances that was attributable to the Eagle Valley outage. In FAC 135, this calculation
6 had been completed and the Company included the estimated cumulative non outage actual
7 variances from FAC 133, 134 and 135 in its request of recovery, while leaving the Eagle
8 Valley impact subject to this subdocket. In FAC 136 filed in June 2022, AES Indiana
9 proposes to follow the FAC 135 methodology and request the non-outage portion for
10 recovery. The ending deferral would result in a regulatory asset balance of \$41,578,475
11 which is equal to the estimated variance attributable to the Eagle Valley variance shown in
12 Table 1.

13 **Q12. Has AES Indiana already recovered any portion of the estimated Eagle Valley outage**
14 **related fuel and purchased power costs?**

15 A12. No. As shown in Chart 1 above and discussed in Q/A 11, for the Eagle Valley outage period
16 AES Indiana has only included the estimated portion of variances not attributable to the
17 Eagle Valley outage in the FAC factors. The estimated variance of \$41,518,474 million
18 estimated to be attributable to the Eagle Valley outage has not been included to date in any
19 FAC factor. Therefore, the total dollar amount at issue in this subdocket filing is the
20 \$41,518,474 million as presented in Table 1.

21 **Q13. What accounting and ratemaking treatment is AES Indiana requesting?**

22 A13. To mitigate rate impact, AES Indiana proposes to recover the estimated Eagle Valley
23 outage portion of the unrecovered fuel and purchased power variances, not including any

1 carrying charges, of \$41,518,474 million over four FAC filings starting with the next FAC
2 following the Order in this subdocket filing. A recovery period of four FAC filings (twelve
3 months) corresponds with the similar period for which the costs were incurred (outage from
4 May 2021 through March 17, 2022). AES Indiana proposes to include this adjustment to
5 future FAC filings as an adjustment on FAC Schedule NHC-1 which is the same treatment
6 that AES Indiana used in FAC 133 and FAC 135 when fuel variances were split over
7 multiple filings.

8 **Q14. Do the costs you present include any repair or other non-fuel costs?**

9 A14. No. The accounting and ratemaking requested in this filing reflects recovery of
10 \$41,518,474 of incurred purchased power and fuel costs estimated to be attributable to the
11 Eagle Valley outage.

12 **Q15. Based on the accounting and ratemaking treatment proposed in this filing should**
13 **FACs 133 through 135 still be subject to refund?**

14 A15. No. AES is proposing to recover the estimated Eagle Valley outage related fuel and
15 purchased power costs in future FAC filings. Therefore, FAC 133 through FAC 135 would
16 no longer need to be subject to refund. As the OATI model discussed by Witness Jackson
17 shows, the costs approved for recovery in FAC 133 through 135 are not attributable to the
18 Eagle Valley Outage and would have been prudently incurred regardless of the Eagle
19 Valley outage. If the Commission were to adopt a different proposal, AES Indiana would
20 still propose that any reconciliation would be included in future FAC filings. This would
21 eliminate the need for FACs 133 through FAC 135 to be subject to refund.

22 **Q16. What is the estimated FAC factor impact of AES Indiana's proposal?**

1 A16. This calculation is presented on AES Indiana Attachment NHC-1. AES Indiana used
2 assumed customer usage from the most recent Off System Sales (“OSS”) 6 filing. AES
3 Indiana is proposing to implement the reconciliation beginning with the next FAC filing
4 after the subdocket Order is received. This is currently estimated to be sometime in 2023.
5 AES Indiana calculated this impact by taking the total estimated unrecovered Eagle Valley
6 outage related fuel and purchased power costs of \$41,518,474 million and divided by four
7 for a total of \$10,379,619 million to be included in each FAC. This value was then divided
8 by the assumed customer usage for each FAC filing period to determine a price per
9 Mills/kWh. This is shown AES Indiana Attachment NHC-1.

10 **Q17. What effect will the Company’s proposed cost recovery have on an average**
11 **residential customer using 1,000 kWh per month?**

12 A17. In relation to the Company’s factor from FAC 135 and after removing variances associated
13 with FAC 133 and 134, the Company’s estimates its proposal would result in an average
14 increase of \$3.14 or 2.50% for a typical residential customer using 1,000 kWh per month.
15 These figures are calculated on AES Indiana Attachment NHC-1.

16 **Q18. Please summarize and conclude your testimony.**

17 A18. My testimony details the accounting and ratemaking treatment AES Indiana is requesting.
18 AES Indiana is requesting to recover the portion of variances related to the Eagle Valley
19 outage of \$41,518,474 million over four FAC proceedings without any carrying costs. AES
20 Indiana is requesting that \$10,379,618 million (1/4th of \$41,518,474) be included in the
21 next FAC proceeding after the Order in this filing and the same amount be included in each
22 of the following three FACs. These filings will be subject to the normal reconciliation

1 process that is performed for each FAC filing. Finally, AES Indiana is requesting that FAC
2 133 through 135 no longer be subject to refund.

3 **Q19. Does that conclude your prefiled direct testimony?**

4 A19. Yes.

Verification

I, Natalie Herr Coklow, Manager in Regulatory Accounting for AES US Services, LLC, affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Dated this 27th day of May 2022.

Natalie Herr Coklow
Natalie Herr Coklow

Unrecovered Eagle Valley Outage Variance Costs \$ 41,518,474
Proposed Recovery per FAC (1 year= 4 FACs) \$ 10,379,619

A

FAC 135 Factor	Forecast FAC X1			Forecast FAC X2			Forecast FAC X3			Forecast FAC X4			Average
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
Assumed Sales (Mills/kWh) as filed in OSS-6	1,156,088	1,322,029	1,265,668	1,037,933	979,611	990,112	1,203,306	1,299,962	1,154,953	1,043,974	934,730	985,791	
Assumed Sales for Each FAC period			3,743,785			3,007,656			3,658,221			2,964,495	
EV Variance Charge per FAC			\$ 2.77			\$ 3.45			\$ 2.84			\$ 3.50	\$ 3.14
<u>1,000 kWh Customer</u>													
Base Rates	\$ 115.60		\$ 115.60			\$ 115.60			\$ 115.60			\$ 115.60	
FAC Factor*	\$ 9.94		\$ 9.94			\$ 9.94			\$ 9.94			\$ 9.94	
Eagle Valley Outage Factor	\$ -		\$ 2.77			\$ 3.45			\$ 2.84			\$ 3.50	
Bill Including Factor	\$ 125.54		\$ 128.31			\$ 128.99			\$ 128.38			\$ 129.04	Average
% Change relative to current factor			2.21%			2.75%			2.26%			2.79%	2.50%
\$ Change relative to current factor			\$ 2.77			\$ 3.45			\$ 2.84			\$ 3.50	\$ 3.14

* For bill impact comparison purposes FAC 135 was recalculated to remove any variances related to prior FAC filings as this is not a normal occurrence.
This recalculated FAC135 factor includes only variances not related to the Eagle Valley outage for the FAC135 reconciliation period, split over 2 FAC periods.

		November	December	January	Total	
34	Fuel Cost Variance (Mills/kWh)	\$ 36,943,851	\$ 14,618,271	\$ 12,764,694	\$ 64,326,816	34
35	Fuel Cost Variance - FAC 133					35
36	Fuel Cost Variance- FAC 133- 50% Collected					36
37	Fuel Cost Variance - FAC 134 (1)					37
38	Subtotal Variances				64,326,815	38
39	Estimated Eagle Valley Outage Impact				(23,592,486)	39
40	Estimated Non Outage Related Fuel Cost Variances not yet Collected				\$ 40,734,329	40
41	TOTAL Fuel Cost Variance Included in this Filing- 50% (Mitigated by Collecting over FAC 135 and 136)				\$ 20,367,165	41
42	Variance Charge (Line 32 Total divided by estimated Indiana jurisdictional sales of 3,743,783 kWh (000's)				5.440	42
43	Adjusted Fuel Cost Charge (Line 31 + Line 33)				42.731	43
44	Less: Base Cost of Fuel Included in Rates				32.938	44
45	Fuel Cost Charge				9.793	45
46	Fuel Cost Charge Adjusted for Indiana Utility Receipts Tax (2)				9.939	46
	(1) As filed variances of \$29,879,749 plus October tie line correction of \$2,401,941					
	(2) Line 45 Divided By (1-(1.46% URT Rate/(1-0.04900)))					