

# OFFICIAL EXHIBITS

IURC  
PETITIONER'S  
EXHIBIT NO. 11-R  
9-23-15 AT  
DATE REPORTER

**VERIFIED REBUTTAL TESTIMONY**

**OF**

**YVONNA K. STEADMAN**

**ON BEHALF OF**

**INDIANAPOLIS POWER & LIGHT COMPANY**

**IURC CAUSE NOS. 44576 / 44602**

**INCLUDING IPL WITNESS YKS ATTACHMENTS 1-R THROUGH 11-R**

**003816**

**VERIFIED REBUTTAL TESTIMONY OF YVONNA K. STEADMAN  
ON BEHALF OF  
INDIANAPOLIS POWER & LIGHT COMPANY**

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

2   A1.   My name is Yvonna K. Steadman. I am employed by AES U.S. Services, LLC ("AES  
3       Services"), whose business address is One Monument Circle, Indianapolis, Indiana  
4       46204.

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

6   A2.   I am a Manager in the Regulatory Accounting area.

7   **Q3.   Are you the same Yvonna K. Steadman who previously submitted direct testimony**  
8       **in this Cause?**

9   A3.   Yes.

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

11   A4.   My rebuttal testimony responds to various adjustments to the results of operations for the  
12       twelve (12) months ended June 30, 2014, pro forma at present rates, proposed by Indiana  
13       Office of Utility Consumer Counselor ("OUCC") Witness Lafayette Morgan. These  
14       adjustments relate to wages and the related payroll taxes, benefits, and AES Services  
15       transactions.

16   **Q5.   Are you sponsoring any Attachments in support of your testimony?**

17   A5.   Yes. I am sponsoring:

- 18       • IPL Witness YKS Attachment 1-R
- 19       • IPL Witness YKS Attachment 2-R
- 20       • IPL Witness YKS Attachment 3-R

- 1 • IPL Witness YKS Attachment 4-R
- 2 • IPL Witness YKS Attachment 5-R
- 3 • IPL Witness YKS Attachment 6-R
- 4 • IPL Witness YKS Attachment 7-R
- 5 • IPL Witness YKS Attachment 8-R
- 6 • IPL Witness YKS Attachment 9-R
- 7 • IPL Witness YKS Attachment 10-R
- 8 • IPL Witness YKS Attachment 11-R

9 **Q6. Are you sponsoring any Financial Exhibits?**

10 A6. Yes. I am sponsoring:

- 11 • IPL Financial Exhibit IPL-OPER, Schedule OM17-R addressing wages and  
12 benefits for IPL employees, and wages and benefits for AES Services employees  
13 charged to IPL.
- 14 • IPL Financial Exhibit IPL-OPER, Schedule OTX3-R addressing the Federal  
15 Insurance Contributions Act (“FICA”) taxes, the Federal Unemployment Tax Act  
16 (“FUTA”) and State Unemployment Tax Act (“SUTA”) taxes in connection with  
17 IPL employee payroll and AES Services payroll charged to IPL.

18 **Q7. Were these attachments and exhibits prepared or assembled by you or under your**  
19 **direction or supervision?**

20 A7. Yes.

21 **Q8. Did you submit any workpapers?**

22 A8. Yes. I sponsor the workpapers supporting the adjustments to the two schedules identified  
23 above.

**AES Services Occupancy and Non-Labor Costs**

**Q9. Please explain the adjustment proposed by OUCC Witness Morgan in regard to the originally filed IPL Financial Exhibit IPL-OPER, Schedule OM12.**

A9. On page 13 of the testimony of OUCC Witness Morgan, and on Schedule LKM-9, proposes to remove employee relocation costs of \$22 thousand from the IPL pro forma non-labor expenses amount of \$4,209 thousand on IPL Financial Exhibit IPL OPER, Schedule OM12.

**Q10. What is OUCC Witness Morgan's position on this item?**

A10. Based upon the Company's response to OUCC Data Request 9-01, which is included herein as IPL Witness YKS Attachment 1-R, OUCC Witness Morgan appears to perceive an inconsistency between the manner in which employee relocation costs during the period of July 2013 through December 2013 were treated as opposed to similar expenses incurred for employee relocation costs during the time period of January 2014 through June 2014. In the discovery response, IPL identified that \$11 thousand of relocation costs were charged to IPL by AES Services in May of 2014.

**Q11. What is the correlation between the \$11 thousand identified in the data request response and the \$22 thousand adjustment proposed by OUCC Witness Morgan?**

A11. In preparing the proposed pro forma amount of AES Services non-labor expenses, I treated the final six months of 2013 as unusual, being generally the start-up phase of AES Services with many non-recurring types of transactions. Accordingly, I removed all non-labor start-up costs (including relocation costs) AES Services charged to IPL by excluding that entire six months of activity from the proposed pro forma amount.

1 To determine a representative level of these non-labor expenses, I used the costs incurred  
2 between January 1, 2014 and June 30, 2014. As AES Services was in operation for that  
3 entire six-month period, the non-labor costs experienced (minus some items considered  
4 unusual or non-recurring) were doubled to represent a full year of such costs. As stated  
5 in the data request response, IPL was charged a total of \$11 thousand for relocation costs  
6 during the first six months of 2014 which, when doubled, results in the \$22 thousand  
7 amount referenced by OUCC Witness Morgan.

8 **Q12. Do you agree with the OUCC's proposal to remove the \$22 thousand of non-labor**  
9 **expenses from IPL's pro forma expense amount?**

10 A12. No. Relocation expense is a typical business expense for a corporation to incur when  
11 attracting talented employees and Mr. Morgan did not claim this level of expense is  
12 excessive. Thus it is reasonable to reflect relocation expense in the cost of service used  
13 to establish the revenue requirement in this case.

14 **Q13. Do you agree with OUCC Witness Morgan's contention (p. 13) that this adjustment**  
15 **is necessary to maintain consistent treatment with IPL's elimination of relocation**  
16 **costs incurred during the final six months of 2013?**

17 A13. No. The purpose of excluding the entire amount of non-labor costs incurred during the  
18 final six months of 2013 was because it was not considered representative of normal  
19 activity. The relocation costs at issue here were not incurred during the final six months  
20 of 2013. Rather, the \$11 thousand amount of relocation costs was charged to IPL by  
21 AES Services in May of 2014, which was after the start-up period I discussed above.  
22 Therefore it is reasonable to include the annualized amount, a total of \$22 thousand, in  
23 the pro forma non-labor expense. If the \$22 thousand is removed, then IPL will have no

1 relocation costs included in the pro forma on IPL Financial Exhibit IPL-OPER, Schedule  
2 OM12.

3 **Q14. In the updated financial exhibits included with IPL's rebuttal filing, did IPL accept**  
4 **Mr. Morgan's proposed adjustment to exclude the \$22 thousand?**

5 A14. No.

6 **IPL Financial Exhibit IPL-OPER, Schedule OM17-R**

7 **Wages and Benefits of IPL and AES Services Employees**

8 **Labor Expense for Open IPL Positions**

9 **Q15. What is your purpose for addressing IPL labor expense for open positions?**

10 A15. When computing the pro forma labor expense for IPL in this Cause, it included positions  
11 which were unfilled at June 30, 2014, but which were actively being recruited at that  
12 time. OUCC Witness Morgan proposes to remove all labor costs associated with these  
13 open positions from the pro forma amount originally included on IPL Financial Exhibit  
14 IPL-OPER, Schedule OM-17, in Column 2, Line 1. This proposal can be found on his  
15 Schedule LKM-5.

16 **Q16. What is the amount of the adjustment for salaries, premiums and short-term**  
17 **incentive compensation of open positions proposed by OUCC Witness Morgan on**  
18 **Schedule LKM-5?**

19 A16. He is proposing to remove \$2,910 thousand in total company labor costs, which equates  
20 to a \$2,455 thousand reduction to the pro forma operation and maintenance ("O&M")  
21 labor expense.

1   **Q17. Where did OUCC Witness Morgan obtain the amount of \$2,910 thousand for the**  
2       **open positions cost?**

3   A17. IPL's response to OUCC Data Request 5-27(a) contained this information, which I have  
4       included herein as IPL Witness YKS Attachment 2-R. Mr. Morgan then applied the  
5       percentage of overall test year wages to O&M expense, 84.36%, to reach the O&M  
6       expense portion of \$2,455 thousand.

7   **Q18. What is the reasoning for his proposed exclusion?**

8   A18. OUCC Witness Morgan explains his reasoning on pages 6 and 7 of his filed testimony.  
9       Generally, he based his exclusion on monthly employee counts provided in the responses  
10      to OUCC Data Requests 5-27(b) and 57-01. These data request responses are included  
11      herein as IPL Witness YKS Attachments 2-R and 3-R, respectively.

12   **Q19. Did OUCC Witness Morgan include any other comments in his filed testimony?**

13   A19. Yes. On page 7 he states the following: "As noted above, the employee data that IPL  
14      provided in discovery only includes information through January 2015. To the extent  
15      IPL provides updated data that demonstrates it has increased employees above the 1,411  
16      that existed as of June 30, 2014, I am prepared to review that information and revise my  
17      adjustment as appropriate."

18   **Q20. Have you included an updated employee count with this testimony?**

19   A20. Yes. IPL Witness Tuschong provided me with an updated employee count for IPL  
20      employees of 1,433 at June 30, 2015, which is an increase of 22 positions over the 1,411  
21      employee count at June 30, 2014.

1 Q21. Does this mean that you are proposing in rebuttal something other than removal of  
2 all of the 36 IPL open positions as proposed by OUCC Witness Morgan?

3 A21. Yes.

4 Q22. What have you included in IPL Financial Exhibit IPL-OPER, Schedule OM17-R for  
5 the wages of open IPL positions?

6 A22. I am proposing to remove the 36 open positions which were included in the original  
7 filing, but to add back 21 apprentice linemen which have been hired for training prior to  
8 June 30, 2015. I believe that this methodology makes my proposed adjustment the most  
9 straight-forward. The removal of the 36 open positions is the same \$2,910 thousand as  
10 reported on OUCC Data Request 5-27, (IPL Witness YKS Attachment 2-R). I am then  
11 adding back a salary amount of \$998 thousand for the 21 apprentice linemen. No  
12 premiums or overtime have been included for these linemen, and these positions are not  
13 eligible for incentive compensation. The original open positions cost of \$2,910 thousand,  
14 less the \$998 thousand for the apprentice linemen, times the blended O&M percentage of  
15 84.2% equates to a \$1,610 thousand reduction in IPL employee labor costs included in  
16 IPL Financial Exhibit IPL-OPER, Schedule OM17-R.

17 **Employee Benefits Expense for Open IPL Positions**

18 Q23. Did OUCC Witness Morgan proposed to adjust O&M expense to remove benefit  
19 costs for the open positions included in IPL's original filing?

20 A23. Yes. He included this adjustment on his Schedule LKM-5.

21 Q24. How did OUCC Witness Morgan identify the cost of the benefits for the open  
22 positions?



1 A24. IPL reported the cost of the various benefits for the open positions in its response to  
2 OUCC Data Request 5-27(a), included herein as IPL Witness YKS Attachment 2-R.

3 **Q25. Did OUCC Witness Morgan determine the O&M expense portion of the benefit**  
4 **costs in his proposed adjustment?**

5 A25. Yes. He applied the same overall test year wages percentage to O&M of 84.36% to  
6 determine the O&M expense amount of benefits.

7 **Q26. Do you agree with this?**

8 A26. No. In IPL's original filing, IPL used the test year split of base wages to allocate  
9 benefits. The allocation was 83.46% to O&M expense. This is appropriate because the  
10 cost of benefits do not fluctuate in relation to an employee working overtime or receiving  
11 incentive compensation pay. Mr. Morgan should have applied this lower percentage to  
12 determine the O&M expense portion of the benefits he proposed to remove.

13 **Q27. What is the impact of using the 83.46% allocation to O&M expense versus the**  
14 **84.36% used by OUCC Witness Morgan?**

15 A27. Using the overall allocation percentage of 84.36%, rather than the base wages percentage  
16 of 83.46%, causes the benefits cost reduction proposed by OUCC Witness Morgan to be  
17 overstated by \$7 thousand.

18 **Q28. Does IPL Financial Exhibit IPL-OPER, Schedule OM17-R include any changes for**  
19 **benefits related to open IPL positions?**

20 A28. Yes. In correlation to my proposal to eliminate the labor costs of the original 36 open  
21 positions, and to add back the 21 apprentice linemen positions, I have included a net  
22 reduction in benefits expense for the IPL open positions.

1   **Q29. Please describe your reduction.**

2   A29. I removed the benefit costs for the original 36 positions, reported on OUCC Data Request  
3       5-27 as \$737 thousand. I added back \$406 thousand in benefits for the 21 linemen  
4       positions. The original open positions cost of \$737 thousand, less the \$406 thousand for  
5       the apprentice linemen, times the base wages O&M percentage of 83.46% equates to a  
6       \$276 thousand reduction in IPL employee benefit costs included in IPL Financial Exhibit  
7       IPL-OPER, Schedule OM17-R.

8   **Q30. Do you have any other comments in regard to this adjustment?**

9   A30. Yes. If the Commission decides to accept Mr. Morgan's adjustment to benefits on  
10       Schedule LKM-5, I ask that they make the correction for the percentage applicable to  
11       O&M which I described in Q&A 27.

12                                   **FICA Tax Expense for Open IPL Positions**

13   **Q31. Schedule LKM-5 submitted by OUCC Witness Morgan also contains an adjustment**  
14       **to FICA taxes in relation to the IPL open positions adjustment. Will you address**  
15       **this proposed payroll tax adjustment?**

16   A31. I will address the FICA tax expense, both for the IPL open positions adjustment proposed  
17       by OUCC Witness Morgan and in correlation to my net change in IPL open positions for  
18       this rebuttal filing, in the section of my testimony for IPL Financial Exhibit IPL-OPER,  
19       Schedule OTX3-R.

20                                   **Labor Expense for Open AES Services Positions**

21   **Q32. On OUCC Witness Morgan's Schedule LKM-6, he proposes a \$497 thousand**  
22       **adjustment to remove the portion of eight AES Services open positions charged to**

1 IPL which were included in IPL's original filing. How did Mr. Morgan determine  
2 the cost of these open positions?

3 A32. Mr. Morgan received the amount charged to IPL for the eight open positions included for  
4 AES Services employees in IPL's response to OUCC Data Request 5-37. I have included  
5 this response as IPL Witness YKS Attachment 4-R.

6 **Q33. What is the reasoning for his proposed exclusion?**

7 A33. OUCC Witness Morgan explains his reasoning on pages 7 and 8 of his filed testimony.  
8 Generally, he based his exclusion on monthly employee counts provided in the responses  
9 to OUCC Data Requests 5-37(b) and 57-02. These data request responses are included  
10 herein as IPL Witness YKS Attachments 4-R and 5-R, respectively.

11 **Q34. Have you included an updated AES Services employee count with this testimony?**

12 A34. Yes. IPL Witness Tuschong provided me with an updated employee count for AES  
13 Services employees of 367 at June 30, 2015, which is an increase of 6 positions over the  
14 361 employee count at June 30, 2014.

15 **Q35. Does this mean that you are proposing in rebuttal something other than removal of**  
16 **all eight AES Services open positions as proposed by OUCC Witness Morgan?**

17 A35. Yes. I am proposing to remove two of the original eight AES Services open positions.

18 **Q36. How did you determine which of the AES Services open positions to exclude in IPL**  
19 **Financial Exhibit IPL-OPER, Schedule OM17-R?**

20 A36. I looked at the portion of costs for each of the original eight open positions which had  
21 been allocated to IPL. I chose to remove the wages of the two positions which were  
22 allocating the highest dollar amounts to IPL. So of the original labor costs for open

1 positions of \$497 thousand, I am proposing to remove \$215 thousand, leaving in a net  
2 amount of charges for AES Services open positions of \$282 thousand. I believe that this  
3 is very conservative, as it removes 43% of the labor costs originally included for the AES  
4 Services open positions charged to IPL. The reduced amount of \$282 thousand for six  
5 AES Services open positions charged to IPL is the amount included in IPL Financial  
6 Exhibit IPL-OPER, Schedule OM17-R.

7 **Benefits Expense for Open AES Services Positions**

8 **Q37. Did OUCC Witness Morgan propose an adjustment to remove the cost of benefits**  
9 **relative to the AES Services open positions he eliminates on his Schedule LKM-6?**

10 A37. Yes.

11 **Q38. How did Mr. Morgan determine the amount of the benefits applicable to these**  
12 **positions?**

13 A38. The amount of the benefits applicable to the AES Services open positions, \$75 thousand,  
14 was reported by IPL in the response to OUCC Data Request 5-37(a), (IPL Witness YKS  
15 Attachment 4-R.)

16 **Q39. What have you included in IPL Financial Exhibit IPL-OPER, Schedule OM17-R for**  
17 **the benefits related to open AES Services positions?**

18 A39. In relation to the two open positions which I removed from the pro forma AES Services  
19 labor computation, the related reduction in benefits cost charged to IPL was \$29  
20 thousand. I believe this is conservative, as it is approximately a 39% decrease from the  
21 original benefits for the open AES Services positions. The reduced amount of \$46

1 thousand for AES Services open position benefit costs has been included in IPL Financial  
2 Exhibit IPL-OPER, Schedule OM17-R.

3 **FICA Tax Expense for Open AES Services Positions**

4 **Q40. Schedule LKM-6 submitted by OUCC Witness Morgan also contains an adjustment**  
5 **to FICA taxes in relation to the AES Services open positions adjustment. Will you**  
6 **address this proposed payroll tax adjustment?**

7 A40. As stated earlier, I will address all of the FICA adjustments proposed by OUCC Witness  
8 Morgan and the changes I made for the open positions later in my testimony.

9 **IPL Overtime Expense**

10 **Q41. OUCC Witness Morgan has proposed a reduction to IPL pro forma O&M expense**  
11 **to reduce the amount of overtime cost on his Schedule LKM-7. To place this in**  
12 **context, can you provide some background information on the overtime originally**  
13 **included in IPL's pro forma O&M expense on IPL Financial Exhibit IPL-OPER,**  
14 **Schedule OM17?**

15 A41. Yes. IPL Financial Exhibit IPL-OPER, Schedule OM17 addressed only overtime not  
16 related to storms or to plant outages. Non-storm/non-outage overtime experienced during  
17 the test year was adjusted on this Schedule to reflect the impact of changes in pay rates.

18 **Q42. Why is OUCC Witness Morgan proposing an adjustment to the overtime cost**  
19 **originally included in IPL's pro forma expense on IPL Financial Exhibit IPL-**  
20 **OPER, Schedule OM17?**

21 A42. In Mr. Morgan's filed testimony, on pages 8 and 9, he explains his belief that the test year  
22 overtime experience used in IPL's pro forma O&M expense was abnormally high.

1   **Q43. What was the basis for this conclusion by OUCC Witness Morgan?**

2   A43. Mr. Morgan used information on overtime provided by IPL in the responses to OUCC  
3       Data Requests 5-34, 5-35, 15-06, 15-07 and 15-08. I have included these responses as  
4       IPL Witness YKS Attachments 6-R through 10-R, respectively.

5   **Q44. Please describe the information in the data request responses.**

6   A44. OUCC Data Request 5-34 asked for the value of test year overtime for storms and for  
7       plant overhauls.

8       OUCC Data Request 5-35 requested the quantity of overtime hours (non-storm, non-  
9       outage) experienced by IPL during the test year. It also requested the quantities of  
10      overtime hours experienced during the calendar years of 2012, 2013 and 2014. Each  
11      request was to be split by employee group, (physical union, clerical/technical union and  
12      non-union).

13      OUCC Data Request 15-06 asked for the quantities of overtime hours by employee group  
14      in the calendar years of 2012, 2013 and 2014 relative to storms and outages.

15      OUCC Data Request 15-07 requested the quantities of overtime hours by employee group  
16      for the storm-related overtime experienced during the test year.

17      OUCC Data Request 15-08 requested the quantities of overtime hours by employee group  
18      for the outage-related overtime experienced during the test year.

19   **Q45. Please describe what OUCC Witness Morgan did with the data request information.**

20   A45. In the first three lines of Schedule LKM-7, Mr. Morgan presented the non-storm, non-  
21      outage hours which were provided in the data request responses for the calendar years of  
22      2012, 2013 and 2014. On the fourth line he averages the hours from those calendar

1 years. On the fifth line, he lists the non-storm, non-overtime hours included in IPL's pro  
2 forma wages computation. He nets the average hours against IPL's pro forma hours, and  
3 on the sixth line he specifies the number of overtime hours he proposes to remove from  
4 IPL's pro forma wages.

5 **Q46. Do you agree with his computation on Schedule LKM-7 for the first six lines?**

6 A46. Yes, computationally. I will address my conflicts with the remaining lines on Schedule  
7 LKM-7 before I discuss my position that IPL's original proposal should be accepted.

8 **Q47. What is next on Schedule LKM-7?**

9 A47. The next line on Schedule LKM-7 is average hourly overtime wage rates for both  
10 physical union and clerical union employees. Specifically he uses \$51.33 for the physical  
11 union and \$45.36 for the clerical union.

12 **Q48. Do you agree with these average hourly overtime wage rates?**

13 A48. No.

14 **Q49. Please explain.**

15 A49. First, I would like to explain my understanding of how Mr. Morgan computed the  
16 average overtime wage rates. For the physical union, he added the storm overtime hours  
17 (14,064.75), the outage overtime hours (40,743.25) and the non-storm/non-outage  
18 overtime hours (313,774), for a total of 368,582 physical union overtime hours in the test  
19 year. Next he took my total physical union pro forma overtime amount of \$18,929,790  
20 divided by the 368,582 hours to determine an average rate of \$51.33.

21 For the clerical union, he subtracted the test year overtime hours for storm work  
22 (1,716.25) from the non-storm/non-outage work (23,364), for a net of 21,647.75 hours.

1 My total clerical union pro forma overtime amount was \$981,951.17. Dividing the total  
2 clerical overtime wages by his total clerical overtime hours, you get an average rate of  
3 \$45.36 per hour.

4 **Q50. Do you agree with the average hourly rates used on Schedule LKM-7?**

5 A50. No. I have a disagreement with the quantity of hours Mr. Morgan used in the clerical  
6 average overtime wage computation. I also disagree that he used the appropriate average  
7 rates in his computation.

8 **Q51. Please explain your first disagreement with the quantity of hours Mr. Morgan used**  
9 **to compute the average clerical overtime wage rate.**

10 A51. It appears to me that when OUCC Witness Morgan was calculating his average clerical  
11 overtime pay rate, he erroneously subtracted the storm overtime hours from the non-  
12 storm/non-outage overtime hours. He should have added the two quantities of hours  
13 together, which would have given him a total of 25,080.25 hours. If you divide the total  
14 clerical union pro forma overtime amount of \$981,951 by 25,080.25 hours, you would  
15 arrive at an average clerical overtime wage of \$39.15 per hour.

16 **Q52. Please continue and explain why you have a disagreement with the determination of**  
17 **the average wage rates.**

18 A52. On page 32 of my workpapers supporting the original IPL Financial Exhibit IPL-OPER,  
19 Schedule OM17, the dollar amounts for the non-storm/non-outage pro forma overtime  
20 wages are presented. It is most appropriate to divide those dollars by the respective  
21 quantities of non-storm/non-overtime hours to arrive at average per hour wage rates for  
22 both unions when you are only considering the non-storm/non-outage overtime. If you



1 divide the pro forma physical union overtime wages of \$15,425,785 by the physical  
2 union test year non-storm/non-outage overtime hours of 313,774, it would result in an  
3 average rate of \$49.16 per hour. If you divide the pro forma clerical union non-  
4 storm/non-outage overtime wages of \$885,213 by the clerical union test year non-  
5 storm/non-outage overtime hours of 23,364, it would result in an average rate of \$37.89  
6 per hour. I believe these rates would be more appropriate to use in Mr. Morgan's  
7 computation. The overtime worked during storms and outages includes more double-  
8 time; therefore, including these in his average overtime rates causes Mr. Morgan's hourly  
9 rates to be too high. Thus, by Mr. Morgan using the overall average wage rates (i.e. the  
10 rates including storm and outage overtime) he overstates the proposed reduction and  
11 takes out more dollars per hour than are actually included in IPL's original pro forma for  
12 non-storm/non-outage overtime wages.

13 **Q53. What was the next step that OUCC Witness Morgan took on LKM-7?**

14 A53. Mr. Morgan next multiplied his reduction to physical and clerical overtime hours by the  
15 respective average hourly overtime rate he computed for each union group, to determine  
16 the related dollar amount of his proposed adjustment. The reduction of 83,806 hours in  
17 physical union non-storm/non-outage overtime multiplied by his average wage rate of  
18 \$51.33 results in his proposed decrease to the pro forma physical union overtime of  
19 \$4,302 thousand. The reduction of 2,681 hours in clerical union non-storm/non-outage  
20 overtime multiplied by his average wage rate of \$45.36 results in his proposed decrease  
21 to pro form clerical union overtime of \$122 thousand. If Mr. Morgan had computed his  
22 average total overtime rate for the clerical union correctly, his result should have been

1 2,681 hours times his corrected \$39.15, which would have resulted in a reduction of \$105  
2 thousand rather than \$122 thousand.

3 **Q54. What would be the impact on Mr. Morgan's adjustment if it used the non-**  
4 **storm/non-outage average wage rates which you computed to be \$49.16 for the**  
5 **physical union and \$37.89 for the clerical union?**

6 A54. The quantity of 83,806 hours for the physical union reduction times the \$49.16 rate  
7 would be a \$4,120 thousand reduction. The quantity of 2,681 hours for the clerical union  
8 reduction times the \$37.89 rate would be a \$102 thousand reduction. At this point in the  
9 schedule, I believe Mr. Morgan's proposed reduction is overstated by \$182 thousand for  
10 the physical union and overstated by \$20 thousand for the clerical union.

11 **Q55. What was the next step on OUCC Witness Morgan's Schedule LKM-7?**

12 A55. Mr. Morgan multiplied his total company adjustment dollars by the percentage allocating  
13 the total company amount to O&M expense only.

14 **Q56. Do you agree with the percentage used by Mr. Morgan in this allocation and his**  
15 **proposed reduction to O&M expense?**

16 A56. No. Mr. Morgan used the overall allocation percentage of 84.36% to identify the portion  
17 of his adjustment applicable to O&M expense. There was a specific test year allocation  
18 percentage for just overtime, and that more specific allocation percentage to O&M  
19 expense was 87.37%. Using the correct allocation percentage means that Mr. Morgan's  
20 proposed adjustment for the physical union O&M overtime, after the corrections I  
21 described above would have been a \$3,600 thousand reduction, rather than the \$3,629  
22 thousand shown on Schedule LKM-7. His proposed adjustment for the clerical union

O&M overtime, (after the corrections I described above), would have been an \$89 thousand reduction, rather than the \$103 thousand shown on Schedule LKM-7. This would have made Mr. Morgan's total adjustment to O&M expense for a reduction in non-storm/non-outage overtime \$3,689 thousand, rather than the \$3,732 thousand shown on Schedule LKM-7.

**Q57. You have described what you believe would have been the proper amount of Mr. Morgan's adjustment using the average of three calendar years of non-storm/non-outage overtime hours versus the overtime hours included in IPL's pro forma O&M wages for overtime. Do you agree with using this average quantity of non-storm/non-outage overtime hours as the appropriate basis for the overtime included in IPL's pro forma O&M expense?**

**A57. No.** I asked IPL's payroll department to give me a report of the non-storm/non-overtime hours and the respective cost experienced during the twelve months ended June 30, 2015 for the physical and clerical unions. This information is summarized below:

Physical union non-storm/non-overtime 276,205.50 hours

\$58.49 per hour average pay rate

Clerical union non-storm/non-overtime 22,334.50 hours

\$42.42 per hour average pay rate

**Q58. Based upon this information, what are you proposing as non-storm/non-outage overtime which is included in the pro forma of IPL Financial Exhibit IPL OPER, Schedule OM17-R?**

**A58. The physical union non-storm/non-outage overtime hours experience has been:**

1	Calendar year 2012	201,205.75
2	Calendar year 2013	232,928.50
3	Calendar year 2014	255,769.25
4	2012-14 Calendar Years Average	229,967.83
5	Twelve months ended June 30, 2014	313,744.00 (Test Year)
6	Twelve months ended June 30, 2015	276,205.50 (Adjustment Period)

7 This leads me to believe that averaging hours from the three calendar years of 2012, 2013  
8 and 2014 will understate the cost that IPL incurs for physical union non-storm/non-  
9 outage overtime hours.

10 The clerical union non-storm/non-outage overtime hours experience has been:

11	Calendar year 2012	18,501.50
12	Calendar year 2013	21,465.00
13	Calendar year 2014	22,081.50
14	2012-14 Calendar Years Average	20,682.67
15	Twelve months ended June 30, 2014	23,364.00 (Test Year)
16	Twelve months ended June 30, 2015	22,334.50 (Adjustment Period)

17 Again, this leads me to believe that averaging the three calendar years of 2012, 2013 and  
18 2014 will understate the cost that IPL incurs for clerical union non-storm/non-outage  
19 overtime hours.

20 **Q59. Did you notice anything else when you received the payroll reports of overtime for**  
21 **the twelve months ended June 30, 2015?**

1 A59. Yes. The average wage rates for non-storm/non-outage overtime were \$58.49 for the  
2 physical union and \$42.42 for the clerical union. This compares to the pro forma average  
3 rates in IPL's original filing of \$49.16 for the physical union and \$37.89 for the clerical  
4 union. The calendar years of 2012, 2013 and 2014 average physical union rates were  
5 \$60.41, \$59.24 and \$58.69, respectively. The calendar years of 2012, 2013 and 2014  
6 average clerical union rates were \$41.29, \$40.50 and \$41.03, respectively. This displays  
7 that the pro forma test year average hourly rates were conservative.

8 In researching the detail, I found that the calendar years of 2012, 2013 and 2014, plus the  
9 twelve months ended June 30, 2015 experienced approximately 25% or more of the  
10 overtime hours being at double-time. The test year experienced a double-time rate on  
11 about 21.6% of the hours. This is one of the factors causing the average wage rates of the  
12 pro forma test year to be lower than the other time periods compared above.

13 Finally, while the total non-storm/non-outage overtime hours during the adjustment  
14 period decreased from the test year, the adjustment period cost experienced was \$17.1  
15 million as compared to the test year pro forma of \$16.3 million in IPL's original filing.  
16 This leads me to feel that the pro forma test year amount of overtime included in IPL's  
17 original filing is reasonable.

18 **Q60. What have you included in IPL Financial Exhibit IPL-OPER, Schedule OM17-R for**  
19 **the pro forma IPL non-storm/non-outage overtime cost?**

20 A60. I believe that only using overtime hours to measure the reasonableness of the pro forma is  
21 not appropriate; that IPL's original pro forma cost for non-storm/non-outage overtime is  
22 conservative; and therefore I have not proposed any change to the pro forma overtime

1 costs which were originally included in IPL Financial Exhibit IPL-OPER, Schedule  
2 OM17.

3 **FICA Tax Expense for IPL Overtime**

4 **Q61. Schedule LKM-7 submitted by OUCC Witness Morgan includes an adjustment to**  
5 **FICA taxes in conjunction with his overtime adjustment. Will you address this**  
6 **proposed payroll tax adjustment?**

7 **A61. As stated earlier, I will address all of the FICA adjustments proposed by OUCC Witness**  
8 **Morgan later in my testimony.**

9 **Q62. Aside from the related FICA tax, is there any further comment you want to make**  
10 **about the overtime adjustment proposed by OUCC Witness Morgan?**

11 **A62. Yes. If the Commission decides to accept the averaging of overtime hours and the**  
12 **quantity of adjustment hours presented by OUCC Witness Morgan, I ask that they make**  
13 **the corrections for the average wage rates used for both the physical and clerical union as**  
14 **I explained in Q&A 50 through 54 above, and also that they make the correction to use**  
15 **the appropriate O&M allocation percentage of 87.37% which I described in Q&A 56**  
16 **above.**

17 **IPL and AES Services Long-Term Incentive Compensation Expense**

18 **Q63. On Schedule LKM-8, OUCC Witness Morgan has proposed a reduction to IPL**  
19 **O&M expense totaling \$521 thousand which excludes the portion of long-term**  
20 **incentive compensation classified as performance shares. Do you accept this**  
21 **adjustment?**

1 A63. Not completely. IPL accepts the premise upon which OUCC Witness Morgan based his  
2 adjustment, but there is a slight computational error in the amount of the adjustment.

3 **Q64. Please explain the computational error and the impact it has on the amount of the**  
4 **adjustment.**

5 A64. I agree with the amounts on Schedule LKM-8 which are labeled as the "Amount per  
6 Petitioner (1)", which equal \$950 thousand for IPL employees and \$151 thousand for  
7 AES Services employees. In regard to the amounts labeled as "Portion of LTC  
8 attributable to Restricted Stock Units (1)", I agree with the amount of \$506 thousand for  
9 IPL employees but not with the amount for the AES Services employees. The amount  
10 presented by OUCC Witness Morgan of \$73 thousand for the AES Services employees  
11 was not afforded the adjustment stated in footnote (2) on his schedule. This footnote  
12 comments that he adjusted the IPL amount to add back the 10% excluded by IPL.  
13 Possibly by misunderstanding, he did not add back the 10% excluded by IPL for the AES  
14 Services LTC pro forma. For consistent treatment with how he adjusted IPL's pro forma  
15 LTC, the 10% reduction to AES Services should also be removed before the amount of  
16 his proposed adjustment is determined. Accordingly, the AES Services amount deducted  
17 for Restricted Stock would be \$82 thousand, rather than \$73 thousand. This would make  
18 the AES Services portion of the Mr. Morgan's proposed reduction \$69 thousand rather  
19 than \$77 thousand. The correct LTC adjustment is a reduction of \$444 thousand for IPL  
20 and a reduction of \$69 thousand for AES Services, which combines for a total reduction  
21 of \$513 thousand. I have incorporated the \$513 thousand reduction into IPL Financial  
22 Exhibit IPL-OPER, Schedule OM17-R.

1 **Q65. Schedule LKM-8 submitted by OUCC Witness Morgan also contains an adjustment**  
2 **to FICA taxes in relation to the LTC adjustment. Do you need to address this**  
3 **proposed payroll tax adjustment?**

4 A65. As with the proposed payroll tax adjustments by OUCC Witness Morgan related to open  
5 positions and overtime, I will address all of the FICA adjustments later in my testimony.

6 **IPL Pension Expense**

7 **Q66. Turning now to the IPL pension and OPEB expense adjustment proposed by OUCC**  
8 **Witness Morgan on Schedule LKM-10. Do you agree with this adjustment and**  
9 **computation?**

10 A66. No.

11 **Q67. Please explain your disagreement.**

12 A67. I do agree with the amounts listed for the original filing pension expense of \$13,734  
13 thousand and OPEB expense of \$(6) thousand. I also agree with the updated amounts for  
14 these items, being \$11,889 thousand and \$(33) thousand, respectively. My disagreement  
15 lies in that OUCC Witness Morgan did not reduce the amounts of his proposed reduction  
16 to reflect only the portion of pension expense which would be charged to O&M expense.

17 **Q68. What would the correct adjustment amounts be if they were reduced to only the**  
18 **O&M portion?**

19 A68. On Schedule LKM-8, Mr. Morgan proposes a total reduction of \$1,871 thousand. This  
20 amount must be reduced to recognize only that portion of the adjustment applicable to  
21 O&M expense. The correct allocation percentage is 83.46%, which is the allocation  
22 percentage of base pay in the test year to O&M expense. This allocation is appropriate



1 because pension benefits are based upon base pay only. The correct adjustment to O&M  
2 expense for the change in pension cost would be a reduction of \$1,540 thousand, and the  
3 adjustment to O&M expense for the change in OPEB cost would be a reduction of \$22  
4 thousand. The total corrected reduction of \$1,562 has been incorporated into IPL  
5 Financial Exhibit IPL-OPER, Schedule OM17-R included with this rebuttal filing.

6  
7 **IPL Financial Exhibit IPL-OPER, Schedule OTX3-R**

8 **Employment Taxes for IPL and AES Services Employees**

9 **FICA Taxes Regarding Labor Expense for IPL Open Positions**

10 **Q69. Did OUCC Witness Morgan propose an adjustment to employment taxes ("FICA")**  
11 **in relation to his labor adjustment for IPL open positions on Schedule LKM-5?**

12 **A69. Yes.**

13 **Q70. Do you agree with the manner in which OUCC Witness Morgan calculated the**  
14 **FICA amount relative to his proposed IPL labor decrease for the open positions?**

15 **A70. No. The reduction of FICA proposed on Schedule LKM-5 is overstated. In calculating**  
16 **the FICA reduction, the total sum of Mr. Morgan's proposed wages decrease of \$2,910**  
17 **thousand and his proposed benefits decrease of \$737 thousand was multiplied by the**  
18 **allocation to O&M expense of 84.36%. This resulted in a total wages and benefits**  
19 **reduction of \$3,076 thousand which he then multiplied by the 7.65% FICA rate to get his**  
20 **FICA adjustment of \$235 thousand. FICA is not applicable to the cost of benefits;**  
21 **therefore his FICA adjustment is overstated.**

22 **Q71. What would the correct amount of FICA tax be?**

1 A71. If you were to use Mr. Morgan's proposed decrease in labor expense of \$2,910 thousand  
2 from Schedule LKM-5, reduced it by the 84.36% allocation percentage to reach the  
3 O&M expense portion of \$2,455 thousand and then multiply the \$2,455 thousand by the  
4 FICA rate of 7.65% -- the resulting decrease in FICA expense would be \$188 thousand.  
5 This is \$47 thousand less than the decrease adjustment stated by OUCC Witness Morgan.

6 **Q72. Do you accept this corrected FICA reduction adjustment?**

7 A72. No. I recalculated what the FICA adjustment amount would be in relation to the IPL  
8 labor expense adjustment which I proposed regarding the IPL open positions included in  
9 the labor expense computation. The resulting change in FICA expense would be a  
10 reduction of \$119 thousand, which I have included in IPL Financial Exhibit IPL-OPER,  
11 Schedule OTX3-R. I propose Mr. Morgan's FICA adjustment should be rejected and  
12 instead the reduction should be \$119 thousand.

13 **Q73. Is there any other comment you wish to make?**

14 A73. Yes. If the Commission decides that IPL labor expense should be decreased for IPL open  
15 positions in accordance with the proposal by OUCC Witness Morgan, I ask that they  
16 make the correction to the computation of the FICA expense amount I discussed in Q&A  
17 70 and 71.

18 **FICA Taxes Regarding AES Services Labor Expense for Open Positions**

19 **Q74. Did OUCC Witness Morgan propose an adjustment to employment taxes ("FICA")**  
20 **in relation to his AES Services labor adjustment on Schedule LKM-6?**

21 A74. Yes.

1 **Q75. Do you agree with the manner in which OUCC Witness Morgan calculated the**  
2 **FICA amount relative to his proposed AES Services labor decrease for open**  
3 **positions?**

4 A75. No. The reduction of FICA proposed on Schedule LKM-6 is overstated for the same  
5 reason discussed above. In calculating the FICA reduction on Schedule LKM-6, Mr.  
6 Morgan used the sum of his proposed wages decrease of \$497 thousand and his proposed  
7 benefits decrease of \$75 thousand, and then he multiplied the total of \$572 thousand by  
8 the 7.65% FICA rate to get his FICA reduction of \$44 thousand. FICA is not applicable  
9 to the cost of benefits; therefore his FICA adjustment is overstated.

10 **Q76. What would the correct amount of FICA tax be for Mr. Morgan's proposed**  
11 **adjustment on Schedule LKM-6?**

12 A76. Using Mr. Morgan's proposed decrease in labor expense of \$497 thousand multiplied by  
13 the FICA rate of 7.65%, the resulting decrease in FICA expense would be \$38 thousand  
14 rather than the \$44 thousand amount he has included. This is \$6 thousand lower than the  
15 decrease adjustment stated by OUCC Witness Morgan on Schedule LKM-6.

16 **Q77. Do you accept this corrected FICA reduction adjustment?**

17 A77. No. I recalculated the FICA adjustment amount in accordance with the AES Services  
18 open positions labor expense adjustment which I proposed. My adjustment to the amount  
19 for AES Services open positions labor charged to IPL of \$215 thousand times 7.65%  
20 results in a reduction to FICA expense of \$16 thousand. This is the adjustment amount  
21 which I have included in IPL Financial Exhibit IPL-OPER, Schedule OTX3-R. I propose  
22 Mr. Morgan's FICA adjustment should be rejected and instead the reduction should be  
23 \$16 thousand.

1   **Q78. Is there any other comment you wish to make?**

2   A78. Yes. If the Commission decides that AES Services labor expense should be decreased in  
3       accordance with the proposal by OUCC Witness Morgan, I ask that they make the  
4       correction to the FICA expense amount I discussed in Q&A 75 and 76.

5                                   **FICA Taxes Regarding IPL Overtime**

6   **Q79. Did OUCC Witness Morgan propose an adjustment to employment taxes ("FICA")**  
7       **in relation to his IPL overtime wages adjustment on Schedule LKM-7?**

8   A79. Yes.

9   **Q80. Do you agree with the manner in which OUCC Witness Morgan calculated the**  
10       **FICA amount relative to his proposed decrease in IPL overtime wages?**

11   A80. Yes. I agree that any change in the amount of IPL overtime O&M expense should have a  
12       related change in FICA taxes expense.

13   **Q81. Do you accept the overtime FICA adjustment as presented on Schedule LKM-7?**

14   A81. No. In so far as applying the rate of 7.65% to the amount of the adjustment, I do agree.  
15       Because I do not agree with his determination of overtime hours as representative of on-  
16       going operations, nor the average wage rates he used, nor the percentage he used to  
17       allocate to O&M expense, I do not agree with the amount of the FICA adjustment on  
18       Schedule LKM-7. I propose that the overtime FICA adjustment proposed by Mr. Morgan  
19       be rejected.

20   **Q82. Did you adjust the FICA O&M expense on IPL Financial Exhibit IPL-OPER,**  
21       **Schedule OTX3-R in accordance with the overtime you have included in IPL**  
22       **Financial Exhibit IPL-OPER, Schedule OM17-R?**

1 A82. No. As I proposed to leave the overtime cost represented in the original IPL Financial  
2 Exhibit IPL-OPER, Schedule OM17 as it was, I made no change in FICA expense from  
3 that originally included in IPL Financial Exhibit IPL-OPER, Schedule OTX3.

4 **Q83. Is there any other comment you wish to make?**

5 A83. Yes. If the Commission decides that the IPL overtime expense should be decreased in  
6 accordance with the proposal by OUCC Witness Morgan, I ask that they make the  
7 correction to the FICA expense amount as resulted by correcting the average overtime  
8 wage rates and the allocation to O&M percentage. With these corrections, the amount of  
9 Mr. Morgan's overtime FICA reduction would be \$282 thousand, rather than the \$285  
10 thousand stated on Schedule LKM-7.

11 **FICA Taxes Regarding Long-Term Incentive Compensation Expense**

12 **Q84. Did OUCC Witness Morgan propose an adjustment to employment taxes ("FICA")**  
13 **in relation to his long-term incentive compensation expense adjustment on Schedule**  
14 **LKM-8?**

15 A84. Yes.

16 **Q85. Do you accept the FICA adjustment amount calculated by OUCC Witness Morgan**  
17 **relative to his proposed decrease for long-term incentive compensation expense?**

18 A85. No.

19 **Q86. Would you elaborate on why you disagree with the proposed FICA adjustment?**

20 A86. Yes. When the detailed computation of labor expense was performed for IPL's original  
21 filing in this Cause, the then-applicable FICA limit of \$117,000 was taken into  
22 consideration. The personnel who are eligible to participate in the long-term incentive

1 compensation plan exceeded that FICA limit with base wages and short-term incentive  
2 compensation. Accordingly, there were no FICA taxes included in the pro forma expense  
3 on IPL Financial Exhibit IPL-OPER, Schedule OTX3 for long-term incentive  
4 compensation expense. Therefore, no FICA expense adjustment is warranted.

5 **Q87. Are there any other comments you wish to make?**

6 A87. Yes. There should be no reduction to FICA expense in relation to the long-term incentive  
7 compensation expense, whether accepting the adjustment proposal by OUCC Witness  
8 Morgan on Schedule LKM-8 or accepting the adjustment proposal I submitted in this  
9 rebuttal filing. The resulting change in FICA expense in either case should be zero, and I  
10 have not included any adjustment for FICA expense relative to long-term incentive  
11 compensation in IPL Financial Exhibit IPL-OPER, Schedule OTX3-R.

12 **Q88. Are there any final comments which you want to make?**

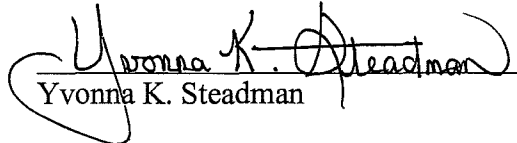
13 A88. Yes. I have prepared a summary of the adjustments I have proposed herein and the  
14 related changes from the original IPL Financial Exhibit IPL-OPER, Schedules OM17 and  
15 OTX3 versus IPL Financial Exhibit IPL-OPER, Schedules OM17-R and OTX3-R  
16 submitted with this rebuttal filing. This reconciliation is included as IPL Witness YKS  
17 Attachment 11-R.

18 **Q89. Does that conclude your pre-filed verified rebuttal testimony?**

19 A89. Yes.

**VERIFICATION**

I, Yvonna K. Steadman, Manager - Regulatory Accounting of AES U.S. Services, LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

  
Yvonna K. Steadman

Dated: September 1, 2015

**003846**

**Data Request OUCC DR 9 - 01**

With regard to the formation of AES Services during the test year as described by Mr. Tornquist, please indicate whether either IPL or AES incurred any employee relocation costs. If yes:

- a. Please identify the amount of any such costs incurred by IPL and, separately, AES Services, and explain how those costs were recorded on each company's books.
- b. Please explain how those costs have been reflected in the Company's filing. If removed, please identify and show how those costs were eliminated.

**Objection:**

**Response:**

Yes.

With regard to the formation of the AES U.S. Services, any related employee relocation costs incurred by IPL were deferred to balance sheet account 174211, in project 903130. The portion of start-up charges to IPL from this project and the portion of start-up charges from IPL affiliates to IPL were eliminated from the pro forma operating expenses as part of IPL Financial Exhibit OM12 in this rate case. The total of such non-labor costs charged to IPL (\$752,000) is shown on this exhibit, Column 2, Line 4. The exclusion of these costs from the pro forma operating expenses can be noted in the supporting workpapers of IPL Financial Exhibit OM12 for Column 2, Lines 1 and 2, specifically on support page 3.

Books and records for AES U.S. Services were not in place until the beginning of 2014. A review of the activity for the first six months of 2014 revealed that there were relocation costs totaling \$30,000 at the service company level. Extending the application of the CAAM to these costs identifies that \$11,062 of these relocation costs were charged to IPL in May of 2014. These costs are included in Column 2, Line 2, on IPL Financial Exhibit OM12.

003847



**Data Request OUCC DR 5 - 27**

With regard to the adjustment to IPL Employee Labor Costs described beginning on page 9 of witness Steadman's testimony:

- a. Please identify the number of vacant positions as of June 30, 2014 and provide a breakdown of the labor costs (salary, overtime, short-term and long-term compensation and benefits) included for each vacant position.
- b. Please identify the number of vacant position in each month of 2014 and 2015 to date.
- c. Please identify the number of standard (non-overtime) hours for which full-time union, clerical and other hourly employees were paid during the test year ended June 30, 2014 and in calendar year 2014.

**Objection:**

IPL objects to the Request on the grounds and to the extent the request seeks a compilation, analysis or study that IPL has not performed and to which IPL objects to performing. Subject to and without waiver of the foregoing objections, IPL provides the following response.

**Response:**

a.

Number of vacant positions included in the payroll pro forma			36
Pay components:	Salary		\$ 2,576,418.42
	Premiums		\$ 52,734.65
	Short-Term Incentive Comp		\$ 280,417.50
	Long-Term Incentive Comp		\$ -
Benefits:	Life		\$ 9,775.88
	Medical		\$ 600,377.76
	Dental		\$ 34,714.44
	Vision		\$ 4,175.28
	Disability		\$ 6,658.95
	401k matching		\$ 81,386.48

- b. IPL vacant positions at June 30, 2014 used for the pro forma labor computation represented open positions which were actively being recruited at that time. IPL does not retain history of this same information on a month-by-month basis. There were 36 full-time IPL employee open positions represented in the pro forma labor computation. The number of open positions being actively recruited at the end of January 2015, is 54.

In the spirit of cooperation, IPL offers the following monthly headcount of actual employees:

IPL Actual Employee Headcount:		
2014	Jan	1415
	Feb	1405
	Mar	1397
	Apr	1392
	May	1415
	Jun	1411
	Jul	1402
	Aug	1400
	Sep	1395
	Oct	1407
	Nov	1403
	Dec	1409
2015	Jan	1404

- c. IPL full-time employees were paid 26 times for 80 normal working hours during the test year ended June 30, 2014 and during the calendar year of 2014. IPL does not incur expense based upon payments to employees, but rather based upon the expense incurred in accordance with accrual accounting. As such, the test year ended June 30, 2014 and the calendar year of 2014 included 261 weekdays, which equates to 2,088 hours.

**Data Request OUCC DR 57 - 01**

Please update the table provided in response to OUCC 5-27 to show IPL actual employee headcount through the most recent month available and update through June 2015 as additional months become available.

**Objection:**

IPL objects to the Request to the extent the Request seeks to impose an obligation to supplement these responses other than as required by Indiana Trial Rule 26(e). Subject to and without waiver of the foregoing objections, IPL provides the following response.

**Response:**

Month	Year	Actual Head Count
Jan	2015	1,404
Feb	2015	1,409
Mar	2015	1,408

**Data Request OUCC DR 5 -**

37

With regard to the adjustment to AES Labor Costs described beginning on page 12 of witness Steadman's testimony:

- a. Please identify the number of vacant positions as of June 30, 2014 and provide a breakdown of the labor costs (salary, overtime, short-term and long-term compensation and benefits) included for each vacant position.
- b. Please identify the number of vacant position in each month of 2014 and 2015 to date.

**Objection:**

IPL objects to the Request on the grounds and to the extent it is vague and ambiguous, particularly with respect to the undefined phrase "AES Labor Costs". IPL assumes the request refers to AES US Services labor costs. IPL further objects to the Request on the grounds and to the extent the request seeks a compilation, analysis or study that IPL has not performed and to which IPL objects to performing. Subject to and without waiver of the foregoing objections, IPL provides the following response.

**Response:**

a.

Number of vacant positions included in the payroll pro forma				8	
				<b>TOTAL</b>	<b>IPL PORTION</b>
<b>Pay components:</b>	Salary			\$ 719,970.00	\$ 433,331.30
	Premiums			\$ -	\$ -
	Short-Term Incentive Comp			\$ 120,819.00	\$ 63,487.14
	Long-Term Incentive Comp			\$ -	\$ -
<b>Benefits:</b>	Life			\$ 3,338.21	\$ 2,064.54
	Medical			\$ 83,957.60	\$ 52,263.61
	Dental			\$ 5,675.12	\$ 3,532.78
	Vision			\$ 603.28	\$ 375.53
	Disability			\$ 2,699.89	\$ 1,624.99
	401k matching			\$ 25,559.65	\$ 15,383.69

- b. AES US Services vacant positions at June 30, 2014 used for the pro forma labor computation represented open positions which were actively being recruited at that time. AES US Services does not retain history of this same information on a month-by-month basis. There were 8 AES US Services employee open positions represented in the pro

forma labor computation. The number of open positions being actively recruited at the end of January 2015, is 26.

In the spirit of cooperation, IPL offers the following monthly headcount of actual employees:

AES US Services Actual Employee Headcount:		
2014	Jan	349
	Feb	355
	Mar	365
	Apr	361
	May	361
	Jun	361
	Jul	357
	Aug	350
	Sep	350
	Oct	347
	Nov	347
	Dec	348
2015	Jan	348

**Data Request OUCC DR 57 - 02**

Please update the table provided in response to OUCC 5-37 to show AES U.S. Services actual employee headcount through the most recent month available and update through June 2015 as additional months become available.

**Objection:**

IPL objects to the Request to the extent the Request seeks to impose an obligation to supplement these responses other than as required by Indiana Trial Rule 26(e). Subject to and without waiver of the foregoing objections, IPL provides the following response.

**Response:**

Month	Year	Actual Head Count
Jan	2015	348
Feb	2015	354
Mar	2015	352

**Data Request OUCC DR 5 - 34**

With regard to Ms. Steadman's testimony regarding IPL employee overtime on page 11 of her testimony:

- a. Please identify the amount of overtime associated with storms and indicate whether that amount is included in the labor costs on Schedule OM17.
- b. Please identify the amount of overtime associated with plant overhauls and indicate whether that amount is included in the labor costs on Schedule OM17.

**Objection:**

**Response:**

- a. Overtime associated with storms during the test year totaled \$993,660.61. This is not included in Schedule OM17. It is included in Schedule OM8.
- b. Overtime associated with plant overhauls during the test year totaled \$2,425,485.52. This cost was not included in the Per Book overtime wages on Schedule OM17, nor was it reflected in any computation of Pro Forma overtime wages on Schedule OM17.

**Data Request OUCC DR 5 - 35**

With regard to Ms. Steadman's testimony regarding IPL employee overtime on page 11 of her testimony, please identify the number of overtime hours during the test year ended June 30, 2014 and in each of the calendar years 2012, 2013 and 2014 by employee group.

**Objection:**

IPL objects to the Request on the grounds and to the extent the request seeks a compilation, analysis or study that IPL has not performed and to which IPL objects to performing. Subject to and without waiver of the foregoing objections, IPL provides the following response.

**Response:**

Overtime hours included in the test year, exclusive of those hours charged to storm projects or plant overhaul projects, were:

Clerical/Technical Union	23,364
Physical Union	313,774
Non-Union	<u>1,868</u>
Total	339,006 hours

Overtime hours for the calendar years of 2012, 2013 and 2014 are below. These hours have not been adjusted to remove any storm or overhaul related overtime.

2012: Clerical/Technical Union	19,591
Physical Union	239,280
Non-Union	<u>139</u>
Total	259,010 hours

2013: Clerical/Technical Union	21,927
Physical Union	279,672
Non-Union	<u>487</u>
Total	302,086 hours

2014: Clerical/Technical Union	23,480
Physical Union	297,787
Non-Union	<u>159</u>
Total	321,426 hours



**Data Request OUCC DR 15 - 06**

With regard to the response to OUCC DR 5-34, are the numbers of hours of overtime associated with storms and plant overhauls readily available for any of the years 2012, 2013 and 2014? If yes, please provide, including to the extent available, a breakdown by employee group. If no, please explain why.

**Objection:**

**Response:**

	Physical OT Hours	Clerical/ Technical OT Hours	Non-union OT Hours	Total OT Hours
<b>Outages:</b>				
2012	29,706.50	-	-	29,706.50
2013	41,440.25	-	-	41,440.25
2014	32,147.25	-	-	32,147.25
<b>Storms:</b>				
2012	8,367.75	1,089.50	16.50	9,473.75
2013	5,303.25	462.00	-	5,765.25
2014	9,870.50	1,398.50	17.75	11,286.75

**Data Request OUCC DR 15 - 07**

With regard to the response to OUCC DR 5-34, please identify the total number of overtime hours associated with the \$993,660.91 of storm related overtime and include a breakdown by employee group.

**Objection:**

**Response:**

	Physical OT Hours	Clerical/ Technical OT Hours	Non-union OT Hours	Total OT Hours
Storms	14,064.75	1,716.25	17.75	15,798.75

**Data Request OUCC DR 15 - 08**

With regard to the response to OUCC DR 5-34, please identify the total number of overtime hours associated with the \$2,425,485.52 of plant overhaul related overtime and include a breakdown by employee group.

**Objection:**

**Response:**

	Physical OT Hours	Clerical/ Technical OT Hours	Non-union OT Hours	Total OT Hours
<b>Outages</b>	40,743.25	-	-	40,743.25

**RECONCILIATION OF IPL WITNESS YKS CHANGES FOR REBUTTAL**

**\$ in thousands**

**Wages on IPL Financial Exhibit IPL-OPER, Schedules OM17 and OM17-R:**

Line 1, Column 2 Net IPL labor costs to O&M expense from OM17-R	\$ 112,156
Line 1, Column 2 Net IPL labor costs to O&M expense from OM17	114,210
Net Change	<u>\$ (2,054)</u>

Proposed change to IPL O&M expense for IPL open positions	\$ (1,610)
Proposed change to IPL O&M expense for IPL LTC	(444)
	<u>\$ (2,054)</u>

Line 2, Column 2 Net AES Services labor costs to O&M expense from OM17-R	\$ 12,556
Line 2, Column 2 Net AES Services labor costs to O&M expense from OM17	12,840
Net Change	<u>\$ (284)</u>

Proposed change to IPL O&M expense for AES Services open positions	\$ (215)
Proposed change to IPL O&M expense for AES Services LTC	(69)
	<u>\$ (284)</u>

**Benefits on IPL Financial Exhibit IPL-OPER, Schedules OM17 and OM17-R:**

Line 3, Column 2 Net IPL benefit costs to O&M expense from OM17-R	\$ 32,604
Line 3, Column 2 Net IPL benefit costs to O&M expense from OM17	34,442
Net Change	<u>\$ (1,838)</u>

Proposed change to IPL O&M expense for IPL open positions	\$ (276)
Proposed change to IPL O&M expense for IPL pension and OPEB expense	(1,562)
	<u>\$ (1,838)</u>

Line 4, Column 2 Net AES Services benefit costs to O&M expense from OM17-R	\$ 1,885
Line 4, Column 2 Net AES Services benefit costs to O&M expense from OM17	1,914
Net Change	<u>\$ (29)</u>

Proposed change to IPL O&M expense for AES Services open positions	<u>\$ (29)</u>
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**Payroll Taxes on IPL Financial Exhibit IPL-OPER, Schedules OTX3 and OTX3-R:**

Line 13, Column 1 Net IPL payroll tax expense from OTX3-R	\$ 8,799
Line 13, Column 1 Net IPL payroll tax expense from OTX3	8,918
Net Change	<u>\$ (119)</u>

Proposed change to IPL O&M expense for IPL open positions	<u>\$ (119)</u>
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Line 14, Column 1 Net AES Services payroll tax expense from OTX3-R	\$ 826
Line 14, Column 1 Net AES Services payroll tax expense from OTX3	842
Net Change	<u>\$ (16)</u>

Proposed change to IPL O&M expense for AES Services open positions	<u>\$ (16)</u>
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