

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

INVESTIGATION OF THE INDIANA UTILITY)
REGULATORY COMMISSION REGARDING THE)
PUBLIC UTILITY REGULATORY POLICIES ACT)
SECTION 111(d) STANDARDS AS AMENDED BY)
THE INFRASTRUCTURE INVESTMENT AND JOBS)
ACT.) CAUSE NO. 45816

RESPONDENTS: NORTHERN INDIANA PUBLIC)
SERVICE COMPANY; DUKE ENERGY INDIANA,)
LLC; INDIANA MICHIGAN POWER COMPANY;)
SOUTHERN INDIANA GAS AND ELECTRIC)
COMPANY D/B/A CENTERPOINT ENERGY)
INDIANA SOUTH; INDIANAPOLIS POWER &)
LIGHT COMPANY D/B/A AES INDIANA; AND)
ANDERSON MUNICIPAL POWER & LIGHT)

RESPONDENT'S SUBMISSION OF REBUTTAL TESTIMONY OF
ZAC ELLIOT

Indianapolis Power & Light Company d/b/a AES Indiana ("AES Indiana" or
"Respondent"), by counsel, hereby submits the rebuttal testimony of Zac Elliot.

Respectfully submitted,

IURC
RESPONDENT'S - AES
EXHIBIT NO. 2
8-4-23
DATE REPORTER

OFFICIAL
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CERTIFICATE OF SERVICE

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**VERIFIED REBUTTAL TESTIMONY OF ZAC ELLIOT
ON BEHALF OF
AES INDIANA**

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

2 A1. My name is Zac Elliot. I am employed by AES US Services, LLC, which is the company
3 that serves Indianapolis Power & Light Company d.b.a. AES Indiana (“AES Indiana” or
4 the “Company”). My business address is One Monument Circle, Indianapolis, Indiana
5 46204.

6 **Q2. What is your position with AES?**

7 A2. My title is Electrification Portfolio Lead.

8 **Q3. Are you the same Zac Elliot who sponsored pre-filed direct testimony in this**
9 **proceeding?**

10 A3. Yes, I am.

11 **Q4. What is the purpose of your testimony in this proceeding?**

12 A4. My testimony is offered on behalf of AES Indiana and the “Utility Group”, which consists
13 of AES Indiana, CenterPoint, Duke Energy Indiana, Indiana Michigan Power Company,
14 and Northern Indiana Public Service Company. The purpose of my rebuttal testimony is to
15 respond to certain issues raised by intervenors in this Cause – specifically, issues related to
16 utility ownership of EV charging infrastructure, make-ready infrastructure investments,
17 contributions in aid of construction (“CIAC”), and federal and state funding for utility
18 electric vehicle (“EV”) investments.

19 **Q5. Are you sponsoring any attachments in this Cause?**

20 A5. No.

1 **Q6. The OUCC and intervenors present a variety of viewpoints with respect to the issue**
2 **of utility ownership of EV charging equipment - from encouraging such to proposing**
3 **that ownership be strictly limited to situations where there is a compelling public**
4 **policy need. What is the Utility Group's view on this?**

5 A6. Indiana law provides guidance on this issue. Specifically, Ind. Code 8-1-43 ("Chapter 43")
6 provides that a utility may own and operate EV charging equipment related to public use
7 EV charging. Additionally, Ind. Code § 8-1-43-8(f) states:

8 **(f) This chapter does not prohibit an electric utility from:**

9 **(1) installing, owning, or operating charging infrastructure or make-ready**
10 **infrastructure for electric vehicles; and**

11 **(2) seeking to include the associated capital costs in the electric utility's basic**
12 **rates and charges through a proceeding initiated under IC 8-1-2-61.**

13 In other words, prevailing public policy has already decided that electric utilities in Indiana
14 may own and operate EV charging equipment (1) for public use charging, and (2) in other
15 instances, where such is found by the Commission to be just, reasonable, and in the public
16 interest.

17 **Q7. In your opinion, are there benefits to utility ownership of EV charging infrastructure?**

18 A7. Yes. Electric vehicle adoption, and thus associated load, is accelerating in the state of
19 Indiana. According to data from the Indiana Bureau of Motor Vehicles, EV registrations
20 grew in Marion County by 51% in 2021, and 69% in 2022 indicating that we are likely in
21 the early stages of exponential S-curve growth rates. As those uniquely responsible for the
22 safe and reliable operation of the distribution system, utilities are the only entity in a

1 position to manage this incoming load in a system-wide manner. It is thus important that
2 utilities be involved, including owning and operating EV charging infrastructure, such that
3 marginal system costs are managed to promote core system reliability and manage future
4 rate impacts.

5 Additionally, utilities are well positioned to consider factors that promote public interest
6 beyond mere financial metrics. Under Ind. Code § 8-1-43-8(b)(5), one of the factors for
7 the Commission to consider in approving a Public Use EV Pilot Program is whether the
8 charging infrastructure will be located in an equitable manner that ensures all customers
9 within the service area have convenient access to the charging infrastructure. In the
10 competitive landscape, per se, site hosts and EVSE solution providers who own and operate
11 EV charging infrastructure are selecting locations that they believe will result in a
12 financially successful project. Criteria such as proximity to EV adoption, socioeconomic
13 indicators, traffic patterns, and proximity to amenities are largely proxies for whether or
14 not a project will be financially tenable to the entity capitalizing the project. It is therefore
15 unsurprising that, in the competitive landscape, economically distressed areas are in a
16 disadvantaged position for site selection – utilities are well poised to serve the public
17 interest in this capacity and are indeed encouraged via prevailing public policy to do so.

18 **Q8. Some intervenors suggest utility ownership of EV charging infrastructure hinders the**
19 **development of the competitive EV charging market. Please respond.**

20 A8. First, utilities in the state of Indiana bear the burden of proof when proposing limited
21 deployments of EV charging infrastructure under Chapter 43 or through proposals initiated
22 under IC 8-1-2-61. For such proposals, there is statutory guidance that defines what a
23 utility must provide, and there is additional guidance on what the Commission can consider

1 in determining whether a utility's plan is reasonable and in the public interest. This burden
2 of proof is not required of intermediary customers or companies otherwise not defined as
3 an electricity supplier in the state of Indiana.

4 Second, some stakeholders who argue against utility ownership of EV charging
5 infrastructure on anti-competitiveness grounds (1) take advantage of utility EV charger
6 rebate programs, and/or (2) advocate and/or litigate for special EV rate discounts (e.g., a
7 low- or no-demand charge rate). In other words, such stakeholders disagree with
8 reasonable utility cost recovery in instances where utilities own and operate EV charging
9 infrastructure, while simultaneously accepting "captive ratepayer" funding such that the
10 cost of their EV charging project is benefited financially. This strikes me as a double
11 standard.

12 **Q9. The OUCC states that electric vehicle chargers are not necessary for the safe, reliable,**
13 **and efficient provision of electric service to customers. Further, and related to this,**
14 **the OUCC states that EV charging services owned and operated by utilities should be**
15 **run as below the line businesses without subsidization from rates. How do you**
16 **respond?**

17 A9. As covered in my pre-filed direct testimony in this proceeding, there is a distinction
18 between traditional and non-traditional rate making in the state of Indiana and there is
19 precedent through prior Commission orders that certain non-traditional utility offerings,
20 such as energy efficiency program delivery, may be approved to the extent a utility meets
21 its obligations under the applicable law or administrative rule.

22 The OUCC's view does not appear to be consistent with that of the Indiana General
23 Assembly. Chapter 43, discussed above, contemplates that utilities may own and operate

1 EV charging equipment, and recover associated costs through rates, provided the
2 Commission finds the utility's proposal to be just, reasonable, and in the public interest.

3 **Q10. The testimony of other parties on the topic of make-ready infrastructure spans a**
4 **spectrum from a proposal to require utilities to cover such infrastructure for all or a**
5 **portion of the utility and the customer side – and not limited to public charging -- to**
6 **proposals to limit utility investments and make-ready infrastructure to strictly the**
7 **utility side. What is the Utility Group's view on this?**

8 A10. The definition of “make ready infrastructure” under Chapter 43 does not differentiate
9 between the utility’s and the customer’s make ready infrastructure needs. Further, the
10 statute supports electric utilities installing and owning make-ready infrastructure for public
11 use charging. Ind. Code § 8-1-43-8(a). As mentioned above, the statute recognizes that
12 the cost incurred for other charging purposes may be recognized in rates provided the
13 Commission finds such to be just, reasonable, and in the public interest. Ind. Code § 8-1-
14 43-8(f). Accordingly, the Indiana General Assembly appears to recognize that different
15 circumstances may require different levels of utility infrastructure investment for EV
16 make-ready equipment, and has delegated to the Commission the discretion to make such
17 decisions on a program-by-program basis, guided by reasonableness and the public interest.

18 My direct testimony provides examples of non-traditional and traditional means of
19 encouraging make-ready infrastructure investment. Furthermore, Witness Kirkham’s
20 direct testimony in this Cause describes a broad set of costs and benefits that should be
21 considered in determining whether a plan will result in benefits that accrue to both
22 participating and non-participating customers.

1 **Q11. With regard to make-ready infrastructure investments, Walmart urges the**
2 **Commission to encourage utility investment and infrastructure needed for areas**
3 **where the utility anticipates a high concentration of EV charging needs. Walmart**
4 **states that the Commission may need to adapt regulatory processes to allow utilities**
5 **to install needed infrastructure prior to immediate customer need. What is the Utility**
6 **Group's position on this?**

7 **A11. Beyond traditional line extension policies, both Chapter 43 and the Alternative Utility**
8 **Regulation statute, Ind. Code 8-1-2.5, provide a statutory basis for utilities to propose and**
9 **seek cost recovery for make-ready infrastructure.**

10 Furthermore, utilities in the state of Indiana undergo distribution planning as a matter of
11 course. To the extent there is high probability for future load growth in a certain area,
12 utilities have an obligation to serve and therefore means to move forward with prudent
13 make ready investment, both through traditional and non-traditional ratemaking (e.g., a
14 general rate case, TDSIC).

15 It is also worthwhile to note that plans filed under Chapter 43 or other non-traditional
16 mechanisms support the gathering of important information in many cases not held by
17 utility companies. The plain language in Chapter 43 acknowledges that a pilot program is
18 intended "to evaluate the feasibility and design, including the associated costs and benefits,
19 of a larger scale deployment of such infrastructure necessary to support public use EVs."
20 Proposing and delivering pilot programs inform long term distribution planning and other
21 larger scale deployments in the future, whether or not such infrastructure is owned by a
22 utility.

1 Q12. Walmart recognizes the importance of reducing regulatory lag associated with an EV
2 make-ready program in promoting EV adoption in Indiana. Walmart specifically
3 identifies forecasted test year treatment and/or allowance of tracker mechanisms as
4 useful tools in reducing lag. What is the Utility Group's opinion of Walmart's
5 suggestion?

6 A12. The Utility Group agrees with and appreciates Walmart's recognition of the importance of
7 reducing regulatory lag through tools like trackers and forecasted test period cost inclusion
8 that create constructive ratemaking treatment to foster EV adoption.

9 Q13. There are also a variety of viewpoints on how contributions in aid of construction
10 (CIAC) should be implemented with respect to electric vehicle charging. For
11 example, Walmart states that CIAC agreements should be applied on a case-by-case
12 basis, as opposed to one arrangement for all customers. How does the Utility Group
13 view this issue?

14 A13. In the state of Indiana, CIAC is indeed treated on a case-by-case basis, whereby utilities
15 consider the costs (line extension costs) and benefits (future revenues) for each initiating
16 customer seeking a line extension.

17 Q14. Several parties offered testimony on the issue of federal and/or state grant
18 opportunities. ChargePoint proposes that utilities be required to develop programs
19 to complement existing grant opportunities. CAC states that utilities should be
20 required to explain what grant funding opportunities it has considered, applied for,
21 etc., and that customer funding through rates should be withheld if the utility does
22 not demonstrate a good faith effort in seeking grant monies. What is the Utility
23 Group's view on requirements to seek grant funding for electric vehicle programs?

1 A14. As described in my direct testimony, federal and/or state funding should be considered an
2 additive, but not required, benefit (or reduction in cost) in benefit and cost analyses for
3 non-traditional ratemaking designed to encourage EV and EV infrastructure investment.
4 Applying for, managing, and implementing the use of federal and/or state funding imposes
5 real costs on the utility, and federal/state funding availability does not always align with
6 the timing of regulatory proceedings. It should also be noted that utilities, in some cases,
7 are not eligible to apply for or be a primary recipient of funding (e.g., Community Fueling
8 Infrastructure grants).

9 **Q15. The OUCC also states with regard to grant funding, that any such funding should be**
10 **first applied to make-ready costs on the utility side of the meter. How do you**
11 **respond?**

12 A15. To the best of my knowledge, each grant funding opportunity contains terms and conditions
13 that define eligible project costs, formula funding structure, matching private funding
14 requirements, reimbursement criteria, etc. I do not believe that utilities, or other primary
15 grant recipients for that matter, have such discretion.

16 **Q16. Does this conclude your testimony?**

17 A16. Yes, it does.

VERIFICATION

I, Zac Elliot, Electrification Portfolio Lead for AES US Services, LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

A handwritten signature in black ink, appearing to read 'Zac Elliot', written over a horizontal line.

Zac Elliot

Dated: July 10, 2023