

**VERIFIED DIRECT TESTIMONY  
OF  
KURT A. TORNQUIST  
ON BEHALF OF  
INDIANAPOLIS POWER & LIGHT COMPANY**

**INCLUDING IPL WITNESS KAT ATTACHMENTS 1 THROUGH 5**

**VERIFIED DIRECT TESTIMONY OF KURT A. TORNQUIST  
ON BEHALF OF  
INDIANAPOLIS POWER & LIGHT COMPANY**

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

2 A1. My name is Kurt A. Tornquist. I am employed by the AES U.S. Services, LLC (“AES  
3 Services” or “Service Company”), whose business address is One Monument Circle,  
4 Indianapolis, Indiana 46204.

5 **Q2. What is your position with the AES US Services, LLC?**

6 A2. I am the Controller. I am also the Controller of Indianapolis Power & Light Company.

7 **Q3. Please describe your duties as Controller.**

8 A3. I am responsible for all accounting and financial reporting activities for The AES  
9 Corporation (“AES”) energy subsidiaries located within the United States of America.  
10 These subsidiaries include, but are not limited to, Indianapolis Power & Light Company  
11 (“IPL” or “Company”), The Dayton Power and Light Company (“DP&L”), and The AES  
12 Corporation US Generation Plants (“US GEN”).

13 **Q4. Please summarize your educational and professional qualifications.**

14 A4. I hold a Bachelor of Science in Business Administration with a concentration in  
15 Accounting from the University of Maine. I am a Certified Public Accountant and a  
16 Certified Managerial Accountant.

17 **Q5. Please summarize your prior work experience.**

18 A5. I joined IPL in October, 2006, after 14 years serving Maine Public Service Company in  
19 roles that included Assistant Controller, Controller and Chief Financial Officer.

1 **Q6. Have you previously testified before the Indiana Utility Regulatory Commission**  
2 **(“Commission” or “IURC”) or any other regulatory agencies?**

3 A6. Yes, I filed testimony in Indianapolis Power & Light’s basic rates case in Cause No.  
4 44576. I previously filed testimony before the Maine Public Utilities Commission during  
5 my tenure at Maine Public Service Company.

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

7 A7. My testimony provides an overview of IPL’s financial operations and how the Company  
8 prepared the financial schedules submitted in support of this case-in-chief. My  
9 testimony also discusses financial transactions between IPL and other AES affiliates  
10 (“Affiliate Company”), and the operations of the AES U.S. Services, LLC.

11 I will continue with a summary description of utility plant-in-service, which is included  
12 as rate base in this proceeding. As part of the utility plant-in-service, I describe the  
13 Modern Voltage Renovation Project and how it benefits customers.

14 Finally, I will discuss depreciation and amortization expense, wherein I begin with in-  
15 service, used and useful property balances as of the end of the test year (June 30, 2016),  
16 adjust them accordingly to represent only depreciable plant; and then apply the results of  
17 the depreciation study sponsored by IPL Witness Spanos, to determine the pro forma  
18 adjustment necessary for depreciation expense. The plant-in-service adjustments include  
19 the addition of the Combined Cycle Gas Turbine (“CCGT”) located at IPL’s Eagle  
20 Valley facility scheduled to be in service approximately April 30, 2017, as well as the  
21 removal of Asset Retirement Obligation assets, non-jurisdictional assets, fully-amortized  
22 assets and non-depreciable assets. This discussion will also include the amortization of  
23 the production plant acquisition adjustment.

1 **Q8. Are you sponsoring any attachments to your testimony?**

2 A8. Yes. I am sponsoring the following attachments:

3 • IPL Witness KAT Attachment 1, which is a copy of the Services and Allocation  
4 Agreement filed with the Commission July 1, 2005 (“2005 Affiliate Agreement”).

5 • IPL Witness KAT Attachment 2, which is a copy of the Service Agreement between  
6 AES U.S. Services, LLC and Indianapolis Power & Light Company, and IPALCO  
7 Enterprises, Ind. DPL Inc., Dayton Power and Light Company, and Such Other  
8 Companies Set Forth in Schedule A Hereto (“Service Agreement”), filed with the  
9 Commission on December 23, 2013.

10 • IPL Witness KAT Attachment 3, which is a copy of the AES U.S. Services, LLC  
11 Cost Alignment and Allocation Manual” (“CAAM”) filed with the Commission  
12 December 23, 2013 as updated and effective January 1, 2016.

13 • IPL Witness KAT Attachment 4, which is a copy of the Basis of Allocation factors  
14 which are created in correlation with the CAAM and used in the application of its  
15 cost assignment directives.

16 • IPL Witness KAT Attachment 5, which is a copy of the occupancy charge  
17 computation used for IPL billings to AES Services.

18 **Q9. Are you sponsoring any financial schedules being submitted as a part of this case-in-**  
19 **chief?**

20 A9. Yes. I am sponsoring IPL Financial Exhibit IPL-RB, Schedule RB3, which is the  
21 financial schedule for plant-in-service per books as of June 30, 2016 used and useful for  
22 the provision of electric service to the customers of IPL. I am also sponsoring IPL  
23 Financial Exhibit IPL-OPER, Schedule DEPR, which is the schedule for depreciation  
24 expense, the continuation of amortization of the plant acquisition adjustment and the  
25 amortization of rate-based and non-rate-based regulatory assets.

26 **Q10. Were the financial schedules and attachments you are sponsoring prepared by you**  
27 **or under your direction or supervision?**

28 A10. Yes.

1 **Q11. Did you submit any workpapers?**

2 A11. Yes. I sponsor the workpapers filed in support of the two schedules identified above.

3 **IPL's Financial Operations**

4 **Q12. Please describe the steps taken by the Company, in general, to maintain the**  
5 **integrity of its books and records.**

6 A12. While IPL's management is ultimately responsible for the information contained in its  
7 books and records, there is also a high degree of scrutiny by outside parties. The  
8 accounting firm of Ernst & Young performs independent audits of the books and records  
9 of IPL. Their report for the audit of 2015 stated that the financial statements in their  
10 opinion were presented fairly in all material respects. The books and records are also  
11 subject to audit by the Indiana Office of Utility Consumer Counselor ("OUCC"), the  
12 Commission and the Federal Energy Regulatory Commission ("FERC").

13 **Q13. What other controls does IPL exercise to ensure the accuracy of its financial**  
14 **information?**

15 A13. IPL follows the directives of the FERC Uniform System of Accounts, the Financial  
16 Accounting Standards Board ("FASB"), Generally Accepted Accounting Principles  
17 ("GAAP"), Sarbanes-Oxley regulations, as well as various internally-established control  
18 procedures. Examples of the internally-established procedures include: authority limits  
19 and approvals required for expenditures and general ledger transactions; bank and general  
20 ledger account reconciliations; access limitations to the general ledger accounting system  
21 and numerous requirements around journal entry preparation and review.

1 **Q14. Did IPL submit a request to FERC asking for a review of the CAAM, as ordered by**  
2 **the IURC in Cause No. 44576?**

3 A14. Yes. On April 29, 2016, IPL submitted an election to FERC for review and authorization  
4 of the allocation of the costs of goods and services charged to IPL by the Service  
5 Company as set out in the CAAM and implemented through the Service Agreement. The  
6 matter remains pending in FERC Docket No. ER16-1564-000.

7 **Preparation of the Financial Schedules for the 2016 IPL Basic Rates Case**

8 **Q15. Please describe the basis for the financial schedules presented in this rate**  
9 **proceeding.**

10 A15. For the test period in this rate proceeding, IPL used the financial results of operations  
11 from the twelve (12) months ended June 30, 2016. The test period activity was adjusted  
12 for changes that are fixed in time, known to be occurring, and measurable in amount, as  
13 well as appropriate normalizations and annualizations. This methodology is consistent  
14 with Ind. Code § 8-1-2-42.7(d)(2).

15 IPL is proposing a number of adjustments to the historic test period financial results  
16 through the financial exhibits submitted in this rate proceeding. The schedules are set  
17 forth in the exhibit identified as IPL Exhibit - Financial Exhibits. The test period, as  
18 adjusted, presents a reasonable representation of investment and on-going operations  
19 required to render service to IPL's customers.

20 **Affiliate Transactions**

21 **Q16. Did IPL engage in affiliate transactions during the test year?**

22 A16. Yes. In the ordinary course of business, IPL engages in transactions with AES and  
23 Affiliate Companies other than itself. Transactions between IPL and AES Services are

1 governed by the Service Agreement and CAAM (IPL Witness KAT Attachments 2 and  
2 3). Transactions between IPL and Affiliate Companies are governed by the 2005  
3 Affiliate Agreement (IPL Witness KAT Attachment 1). These arrangements allow for  
4 the sharing of technical expertise and for cost-sharing opportunities related to operational  
5 goods and services. The recipient company pays the provider company the incurred labor  
6 costs, plus proportional amounts for employee benefits and payroll taxes. The recipient  
7 company also pays for incidentals such as travel costs, lodging and meals incurred with  
8 regard to the assignment. A summary of the test year affiliate charges may be found in  
9 the response to Minimum Standard Filing Requirement (“MSFR”) 1-5-8 (a) (17).

10 **AES US Services, LLC**

11 **Q17. Please describe the Service Agreement (IPL Witness KAT Attachment 2) and the**  
12 **CAAM (IPL Witness KAT Attachment 3), and their application to the operational**  
13 **results of IPL.**

14 A17. Effective January 1, 2014, AES Services began providing services to IPL including  
15 accounting, legal, human resources, information technology, supply chain, physical  
16 security and other services of a similar nature. The goal of establishing AES Services is  
17 to increase financial operations consistency among Affiliate Companies within the United  
18 States, and to take advantage of best practices and economies of scale which can be  
19 achieved over the long term. Expenses incurred by AES Services are charged at cost.  
20 There is no mark-up added to, nor profit derived from, an AES Services billing to the  
21 affiliated client company.

22 **Q18. Where is AES Services located?**

1 A18. AES Services is headquartered in offices at One Monument Circle, Indianapolis, Indiana  
2 46204.

3 **Q19. Please describe the AES Services workforce.**

4 A19. The workforce is a combination of three distinct groups:

5 1) Workers actually employed by AES Services who came from IPL, DP&L and US  
6 GEN, supplemented by several new hires. The new hires generally replaced  
7 employees who chose not to relocate from the Houston and Dayton offices.

8 2) A second group of workers are actually IPL employees by definition. These  
9 workers did not transfer to the Service Company due to restrictions in relation to  
10 being bargaining unit members or due to restrictions for long-term employees  
11 who were with IPL prior to the acquisition of IPALCO by AES in 2001. Per the  
12 eligibility requirements for IPL's non-pension, post-retirement benefits, these  
13 employees would no longer qualify to receive the benefits if they did not remain  
14 employees of IPL until they retire.

15 3) A third group of workers are actually DP&L employees. As with some IPL  
16 employees involved, these employees are members of a bargaining unit.

17 In addition to the groups above, there are employees of the Affiliate Companies  
18 (including IPL) who perform Service Company work on a very limited or occasional  
19 basis.

20 For those who are not AES Services employees, labor cost plus proportional amounts for  
21 employee benefits and payroll taxes and/or other task-specific expenses are charged

1 through their employer company to the Service Company – wherein the proper cost-  
2 causation affiliate distribution is applied according to the service that was provided.

3 **Billings between Affiliate Companies**

4 **Q20. Would you please describe the general basis for billing the client company by AES**  
5 **Services?**

6 A20. AES Services is compensated by the client company, in this case IPL, for costs required  
7 to provide services based upon specific identification assignment or based upon cost  
8 drivers designed to result in consistent, fair and equitable distribution. This same type of  
9 billing occurs to AES Services from IPL for costs incurred by IPL which are assignable  
10 to or proper to allocate among Affiliate Companies.

11 **Q21. What is the concept of specific identification assignment?**

12 A21. As a matter of course, costs are identified by the employee performing the work, or the  
13 expenditure approver by assigning a project number to the labor hours worked or to the  
14 procurement documentation (such as an invoice). The project numbers identify the  
15 specific Affiliate Company or combination of Affiliate Companies to be charged. There  
16 is a unique project number for each Affiliate Company, as well as project numbers for  
17 various combinations of the Affiliate Companies.

18 Employees are instructed to directly assign their labor hours or expenditures to the  
19 appropriate Affiliate Company using specific affiliate project numbers. When an  
20 employee task or expenditure benefits more than one Affiliate Company, and the division  
21 among such affiliates is not clear-cut, a combination project number is assigned.

1 **Q22. What methodology is used to record the employee labor hours to these project**  
2 **numbers?**

3 A22. The timekeeping system for the involved employee is used as the entry point for  
4 recording the labor hours assignable to both their employment company and to other  
5 Affiliate Companies using project numbers. The system(s) keeps a standard charge  
6 distribution setup in place for each employee, which is used when payroll is processed –  
7 unless it is replaced by a temporary or permanent change in the standard charge  
8 distribution. This standard charge approach recognizes that the majority of employees in  
9 positions to perform tasks for multiple Affiliate Companies are normally involved with a  
10 limited number of the affiliates, and perform assignments which tend to replicate the  
11 same attention to each such affiliate on a fairly recurring basis. Simply put, the  
12 employees have a standardized or routine work load. Employees can update their system  
13 set up whenever appropriate to do so. This is especially true when, for example, an  
14 employee is assigned to a specific project which overrides their normal work tasks.  
15 Additionally, the system setups are reviewed bi-annually for everyone involved in tasks  
16 crossing affiliates. This is known as the “re-certification” process. During this process  
17 employees are asked to review and update their standard time distributions, and to sign  
18 “certifications” that they have performed this review. The certifications are also  
19 reviewed and signed by the employee’s immediate supervisor.

20 **Q23. How are costs which are not directly assigned to a specific Affiliate Company**  
21 **allocated?**

22 A23. For costs which are appropriate to be shared, or divided, among multiple Affiliate  
23 Companies, there are a series of project numbers which designate the combination of

1 affiliates which should be charged. An example of such a cost could be when an  
2 accountant working for IPL, and also assigned tasks doing accounting for the DP&L  
3 distribution segment, attends a class on current regulatory accounting concepts. The cost  
4 of this class should be shared between the two Affiliate Companies, because the  
5 knowledge gained by the employee is applicable to the tasks performed for both entities.  
6 When the expenditure to pay for this class is recorded, it is charged to the project number  
7 identifying the combination of IPL and DP&L-Distribution.

8 **Q24. You just described an example of the cost of a regulatory accounting class being**  
9 **charged to a combination project number. Please explain the process used to**  
10 **determine how much of this cost would be allocated to IPL?**

11 A24. The costs charged to combination project numbers are allocated to the Affiliate  
12 Companies based upon the area initiating the cost and the cost driver(s) identified for that  
13 area. These cost drivers are defined in the CAAM, (IPL Witness KAT Attachment 3).

14 The underlying intent of the CAAM is to allocate costs in a manner precluding cross-  
15 subsidization between the Affiliate Companies and to preclude subsidization of non-  
16 regulated affiliates. The fundamental principle for this cost allocation approach is the use  
17 of a fully-allocated cost methodology. This principle is premised on the concept of  
18 distributing expenses, capital expenditures and all applicable costs among Affiliate  
19 Companies and business activities on a basis of cost causation. When possible and  
20 practical, the costs are charged directly. When the direct approach is not possible or  
21 practical, a consistent method of determining an allocation is applied so that reasonable  
22 cost distribution occurs. The allocation method is chosen to be consistent with the  
23 function performed when incurring the cost.

1 Continuing with the example of the accountant's class, let's assume that the class cost  
2 \$250.00, and that the accountant was a member of the operational accounting area.  
3 Looking at the detail on Page 28 of the CAAM, (which is specific to the operational  
4 accounting area), under the heading of "Basis for Cost Allocation to Customers" it is  
5 identified that the indirect costs for the operational accounting area are spread based upon  
6 the composite factor.

7 The composite factor is one piece of the overall basis of allocation percentages, which  
8 will be updated annually using a consistent methodology. The composite factor is  
9 identified as such because it is based on a FERC-recognized formula involving the equal  
10 weighting of a combination of three metrics. Those metrics are payroll, gross margin and  
11 gross property, plant and equipment. I have attached a copy of the 2016 Basis of  
12 Allocation spreadsheet as IPL Witness KAT Attachment 4. Looking at the second page  
13 of this attachment, you can see that the right-most column is titled "Composite Factor  
14 %". As you proceed to the bottom section of the spreadsheet, you see two lines labeled  
15 as "DPL/IPL(DPL)" and "DPL/IPL(IPL)". The 2016 composite allocation factors shown  
16 on these lines, in the column farthest to the right (the Composite Factor column), are  
17 46.64% to DP&L and 53.36% to IPL. This would mean that of the \$250.00 cost of the  
18 class, IPL would be charged \$133.40.

### 19 Occupancy Costs

20 **Q25. Previously you mentioned that the headquarters for AES Services is housed at One**  
21 **Monument Circle in Indianapolis. You have included this building as a component**  
22 **of rate base in this Cause. How is IPL compensated for the portion of this, or any**  
23 **other IPL buildings, which house employees of AES Services or when IPL**

1 **employees are performing tasks charged to other Affiliate Companies through AES**  
2 **Services?**

3 A25. There is a rental, or occupancy, charge billed by IPL each month to AES Services for the  
4 AES Services employees housed within IPL-owned buildings. This charge is based upon  
5 the number of AES Services employees housed and the building which they occupy. The  
6 two buildings involved are generally referred to as the Electric Building (One Monument  
7 Circle) and the Morris Street Operations Center.

8 **Q26. How does IPL determine the charge for housing Service Company employees?**

9 A26. Being that there are several costs, not just the cost of the building itself, which cannot  
10 effectively be directly assigned between IPL and AES Services, an occupancy charge is  
11 billed by IPL to AES Services each month. This occupancy charge includes costs such  
12 as: office space rental, insurance, property taxes, building cleaning and maintenance,  
13 security, computer hardware/software and support, office equipment and supplies, as well  
14 as many other such costs which support the offering of a generally clean, safe and  
15 productivity-enabling environment. The salaries of employees involved, such as  
16 maintenance personnel, are also included in the computation as well as proportional  
17 employee benefit and payroll tax costs.

18 **Q27. Has a copy of occupancy cost computation for 2016 been included in this filing?**

19 A27. Yes. I have included the 2016 computation as IPL Witness KAT Attachment 5. The  
20 resulting hourly charge for persons in the Electric Building is \$13.43, and for the Morris  
21 Street Operations Center is \$5.70. The FERC requires utilities to charge affiliates for use  
22 of facilities based on the higher of cost or market. As evidenced on the summary tab  
23 of IPL Witness KAT Attachment 5, costs are higher than market; therefore costs are used

1 in the calculation of the hourly charge. The components of IPL Witness KAT  
2 Attachment 5 are updated annually and were updated most recently upon the completion  
3 of the Modern Voltage renovations discussed later in my direct testimony.

4 **Q28. How is the occupancy charge information discussed above used to bill for the**  
5 **Service Company employees each month?**

6 A28. As mentioned above, the total occupancy cost for each building is determined down to a  
7 “per hour” rate. This hourly rate was taken times one-twelfth of 2,088 hours and then  
8 multiplied by the number of Service Company employees residing in each respective  
9 building.

10 **Q29. What about the employees who are IPL employees, but are performing tasks for**  
11 **Affiliate Companies, and charging their time to such affiliates.**

12 A29. The process of charging this time out each month to AES Services includes a provision  
13 for occupancy costs. The cost determined and used to bill for AES Services employees is  
14 stated as a “per hour” rate for the total employees housed in each building. This per hour  
15 rate is charged in conjunction with the hours of labor charged to non-IPL Affiliate  
16 Companies.

17 **IPL Financial Exhibit IPL-RB, Schedule RB3**

18 **Net Utility Plant-in-service**

19 **Q30. Please describe IPL Financial Exhibit IPL-RB, Schedule RB3.**

20 A30. This schedule sets forth the net utility plant-in-service at June 30, 2016, according to the  
21 books and records of IPL. This plant is used and useful as of June 30, 2016, for the

1 provision of electric service. The schedule does not include: construction work in  
2 progress, property held for future use, and non-utility property.

3 **Q31. In general terms, what does IPL's plant-in-service consist of?**

4 A31. The largest of the plant investments represents our generating stations, which are  
5 generally referred to as: Petersburg Plant, Harding Street Plant and Eagle Valley Plant.  
6 We also have two combustion turbines located at what we refer to as the Georgetown  
7 Plant. See IPL Witness Scott's testimony for further detail on IPL's generating assets.

8 IPL has office/operational buildings, generally referred to as: Electric Building, Morris  
9 Street Service Center, Customer Service Center and Arlington Service Center.

10 IPL's distribution plant consists of the substations, poles and wires which bring the  
11 electricity to the customers, and the transmission plant consists of the poles, towers and  
12 wires which connect the power plants to the distribution system and with other  
13 surrounding utilities as well as the 20 MW Harding Street Station Battery Energy Storage  
14 System. See IPL Witness Sadtler's testimony for further detail on IPL's transmission and  
15 distribution assets.

16 Other items classified as plant-in-service include, but are not limited to: service fleets,  
17 computers, software systems, and furniture.

18 **Q32. What procedures are in place to ensure that the amount reflected as utility plant-in-**  
19 **service as of June 30, 2016 represents the actual cost of utility plant-in-service as of**  
20 **that date?**

21 A32. IPL maintains continuing property records based on a capital work order procedure for  
22 constructed plant. Under this work order procedure, the cost of new construction or the

1 installation of new equipment is not transferred to utility plant-in-service until there is  
2 verification provided to the accounting staff that the work has been completed and is in  
3 service. Additionally, capital projects require management authorization before costs are  
4 incurred and construction commences. Capital investment is also controlled by a budget  
5 and management approval process. Likewise, IPL has a retirement work order  
6 procedure. This procedure provides verification to the accounting staff when a unit of  
7 property is removed from service, and accordingly the accounting staff removes the  
8 property from the plant balance on the books and records of IPL.

9 As a matter of controlling work orders, IPL uses the PowerPlan® system. This is a  
10 centralized and integrated resource for capital project management. The system allows  
11 for the control of work orders from initialization through completion and the addition to  
12 or removal from plant-in-service on the books and records of IPL. The control of work  
13 orders through this method tracks all open work orders for status, approvals, spending  
14 versus budgeted amounts and ultimately the in-service or retirement date. This same  
15 system is being used to record the capital expenditures related to the Combined Cycle  
16 Gas Turbine currently under construction at IPL's Eagle Valley facility, as discussed later  
17 in my direct testimony.

18 **Q33. What about items of property which are not subject to the work order process?**

19 A33. These would be items which are basically purchased, not items constructed. They would  
20 likewise be subject to spending authorization levels, spending approvals and budget  
21 approvals. Purchase orders are required in instances where a purchase would be  
22 significant enough to be capitalized to plant-in-service. Purchase orders cannot be  
23 initiated and approved by the same person. The purchase order contains the information

1 needed to identify the appropriate property account and when paid through accounts  
2 payable, the information is transferred to PowerPlan®.

### 3 **Modern Voltage Renovation Project**

#### 4 **Q34. Please describe IPL's Modern Voltage Renovation Project.**

5 A34. The Modern Voltage Project ("MVP") represents a comprehensive facility renovation  
6 that IPL completed at the corporate center located at One Monument Circle. The project  
7 included the modernization of interior building finishes, updates to infra-structure and  
8 systems critical to the daily operations, such as HVAC, electrical, plumbing, fire  
9 suppression and life safety. Other improvements included enhancements to meeting  
10 space and wireless internet access to support the new work environment. These  
11 improvements brought the building into compliance with current codes. IPL's Modern  
12 Voltage Project has achieved the company's objectives of improving the efficiency and  
13 utilization of the building as well as creating an open, collaborative work space enhanced  
14 with the addition of more natural light for the IPL & AES employees working there.

15 Prior to the MVP, the building had undergone renovations of limited scope over the  
16 years. Most of these projects took place from the early 1980's to the mid-1990's.  
17 Portions of the 9<sup>th</sup> floor were renovated in 2008 and the 7<sup>th</sup> floor had not been renovated  
18 since the east half of the building was added in the mid-1960's. The floor layouts were  
19 outdated because they were designed during a time when the offices had related  
20 secretarial bays and lacked current technology, resulting in an inefficient use of available  
21 space for the current workforce. As an example of the efficiencies gained by the MVP,  
22 before the project, the Regulatory Affairs and Environmental Affairs departments  
23 occupied 9,700 square feet ("SF"), or 60% of the 8<sup>th</sup> floor, with seating for 31 people.

1 Post MVP, the two departments occupy 4,100 SF, or 25% of the 8<sup>th</sup> floor with seating for  
2 37 people. The space saved with the more efficient use of the space enable additional  
3 departments to locate on the 8<sup>th</sup> floor, as well as additional conference rooms.

4 Planning for the MVP started in early 2014, with construction beginning June 1, 2015  
5 and was completed and put into service on June 30, 2016. The renovation involved the  
6 basement and first floor, as well as floors five through ten. Currently, a portion of the  
7 first floor and the entire second floor are being renovated for tenants who have recently  
8 entered into leases with IPL. The third and fourth floors were not remodeled, but did  
9 receive upgrades for fire protection (property loss) and life safety compliance.

10 The building at One Monument Circle has approximately 178,750 gross SF, of which the  
11 MVP renovated approximately 99,125 SF. Excluding façade upgrades, core  
12 infrastructure rebuilds and owner-specified system upgrades, the adjusted cost is \$70.16  
13 per SF, well within an estimated range of \$60 to \$85 per SF for similar downtown office  
14 headquarters renovations, such as the MVP.

15 **Q35. Is the investment in IPL's Modern Voltage Renovation Project included in rate base**  
16 **in this proceeding?**

17 A35. Yes. The total project cost included in rate base is \$22.9 million, excluding the tenant  
18 renovations. The Modern Voltage Renovation Project was necessary to bring the  
19 building up to code and to modernize and optimize the One Monument Circle building to  
20 meet today's workplace needs and otherwise maintain this important part of IPL's  
21 property used and useful for the provision of electric service. This space optimization  
22 created rent revenue that will benefit IPL customers because the annual rent revenue of  
23 approximately \$0.659 million generated from the lease of space on floors one and two is

1 credited back to IPL customers in the revenue requirement in IPL Financial Exhibit IPL-  
2 OPER, Schedule REV7. As described in the direct testimony of IPL Witness Forestal,  
3 the lease cost of temporary space during construction and moving costs to and from the  
4 temporary space were removed from test year operating expenses, even though they were  
5 prudently incurred. Additionally, as I described previously, the occupancy cost rates IPL  
6 charges to AES Services were recently increased to include the Modern Voltage  
7 Renovation Project. As described by IPL Witness Steadman, we have included a pro  
8 forma adjustment in this proceeding on IPL Financial Exhibit IPL-OPER, Schedule  
9 OM22 to apply the increased occupancy cost rate to the entire test year, thereby reducing  
10 the operating costs IPL has reflected in the proposed revenue requirement in this  
11 proceeding.

12 **Q36. Please discuss the stability of rent revenue benefiting customers.**

13 A36. Approximately 50% of the first floor (8,000 SF) has been leased beginning August 1,  
14 2016 to Old National Bank for an initial term of fifteen years with the option of renewal  
15 for two consecutive five-year periods.

16 The entire second floor (17,000 SF) has been leased to Bradley and Montgomery for an  
17 initial term of eight years beginning once construction is complete, which is expected not  
18 later than December 31, 2016 with the option of renewal for an additional term of five  
19 years.

20 **IPL Financial Exhibit IPL-OPER, Schedule DEPR**

21 **Depreciation and Amortization Expense**

22 **Q37. Is IPL filing a depreciation study as a part of this rate proceeding?**

23 A37. Yes. The depreciation study is presented by IPL Witness Spanos.

1 **Q38. Are there any adjustments to the operating results of the historic test year required**  
2 **in conjunction with the results of this depreciation study?**

3 A38. Yes. IPL Financial Exhibit IPL-OPER, Schedule DEPR, which I sponsor, reflects the  
4 adjustment to the test year operating results caused by changes to depreciable plant  
5 during the twelve (12) months ended June 30, 2016, as well as the addition of the  
6 Combined Cycle Gas Turbine at IPL's Eagle Valley facility that is scheduled for  
7 completion approximately April 30, 2017. The adjustment also incorporates the revised  
8 depreciation and amortization rates proposed by IPL Witness Spanos.

9 **Q39. Referring to IPL Financial Exhibit IPL-OPER, Schedule DEPR, please explain the**  
10 **information on line 1, total electric utility plant-in-service per book(s).**

11 A39. The information on this line comes from IPL Financial Exhibit IPL-RB, Schedule RB3,  
12 which represents the total electric utility plant-in-service at June 30, 2016, included in  
13 rate base for purposes of this proceeding. This line includes the production plant  
14 acquisition adjustment which is included on IPL Financial Exhibit IPL-RB, Schedule  
15 RB3, but that asset does not constitute depreciable plant. I address the amortization of  
16 this asset later in my testimony.

17 **Q40. What is the reduction to plant-in-service, per books, on line 2 of IPL Financial**  
18 **Exhibit IPL-OPER, Schedule DEPR?**

19 A40. This represents removal of the Asset Retirement Obligation ("ARO") assets accrued to,  
20 and included in, electric plant-in-service on IPL's books and records.

21 **Q41. Why is this deducted from the plant-in-service line?**

1 A41. These costs do not represent depreciable values. They represent the future costs expected  
2 to be incurred when currently in-service plant is retired from service. This asset has also  
3 been removed from rate base for purposes of this filing on IPL Financial Exhibit IPL-RB,  
4 Schedule RB6, sponsored by IPL Witness Cutshaw, and is more fully discussed in his  
5 testimony.

6 **Q42. Are there other values included in plant-in-service which are not subject to**  
7 **depreciation?**

8 A42. Yes. The amounts on lines 3 and 4 of IPL Financial Exhibit IPL-OPER, Schedule DEPR  
9 represent the removal of fully-amortized software and the removal of plant not subject to  
10 depreciation, respectively. An example of plant not subject to depreciation would be  
11 land.

12 **Q43. Have you removed the depreciation expense related to the non-jurisdictional MISO**  
13 **Transmission Expansion Plan (“MTEP”) plant deducted from rate base on IPL**  
14 **Financial Exhibit IPL-RB, Schedule RB5?**

15 A43. Yes. The amount on line 6 of IPL Financial Exhibit IPL-OPER, Schedule DEPR  
16 represents the value of the non-jurisdictional MTEP plant being removed from the plant  
17 applicable to depreciation expense in this rate proceeding. The non-jurisdictional MTEP  
18 plant assets have also been removed from rate base for purposes of this filing on IPL  
19 Financial Exhibit IPL-RB, Schedule RB5, sponsored by IPL Witness Cutshaw.

20 **Q44. What is the reduction for NPDES projects on line 7 of IPL Financial Exhibit IPL-**  
21 **OPER, Schedule DEPR?**

1 A44. The National Pollutant Discharge Elimination System (“NPDES”) projects are included  
2 in IPL’s Environmental Cost Compliance Recovery Adjustment (“ECCRA”) so it would  
3 not be appropriate to include them here.

4 **Q45. What is the additional allowance for funds used during construction (“AFUDC”) on  
5 Harding Street 5&6 on line 8 of IPL Financial Exhibit IPL-OPER, Schedule DEPR?**

6 A45. This item is discussed in the direct testimony of IPL Witness Forestal and shown on IPL  
7 Financial Exhibit IPL-RB, Schedule RB10.

8 **Q46. Why is the \$0.731 million Deep Rock Tunnel Sub added on line 9 of IPL Financial  
9 Exhibit IPL-OPER, Schedule DEPR?**

10 A46. This project was physically in service at June 30, 2016, but was not reflected in IPL’s  
11 general ledger as such until July 2016. It is added to rate base on IPL Financial Exhibit  
12 IPL-RB, Schedule RB10.

13 **Q47. What is the \$4.682 million correction for Meter Retirement on line 10 of IPL  
14 Financial Exhibit IPL-OPER, Schedule DEPR?**

15 A47. This item is discussed in the direct testimony of IPL Witness Forestal and shown on IPL  
16 Financial Exhibit IPL-RB, Schedule RB10.

17 **Q48. What is the increase for Eagle Valley CCGT Plant on line 11 of IPL Financial  
18 Exhibit IPL-OPER, Schedule DEPR?**

19 A48. This represents our estimated project costs that will be added to rate base upon  
20 completion of the Combined Cycle Gas Turbine located at IPL’s Eagle Valley facility in  
21 Martinsville, Indiana, which is scheduled to be in service approximately April 30, 2017.

1 **Q49. After adjusting for these various items to the initial utility plant figures in line 1**  
2 **of IPL Financial Exhibit IPL-OPER, Schedule DEPR, what happens next as we**  
3 **proceed down the lines of this schedule?**

4 A49. The remaining, depreciable asset amounts are enumerated on line 12 of this schedule.  
5 The net total, shown in column 7 of this schedule amounts to \$5.520 billion.

6 **Q50. Please describe line 13 of IPL Financial Exhibit IPL-OPER, Schedule DEPR.**

7 A50. Line 13 of this schedule summarizes the resulting annual depreciation expense for each  
8 major category of plant, after the results of the depreciation study performed by IPL  
9 Witness Spanos were applied to the depreciable plant. The total annual depreciation  
10 expense for IPL, using the proposed depreciation rates, amounts to \$209.814 million.

11 **Q51. What does the plant acquisition cost amortization represent on line 14 of IPL**  
12 **Financial Exhibit IPL-OPER, Schedule DEPR, and why is it includable as an**  
13 **operating cost in this rate proceeding?**

14 A51. This line represents the plant acquisition cost associated with the purchase of a second  
15 combustion turbine at the Georgetown plan in accordance with the Certificate of Public  
16 Convenience and Necessity (“CPCN”) to purchase this unit issued by the Commission in  
17 Cause No. 43235. This unit is included in IPL’s rate base, as proposed and accepted by  
18 the Commission Order in Cause No. 44576. In accordance with FERC regulation, when  
19 a generating plant/unit is purchased from another utility, the recipient utility shall record  
20 the cost of the unit to plant-in-service using the same in-service cost and accumulated  
21 depreciation being shown on the books of the selling utility. FERC regulation then  
22 directs that any difference in the net cost on the selling utility books and the cost paid by  
23 the recipient utility be booked as an acquisition adjustment (in a 114 account) and the

1 amount is to be amortized over the expected remaining useful life of the asset. Line 14 of  
2 this schedule represents the amortization of the \$485 thousand booked to the 114  
3 Account over the estimated remaining life of the asset at the time of the purchase which  
4 was 33 years. This results in the recognition of \$15 thousand per year in amortization  
5 expense.

6 **Q52. Please describe the rate-based regulatory assets which are represented in the**  
7 **amortization on line 15 of IPL Financial Exhibit IPL-OPER, Schedule DEPR.**

8 A52. This is the amortization of the rate-based regulatory assets detailed on IPL Financial  
9 Exhibit IPL-RB, Schedule RB9, which is sponsored by IPL Witness Cutshaw. This  
10 includes the continuing amortization of the Petersburg Unit No. 4 deferred depreciation,  
11 post-in service AFUDC and carrying charges. This figure also includes, among other  
12 things, amortization of deferred depreciation for the Petersburg Unit No. 4 flue gas  
13 desulfurization project, deferred depreciation of NOx equipment, deferred depreciation of  
14 multi-pollutant plan, (“MPP”) equipment and deferred depreciation and carrying charges  
15 for the Eagle Valley CCGT and Harding Street 5 & 6 refueling projects as authorized by  
16 various Commission orders.

17 **Q53. Line 16 of IPL Financial Exhibit IPL-OPER, Schedule DEPR is described as**  
18 **amortization of non-rate based regulatory assets. Please describe the purpose of**  
19 **this line.**

20 A53. Line 16 represents the pro forma amortization for regulatory assets approved through  
21 IPL’s ECCRA proceedings totaling \$6.492 million, as detailed in the workpaper for IPL  
22 Financial Exhibit IPL-OPER, Schedule DEPR, that are not includable as rate base for this  
23 Cause.

1 **Q54. What is the resulting pro forma adjustment to the test year operating results that**  
2 **you are proposing on IPL Financial Exhibit IPL-OPER, Schedule DEPR?**

3 A54. The pro forma adjustment is shown on line 19 of this schedule, and represents a net  
4 increase of \$10.641 million over the depreciation and amortization costs incurred during  
5 the twelve (12) month period ended June 30, 2016. Without this adjustment, the  
6 operating expenses pro forma at present rates would be understated, and would not be  
7 representative of expected going-forward costs.

8 **Q55. Does that include conclude your verified pre-filed direct testimony?**

9 A55. Yes.

**VERIFICATION**

I, Kurt A. Tornquist, Controller for 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.

  
\_\_\_\_\_  
Kurt A. Tornquist

Dated: December 22, 2016

RECEIVED

JUL - 1 2005

INDIANA UTILITY REGULATORY COMMISSION  
GENERAL COUNSEL

SERVICES AND ALLOCATION AGREEMENT

THIS SERVICES AND ALLOCATION AGREEMENT made as of this 27 day of June, 2005, by and among Indianapolis Power & Light Company, an Indiana corporation ("IPL"), AES Corporation, a Delaware Corporation ("AES") and the AES subsidiaries other than IPL identified herein (collectively, the "Affiliates").

WITNESSETH:

WHEREAS, IPL is a subsidiary of IPALCO Enterprises, Inc., which is a subsidiary of AES; and

WHEREAS, IPL is a public utility subject to regulation by the Indiana Utility Regulatory Commission and Federal Energy Regulatory Commission as to various matters; and

WHEREAS, each of the Affiliates is a direct or indirect subsidiary of AES; and

WHEREAS, in the ordinary course of their businesses, IPL, AES and the Affiliates (collectively, "parties") maintain organizations of employees with technical expertise in matters affecting public utility, energy and related businesses and own or acquire related equipment, facilities, properties and other resources; and

WHEREAS, IPL, taking into consideration its utility responsibilities, and AES and the Affiliates, taking into consideration the needs of their business operations, may from time to time engage in mutually beneficial transactions and cost sharing arrangements involving the sharing

of services, the sharing of the use of property, the transfer of property or the joint acquisition of goods and services from third parties; and

**WHEREAS**, this Agreement is made for the purpose of delineating the terms and conditions under which such transactions will take place (a) for the mutual advantage of the parties; (b) in a manner consistent with IPL's utility responsibilities and the needs of the business operations of AES and the Affiliates; and (c) with an appropriate, fair and reasonable allocation of costs among the affected parties;

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

#### **ARTICLE 1. TRANSACTIONS COVERED.**

Section 1.1. Participation By IPL. This Agreement applies only to transactions in which IPL is a participant.

#### Section 1.2. Provision of Services and Goods.

(a) Each party (a "Providing Company") will provide services, sell goods and make services available to other parties (each a "Receiving Company") on the terms and conditions set forth herein, provided in the sole discretion of the Providing Company the same can be provided without impairment of its utility responsibilities or business operations, as the case may be.

(b) The types of services that may be provided under this Agreement include, but shall not be limited to, services in such areas as engineering and construction; operation and

maintenance; information services; regulatory compliance; negotiation and procurement; safety audits and services; environmental audits and services; performance analyses; telecommunications; human resources; fringe benefits; insurance; internal audits; financial reporting; training; and the generation, transmission and delivery of electric power

(c) A party may make a proposal to sell property to or purchase property from another party, providing the property is not needed by the Providing Company for its utility or business operations, as the case may be. The party receiving such a proposal, in its sole discretion, may decide whether to participate in the transaction.

(d) Affiliate transactions involving sales or other transfers of electric energy, generating capacity or transmission capacity are outside the scope of this Agreement.

(e) Transactions pursuant to this Agreement that involve a party with market-based rate authority from the Federal Energy Regulatory Commission ("FERC") are subject to applicable conditions and requirements of FERC relating thereto.

Section 1.3. Loaned Employees.

(a) A Providing Company may loan one or more of its employees to a Receiving Company, provided that such loan shall not, in the sole discretion of Providing Company, interfere with or impair Providing Company's utility responsibilities or business operations, as the case may be.

(b) While performing work on behalf of the Receiving Company, any such loaned employees shall be under its supervision and control (it being understood that such persons shall nevertheless remain employees of Providing Company and nothing herein shall be construed as creating an employer-employee relationship between any Receiving Company and any loaned employees). Accordingly, for the duration of any such loan, the Providing Company shall continue to provide its loaned employees with the same payroll, pension, savings, tax withholding, unemployment, bookkeeping and other personnel support services then being provided by Providing Company to its other employees.

Section 1.4. Joint Purchasing.

(a) The parties may elect to participate in transactions, on a joint basis, for the acquisition of services and goods from third parties.

**ARTICLE 2. COMPENSATION**

Section 2.1. Cost of Services and Goods. As compensation for any services or goods provided pursuant to this Agreement, Receiving Company shall pay to Providing Company the allocated cost thereof as provided herein. As soon as practicable after the close of each month, Providing Company shall render to each Receiving Company a statement reflecting the billing information necessary to identify the costs charged for that month. All amounts so billed shall be settled by Receiving Company within 90 days after receipt thereof.

Section 2.2. Charges For Services. To the extent practicable, the cost for services rendered by one party to another party shall be directly allocated to the Receiving Company based on the time expended, the salaries and wages of the personnel of the Providing Company

engaged in the provision of the services, payroll related expenses, overheads and indirect expenses applicable to such labor costs, and direct expenses. Labor costs and other costs that cannot be directly allocated shall be charged to the Receiving Companies based upon allocation ratios agreed to by the affected parties that allocate costs on a reasonable and equitable basis, giving consideration to the nature of the transaction and the cost causative characteristics of the services being provided.

Section 2.3. Goods. The price for materials, supplies, goods and property sold by a Providing Company to a Receiving Company will be the fair market value for such materials, supplies, goods or property and shall not exceed the price that might be obtained in a comparable arm's length transaction with a non-affiliate.

Section 2.4. Use of Facilities and Vehicles. Costs relating to the use of a facility of a Providing Company will be allocated to the Receiving Company as rent based on square footage occupied. Rent will reflect an allocated share of investment carrying charges (or lease expense, if applicable), depreciation and property taxes. Costs relating to the use of vehicles or equipment of a Providing Company will be allocated to the Receiving Company based on the amount of time the vehicles or equipment is used and shall not exceed the fair rental value thereof.

Section 2.5. Joint Purchasing. In the event the parties (in total or any two or more of them) purchase goods or services from a third party vendor or supplier on a joint basis, the costs will, to the extent practicable, be allocated directly by the vendor or supplier to the companies participating in the purchase. If direct allocation is not practicable, the costs shall be charged to

the participants based upon allocation ratios that are reasonable and equitable in the circumstances.

### **ARTICLE 3. LIMITATION OF LIABILITY; INDEMNIFICATION**

Section 3.1. Limitation of Liability/Services. In performing services pursuant to this Agreement, the Providing Company will exercise due care to assure that the Services are performed in a workmanlike manner and consistent with any applicable legal standards. The sole and exclusive responsibility of the Providing Company for any deficiency therein shall be promptly to correct or repair such deficiency or to re-perform such services, in either case at no additional cost to the Receiving Company, so that the services fully conform to the standards described in the first sentence of this Section 3.1. No Providing Company makes any other warranty with respect to the provision of services, and each Receiving Company agrees to accept any services without further warranty of any nature.

Section 3.2. Indemnification. In respect of any services provided under this Agreement, any Receiving Company that requested such services shall defend, indemnify and hold harmless the Providing Company thereof, and each of its officers, directors, employees and agents, from and against, and shall pay the full amount of, any loss, liability, claim, damage, expense (including costs of investigation and defense and reasonable attorneys' fees), whether or not involving a third-party claim (collectively, "Damages") arising, directly or indirectly, from or in connection with the provision of such services. Such indemnity shall apply regardless of whether the claims result from any asserted or actual negligence or willful misconduct of, or breach of warranty by, the Providing Company or any of its officers, directors employees or

agents. Such indemnity shall not apply, however, to the extent that the Providing Company receives insurance proceeds in respect of any such claim.

#### **ARTICLE 4. MISCELLANEOUS**

Section 4.1. Regulation. This Agreement is subject to all state and federal regulatory requirements that may be applicable to the Agreement or any transaction hereunder.

Section 4.2. Amendments in Writing. Any amendments to this Agreement shall be in writing executed by or on behalf of each of the parties hereto.

Section 4.3. Effective Date; Term. This Agreement shall become effective upon the date of its filing with the Indiana Utility Regulatory Commission and shall continue in full force and effect as to each party until terminated by any party, as to itself only, upon not less than 30 days prior written notice to the other parties hereto, provided that any such notice of termination by IPL shall be effective as to AES and all Affiliates when provided to AES. This Agreement shall automatically terminate without notice as to any party, as to itself only, if and when it ceases to be a subsidiary of AES. Any termination pursuant to this Section 4.3 shall not be deemed an amendment for purposes of Section 4.2.

Section 4.4. Additional Parties. Entities that become subsidiaries of AES after the effective date of this Agreement shall automatically become parties to this Agreement, whereupon each such entity shall be deemed a "party" hereto for all purposes hereof and shall thereupon become bound by the terms and conditions of this Agreement as if an original party hereto. The addition of any such entity as a party to this Agreement, in the absence of any

changes to the terms of this Agreement, shall not be deemed an amendment for purposes of Section 4.2.

Section 4.5. IPL-IPALCO Allocation Agreement. This Agreement shall not affect, amend or supercede the Agreement On Allocation and Billing Procedures dated as of May 25, 1994 between IPALCO Enterprises, Inc., IPL and the other subsidiaries of IPALCO Enterprises, Inc. which shall remain in effect as to the parties thereto.

Section 4.6. Other Agreements The parties reserve the right to make other agreements for the provision of services and goods, the sharing of services and joint purchasing on terms different from those provided herein

Section 4.7 Severability; Regulatory Requirements. If any provision of this Agreement or any application thereof shall be determined to be invalid or unenforceable, the remainder of this Agreement and any other application thereof shall not be affected thereby.

Section 4.8 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto, provided that a Providing Company shall not be entitled to assign or subcontract to any third party any of Providing Company's obligations under this Agreement without the prior approval of each affected Receiving Company.

Section 4.9. Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of Indiana, without regard to conflicts of laws principles

Section 4.10. Headings. The section headings used in this Agreement are for convenience of reference only and shall not affect the construction to be accorded any of the provisions hereof.

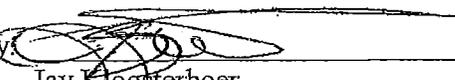
Section 4.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed a duplicate original hereof, but all of which shall be deemed one and the same Agreement.

**IN WITNESS WHEREOF**, each of the parties hereto has caused this Agreement to be executed on its behalf by an appropriate officer thereunto duly authorized, as of the respective dates set forth below.

INDIANAPOLIS POWER & LIGHT  
COMPANY

By:   
Ann D. Murlow, President and CEO

AES CORPORATION on its own behalf  
and on behalf of its subsidiaries other than  
IPL

By:   
Jay Kloosterboer  
Vice President, Business Excellence

**RECEIVED**

DEC 23 2013

INDIANA UTILITY  
REGULATORY COMMISSION

**SERVICE AGREEMENT**

**BETWEEN**

**AES U.S. SERVICES, LLC**

**AND**

**INDIANAPOLIS POWER & LIGHT COMPANY, AND IPALCO  
ENTERPRISES, INC., DPL INC., DAYTON POWER AND LIGHT  
COMPANY, AND SUCH OTHER COMPANIES SET FORTH IN  
SCHEDULE A HERETO**

Dated December 23, 2013  
(to take effect pursuant to Article 3, hereof)

### SERVICE AGREEMENT

This SERVICE AGREEMENT (the "Service Agreement" or "Agreement") is made and entered into, and effective as of, this first day of January, 2014 (the "Effective Date") by and between Indianapolis Power & Light Company ("IPL"), IPALCO Enterprises Inc. ("IPALCO"), DPL Inc. ("DPL Inc."), The Dayton Power and Light Company ("DP&L"), The AES Corporation, on behalf of itself and certain of its subsidiaries that own or operate independent generation assets in the United States ("AES" and together with IPL, IPALCO, DPL Inc., DP&L, The AES Corporation, and such other companies identified on Schedule A hereto and any such other affiliated companies that may in the future execute this form of Service Agreement or otherwise become a party to it by executing a joinder thereto, collectively the "Clients" or "Client Companies" and each a "Client Company" or "Client") and AES U.S. Services, LLC ("Service Company").

#### WITNESSETH:

WHEREAS, both Service Company and the Clients receiving services under this Agreement are direct or indirect wholly-owned subsidiaries of the AES Corporation ("AES");

WHEREAS, Clients are affiliates of the Service Company;

WHEREAS, Service Company has been formed for the purpose of providing administrative, management and other services to the Client Companies on a cost effective basis;

WHEREAS, the Service Company and Clients agree to enter into this Service Agreement whereby the Clients may seek certain services from the Service Company and the Service Company agrees to provide such services upon request and upon the Service Company's conclusion that it is able to perform such services. Further, the Client Companies agree to pay for the services by the Service Company as provided herein at fully allocated cost, which requires the Service Company to assign and/or fairly and equitably allocate costs incurred in the provision of services under this Agreement among all Clients to which it renders services;

WHEREAS, the provision of the Services at fully allocated cost, and in accordance with fair and equitable allocation factors based on cost causation, will result in reasonable fees for the Services while avoiding cross-subsidization, all of which is in the public interest as required by Indiana Code § 8-1-2-49; and

WHEREAS, AES has decided to locate the Service Company in Indianapolis, Indiana, which will result in numerous high quality jobs being created or relocated to Indianapolis;

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Service Agreement covenant and agree as follows:

## ARTICLE 1

### SERVICES

1.1 The Service Company shall furnish to each Client Company, as requested by such Client Company, upon the terms and conditions hereinafter set forth, the services described in Appendix A hereto (the "Services"), at such times, for such periods and in such manner as each Client Company may from time to time request and that the Service Company concludes it is able to perform. The Service Company shall provide each Client Company with additional services ("Additional Services"), in addition to those Services described in Appendix A hereto, as may be requested by such Client Company and that the Service Company concludes it is able to perform. In supplying the Services and any Additional Services, the Service Company may arrange, where it deems appropriate in consultation with Client, for the services of such experts, consultants, advisors, and other persons with necessary qualifications as are required for or pertinent to the provision of such Services and any Additional Services. In addition, the parties recognize and agree that, along with the requested Services and Additional Services, the Service Company will as necessary be utilizing, and charging Client Companies for, associated materials and supplies including, but not limited to, office equipment and supplies, information technology, software and related expenses.

1.2 Client Companies shall take from the Service Company the Services, and such Additional Services, whether or not now contemplated, as are requested from time to time by each such Client Company and that the Service Company concludes it is able to perform. All services rendered pursuant to this Service Agreement shall be provided at the actual full cost thereof, and the costs of such services shall be fairly and equitably assigned or allocated to appropriate Client Companies in accordance with the Cost Alignment and Allocation Manual being filed by the Service Company with the Indiana Utility Regulatory Commission ("IURC") as of the date hereof (the "CAAM").

1.3 Each Client Company shall have the right from time to time to amend or alter any activity, project, program or work order provided that (i) such Client Company pays to the Service Company the cost for the Services covered by the activity, project, program or work order, including therein any expense incurred by the Service Company as a direct result of such amendment or alteration of the activity, project, program or work order, and (ii) such Client Company accepts that no amendment or alteration of an activity, project, program or work order shall release such Client Company from liability for all costs already incurred by or contracted for by the Service Company pursuant to the activity, project, program or work order, regardless of whether the Services (or Additional Services) associated with such costs have been completed.

1.4 The Service Company shall hire, train and maintain an experienced staff able to perform the Services and any Additional Services, or shall obtain experience through qualified third-party resources, as it shall determine in consultation with the Clients. The Service

Company shall execute its responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If any Client becomes dissatisfied with the work product of or the working relationship with those individuals assigned to provide Services to it on behalf of the Service Company, such Client may request in writing the replacement of any or all such individuals, and the Service Company shall grant such request.

## ARTICLE 2

### COMPENSATION

2.1 As compensation for the Services and any Additional Services to be rendered hereunder, each Client Company shall compensate and pay to the Service Company all costs reasonably identifiable and related to particular Services and any Additional Services performed by the Service Company for or on such Client Company's behalf. The methods for allocating the Service Company costs to Clients, as well as to other affiliated companies, are set forth in the CAAM.

2.2 It is the intent of this Service Agreement that charges for Services and any Additional Services shall be assigned or billed, to the extent possible, directly to the Client or Clients benefitting from such Services or Additional Services. Any amounts remaining after such assignment or such direct billing shall be allocated to Clients using the methods identified in the CAAM. The CAAM and the methods of allocation of cost shall be subject to review by the parties annually, or more frequently if appropriate. The CAAM and such methods of allocation of costs may be modified or changed by the Service Company without the necessity of an amendment to this Service Agreement; provided that, in each instance, all services rendered hereunder shall be at actual costs thereof, fairly and equitably allocated, all in accordance with applicable rules and regulations, including the regulations of the Federal Energy Regulatory Commission ("FERC") regarding the Uniform System of Accounts for Centralized Services Companies, and applicable rules or regulations of the IURC and the Public Utilities Commission of Ohio ("PUCO"). The parties recognize that, in order to protect utility ratepayers from potential cross-subsidization of non-utility affiliates and thus promote the public interest, FERC Orders 707<sup>1</sup>, 707-A, and 18 C.F.R. §35.44(b)(3) require that a public utility, such as IPL or DP&L, may only purchase or receive non-power goods and services from a centralized service company at cost. Additionally, the Service Company will notify the IURC and PUCO of any significant changes to the CAAM.

2.3 The Service Company shall render a monthly statement to Client that shall reflect all information necessary to identify the costs charged and Services and any Additional Services rendered for that month. Client shall undertake an immediate review of the statement and identify all questions or concerns regarding the charges reflected within twenty (20) days of

---

<sup>1</sup> In its Order 707, the Federal Energy Regulatory Commission ("FERC") stated that these "at cost" restrictions would help it to meet the requirement of amended section 203(a)(4) [16 U.S.C. 824b(a)(4)] of the Federal Power Act that a transaction not result in the inappropriate cross-subsidization of a non-utility associate company. The FERC further stated that the restrictions would help assure just and reasonable rates and the protection of captive customers for all public utilities pursuant to sections 205 and 206 of the Federal Power Act.

receipt of the statement. If no concerns are identified within that time, Client shall remit to the Service Company payment for all charges billed to it within thirty (30) days of receipt of the monthly statement.

2.4 Each Client Company agrees to provide the Service Company, from time to time, as requested, such financial and statistical information as the Service Company may need to compute the charges to be billed to such Client Company consistent with the method of allocation set forth in the CAAM.

2.5 It is the intent of this Service Agreement that the payment for services rendered by the Service Company to each Client Company under this Service Agreement shall cover all the Service Company's costs of doing business including, but not limited to, salaries and wages, payroll taxes, office equipment and supplies, information technology, software and related expenses, outside services employed, insurance, employee and retiree pensions and benefits, miscellaneous general expenses, rents, maintenance of structures and equipment, depreciation and amortization, and compensation for use of capital.

### ARTICLE 3

#### TERM

3.1 This Service Agreement shall become effective upon filing a fully executed copy of the Service Agreement with the IURC. Unless otherwise agreed by the parties and approved by the IURC, this Service Agreement shall continue in force until the earlier of (i) five (5) years from the Effective Date or (ii) the date the Service Agreement is terminated by the Service Company or Client upon not less than ninety (90) day's prior written notice to the other parties. As contemplated below, an individual Client Company may terminate its participation in this Service Agreement without causing a termination of the Service Agreement itself, so long as the Service Company and the other Client Companies do not object. This Service Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent a governmental body having jurisdiction over one or more Clients determines that performance under this Service Agreement conflicts with any rule, regulation or order of any such governmental body; alternatively, as contemplated below, in such a situation involving an individual Client Company, the remaining Client Companies and the Service Company can agree to continue the Service Agreement without that individual Client Company, so long as the Service Company and the other Client Companies do not object. With [ninety (90)] days prior written notice to the Service Company, a Client may withdraw from the Service Agreement and the Service Agreement shall remain in full force and effect for all non-withdrawing Clients. Further, this Service Agreement shall terminate with respect to any individual Client Company immediately upon such Client Company ceasing to be an affiliate of the Service Company.

## ARTICLE 4

### MISCELLANEOUS

4.1 All accounts and records of the Service Company shall be kept in accordance with the Uniform System of Accounts for Centralized Service Companies promulgated by FERC. The Service Company shall permit the IURC and PUCO access to its accounts and records, including the basis and computation of allocations, as necessary for such state regulators to review the operating results of a regulated Client Company under their jurisdiction

4.2 The Client may provide certain services, such as labor or office space, to the Service Company under a separate affiliate agreement, including compensation therefore. The Service Company will, in turn, charge the cost of such services to the appropriate Client(s) in accordance with the provisions of Article 2 above.

4.3 New direct or indirect subsidiaries of AES, which may come into existence or be acquired after the effective date of this Service Agreement, may become additional Clients of the Service Company and subject to this Service Agreement with the Service Company by execution of this Services Agreement (or by executing a joinder to this Service Agreement), as it may be amended from time to time. The parties hereto shall make such changes in the scope and character of the Services to be rendered and the method of allocating costs of such Services as specified in the CAAM, subject to the requirements of Section 2.2, as may become necessary to achieve a fair and equitable allocation of the Service Company's costs among all Clients including any new subsidiaries. The parties shall make similar changes if any Client withdraws from the Services Agreement or ceases to be affiliated with the Service Company, as set forth in Article 3.

4.4 The Service Company shall permit Client reasonable access to its accounts and records, including the basis and computation of allocations.

4.5 The Service Company and Client shall comply with the terms and conditions of all applicable contracts managed by the Service Company for the Client, individually, or for one or more Clients, collectively, including without limitation terms and conditions preserving the confidentiality and security of proprietary information of vendors.

4.6 Subject to the terms and conditions of this Agreement and applicable Client corporate policies, the Client Companies hereby appoint the Service Company as their agent to authorize expenditures for and enter into contracts and arrangements with third parties as necessary and appropriate to carry out the purposes of this Agreement.

4.7 If notice is required by this Agreement, all notices, consents, certificates or other communications hereunder shall be in writing and shall be deemed given when sent by email, PDF, or United States registered or certified mail, postage prepaid as follows:

Kurt Tornquist  
Controller  
AES US Services, LLC  
One Monument Circle  
Indianapolis, Indiana 46204  
Email: [kurt.tornquist@aes.com](mailto:kurt.tornquist@aes.com)

Kelly Huntington  
President  
Indianapolis Power & Light Company  
One Monument Circle  
Indianapolis, Indiana 46204  
Email: [kelly.huntington@aes.com](mailto:kelly.huntington@aes.com)

Derek Porter  
President  
The Dayton Power and Light Company  
1065 Woodman Drive  
Dayton, Ohio 45432  
Email: [derek.porter@aes.com](mailto:derek.porter@aes.com)

Bernerd DaSantos  
Chief Financial Officer  
The AES Corporation  
4300 Wilson Boulevard  
Arlington, VA 22203  
Email: [Bernerd.dasantos@aes.com](mailto:Bernerd.dasantos@aes.com)

With Copies To:

Michael S Mizell  
General Counsel  
AES U.S. Services, LLC  
One Monument Circle  
Indianapolis, Indiana 46204  
Email: [mike.mizell@aes.com](mailto:mike.mizell@aes.com)

and

Brian Miller  
Executive Vice President, General Counsel and Corporate  
Secretary  
The AES Corporation  
4300 Wilson Boulevard  
Arlington, VA 22203  
Email: brian.miller@aes.com

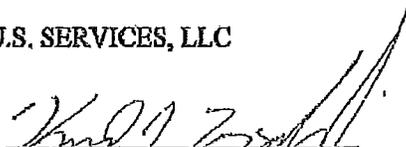
4.8. This Service Agreement shall be governed by and construed in accordance with the laws of the State of Indiana, without regard to its conflict of laws and provisions.

4.9. This Service Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and a fully executed copy has been filed with the IURC in accordance with Indiana Code § 8-1-2-49. Similarly, any amendments to the Service Agreement shall become effective when one or more counterparts have been signed by each party and a fully executed copy has been filed with the IURC in accordance with Indiana Code § 8-1-2-49.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

AES U.S. SERVICES, LLC

By:   
Name: KEN ZAGZEBSKI  
Its: PRESIDENT

The AES Corporation

By:   
Name: BERNERS DA SANTOS  
Its: Officer

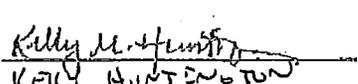
DPL INC.

By:   
Name: Derek A. Porter  
Its: President

THE DAYTON POWER AND LIGHT  
COMPANY

By:   
Name: Derek A. Porter  
Its: President

INDIANAPOLIS POWER & LIGHT  
COMPANY

By:   
Name: KELLY HUNTINGTON  
Its: PRESIDENT

**IPALCO ENTERPRISES, INC.**

By: Kelley M. Huntinton  
Name: KELLY HUNTINTON  
Its: PRESIDENT

**IPL Funding Corporation**

By: Kelley M. Huntinton  
Name: KELLY HUNTINTON  
Its: PRESIDENT

**Mid-American Capital Resources, Inc.**

By: Kelley M. Huntinton  
Name: KELLY HUNTINTON  
Its: PRESIDENT

**DPL Energy Resources, Inc.**

By: Timothy B. Rice  
Name: Timothy B. Rice  
Its: Treasurer / Secretary

**DPL Energy, LLC**

By: Timothy B. Rice  
Name: Timothy B. Rice  
Its: Treasurer / Secretary

Miami Valley Lighting, LLC

By: Timothy G. Rice  
Name: Timothy G. Rice  
Its: Treasurer/Secretary

Miami Valley Insurance Co., Inc.

By: Timothy G. Rice  
Name: Timothy G. Rice  
Its: Treasurer

MacGregor Park, Inc.

By: Timothy G. Rice  
Name: Timothy G. Rice  
Its: Treasurer/Secretary

SCHEDULE A – CLIENT COMPANIES

Indianapolis Power & Light Company

IPALCO Enterprises, Inc.

IPL Funding Corporation

Mid-American Capital Resources, Inc.

The AES Corporation

DPL Inc.

Dayton Power & Light Company

DPL Energy Resources, Inc.

DPL Energy, LLC

Miami Valley Lighting, LLC

Miami Valley Insurance Company, Inc.

MacGregor Park, Inc.

## APPENDIX A

### AES U.S. SERVICES, LLC

#### **DESCRIPTION OF SERVICES TO BE PROVIDED BY SERVICE COMPANY**

Descriptions of the expected services to be provided by the Service Company are identified below and set forth in more detail in the CAAM. The descriptions are deemed to include services associated with, or related or similar to, the services contained in such descriptions. The details listed under each heading are intended to be illustrative rather than inclusive and are subject to modification from time to time in accordance with the needs of the Clients.

1. **Corporate Costs** - The Corporate Costs area represents the overhead costs for general expenses and insurance. This area includes costs associated with employee benefits (including health care, dental care, life insurance, long-term disability, savings plans, pension plans, etc.), workers compensation expenses and payroll-related taxes (including FICA, Medicare, state and federal unemployment taxes, etc.). The area also represents the insurance premiums and payments associated with insuring corporate risks including property, environmental, and general liability. Corporate Costs will also include interest expense on debt or loans incurred by the Service Company for its working capital and other corporate needs.
2. **Executive Staff** - The Executive Staff area is responsible for the leadership, oversight, expertise, decision making, and direction for the entire company.
3. **Controller** - The Controller area is responsible for the safe guarding of Company assets and the proper accounting of the business activities of the AES US SBU Companies in accordance with Generally Accepted Accounting Principles ("GAAP"), FERC Uniform System of Accounts, and the state rules of Indiana and Ohio. The Controller area also ensures that the Sarbanes-Oxley ("SOX") controls are being fully maintained. The area is also responsible for much of the reporting that is performed within the Finance Area. Areas under the Controller's responsibility include Technical Accounting, Financial Reporting, Regulatory Accounting, Fixed Asset Accounting, Payroll, Accounts Payable, Operational Accounting, Revenue Accounting, and General Accounting.

4. **Technical Accounting** - The Technical accounting area is responsible for reviewing contracts for the proper accounting treatment, participating in discussions of proposed or potential transactions, and reviewing and staying apprised of new and pending accounting pronouncements. To accomplish this, the area is in frequent contact with the various AES US SBU businesses and individuals at the AES Corporate level.
5. **Financial Reporting** - The Financial Reporting Area is responsible for timely and accurate external reporting to the Securities and Exchange Commission ("SEC"), banks and investing partners for the AES US SBU. This area's reporting includes statutory filings and requirements of the SEC including 10Ks, 10Qs, 8Ks, etc. The area prepares financial statements and both internal and external management discussions. The area is also responsible for adherence to applicable SOX controls.
6. **Regulatory Accounting** - The Regulatory Accounting area is responsible for the accuracy and completion of all accounting entries related to regulatory assets or liabilities for Indianapolis Power & Light Company ("IPL") and Dayton Power & Light Company ("DP&L"). The area is responsible for the accounting portion of timely and accurate rate filings of IPL and DP&L. The area prepares all IPL accounting schedules for rate adjustment mechanisms. The area provides information for DP&L rate adjustment mechanisms to DP&L Regulatory Affairs. The area prepares written accounting testimony and when necessary provides expert accounting testimony, in public hearings for both IPL and DP&L. The area coordinates and files all FERC 3-Q and Form 1 filing and required state filings.
7. **Fixed Assets** - The Fixed Assets area maintains fixed asset and project systems. The area is responsible for other property accounting matters including project set-up and closures, determination of rates of Allowance for Funds Used During Construction ("AFUDC") and capitalized interest, maintenance of the property unit record catalogs, and the administration of the Project Expenditure Authorization process. The area is responsible for the oversight of generating plant and major plant construction accounting services and various special projects as assigned.
8. **Accounts Payable** - The Accounts Payable area performs the central processing of accounts payable invoices and disbursements and other related accounts payable functions such as the annual IRS Form 1099 processing. The area performs other clerical accounting functions for various affiliates such as the recordation of month-end liability accruals.
9. **Payroll** - The payroll area is responsible for processing and issuing bi-weekly payroll with interfaces to ADP. The area issues payroll reports and IRS Form W-2's. This area provides oversight of payroll related matters including the impact to General Ledger balances and Payroll bank account balances.

10. **Operational Accounting** - The Operational Accounting area is responsible for the accounting functions of the AES US SBU Companies, primarily IPL, DPL and the Service Company. The area assists in the formulation and administration of approved accounting practices throughout the Company to assure timely and accurate financial accounting and reporting. The area is responsible for journal entries, reconciliations, SOX controls, proper FERC and GAAP accounting and reporting and for assisting operational areas in various capacities including analysis, accounting expertise and understanding results of operations. The area is also responsible for the proper and equitable allocation of costs of the service company and the various allocations for IPL and DPL. The area assists in budgeting and forecasting, Key Performance Indicator ("KPI") measures and statistical information for the AES US SBU. The area also prepares regulatory reporting pages, assists in rate cases and maintains most allocation rates for the AES US SBU.
  
11. **General Accounting** - The General Accounting area is responsible for the general accounting functions of the AES US SBU Companies, including its subsidiaries, as well as the preparation and maintenance of reports. The area assists in the formulation and administration of approved accounting practices throughout the Company to insure that financial reports accurately reflect the condition of the business and provide reliable information necessary to control operations. The area also assists with testing of the Company's financial SOX controls insuring compliance to all applicable SOX controls and assists with complex accounting projects.
  
12. **Revenue Accounting** - The revenue accounting area is responsible for revenue and accounts receivable accounting of thermal and wind generation businesses in the US for IPL and DPL and its subsidiaries. The area functions include revenue recognition, market based contracts, regulatory rate cases, accounts receivable, and cash collection. The area is involved in supporting the preparation of financial reports to assist management in reviewing financial reporting in compliance with SEC regulations. The area is responsible for ensuring that revenue and accounts receivable are completely and accurately presented in the financial reports and ensuring compliance with controls and procedures to maintain integrity of financial numbers.
  
13. **Treasury** - The Treasury area is focused on activities that include financings, credit & compliance, and back office/operations. The area's financing activities include: planning, structuring and execution of all debt and equity financings including but not limited to; taxable/tax exempt bond issuances, securitizations, A/B bank loans, revolving credit facilities, letters of credit, and project financed bank loans and tax equity financing. As part of this activity the Treasury acts as the central interface with all local/regional and international banks and the three most recognized credit rating agencies (Fitch, S&P & Moody's). The credit & compliance activities include: oversight of interaction with stock and bond transfer agents, Administrative and

Collateral agents and Trustees, administers and ensures reporting requirements are met under all relevant financing documents and manages third party credit exposure. The back office/operations activities include: cash management functions of all AES US SBU legal entities, including but not limited to, analysis and recommendation of investment opportunities, daily short-term cash investing, all wire transfer operations.

14. ***FP&A – Competitive Generation*** - The Financial Planning & Analysis – Competitive Generation area is responsible for management planning and decision making, identifying, maintaining, and evaluating information relating to budgets and long range forecasts. The area is specifically responsible for coordination of the 10-year budget of the company and presenting 10-year budgeted financials to AES. The area is also responsible for updating the monthly forecast and preparing monthly variance analysis comparing actual to budget and prior forecast. The area creates monthly performance reports summarizing financial and operational data for internal and AES management. The area maintains a long term financial model of the company and uses that model to prepare financial analysis reviewing options for major capital additions and other projects or initiatives for DPL Inc. and Competitive Generation businesses within the AES US SBU.
  
15. ***Financial Planning and Analysis – Utilities*** - The Financial Planning & Analysis – Utilities area is responsible for management planning and decision making, identifying, maintaining, and evaluating information relating to budgets and long range forecasts. The area is specifically responsible for coordination of the 10-year budget of the company and presenting 10-year budgeted financials to AES. The area is also responsible for updating the monthly forecast and preparing monthly variance analysis comparing actual to budget and prior forecast. The area creates monthly performance reports summarizing financial and operational data for internal and AES management and maintains a long term financial model of the company and uses that model to prepare financial analysis reviewing options for major capital additions and other projects.
  
16. ***Tax*** - The Tax area is responsible for all Federal, State and Local tax accounting, compliance and planning for the AES US SBU. The area's responsibilities include the filings of all income, sales and use, property and miscellaneous returns. The Tax area is also responsible for all tax audits related to AES US SBU operations. The area is responsible for all SOX controls related to tax accounting and for the tax sections of all SEC, FERC and other Regulatory filings.
  
17. ***Enterprise Risk Management*** - The Enterprise Risk Management area develops an Enterprise Risk Management framework for identifying, assessing and managing risks. The area assists business units in implementing Enterprise Risk Management concepts into their business processes to include risk measurement techniques. The area provides continuing consultation and support to Business Units on Enterprise

Risk Management concepts. The area facilitates risk assessment meetings with significant functional groups at least annually and maintains a risk register of significant business risks and their status for each business unit across the AES US SBU.

18. ***Risk Management*** - The Risk Management area is primarily responsible for creating and maintaining effective controls for the settlement of commodities. The area's responsibilities includes support of the credit function to ensure relevant risk management information is identified, authorized, processed, recorded and reported through reporting systems.
19. ***Settlements*** - The Settlements area supports and manages the settlement of commodity transactions including items used in the calculation of the fuel adjustment clause. The area ensures that information used for billing is accurate, properly processed, recorded and reported in a fully auditable format.
20. ***Insurance*** - The Insurance area develops, recommends, and administers risk management and loss prevention programs to maintain maximum protection of the Company's and its affiliates' assets at the most economical rates. The area investigates and reports on accidents involving Company and Affiliate property, services, or products, with resultant coordination between insurance companies and attorneys. The area reviews and analyzes data and devises risk minimization programs.
21. ***Legal Services*** - The Legal Services area is responsible for providing legal assistance, counsel, and advice on the activities of the AES US SBU and its affiliated companies to ensure maximum protection of corporate legal rights. The area keeps abreast of legislative and administrative regulatory developments, particularly as they affect the operation of the AES US SBU and its affiliates. The area handles or directs suits or claims against the AES US SBU and its affiliates. Also, handles or directs proceedings in suits, claims, or appeals brought by the AES US SBU and its affiliates. The area provides counsel in regulatory and environmental activities. The area is responsible for filings, reports, and statements of a legal nature. The area is also involved with financings, tax, corporate governance, bankruptcy, contract and lease drafting, negotiation and review, SEC compliance filings and mortgage administration.
22. ***Environmental Management*** - The Environmental Management area is responsible for setting and implementing corporate environmental strategy and compliance policy. The area conducts audits and reviews plant submissions to ensure continuous compliance with all federal, state, and local regulations. The area responds to agency actions, and monitors new or updated environmental regulations, enforcement initiatives and governmental policies that could affect the Company. The area

participates in Company planning activities to minimize costs and other impacts of environmental regulations on operations.

23. ***Human Resources – Operations*** - The Human Resources Operations area manages the following functions: talent acquisition (salaried & hourly), testing, diversity, compliance, reporting and hiring. The duties of the HR Operations area also include the administration of Family & Medical Leave (FMLA), background and reference checking, HR file creation and retention as well as Oracle maintenance of Human Resource Information Systems. The area coordinates both the college intern and co-op programs. HR facilitates contingent employee recruitment and placement. The area also manages the policy of random drug testing of employees and contractors.
24. ***Human Resources – Total Rewards*** - The Human Resources Total Rewards area designs, develops, implements, administers, and communicates the company's Total Rewards programs including health, welfare, wellness, retirement, base pay, incentives and other rewards. The area in conjunction with AES global, HR Total Rewards develops and executes the total rewards philosophy and supporting policies and practices. The area analyzes current programs to ensure they align with the business strategy. The area evaluates the market competitiveness and cost-effectiveness of compensation and benefit plans to ensure they optimize the ability to attract and retain top talent.
25. ***Human Resources – Talent Development*** - The Human Resources – Talent Development area is responsible for talent management functions of the Company. The area's responsibilities include the development, coordination, and facilitation of workforce planning processes, people development strategies, change management and leadership development programs and overall coordination of talent management.
26. ***Human Resources – Employee and Labor Relations*** - The Human Resources – Employee and Labor Relations area supports the organization's strategy and promotes HR initiatives, policies, and goals in alignment with the organization's vision; preparing its people for growth and overall employee satisfaction. The area builds effective partnerships with business/functional stakeholders. The area implements the developmental and recruiting process to ensure that talent is best utilized throughout the organization for today and into the future. The area formulates and administers the Company's labor relations policy, subject to top management guidance and approval. The area represents management in labor relations, including the negotiation, interpretation, and administration of collective bargaining agreements.
27. ***Internal Communications*** - The Internal Communication area is responsible for gathering information, writing and editing a weekly electronic newsletter and quarterly magazine that is sent to all AES US SBU employees. The Area oversees the distribution of internal messaging from AES US SBU leaders. The area writes

and edits for various Human Resource projects. The area assists with internal communications efforts involving leaders and employees.

28. ***Customer Service*** - The Customer Service area is responsible for the customer service functions of the Company and its Affiliates including IPL's walk-in facility, call center and billing and credit departments, as well as DPL's call center, customer billing system and control area services. The area is responsible for ensuring a high level of customer satisfaction and service at both companies and for timely and accurate billing to all customers. The area is responsible for identifying process and quality improvement initiatives related to customer satisfaction as well as the overall objectives of the Company and its Affiliates.
  
29. ***Metering Services*** - The Metering Services area is responsible for the low voltage metering work at both IPL and DP&L, including meter installation, meter reading, field collections and services. The area shares knowledge of advanced metering technologies, utility practices and standards, national electric safety code, state and local compliance, and safety procedures. The area is familiar with both Ohio and Indiana regulations and ensures field work complies with the applicable state rules. In addition, the area has working knowledge of both labor agreements at DP&L and IPL. The area participates as a storm team manager for one of the four storm teams at DP&L.
  
30. ***T&D Reliability Programs*** - The T&D Reliability Programs area is responsible for the operations and management of the integrated AES US SBU (DP&L & IPL) T&D vegetation management, underground cable maintenance and pole inspection programs. The area is responsible for the Ohio ESSS Rule 27 maintenance programs at DP&L (Distribution Line Patrol, Primary & Secondary enclosures, line reclosers, line capacitors, air break switches, etc.). The area's responsibility includes the annual execution of the programs and the associated regulatory compliance tasks (audits, annual reports, etc.).
  
31. ***T&D Engineering*** - The T&D Engineering area is responsible for the engineering design functions, real estate operations, joint use and drafting for both DPL and IPL. The area participates as a storm team manager for one of four storm teams at DP&L. The area has knowledge of utility standards and practices, national electric safety code, state and federal compliance requirements, joint use agreements, computer aided design and GIS applications. The area also has working knowledge of DPL and IPL labor agreements.
  
32. ***T&D Engineering & Compliance*** - The T&D Engineering & Compliance area is responsible for managing engineering design services for Substations, System Protection and Transmission Lines for IPL and DP&L. The area's responsibilities include the design of new substations and upgrades to existing transmission and

distribution substations. The area is responsible for the design of relay protection systems for substations, transmission lines and upgrades to existing protection systems. The area handles the design, upgrade, and maintenance plans for transmission lines rated 69 kV and above. The area conducts studies and develops plans for expansion and upgrades to the distribution system. The only services provided by the area for IPL include Transmission Planning, NERC Compliance activities, T&D capital project cost oversight, and reliability metrics calculations.

33. ***T&D Support Operations*** - T&D Support Operations area is responsible for managing IPL Lines Construction, Service Connections, Street Lighting and Training. Additional responsibilities include IPL Contractor Services consisting of Overhead Maintenance, Under Ground Trenching Services, Substation Facility Maintenance, and Under Ground Street Light Maintenance and Construction. The area is responsible for IPL Facilities & Maintenance functions that are supporting operations for IPL facilities including the Electric Building, Morris Street Operations Center, Arlington Service Center, and the walk-in Customer Service Center. Additional responsibilities for the area include IPL Work & Project Management for Lines Construction work scheduling which includes IPL Material Handling functions, transformer repair shop, and tool room areas. The area is responsible for IPL Administrative support for IPL T&D operations which includes support for data collection, performance & compliance information for reporting, and departmental timekeeping. The area also manages DP&L and IPL T&D Fleet operations with a fleet size of approximately 700 vehicles.
  
34. ***Infrastructure Security*** - The Infrastructure Security area is responsible for cyber security activities, physical security activities, contract security (guard service selection and training), security incident response plans, risk assessments, threat intelligence and analysis activities, auditing activities and automation management and strategic security developments at DP&L, IPL and 15 other business locations in the AES US SBU. Responsible for internal and external cyber and physical policy and procedures to meet the requirements for the FERC/NERC Critical Infrastructure Protection ("CIP") Standards as well as various federal and industry (SOX and PCI) compliance requirements. The area coordinates internal and external investigations and maintains liaison with local, state and federal law enforcement agencies. The area is responsible for developing and administering security and compliance training and awareness programs.
  
35. ***Safety, Governance & Audit Programs*** - The Safety, Governance, and Audit Programs area is responsible for staying current regarding occupational health and safety rulemaking that has the potential to impact business. The area is responsible for developing safety and health programs to mitigate and/or eliminate occupational health and safety risks. The area develops and delivers programs to all stakeholders to help improve the safety culture of the business. The area also leads incident investigations to determine causal factors. The area helps develop health and

wellness programs for the benefit of all employees, conducts regular safety audits throughout the company and is responsible for safety reporting to the company's management.

36. **Major Construction Safety** - The Major Construction Safety area is responsible for the safety of employees and contractors working on major construction projects of the AES US SBU. The area ensures that safety standards are being followed and works with the construction teams regarding a safe working environment.
37. **Supply Chain** - The Supply Chain area is responsible for the oversight of all the supply chain functions. Oversight areas include Logistics & Material Management – Generation, Logistics & Material Management – T&D, Strategic Sourcing and Business Intelligence & Analytics.
38. **Logistics & Material Management – T&D** - The Logistics & Material Management - T&D area is responsible for reorder point reviews, item consolidation, purchase order/releases for replenishment of T&D stock materials, new stock items, item categorization, physical/cycle inventory counts, stocking programs, and vendor-managed inventory and consignment. In addition, this area will provide storm support to the operational organizations from staffing operations and warehouses on a continuous basis, executing staging areas, expediting materials as well as setting up emergency purchase orders when necessary. In addition, the area will assist with storing, managing delivery and staging of materials.
39. **Business Intelligence & Analytics** - The Business Intelligence and Analytics area is responsible for supplier qualification and maintenance, diversity program, policies and procedures, SOX 404 compliance, internal and external audit liaisons, financials, business forecasting, KPIs, metrics, reporting, sourcing pipeline, value added for the pre/post negotiations, legal/commercial terms and performance evaluations/reviews, and strategic planning while keeping in mind the internal customers' budgets and forecasts. The area is also the liaison for all IT-related systems including Oracle and SAP Supply Chain modules.
40. **Strategic Sourcing** - The Strategic Sourcing area is responsible for all strategic non-stock materials and services purchasing, supplier management including tracking industry trends, category management, supplier relationship management in addition to strategic alliances, supplier diversity and supplier base management. This area is responsible for obtaining requests for proposals including bids, evaluations, total cost of ownership (TCO) and negotiation plans. The area oversees requisitions and purchase orders including ERP support, assisting with setting up purchase orders and change orders. The area is also responsible for providing benefits and maintaining the current sourcing pipeline.

41. ***Logistics & Material Management – Generation*** - The Logistics & Material Management – Generation area is responsible for reorder point reviews, item consolidation, purchase order/releases for replenishment of Generation stock materials, new stock items, item categorization, physical/cycle inventory counts, stocking programs, vendor-managed inventory and consignment. In addition, this area will provide outage support to the operational organizations from staffing operations and warehouses on a continuous basis, executing staging areas, expediting materials as well as setting up emergency purchase orders when necessary. In addition, the area will be responsible for receiving, job kits, and the material recovery, disposal, returns, rebuilds and repairs/refurbishments.
42. ***IT Infrastructure*** - The Infrastructure area is responsible for the information technology infrastructure for the AES US SBU. The area's responsibility includes the deployment and support of enabling technologies including servers, network, data storage, data center, printers and recovery services. The area is also responsible for the deployment and support of communications tools including phones (mobile, cellular, satellite), telepresence, conference bridges, data communication channels and WebEx. The responsibilities for the area includes the capacity planning, budgeting, cost effectiveness, reliability, testing, training and change management.
43. ***IT Competitive Applications*** - The Competitive Applications area is responsible for the Competitive Generation IT applications, business analysis, requirements gathering, solution design and support for the Competitive Generation businesses. The area's responsibilities include procurement, development and deployment of the various Competitive Generation applications. The area is also responsible for support for the applications including maintenance, upgrades and modifications. The area develops roadmaps to be followed. The responsibilities of this area include planning, budgeting, maintaining cost effectiveness, and interfacing with the Competitive Generation business areas.
44. ***IT Enterprise Applications*** - The Enterprise Applications area is responsible for the Enterprise IT applications, database hosting and support for DPL and IPL. This responsibility includes procurement, development and deployment of the various enterprise applications. The area is also responsible for support for the applications including maintenance, upgrades and modifications. The responsibilities of this area include planning, budgeting, and maintaining cost effectiveness. Some of the major IT systems that this area is responsible for include the Oracle suite of products, Business Intelligence Solutions, Data Warehousing, Web Services, IPLpower.com, dplinc.com, Intranet and Data Base Administration.
45. ***IT Collaborative Services*** - The Collaboration Services area is responsible for End User experience. This includes solving any workstation hardware and software needs

of the employees of the AES US SBU. It also entails procurement and deployment of user workstations, laptops and software. The area is a single point of contact to meet the IT needs of employees such as password resets and application support. The responsibilities of the area include the planning, budgeting, maintaining cost effectiveness, reliability of the PCs, testing, training workstation records/replacements/upgrades of the many workstations throughout the AES US SBU.

46. ***IT Strategy, Security and Governance*** - The Strategy, Security and Governance area is responsible for establishing the system architecture and the security architecture of the information technologies within the AES US SBU as well as leading the Project Management Office for IT initiatives. A major goal of this area is to secure data and to prevent system intrusion within the AES US SBU. This responsibility includes account provisioning, overseeing remote access, monitoring, mobile device management, maintaining anti-virus software and controls and security investigations. The area is also responsible for approving and defining priorities for the IT portfolio and for maintaining electronic records. The responsibilities of this area include planning, budgeting, maintaining cost effectiveness, governance, project delivery, benefit realization, and IT SOX controls within the Information Technology Organization.
47. ***IT T&D Applications*** - The T&D Applications area is responsible for the Transmission and Distribution IT applications, database hosting and support for IPL and DP&L. The area's responsibilities include procurement, development and deployment of the various T&D applications. The area is also responsible for support for the applications including maintenance, upgrades and modifications. The area develops roadmaps and ensures proper testing. The responsibilities of this area include planning, budgeting, maintaining cost effectiveness and Critical Infrastructure Protection (CIP) controls within the Information Technology Organization. Some of the major T&D IT systems that this area is responsible for include Customer Information Systems (CIS), Geographical Information Systems (G-Tech), Work Management Information Systems, Outage Management Systems and the Energy Management Systems.
48. ***Commercial Management*** - The Commercial Management area is responsible for leadership and support of commercial functions for the AES US SBU. This area includes the division leader, executive administrative support, RTO affairs and project support. Services provided by the Commercial division portion of the area includes merchant portfolio strategy, commercial operations, fuel procurement, RTO affairs, PPA management, competitive retail electric supply, and other projects and activities as needed. RTO Affairs provides understanding and probability of market impacts and changes, analyzes and develop strategies, and advocates for the business interests of DP&L and the AES stakeholders and customers regarding PJM issues to maximize their revenue potential and minimize potential costs and risks while

ensuring a level playing field for power market competition within the PJM RTO. Project support identifies performance gaps and leads or steers project teams and task forces to resolve business issues in the Generation business.

49. ***Commercial Operations*** - The Commercial Operations area's general responsibilities and services include fuel procurement and position management for AES US SBU plants, Wind Remote Operations Control Center, generation dispatch services for DP&L and DPLE, Marketing and PJM services for Laurel Mountain, Tait Energy Storage and Beaver Valley and short term asset optimization and short term trading for applicable AES US SBU plants. The area's fuel procurement and position responsibilities include rail and barge transportation, limestone, quality control, planning and other fuel and transportation related services. Additional fuel related responsibilities include partner related fuel issues as well as DP&L fuel clause recover commercial activity. The area's Wind Remote Operations Control Center (ROCC) responsibilities include monitoring and controlling AES US SBU wind turbine generators across thirteen separate wind generation facilities covering eight states. The area also supports a 200 MW solar farm in Southern California. The area's wind operational support includes, but is not limited to outage execution per Independent System Operator (ISO) and Regional Transmission Operator (RTO) protocol. In addition to scheduling and executing outages, the area submits forecasting and generation schedule data to ISO and RTO per protocol. The area acts as Generator Operator (GOP) for all thirteen wind facilities receiving verbal dispatch instructions from ISO, RTO and/or Balancing Authority personnel in support of a stable bulk electric system (grid). The area will curtail, derate and /or shutdown generation facilities based upon a number of specified criteria to include economic constraints and reliability conditions. The area's generation dispatch services for DP&L and DPLE include NERC audit responsibilities as the GOP, LSE and PSE.
50. ***Merchant Portfolio Strategy*** - The Merchant Portfolio Strategy area is responsible for Portfolio Management, Structuring and Origination, and Portfolio Analytics functions. The Portfolio Management portion of the area includes advising on plant investment activities, term hedging and trading of power, emissions, renewable energy credits and other commodities, long-term view development, tracking of portfolio profit and loss, and gross margin at risk. The Origination and Structuring portion of the area is responsible for identifying and negotiating opportunities to sell power to counterparties through, PPAs, structured deals, participation in RFPs and auctions, and pricing of retail products for affiliates. The Portfolio Analytics portion of the area supports Portfolio Management, Structuring and Origination, and other internal clients within AES with analytic support through model development and maintenance, research, data analysis, information presentation and other analytic work product.
51. ***Market Operations – Systems and Analysis*** - The Market Operations – Commercial Systems Development area is responsible for system development and support for the

Competitive Generation business activities. Services provided include architecture, development and support of various wholesale and retail-based sourcing and sales transaction systems.

52. ***Generation Central Services – NERC Compliance*** - The General Central Services – NERC Compliance area is responsible for NERC Compliance which is regulated by FERC/NERC and the Regional Entities. The area standardizes NERC reporting and process procedures across the AES US SBU. The area establishes mechanisms for active sharing of NERC Lessons Learned and Best Practices. The area controls the accurate and timely filing of all NERC self-certifications and reports. The area develops a process to monitor regulatory changes and a way to implement a consistent application to all businesses. The area develops and maintains Internal Controls and creates a sustainable culture of compliance.
53. ***Generation Central Services – Conventional*** - The Generation Central Services – Conventional area provides operational, maintenance and technical support to the AES US SBU conventional generation businesses by implementing best practices and leading innovative improvement activities on critical equipment and areas of high impact. The area provides Subject Matter Experts (SMEs) in the areas of Thermal Performance, Boilers, Steam Turbines, Combustion Turbine, Electrical, Large Rotating Equipment, Reliability, and Work Management to support the operations and maintenance of the businesses.
54. ***Generation Central Services – Wind Performance*** - The Generation Central Services – Wind Performance area is responsible for supporting the operation of the AES US SBU wind generation fleet by collecting and conducting statistical analysis of wind turbine performance data identifying issues and making recommendations to the Operation and Maintenance team. The area provides engineering support for the troubleshooting, testing and maintenance of electrical equipment and controls for the AES US SBU wind generation fleet. Lead, facilitate and assist with site initiatives, root cause analysis, AES Performance Excellence (APEX) and Six Sigma projects. The area conducts research, analyzes and coordinates reliability and performance improvement technologies.
55. ***Generation Central Services – Workforce Development*** - The Generation Central Services – Workforce Development area is responsible for training and workforce development needs across the AES US SBU. Develop a workforce development working group and take our embedded knowledge capital and programs to the businesses that need them while capturing other best practice workforce development initiatives and sharing those across the AES US SBU as well. The area works closely with business leaders to aid in identifying what training exists and identify gaps and provide resources to fill those gaps.

56. **Generation Central Services – Outages and Projects** - The Generation Central Services - Outages and Projects area assists the fleet in detailed planning, procurement of materials, procurement of labor services and execution of outages and large projects. The area improves the quality, efficiency and cost optimization of outage and projects from inception to completion within the AES US SBU, creating value through the application of consistent and continuously improving outage best practices processes, tools and techniques.
57. **Asset Management** - The Asset Management area is the strategic management of physical assets during their life in the organization. The Asset Management area will manage the life cycle of all generation, transmission and distribution assets across the AES US SBU. The area takes direction from the Asset Owner regarding how the assets should perform and the asset life span. Asset life cycle plans are then developed to maintain the optimal balance between asset funding and the operational performance. The area is charged with determining the level of capital and maintenance required for the assets and what level of operational performance can be achieved with the funding.
58. **Generation Asset Strategy** - The Generation Asset Strategy Area is the strategic management of physical assets during their life in the organization. The area will manage the life cycle of all generation assets across the AES US SBU. The area takes direction from the Asset Owner regarding how the assets should perform and the asset life span. Asset life cycle plans are then developed to maintain the optimal balance between asset funding and the operational performance. The area is charged with determining the level of capital and maintenance required for the assets and what level of operational performance can be achieved with the funding.
59. **T&D Asset Strategy** - The T&D Asset Strategy area is the strategic management of physical assets during their life in the organization. This area will manage the life cycle of all the transmission and distribution assets across the AES US SBU. The area takes direction from the Asset Owner regarding how the assets should perform and the asset life span. Asset life cycle plans are then developed to maintain the optimal balance between asset funding and the operational performance. The area is charged with determining the level of capital and maintenance required for the assets and what level of operational performance can be achieved with the funding.
60. **Performance Management** - The Performance Management area is the strategic management of physical assets during their life in the organization. The area will manage the life cycle of all generation, transmission and distribution assets across the AES US SBU. The area takes direction from the Asset Owner regarding how the assets should perform and the asset life span. Asset life cycle plans are then developed to maintain the optimal balance between asset funding and the operational performance. The area is charged with determining the level of capital and

maintenance required for the assets and what level of operational performance can be achieved with the funding.

61. ***Asset Investment Planning*** - The Asset Investment Planning area is the strategic management of physical assets during their life in the organization. The area will manage the life cycle of all generation, transmission and distribution assets across the AES US SBU. The area takes direction from the Asset Owner regarding how the assets should perform and the asset life span. Asset life cycle plans are then developed to maintain the optimal balance between asset funding and the operational performance. The area is charged with determining the level of capital and maintenance required for the assets and what level of operational performance can be achieved with the funding.

# **AES US SERVICES, LLC**

## **COST ALIGNMENT AND ALLOCATION MANUAL**

**Revised: January 1, 2016**  
**Origination Date: January 1, 2014**

Cost Alignment and Allocation Manual

**TABLE OF CONTENTS**

**I. COST ALIGNMENT AND ALLOCATION PRINCIPLES**

Purpose of Cost Alignment and Allocation Manual ..... 1

Regulatory Requirements ..... 1

Cost Alignment and Allocation Manual (CAAM) Files ..... 2

Updating Procedures ..... 2

Record Retention Process ..... 2

Directing Questions ..... 3

Effective Date ..... 3

**II. COST ALIGNMENT AND ALLOCATION APPROACH**

Cost Alignment and Allocation Philosophy..... 4

Billing and Allocation Process..... 4

Labor and Non-Labor Charges ..... 5

Direct vs. Indirect Costs ..... 5

Convenience Payments ..... 6

Charges from Affiliates to the Service Company ..... 6

Services Provided to Affiliates Outside the US SBU ..... 6

**III. COST ALIGNMENT AND ALLOCATION PROCEDURES USED FOR AFFILIATE TRANSACTIONS**

Overview..... 7

List of Affiliates..... 8

Direct Charge Chart..... 9-10

Indirect Charge Chart..... 11-12

“DPL” Allocated Chart..... 13-14

Allocation Bases ..... 15-17

Area Descriptions & Basis for Cost Allocation..... 18-99

## Cost Alignment and Allocation Manual

### **I. COST ALLOCATION PRINCIPLES**

#### **PURPOSE OF COST ALIGNMENT AND ALLOCATION MANUAL**

AES US Services, LLC (hereafter referred to as the “Service Company”) is a subsidiary of the AES Corporation (“AES”). The Service Company provides a range of services to affiliates of AES, including Indianapolis Power & Light Company (“IPL”), IPALCO Enterprises, Inc. (“IPALCO”), IPL Funding Corporation (“IPL Funding”), Mid-America Capital Resources, Inc. (“MACR”), the AES Corporation (“AES”) on behalf of the US Generation Plants, AES North America Development, LLC (BD), AES Distributed Energy, Inc. (DE), DPL Inc. (“DPL Inc.”), The Dayton Power & Light Company (“DP&L”), DPL Energy, LLC (“DPLE”), Miami Valley Lighting, LLC (“MVLTL”), Miami Valley Insurance Company, Inc. (“MVIC”), and MacGregor Park, Inc. (“MacGregor Park”), otherwise known as the “Affiliates”. The Service Company was designed to provide services to the United States Strategic Business Unit (US SBU), one of the six-market oriented SBUs established by AES, but the Service Company is not limited to only transacting for affiliates within the US SBU. The Service Company will allocate prudently-incurred costs to the Affiliates to achieve the following goals: prevent cross-subsidization of one entity by another, maximize synergies and economies of scale in the Service Company operations, and minimize the time and expense needed to record and audit the transactions. All costs incurred by the Service Company are recovered at cost, and there is no “mark-up” or “profit” on the charges billed by the Service Company.

#### **REGULATORY REQUIREMENTS**

The Service Company is regulated by the Public Utility Holding Company Act of 2005 (PUHCA 2005), which was enacted on February 8, 2006. PUHCA 2005 transferred regulatory jurisdiction over public utility holding companies from the U.S. Securities and Exchange Commission (“SEC”) to the Federal Energy Regulatory Commission (“FERC”). The Service Company will file a Form 60 with the FERC on an annual basis. In addition, in compliance with the PUHCA 2005 and the FERC, the Service Company uses an accounting system to collect costs that are applicable and billable to Affiliates.

## Cost Alignment and Allocation Manual

The Accounting and Regulatory department's review of the Service Company charges to the Affiliates is an integral part of the regulatory base rate filings and other regulatory filings made in the operating unit's jurisdictional filings to the Indiana Utility Regulatory Commission ("IURC") and the Public Utilities Commission of Ohio ("PUCO").

### **COST ALIGNMENT AND ALLOCATION MANUAL (CAAM) FILES**

In support of regulatory requirements, the Service Company will maintain various documents related to the Company's Cost Alignment and Allocation Manual. The Controller of the Service Company (or his or her designee) will maintain these supporting documents at the Service Company's headquarters located in Indianapolis, Indiana. Hereafter, these documents are referred to in aggregate as the Cost Alignment and Allocation Manual (CAAM) Files.

### **UPDATING PROCEDURES**

The Controller of the Service Company (or his or her designee) will be responsible for updating and maintaining the CAAM. Allocation methods and bases shall be reviewed and updated at least annually, in order to ensure allocations are representative of the overall scope and level of business activities between the Service Company and the Affiliates. Accordingly, revisions will be made to the CAAM as needed. All changes will be coordinated with the Affiliates and communicated as needed to the employees of the Service Company. Additionally, the Controller of the Service Company (or his or her designee) will notify the Executive Director of the Commission Staff (or his or her designee) of the IURC and the PUCO of any significant changes to the CAAM.

### **RECORD RETENTION PROCESS**

The Service Company shall maintain (in accordance with generally accepted accounting principles, the applicable uniform system of accounts, and the Code of Federal Regulations) books, entries, accounts, and other records of all of its transactions in sufficient detail so as to permit audits. Allocated costs shall be traceable to the books of the applicable Affiliates. The Service Company and Affiliates shall maintain all underlying transaction information for a minimum of five years. Such books, accounts, and pertinent records that relate to

## Cost Alignment and Allocation Manual

intercompany transactions shall be readily available for review and audit by the applicable Commissions consistent with applicable state laws, as well as to internal and external auditors of the Service Company or the Affiliate Companies as required by law.

### **DIRECTING QUESTIONS**

The Service Company designates its Controller to serve as the primary contact for commission staff when seeking data regarding Affiliate transactions, personnel transfers, and the sharing of employees and independent contractors. Such inquiries shall be sent in writing to:

Kurt Tornquist  
Controller  
AES US Services, LLC  
One Monument Circle  
Indianapolis, Indiana 46204

The Service Company will notify the applicable commission of changes in contact information as needed.

### **EFFECTIVE DATE**

The AES Service Company Cost Alignment and Allocation Manual became effective January 1, 2014, commensurate with the creation of the Service Company.

## Cost Alignment and Allocation Manual

### **II. COST ALIGNMENT AND ALLOCATION APPROACH**

#### **COST ALIGNMENT AND ALLOCATION PHILOSOPHY**

The fundamental underlying principle for the Service Company's cost allocation approach is the use of a fully allocated cost methodology. A fully allocated cost methodology is premised on the concept of distributing expenses, capital, and all applicable costs among Affiliates and business activities. This is accomplished, whenever possible and practical, through direct charges from the Service Company to appropriate specific Affiliates or, when direct charging is not possible and practical, through allocations, based on a consistent method of determining cost causation from period to period, so that reasonable cost attribution occurs. Under a fully allocated cost methodology, all expenditures such as labor, materials, and other related non-labor costs are charged directly to a single Affiliate or charged and then allocated among several Affiliates depending on the function performed. Based on the breakdown of direct labor hours, overhead charges including, but not limited to, health insurance, pensions, and payroll taxes are then charged to each Affiliate to arrive at the fully allocated cost. All resultant cost allocations for Affiliates and business activities to regulated and unregulated lines of business are based on an appropriate metric (as detailed in Section III) of cost causation for that business activity. This overall approach to cost allocation will be followed to the extent that it does not result in incurring a cost that is uneconomical in relation to the benefits achieved. Each Service Company area referenced throughout this document represents an organizational unit (division, department, cost center, etc.) that is responsible for the cost and for controlling and budgeting administratively assigned resources.

#### **BILLING AND ALLOCATION PROCESS**

The actual application of full cost allocation begins with the premise that, to the maximum extent practical, all costs that can be specifically attributed to a particular Affiliate or business unit are directly charged to the Affiliate or business unit. Some costs, however, are incurred on behalf of more than one Affiliate; in these cases, if the costs cannot be directly billed to each entity, then they will be allocated to each appropriate Affiliate using one of the allocation bases detailed in Section III. Based on the breakdown of direct labor hours, overhead

## Cost Alignment and Allocation Manual

charges including, but not limited to, health insurance, pensions, and payroll taxes are then charged to each Affiliate to arrive at the fully allocated cost. All remaining Service Company costs not assigned to Affiliates, business units or FERC account through the above listed methods are allocated using the most appropriate basis detailed in Section III. Metrics used as allocation factors, will be generally representative of the relative degree of utilization of particular Service Company business activities by the Affiliates. Examples include: gross margin, employee headcount, and the number of personal computers assigned to the respective Affiliate. In any situation, the objective is to achieve a proper sharing of costs.

### **LABOR AND NON-LABOR CHARGES**

Each Service Company employee directly charges their labor hours to the appropriate accounting project number by activity completed. Direct charging of labor hours and costs is accomplished through time sheets that record payroll by Service Company area, general ledger account, and Affiliate or business unit on a biweekly basis. Default employee timesheets are utilized and are reviewed for accuracy on a periodic basis. Employee exception timesheets are utilized biweekly, whenever work is performed in a manner other than the default timesheet breakdown. For non-labor costs, a material requisition, invoice, purchase order or other accounting source document is coded for direct charging to the appropriate area, general ledger account and Affiliate or business unit.

### **DIRECT VS INDIRECT COSTS**

The FERC requires service companies to separate and record their billings between direct and indirect costs. Direct costs for the Service Company are defined as direct charges and applicable overheads to a specific Affiliate or business unit such as IPL, IPALCO, DP&L Distribution, DP&L Transmission, and Stuart Station. As shown on the List of Affiliates, all three charts, and the Area Descriptions pages contained in Section III, direct costs do not include charges to "DPL", which have to be allocated to the appropriate regulated and non-regulated entities. In addition to charges to "DPL", indirect costs include direct charges and applicable overheads that benefit more than one entity such as DPL/IPL, DPL/AES and DPL/IPL/AES.

## Cost Alignment and Allocation Manual

### **CONVENIENCE PAYMENTS**

Convenience payments are made by the Service Company on behalf of more than one of the Affiliates. The Service Company pays the vendor directly and then bills the Affiliates monthly for their appropriate share of the convenience payment(s). The charges for these services are recorded on the Affiliates' books and not by the Service Company.

### **CHARGES FROM AFFILIATES TO THE SERVICE COMPANY**

The Affiliates may be requested to provide support to the Service Company. The charge to the Service Company would be recorded at cost. Examples include building occupancy costs (rents) and services provided by Affiliate employees.

### **SERVICES PROVIDED TO AFFILIATES OUTSIDE THE US SBU**

The AES Corporation may leverage the benefit of economies of scale or the expertise of the employees within the Service Company for AES entities outside of the US SBU. The term US SBU refers to all of the affiliates listed in Section III including the individual US Generation plants that is accounted for in The AES Corporation. When these services occur, the Service Company will appropriately track the charges and bill the AES Corporation to recoup its costs which may include labor, overheads, and non-labor depending on the services provided. No profit will be added to these services since it is to an AES affiliate.

## Cost Alignment and Allocation Manual

### **III. COST ALIGNMENT AND ALLOCATION PROCEDURES USED FOR AFFILIATE TRANSACTIONS**

#### **OVERVIEW**

Included in this section of the Cost Alignment and Allocation Manual are the following documents:

- List of Affiliates – A list of Affiliates (or applicable business units) broken down between Direct and Indirect Billings
- Direct Charge Chart – A Chart identifying Service Company areas and the Affiliates or business units they directly charge
- Indirect Charge Chart – A Chart identifying Service Company areas and the Affiliates or business units they indirectly charge (through allocations)
- “DPL” Allocated Chart – A Chart identifying Service Company areas and the “DPL” Affiliates or business units they indirectly charge (through allocations)
- Allocation Bases – Description of each allocation basis used by the Service Company
- Service Company Area Descriptions - Individual summaries for all Service Company areas and the services they provide to the Affiliates or business units. Each summary contains the Service Company area’s number and title, a brief overview of the area’s responsibilities and services provided, an indication of whether the service will be utilized by each Affiliate or business unit, a description of the direct charging method and indirect cost allocation basis that will be followed for distributing costs to the Affiliates or business units, and a brief overview of the benefits to customers. These summaries of services will be reviewed at least annually and updated as needed.

## Cost Alignment and Allocation Manual

### LIST OF AFFILIATES

#### Direct Affiliate Names

Indianapolis Power & Light Company  
IPALCO Enterprises, Inc.  
IPL Funding Corporation  
Mid-America Capital Resources, Inc.  
The AES Corporation  
AES North America Development, LLC  
DPL Inc.  
The Dayton Power & Light Company

#### Business Units

Dayton Power & Light Distribution  
Dayton Power & Light Transmission  
Stuart Station  
Killen Station  
DP&L Other Generation

DPL Energy, LLC  
Miami Valley Lighting, LLC  
Miami Valley Insurance Company, Inc.

#### Abbreviated Names

IPL  
IPALCO  
IPL Funding  
MACR  
AES  
BD  
DPL Inc.  
DP&L  
  
DP&L Distribution  
DP&L Transmission  
Stuart Station  
Killen Station  
DP&L Other Generation  
  
DPLE  
MVLT  
MVIC

#### Indirect Affiliate Combinations (a)

DPL  
DPL/IPL  
DPL/AES  
IPL/AES  
DPL/IPL/AES

#### (a) "DPL" Includes the following entities/business units

DP&L Distribution  
DP&L Transmission  
DPLE  
DP&L Other Generation  
DPL Inc.  
MVLT  
MVIC  
MacGregor Park, Inc.

## Cost Alignment and Allocation Manual

### Direct Charge Chart

#### AFFILIATES DIRECTLY CHARGED

AREA DESCRIPTION	AREA NO.	IPL	IPALCO	IPL Funding	MACR	AES	DP&L DISTRIBUTION	DP&L TRANSMISSION	DPLE	STUART STATION	KILLEN STATION	DP&L OTHER GENERATION	DPL INC	MVLT	MVIC	BD
Corporate Costs	742	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
Executive Staff	743	X	X			X	X	X	X			X	X	X		
Controller	744	X	X			X							X			
Technical Accounting	745	X				X										
Financial Reporting	746	X	X			X						X	X			
Regulatory Accounting	747	X					X	X				X				
Fixed Assets	748	X	X			X						X	X			
Accounts Payable	749	X	X			X						X	X			
Payroll	750	X														
Operational Accounting	751	X										X				
General Accounting	752	X	X			X							X			
Revenue Accounting	753	X				X	X		X			X				
Treasury	754	X	X	X	X	X	X	X	X			X	X	X	X	
Plant Managers	755								X	X	X	X				
Financial Planning	756	X	X			X	X	X	X			X	X			
Tax	757	X	X			X	X		X			X	X	X	X	
Enterprise Risk Management	758	X				X										
Risk Management Back Office	759	X				X			X	X	X	X				
Settlements	760	X				X			X	X	X	X				
Insurance	761	X				X						X			X	
Legal Services	762	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
Environmental Management	763	X				X	X	X	X	X	X	X				
HR Operations & Talent Acquisition	764	X				X	X	X				X				
Human Resources Total Rewards	765	X				X	X	X				X				
Human Resources Talent Development	766	X				X	X	X				X				
Human Resources Labor Relations	767	X				X	X	X				X				
Internal Communications	768	X				X										
Executive 2	769	X	X			X	X	X	X			X	X	X		
Customer Service	770	X					X									
T&D Metering Services & Safety	771	X					X	X								
T&D Reliability Programs	772	X					X	X								
T&D Engineering	773	X					X	X								
T&D Systems Operating	774	X					X	X								

## Cost Alignment and Allocation Manual

### AFFILIATES DIRECTLY CHARGED

AREA DESCRIPTION	AREA NO.	IPL	IPALCO	IPL Funding	MACR	AES	DP&L DISTRIBUTION	DP&L TRANSMISSION	DPLE	STUART STATION	KILLEN STATION	DP&L OTHER GENERATION	DPL INC	MVLT	MVIC	BD
Infrastructure Security	776	X				X	X	X	X			X				
Safety, Governance & Audit Programs	777	X				X										
Risk Management	778	X				X	X		X			X				
Internal Audit	779	X	X			X	X	X	X			X	X	X		
Supply Chain	780	X				X	X					X				
Logistics & Material Mgmt - T&D	781	X				X	X					X				
Business Intelligence & Analytics	782	X				X	X	X				X				
Strategic Sourcing	783	X				X	X	X				X				
Logistics & Material Mgmt - Generation	784	X				X			X			X				
IT Management	785	X				X	X	X	X			X				
IT Infrastructure	786	X				X	X	X	X			X				
IT Competitive Generation Applications	787	X				X			X			X				
IT Enterprise Applications	788	X				X	X	X	X			X				
IT Collaboration Services	789	X				X	X	X	X			X		X		
IT Strategy, Security & Governance	790	X				X	X	X	X			X				
IT T&D Applications	791	X					X	X						X		
Human Resources Employee Relations	792	X				X	X	X				X				
Business Development	793															X
Commercial Operations	794	X				X			X	X	X	X				
Merchant Portfolio Strategy	795	X				X	X	X	X	X	X	X				
Market Operations - Systems and Analysis	796					X			X			X				
Generation Central Services - Management	797	X				X			X			X				
Generation Central Services - NERC Compliance	798	X				X			X	X	X	X				
Generation Central Services - Conventional	799	X				X			X	X	X	X				
Renewable Energy Services	800	X				X			X	X	X	X				
Generation Central Services - Workforce Development	801	X				X			X	X	X	X				
Generation Central Services - Outages & Projects	802	X				X			X	X	X	X				
Central Hedging & Market Analysis	803					X			X	X	X	X				
Services Outside USSBU	804					X										
Asset Management	805	X				X				X	X	X				
T&D Asset Strategy	806	X					X	X								
Public Affairs	807	X	X			X	X					X				
Asset Investment Planning	808	X				X	X	X	X			X				

## Cost Alignment and Allocation Manual

### Indirect Charge Chart

AFFILIATES INDIRECTLY CHARGED		BET's	955	956	957	958	959
AREA DESCRIPTION	AREA NO.	ALLOCATION BASIS	DPL	DPL/IPL	DPL/AES	IPL/AES	DPL/IPL/AES
Corporate Costs	742	#N/A					X
Executive Staff	743	COMPOSITE		X	X		X
Controller	744	COMPOSITE	X				X
Technical Accounting	745	COMPOSITE	X				X
Financial Reporting	746	COMPOSITE	X				X
Regulatory Accounting	747	TOTAL RETAIL REVENUE	X	X			X
Fixed Assets	748	COMPOSITE	X			X	X
Accounts Payable	749	COMPOSITE	X			X	X
Payroll	750	EMPLOYEE HEADCOUNT	X				X
Operational Accounting	751	COMPOSITE	X	X			
General Accounting	752	COMPOSITE	X				X
Revenue Accounting	753	COMPOSITE	X				X
Treasury	754	COMPOSITE	X				X
Plant Managers	755	NON-APPLICABLE; DIRECT ONLY					
Financial Planning	756	COMPOSITE	X	X	X		X
Tax	757	COMPOSITE	X	X			X
Enterprise Risk Management	758	COMPOSITE	X				X
Risk Management Back Office	759	COMPOSITE	X				X
Settlements	760	COMPOSITE					X
Insurance	761	COMPOSITE	X				X
Legal Services	762	COMPOSITE		X			X
Environmental Management	763	GROSS PROPERTY, PLANT & EQUIPMENT					X
HR Operations & Talent Acquisition	764	EMPLOYEE HEADCOUNT	X	X			X
Human Resources Total Rewards	765	EMPLOYEE HEADCOUNT	X	X			X
Human Resources Talent Development	766	EMPLOYEE HEADCOUNT	X	X			X
Human Resources Labor Relations	767	EMPLOYEE HEADCOUNT	X	X			X
Internal Communications	768	EMPLOYEE HEADCOUNT	X				X
Executive 2	769	COMPOSITE		X	X		X
Customer Service	770	NO. OF RETAIL CUSTOMERS		X			
T&D Metering Services & Safety	771	NO. OF RETAIL CUSTOMERS		X			
T&D Reliability Programs	772	NO. OF RETAIL CUSTOMERS		X			
T&D Engineering	773	T&D GROSS PROPERTY, PLANT & EQUIPMENT		X			
T&D Systems Operating	774	T&D GROSS PROPERTY, PLANT & EQUIPMENT	X	X			

## Cost Alignment and Allocation Manual

AFFILIATES INDIRECTLY CHARGED		BET's	955	956	957	958	959
AREA DESCRIPTION	AREA NO.	ALLOCATION BASIS	DPL	DPL/IPL	DPL/AES	IPL/AES	DPL/IPL/AES
Infrastructure Security	776	COMPOSITE					X
Safety, Governance & Audit Programs	777	EMPLOYEE HEADCOUNT	X				X
Risk Management	778	COMPOSITE	X				X
Internal Audit	779	COMPOSITE	X	X	X		X
Supply Chain	780	TOTAL NO. OF PURCHASE ORDERS	X				X
Logistics & Material Mgmt - T&D	781	T&D INVENTORY VALUES		X			
Business Intelligence & Analytics	782	TOTAL NO. OF PURCHASE ORDERS	X				X
Strategic Sourcing	783	TOTAL NO. OF NON-STOCK PURCHASE ORDER	X				X
Logistics & Material Mgmt - Generation	784	GENERATION INVENTORY VALUES					X
IT Management	785	IT GROSS ASSETS	X	X			X
IT Infrastructure	786	IT GROSS ASSETS	X				X
IT Competitive Generation Applications	787	IT GROSS ASSETS					X
IT Enterprise Applications	788	IT GROSS ASSETS	X	X			X
IT Collaboration Services	789	NO. OF PC's	X				X
IT Strategy, Security & Governance	790	IT GROSS ASSETS	X				X
IT T&D Applications	791	T&D GROSS PROPERTY, PLANT & EQUIPMENT		X			
Human Resources Employee Relations	792	EMPLOYEE HEADCOUNT	X	X			X
Business Development	793	NON-APPLICABLE; DIRECT ONLY					
Commercial Operations	794	GROSS MARGIN			X		X
Merchant Portfolio Strategy	795	PERCENTAGES PROVIDED BY AREA					X
Market Operations - Systems and Analysis	796	NON-APPLICABLE; DIRECT ONLY					
Generation Central Services - Management	797	PERCENTAGES PROVIDED BY AREA					X
Generation Central Services - NERC Compliance	798	PERCENTAGES PROVIDED BY AREA					X
Generation Central Services - Conventional	799	PERCENTAGES PROVIDED BY AREA					X
Renew able Energy Services	800	NON-APPLICABLE; DIRECT ONLY					
Generation Central Services - Workforce Development	801	PERCENTAGES PROVIDED BY AREA					X
Generation Central Services - Outages & Projects	802	PERCENTAGES PROVIDED BY AREA					X
Central Hedging & Market Analysis	803	PERCENTAGES PROVIDED BY AREA					X
Services Outside USSBU	804	NON-APPLICABLE; DIRECT ONLY					
Asset Management	805	PERCENTAGES PROVIDED BY AREA					X
T&D Asset Strategy	806	T&D GROSS PROPERTY, PLANT & EQUIPMENT		X			
Public Affairs	807	EMPLOYEE HEADCOUNT	X	X			X
Asset Investment Planning	808	PERCENTAGES PROVIDED BY AREA					X

\* The specific DPL Entities to be allocated to can be found in the DPL Allocated Entities chart.

## Cost Alignment and Allocation Manual

### “DPL” Allocated Chart

#### DPL ALLOCATED ENTITIES

AREA DESCRIPTION	AREA NO.	DP&L DISTRIBUTION	DP&L TRANSMISSION	DPLE	DP&L OTHER GENERATION	DPL INC	MVLT	MVIC	MACGREGOR PARK	ALLOCATION BASIS
Corporate Costs	742	X	X	X	X	X	X	X	X	# N/A
Executive Staff	743	X	X	X	X		X	X	X	COMPOSITE
Controller	744	X	X	X	X		X	X	X	COMPOSITE
Technical Accounting	745	X	X	X	X		X	X	X	COMPOSITE
Financial Reporting	746	X	X	X	X		X	X	X	COMPOSITE
Regulatory Accounting	747	X	X		X					TOTAL RETAIL REVENUE
Fixed Assets	748	X	X	X	X		X	X	X	COMPOSITE
Accounts Payable	749	X	X	X	X		X	X	X	COMPOSITE
Payroll	750	X	X	X	X		X	X	X	EMPLOYEE HEADCOUNT
Operational Accounting	751	X	X	X	X		X	X	X	COMPOSITE
General Accounting	752	X	X	X	X		X	X	X	COMPOSITE
Revenue Accounting	753	X	X	X	X		X	X	X	COMPOSITE
Treasury	754	X	X	X	X		X	X	X	COMPOSITE
Plant Managers	755									NON-APPLICABLE; DIRECT ONLY
Financial Planning	756	X	X	X	X		X	X	X	COMPOSITE
Tax	757	X	X	X	X		X	X	X	COMPOSITE
Enterprise Risk Management	758	X	X	X	X		X	X	X	COMPOSITE
Risk Management Back Office	759	X	X	X	X		X	X	X	COMPOSITE
Settlements	760			X	X					COMPOSITE
Insurance	761	X	X	X	X		X	X	X	COMPOSITE
Legal Services	762	X	X	X	X		X	X	X	COMPOSITE
Environmental Management	763	X	X	X	X		X	X	X	GROSS PROPERTY, PLANT & EQUIPMENT
HR Operations & Talent Acquisition	764	X	X	X	X		X	X	X	EMPLOYEE HEADCOUNT
Human Resources Total Rewards	765	X	X	X	X		X	X	X	EMPLOYEE HEADCOUNT
Human Resources Talent Development	766	X	X	X	X		X	X	X	EMPLOYEE HEADCOUNT
Human Resources Labor Relations	767	X	X	X	X		X	X	X	EMPLOYEE HEADCOUNT
Internal Communications	768	X	X	X	X		X	X	X	EMPLOYEE HEADCOUNT
Executive 2	769	X	X	X	X		X	X	X	COMPOSITE
Customer Service	770	X								NO. OF RETAIL CUSTOMERS
T&D Metering Services & Safety	771	X	X							NO. OF RETAIL CUSTOMERS
T&D Reliability Programs	772	X	X							NO. OF RETAIL CUSTOMERS
T&D Engineering	773	X	X							T&D GROSS PROPERTY, PLANT & EQUIPMENT
T&D Systems Operating	774	X	X							T&D GROSS PROPERTY, PLANT & EQUIPMENT

## Cost Alignment and Allocation Manual

### DPL ALLOCATED ENTITIES

AREA DESCRIPTION	AREA NO.	DP&L DISTRIBUTION	DP&L TRANSMISSION	DPLE	DP&L OTHER GENERATION	DPL INC	MVLT	MVIC	MACGREGOR PARK	ALLOCATION BASIS
Infrastructure Security	776	X	X	X	X		X	X	X	COMPOSITE
Safety, Governance & Audit Programs	777	X	X	X	X		X	X	X	EMPLOYEE HEADCOUNT
Risk Management	778			X	X					COMPOSITE
Internal Audit	779	X	X	X	X		X	X	X	COMPOSITE
Supply Chain	780	X	X		X					TOTAL NO. OF PURCHASE ORDERS
Logistics & Material Mgmt - T&D	781	X	X							T&D INVENTORY VALUES
Business Intelligence & Analytics	782	X	X	X	X		X	X	X	TOTAL NO. OF PURCHASE ORDERS
Strategic Sourcing	783	X	X	X	X		X	X	X	TOTAL NO. OF NON-STOCK PURCHASE ORDERS
Logistics & Material Mgmt - Generation	784				X					GENERATION INVENTORY VALUES
IT Management	785	X	X	X	X		X	X	X	IT GROSS ASSETS
IT Infrastructure	786	X	X	X	X		X	X	X	IT GROSS ASSETS
IT Competitive Generation Applications	787			X	X					IT GROSS ASSETS
IT Enterprise Applications	788	X	X	X	X		X	X	X	IT GROSS ASSETS
IT Collaboration Services	789	X	X	X	X		X	X	X	NO. OF PC's
IT Strategy, Security & Governance	790	X	X	X	X		X	X	X	IT GROSS ASSETS
IT T&D Applications	791	X	X							T&D GROSS PROPERTY, PLANT & EQUIPMENT
Human Resources Employee Relations	792	X	X	X	X		X	X	X	EMPLOYEE HEADCOUNT
Business Development	793									NON-APPLICABLE; DIRECT ONLY
Commercial Operations	794			X	X					GROSS MARGIN
Merchant Portfolio Strategy	795			X	X					PERCENTAGES PROVIDED BY AREA
Market Operations - Systems and Analysis	796									NON-APPLICABLE; DIRECT ONLY
Generation Central Services - Management	797			X	X					PERCENTAGES PROVIDED BY AREA
Generation Central Services - NERC Compliance	798			X	X					PERCENTAGES PROVIDED BY AREA
Generation Central Services - Conventional	799			X	X					PERCENTAGES PROVIDED BY AREA
Renewable Energy Services	800									NON-APPLICABLE; DIRECT ONLY
Generation Central Services - Workforce Development	801			X	X					PERCENTAGES PROVIDED BY AREA
Generation Central Services - Outages & Projects	802			X	X					PERCENTAGES PROVIDED BY AREA
Central Hedging & Market Analysis	803			X	X					PERCENTAGES PROVIDED BY AREA
Services Outside USSBU	804									NON-APPLICABLE; DIRECT ONLY
Asset Management	805				X					PERCENTAGES PROVIDED BY AREA
T&D Asset Strategy	806	X	X							T&D GROSS PROPERTY, PLANT & EQUIPMENT
Public Affairs	807	X	X		X					EMPLOYEE HEADCOUNT
Asset Investment Planning	808			X	X					PERCENTAGES PROVIDED BY AREA

The AES US Services, LLC  
Cost Alignment and Allocation Manual

**ALLOCATION BASES**

Allocations are used for activities for which it is impractical to directly charge costs to a specific Affiliate or business unit. Costs are accumulated by area and allocated on the basis of the most appropriate allocation metric. The metric, expressed as a percentage, is generally representative of the relative estimated degree of utilization of the business activity by the respective Affiliate or business unit. Details of the current application rate calculations are contained in the CAAM Rates Manual located in the CAAM Files. The allocations are applied to the Affiliates based on the following methodologies:

**Employee Headcount**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total actual full and part-time employee headcount.

**Total Retail Revenue**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total actual retail revenue.

**Gross Margin**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliate's total budgeted gross margin.

**Number of Distribution Retail Customers**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total actual number of distribution retail customers.

**Number of Personal Computers (PCs)**

Costs are accumulated and charged to the appropriate Affiliate based on the

The AES US Services, LLC  
Cost Alignment and Allocation Manual

Affiliate's percentage of all applicable Affiliates' total number of PCs.

**Gross Property, Plant, and Equipment**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total actual cost of gross property, plant, and equipment.

**Transmission and Distribution (T&D) Gross Property, Plant, and Equipment**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total actual cost of transmission and distribution gross property, plant, and equipment.

**Generation Gross Property, Plant, and Equipment**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total actual cost of generation gross property, plant, and equipment.

**Information Technology (IT) Gross Assets**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total Information Technology (IT) Gross Assets.

**Transmission and Distribution (T&D) Inventory Values**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total transmission and distribution inventory values.

**Generation Inventory Values**

Costs are accumulated and charged to the appropriate Affiliate based on the

The AES US Services, LLC  
Cost Alignment and Allocation Manual

Affiliate's percentage of all applicable Affiliates' total generation inventory values.

**Total number of Purchase Orders**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total number of purchase orders.

**Total number of Non-Stock Purchase Orders**

Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' total number of Non-Stock Purchase Orders.

**Specific Allocation Provided by the Area**

Costs are accumulated and charged to the appropriate Affiliate based on a detailed analysis provided by the Service Company's area(s). Detail calculations are contained in the CAAM files.

**Composite Factor**

The Composite Factor consists of the following three metrics: 1) Payroll, 2) Budgeted Gross Margin, and 3) Gross Property, Plant and Equipment. Each metric is weighted one-third of the total. Costs are accumulated and charged to the appropriate Affiliate based on the Affiliate's percentage of all applicable Affiliates' Composite Factor.

The AES US Services, LLC  
Cost Alignment and Allocation Manual

**AREA DESCRIPTIONS & BASIS FOR COST ALLOCATION**

The following pages describe the individual summaries for each Service Company area and the services they provide to the Affiliates or business units. Each area summary contains the Service Company area's number and title, a brief overview of the area's responsibilities and services provided, an indication of whether the service will be utilized by each Affiliate or business unit, a description of the direct charging method and indirect cost allocation basis that will be followed for distributing costs to the Affiliates or business units, and a brief overview of the benefits to customers. These summaries of services will be reviewed at least annually and updated as needed.

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 742 AREA TITLE CORPORATE COSTS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Corporate Costs area represents the overhead costs for general expenses and insurance. This area includes costs associated with employee benefits (including health care, dental care, life insurance, long-term disability, savings plans, pension plans, etc.), workers compensation expenses, and payroll-related taxes (including FICA, Medicare, state and federal unemployment taxes, etc.), facility charges and affiliate billings. The area also represents the insurance premiums and payments associated with insuring corporate risks including property, environmental, and general liability. Corporate Costs will also include interest expense on debt or loans incurred by the Service Company for its working capital and other corporate needs.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes	Yes	Yes	Yes

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
Yes	Yes	Yes	Yes

### BASIS FOR CHARGES TO CUSTOMERS

Direct – Applied to Service Company areas' labor hours

Indirect – Percentage of labor dollars applied to Service Company areas' labor hours and Composite Factor

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Drives functional efficiencies and process standardization among all AES affiliates
- Strategically aligned overhead costs for general expenses and insurance
- Provides flexibility in response to emerging business needs

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 743 AREA TITLE EXECUTIVE STAFF

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Executive Staff area is responsible for the leadership, oversight, expertise, decision making, and direction for the entire US SBU.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes	Yes	Yes	

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
	Yes	Yes		Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR CHARGES TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Expertise in all AES related fields
- Guidance and leadership of the entire company
- Oversight of major functions

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 744 AREA TITLE CONTROLLER

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Controller area is responsible for the safe guarding of Company assets and the proper accounting of the business activities of the US SBU Companies in accordance with Generally Accepted Accounting Principles (GAAP), FERC Uniform System of Accounts, and the state rules of Indiana and Ohio. The Controller area also ensures that the Sarbanes-Oxley (SOX) controls are being fully maintained. The area is also responsible for much of the reporting that is performed within the Finance area. Areas under the Controller's responsibility include Technical Accounting, Financial Reporting, Regulatory Accounting, Fixed Assets, Payroll, Accounts Payable, Operational Accounting, Revenue Accounting, and General Accounting.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
				Yes		

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

The Controller ensures that proper accounting and financial controls are maintained to provide users of the financial statements a fair, accurate and timely measure of the US SBU financial condition and performance

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 745 AREA TITLE TECHNICAL ACCOUNTING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Technical Accounting area is responsible for reviewing contracts for the proper accounting treatment, participating in discussions of proposed or potential transactions, and reviewing and staying apprised of new and pending accounting pronouncements. To accomplish this, the area is in frequent contact with the various AES US SBU businesses and individuals at the AES Corporate level.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor dollars and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS

- To ensure proper accounting for complex transactions

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 746 AREA TITLE FINANCIAL REPORTING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Financial Reporting area is responsible for timely and accurate external reporting to the SEC, banks and investing partners for the AES US SBU. This area includes statutory filings, requirements of the SEC including 10Ks, 10Qs, 8Ks, etc., required debt financial statements and various internal and management reporting. The area prepares financial statements and both internal and external management discussions. The area is also responsible for adherence to applicable SOX controls.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes	Yes		

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS

- The Financial Reporting area prepares timely and accurate external reporting as required by the SEC
- The Financial Reporting area prepares information to assist management in effectively running the AES US SBU

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 747 AREA TITLE REGULATORY ACCOUNTING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Regulatory Accounting area is responsible for the accuracy and completion of all accounting entries related to regulatory assets or liabilities for Indianapolis Power & Light Company (IP&L) and Dayton Power & Light Company (DP&L). The area is responsible for the accounting portion of timely and accurate rate filings of IP&L and DP&L. The area prepares all IP&L accounting schedules for rate adjustment mechanisms. The area provides information for DP&L rate adjustment mechanisms to DP&L Regulatory Affairs. The area prepares written accounting testimony and when necessary provides expert accounting testimony, in public hearings for both IP&L and DP&L. The area coordinates and files all FERC 3-Q and Form 1 filings, and required state filings. In addition, this group aids in the preparation and review of the FERC Form 60 for the Service Company.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes					Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			YES

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Total Retail Revenue

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Provide accounting data to support Commission filings, Intervener requests and other regulatory activities as needed to ensure just and reasonable rate allocation to customers

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 748 AREA TITLE FIXED ASSETS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Fixed Assets area maintains fixed asset and project systems. The area is responsible for other property accounting matters including project set-up and closures, determination of rates of Allowance for Funds Used During Construction (AFUDC) and capitalized interest, maintenance of the property unit record catalogs, and the administration of the Project Expenditure Authorization process. The area is responsible for the oversight of capital project accounting activities performed by employees in other areas and for various special projects as assigned.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes	Yes		

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes			Yes	Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Accurate fixed asset reporting, including associated depreciation expense
- Establishment of projects for accurate expenditure tracking
- Support of utility company regulatory activities

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 749 AREA TITLE ACCOUNTS PAYABLE

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Accounts Payable area performs the central processing of accounts payable invoices and disbursements and other related accounts payable functions such as the annual IRS Form 1099 processing. The area performs other clerical accounting functions for various affiliates such as the recordation of month-end liability accruals.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes	Yes		

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes			Yes	Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Accurate and timely payment of vendor invoices and employee expense reports
- Recordation of accrued liabilities
- Support of various studies including responding to queries as to vendor payment amounts and General Ledger Account

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 750 AREA TITLE PAYROLL

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Payroll area is responsible for processing and issuing bi-weekly payroll with interfaces to ADP. The area issues payroll reports and IRS Form W-2's. This area provides oversight of payroll related matters including the impact to General Ledger balances and Payroll bank account balances.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes						
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Employee Headcount

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Provide accurate and timely employee pay distributions
- Support of various studies including responding to queries as to employee earnings and General Ledger Account classifications

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 751 AREA TITLE OPERATIONAL ACCOUNTING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Operational Accounting area is responsible for the accounting functions of the US SBU Companies, primarily IPL, DPL and the Service Company. The area assists in the formulation and administration of approved accounting practices throughout the Company to assure timely and accurate financial accounting and reporting. The area is responsible for journal entries, reconciliations, SOX controls, proper FERC and GAAP accounting and reporting and for assisting operational areas in various capacities including analysis, accounting expertise and understanding results of operations. The area is also responsible for the proper and equitable allocation of service company costs and the various allocations for IPL and DPL. The area assists in budgeting and forecasting, Key Performance Indicator (KPI) measures and statistical information for the AES US SBU. The area also prepares regulatory reporting pages, assists in rate cases and maintains most allocation rates for the AES US SBU.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes						
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

## **DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS**

- The Operational Accounting area provides timely and accurate accounting information needed for proper management and regulatory reporting
- The Operational Accounting area provides accounting expertise to the Operating groups within the AES US SBU

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 752 AREA TITLE GENERAL ACCOUNTING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The General Accounting area is responsible for the general accounting functions of the AES US SBU companies, including their subsidiaries, as well as the preparation and maintenance of reports. The area assists in the formulation and administration of approved accounting practices throughout the company to insure that financial reports accurately reflect the condition of the business and provide reliable information necessary to control operations. The area also assists with testing of the company's financial (SOX) controls insuring compliance to all applicable (SOX) controls and assists with complex accounting projects.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
				Yes		

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS

- The General Accounting area provides timely and accurate accounting information needed for proper management and regulatory reporting
- The General Accounting area provides accounting expertise to various groups within the AES US SBU

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 753 AREA TITLE REVENUE ACCOUNTING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Revenue Accounting area is responsible for all aspects of revenue accounting including accounts receivable for the US Generation businesses, IPL, DPL, and their subsidiaries. The area functions include revenue recognition, market based contracts, regulatory rate cases, accounts receivable, and cash collection. The area is involved in supporting the preparation and review of interim period and annual SEC financial statements and prepares financial analysis to assist management in operations and financial review. The area is responsible for ensuring that revenue, accounts receivable, and liability balances are completely and accurately presented in the financial statements and ensuring compliance with controls and procedures to maintain integrity of financial numbers in accordance with US GAAP and FERC requirements.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Composite

## **DETAILED BENEFITS TO CUSTOMERS**

- Provide accounting analysis support to record energy sales and other ancillary services
- Ensure the revenue earned and received from regulated and unregulated markets is accurately recorded
- Maintain revenue recognition in accordance with US GAAP and FERC regulations

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 754 AREA TITLE TREASURY

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Treasury area is focused on activities that include financings, credit & compliance, and back office/operations. The area's financing activities include: planning, structuring and execution of all debt and equity financings including but not limited to; taxable/tax exempt bond issuances, securitizations, A/B bank loans, revolving credit facilities, letters of credit, and project financed bank loans and tax equity financing. As part of this activity the Treasury acts as the central interface with all local/regional and international banks and the three most recognized credit rating agencies (Fitch, S&P & Moody's). The credit & compliance activities include: oversight of interaction with stock and bond transfer agents, Administrative and Collateral agents and Trustees, administers and ensures reporting requirements are met under all relevant financing documents and manages third party credit exposure. The back office/operations activities include: cash management functions of all AES US SBU legal entities, including but not limited to, analysis and recommendation of investment opportunities, daily short-term cash investing, all wire transfer operations, short-term borrowing, and execution of all Treasury payments (interest, principal, dividends, etc.).

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes	Yes	Yes	Yes

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

## **DETAILED BENEFITS TO CUSTOMERS**

- Define and optimize capital structures and credit ratings
- Ensure cost efficient debt and equity financing
- Manage liquidity and ensure continuity of operations
- Re-invest cash and cash equivalents in interest bearing short-term investments
- Ensure excess capital is allocated efficiently and effectively
- Manage interest rate risks and reduce volatility in interest payments
- Cost efficiently move funds for the operating and other financial needs of the utility

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 755 AREA TITLE PLANT MANAGERS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

This area contains area managers at Stuart and Killen Stations. These roles include Plant Manager, Operations Manager, Maintenance Manager as well as Generation VP. The Plant Managers area is responsible for all operations and maintenance personnel at the plant as well as the operations and maintenance of all equipment at Stuart Station and Killen. The Generation VP is responsible for the oversight and management of all DPL Generation facilities.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Non-applicable since all charges will be direct

### DETAILED BENEFITS TO CUSTOMERS

- Provide low-cost energy in a safe and reliable manner

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 756 AREA TITLE FINANCIAL PLANNING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Financial Planning area is responsible for management planning and decision making, identifying, maintaining, and evaluating information relating to budgets and long range forecasts for the AES US SBU. The area is specifically responsible for coordination of the 10-year budget of the company and presenting 10-year budgeted financials to AES. The area is also responsible for updating the monthly forecast and preparing monthly variance analysis comparing actual to budget and prior forecast. The area creates monthly performance reports summarizing financial and operational data for internal and AES management and maintains a long term financial model of the company and uses that model to prepare financial analysis reviewing options for major capital additions and other projects.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes	Yes		

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes	Yes		Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite

### DETAILED BENEFITS TO CUSTOMERS

- The Financial Planning area provides financial and business analysis expertise to AES US SBU leadership in order to appropriately plan for future financial needs of the business

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 757 AREA TITLE TAX

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Tax area is responsible for all Federal, State and Local tax accounting, compliance and planning for the AES US SBU. The area's responsibilities include the filings of all income, sales and use, property and miscellaneous returns. The Tax area is also responsible for all tax audits related to AES US SBU operations. The area is responsible for all SOX controls related to tax accounting and for the tax sections of all SEC, FERC and other Regulatory filings.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes	Yes	
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes	Yes	Yes	Yes

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Composite Factor

### DETAILED BENEFITS TO CUSTOMERS

- Provide timely and accurate tax reporting critical to insure proper cost structure for the utilities
- Provide tax expertise to all groups within the AES US SBU, including the utilities



## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 758 AREA TITLE ENTERPRISE RISK MANAGEMENT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Enterprise Risk Management area develops an Enterprise Risk Management framework for identifying, assessing and managing risks. The area assists business units in implementing Enterprise Risk Management concepts into their business processes to include risk measurement techniques. The area provides continuing consultation and support to business units on Enterprise Risk Management concepts. The area facilitates risk assessment meetings with significant functional groups at least annually and maintains a risk register of significant business risks and their status for each business unit across the AES US SBU.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs  
 Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS

- Provide support and assistance when developing mitigation strategies and/or risk management techniques to address key risk concerns
- Ensure active participation in annual risk diagnostic survey process for identifying and rating key risks
- Provide Enterprise Risk Management expertise

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 759 AREA TITLE RISK MANAGEMENT BACK OFFICE

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Risk Management Back Office area is primarily responsible for creating and maintaining effective controls for the settlement of commodities. The area's responsibilities includes support of the credit function to ensure relevant risk management information is identified, authorized, processed, recorded and reported through reporting systems.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS

- Provide required analysis and reporting in support of commercial, credit, and finance functions across the AES US SBU
- Ensure compliance to approved risk policies and adherence to standard risk practices
- Provide risk management expertise

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 760 AREA TITLE SETTLEMENTS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Settlements area supports and manages the settlement of commodity transactions including items used in the calculation of the fuel adjustment clause. The area ensures that information used for billing is accurate, properly processed, recorded and reported in a fully auditable format.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Composite Factor

### DETAILED BENEFITS TO CUSTOMERS

- Provide data to support the other finance functions including information used for billing, fuel cost adjustment, and financial reporting or other activities as needed

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 761 AREA TITLE INSURANCE

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Insurance area develops, recommends, and administers risk management and loss prevention programs to maintain maximum protection of the Company's and its affiliates' assets at the most economical rates. The area investigates and reports on accidents involving Company and Affiliate property, services, or products, with resultant coordination between insurance companies and attorneys. The area reviews and analyzes data and devises risk minimization programs.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			Yes

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS

- Provide insurance services that strike the right balance between coverage optimization and cost minimization through the use and coordination of multiple providers
- Ensure compliance with generally accepted insurance practices
- Provide insurance expertise

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 762 AREA TITLE LEGAL SERVICES

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Legal Services area is responsible for providing legal assistance, counsel, and advice on the activities of the AES US SBU and its affiliated companies to ensure maximum protection of corporate legal rights. The area keeps abreast of legislative and administrative regulatory developments, particularly as they affect the operation of the AES US SBU and its affiliates. The area handles or directs suits or claims against the AES US SBU and its affiliates. Also, handles or directs proceedings in suits, claims, or appeals brought by the AES US SBU and its affiliates. The area provides counsel in regulatory and environmental activities. The area is responsible for filings, reports, and statements of a legal nature. The area is also involved with financings, tax, corporate governance, bankruptcy, contract and lease drafting, negotiation and review, SEC compliance filings and mortgage administration.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes	Yes	Yes	Yes

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

## **DETAILED BENEFITS TO CUSTOMERS**

- Provides proactive legal counsel and advice to ensure compliance with federal, state and local laws and regulations
- Provides legal support for regulatory, environmental, human resource, finance, supply chain, commercial operations and retail operations
- Provides legal analysis for special projects as needed

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 763 AREA TITLE ENVIRONMENTAL MANAGEMENT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Environmental Management area is responsible for setting and implementing corporate environmental strategy and compliance policy. The area conducts audits and reviews plant submissions to ensure continuous compliance with all federal, state, and local regulations. The area responds to agency actions, and monitors new or updated environmental regulations, enforcement initiatives and governmental policies that could affect the Company. The area participates in Company planning activities to minimize costs and other impacts of environmental regulations on operations.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Gross Property, Plant and Equipment

### DETAILED BENEFITS TO CUSTOMERS

- Ensures continuous company-wide compliance with all federal, state, and local environmental laws and regulations
- Monitors and participates in stakeholder process of development of new or updated environmental regulations, enforcement initiatives and governmental policies
- Provides outward-facing representation of the Company with local, state and federal environmental enforcement agencies

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 764 AREA TITLE HUMAN RESOURCES OPERATIONS & TALENT ACQUISITION

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Human Resources Operations and Talent Acquisition area manages the following functions for the US SBU including talent acquisition for salary and hourly employees, testing, diversity, compliance, reporting and hiring. The duties of the HR Operations area also include the verification of potential employee references and background checks, file creation and retention. The area coordinates both the college intern and co-op programs, and facilitates contingent employee recruitment and placement.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Employee Headcount

### DETAILED BENEFITS TO CUSTOMERS

- Certifying credentials of new hires servicing customer needs
- Representing the customer in providing a diverse workforce
- Monitoring compensation needs as fair and accurate

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 765 AREA TITLE HUMAN RESOURCES TOTAL REWARDS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Human Resources Total Rewards area designs, develops, implements, administers, and communicates the Company's Total Rewards programs including health, welfare, wellness, retirement, base pay, incentives and other rewards. The area in conjunction with AES global, HR Total Rewards develops and executes the total rewards philosophy and supporting policies and practices. The area analyzes current programs to ensure they align with the business strategy. The area evaluates the market competitiveness and cost-effectiveness of compensation and benefit plans to ensure they optimize the ability to attract and retain top talent.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Employee Headcount

### DETAILED BENEFITS TO CUSTOMERS

- Evaluates total rewards programs against external information to ensure offerings are relevant and help drive talent acquisition and retention
- Uses market data to develop and implement competitive and cost effective rewards practices

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 766 AREA TITLE HUMAN RESOURCES TALENT DEVELOPMENT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Human Resources – Talent Development area is responsible for talent management functions of the Company. The area’s responsibilities include the development, coordination, and facilitation of workforce planning processes, people development strategies, change management and leadership development programs and overall coordination of talent management.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Employee Headcount

### DETAILED BENEFITS TO CUSTOMERS

- Promote professional and leadership development to mitigate risk of skill gaps
- Develop processes to support workforce planning
- Provide talent management expertise for organizational effectiveness

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 767 AREA TITLE HUMAN RESOURCES  
LABOR RELATIONS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Human Resources Labor Relations area supports the organization's strategy in the area of collective bargaining, and promotes alignment with the organization's vision; strategizing in the removal of those areas that present hindrances in the efficient operation of the business, effective strategies for ensuring that people follow the associated negotiated agreements, and contingency strategies for the future of collective bargaining to remain competitive with the market industry. The area builds effective partnerships with business/functional stakeholders and labor organization leaders. The area formulates and administers the Company's labor relations policy, subject to top management guidance and approval. The area carries out the negotiations of bargaining agreements, advocating on the Company's behalf (upholding its position) in the arbitration of grievances and administration of complex labor issues (unfair labor practices, union organization drives, and implementation of conflicting company policies).

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect –Employee Headcount

## **DETAILED BENEFITS TO CUSTOMERS**

- Provide guidance in areas of labor relations, negotiations, and arbitration of grievances
- Collaborates with management and labor to ensure productive working relations
- Implement Labor Relations best practices, policies, procedures and applicable laws for compliance and legal purposes.
- Provide Labor Relations expertise to ensure fair market compensation

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 768 AREA TITLE INTERNAL COMMUNICATIONS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Internal Communications area is responsible for gathering information, writing and editing a weekly electronic newsletter and quarterly magazine that is sent to all AES US SBU employees. The area oversees the distribution of internal messaging from AES US SBU leaders. The area writes and edits for various Human Resource projects. The area assists with internal communications efforts involving leaders and employees.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Employee Headcount

### DETAILED BENEFITS TO CUSTOMERS

- The Internal Communications area informs employees of the Corporation's business direction

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 769 AREA TITLE EXECUTIVE 2

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Executive 2 area is responsible for the leadership, oversight, expertise, decision making, and direction for the entire US SBU.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes	Yes	Yes	

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes	Yes		Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR CHARGES TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Expertise in all AES related fields
- Guidance and leadership of the entire US SBU
- Oversight of major functions

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 770 AREA TITLE CUSTOMER SERVICE

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Customer Service area is responsible for the customer service functions of the Company and its affiliates including IPL’s walk-in facility, call center and billing and credit departments, as well as DPL’s call center, customer billing system and control area services. The area is responsible for ensuring a high level of customer satisfaction and service at DPL and IPL, and for timely and accurate billing to all customers. The area is responsible for identifying process and quality improvement initiatives related to customer satisfaction as well as the overall objectives of the Company and its affiliates.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes					Yes	
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
	Yes			

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes			
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Number of Retail Customers

## **DETAILED BENEFITS TO CUSTOMERS**

- Provide a high level of customer satisfaction
- Ensure customers transactions, whether in person, via telephone with agent and/or with our automated systems (web and/or Interactive Voice Response) are completed accurately
- Analyze all executive and regulatory customer inquiries to determine process improvement opportunities and applicable implementation
- Provide customer service expertise

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 771 AREA TITLE T&D METERING SERVICES AND SAFETY

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The T&D Metering Services and Safety area is responsible for the low voltage metering work at both IPL and DP&L, including meter installation, meter reading, field collections and services. In addition this area is responsible for safety throughout Customer Operations. The area shares knowledge of advanced metering technologies, utility practices and standards, national electric safety code, state and local compliance, and safety procedures. The area is familiar with both Ohio and Indiana regulations and ensures field work complies with the applicable state rules. In addition, the area has working knowledge of both labor agreements at DP&L and IPL. The area participates as a storm team manager for one of the four storm teams at DP&L.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes					Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
	Yes			

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Number of Retail Customers

## **DETAILED BENEFITS TO CUSTOMERS**

- Ensures metering, collection, service, and meter reading practices are in accordance and comply with local regulatory rules
- Provides metering, collections, service and metering reading expertise and management across DP&L and IPL organizations
- Developing consistencies in operations and safety between IPL and DP&L
- Provides safety leadership for IPL and DP&L through program development, identification of best practices, incident review and training

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 772 AREA TITLE T&D RELIABILITY PROGRAMS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The T&D Reliability Programs area is responsible for the operations and management of the integrated AES US SBU (DP&L & IPL) T&D vegetation management, underground cable maintenance and pole inspection programs. The area is responsible for the Ohio ESSS Rule 27 maintenance programs at DP&L (Distribution Line Patrol, Primary & Secondary enclosures, line reclosers, line capacitors, air break switches, etc.). The area's responsibility includes the annual execution of the programs and the associated regulatory compliance tasks (audits, annual reports, etc.).

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes					Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
	Yes			

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Number of Retail Customers

## **DETAILED BENEFITS TO CUSTOMERS**

- Provide vegetation management service to ensure safe and reliable electric service to customers while maintaining 100% regulatory compliance (PUCO, IURC and NERC)
- Execute inspection/maintenance programs to ensure safe and reliable electric service to customers while maintaining 100% regulatory compliance (PUCO, IURC and NERC)
- Interaction with Asset management group to identify and implement “best in class” programs
- Interaction with Supply Chain group to minimize cost and maximize shareholder value
- Provide T&D expertise to other operating areas as needed

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 773 AREA TITLE T&D ENGINEERING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The T&D Engineering area is responsible for the engineering design functions, real estate operations, joint use and drafting for both DP&L and IPL. The area participates as a storm team manager for one of four storm teams at DP&L. The area has knowledge of utility standards and practices, national electric safety code, state and federal compliance requirements, joint use agreements, computer aided design and GIS applications. The area also has working knowledge of DP&L and IPL labor agreements.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes					Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
	Yes			

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – T&D Gross Property, Plant, and Equipment

### DETAILED BENEFITS TO CUSTOMERS

- Ensure engineering processes and procedures are efficient and consistent across AES
- Provide engineering expertise and management across DP&L and IPL organizations

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 774 AREA TITLE T&D SYSTEMS OPERATING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The T&D Systems Operating area is responsible for managing the real time applications to support IPL and DP&L operations. The area’s responsibilities include the design of the infrastructure and upgrades to existing equipment to support the applications. The area is responsible for 24x7 support of the applications required to manage the real time operations of the transmission systems. The area handles the design, upgrade, and maintenance plans for both primary and back up facilities and annually tests those systems for reliability. The area is responsible for ensuring compliance to applicable FERC/NERC/Reliability First/State requirements.

### USE OF SERVICES OR BENEFITS TO CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes					Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – T&D Gross Property, Plant, and Equipment

### DETAILED BENEFITS TO CUSTOMERS

- Provide reliable and cost effective support to the transmission control systems
- Provide 24x7 support for operations

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 776 AREA TITLE INFRASTRUCTURE SECURITY

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Infrastructure Security area is responsible for cyber security activities, physical security activities, contract security (guard service selection and training), security incident response plans, risk assessments, threat intelligence and analysis activities, auditing activities and automation management and strategic security developments at DP&L, IPL and 15 other business locations in the AES US SBU. Responsible for internal and external cyber and physical policy and procedures to meet the requirements for the FERC/NERC Critical Infrastructure Protection (CIP) Standards as well as various federal and industry (SOX and PCI) compliance requirements. The area coordinates internal and external investigations and maintains liaison with local, state and federal law enforcement agencies. The area is responsible for developing and administering security and compliance training and awareness programs.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Composite Factor

## **DETAILED BENEFITS TO CUSTOMERS**

- Leveraging skill and expertise of cross-functional personnel across all business units
- Economy of scale for security services and hardware/software acquisitions
- Standardization of consistent security baselines
- Implementing best-in-class compliance programs across all business units
- Consolidation of management platforms to reduce the operational overhead of security, along with providing an integrated view into the overall security posture
- Centralized threat intelligence and analysis activities allowing a rapid dissemination of security threat data across all business units
- Improved decision making with the centralized control and management of all security related activities

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 777 AREA TITLE SAFETY, GOVERNANCE & AUDIT PROGRAMS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Safety, Governance, and Audit Programs area is responsible for staying current regarding occupational health and safety rulemaking that has the potential to impact business. The area is responsible for developing safety and health programs to mitigate and/or eliminate occupational health and safety risks. The area develops and delivers programs to all stakeholders to help improve the safety culture of the business. The area also leads incident investigations to determine causal factors. The area helps develop health and wellness programs for the benefit of all employees, conducts regular safety audits throughout the company and is responsible for safety reporting to the Company's management.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Employee Headcount

### DETAILED BENEFITS TO CUSTOMERS

- Maintain the safety of employees ensuring retention of expertise in critical areas to help ensure system reliability

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 778 AREA TITLE RISK MANAGEMENT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Risk Management area is primarily responsible for risk analytics for each of the business units in the AES US SBU, including validation of forecasting models, validation of pricing models, and evaluation of various modeling methodologies. This area is responsible for monitoring risk governance including transaction authority levels and products, preparing and coordinating Risk Management Committee meetings, conducting stress case and scenario analysis, reviewing, evaluating, and monitoring Business Unit Commercial Strategies for compliance with the Risk Management Policy.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS

- Provide analysis of modeling methodologies, model back-testing, and validation in support of commercial business units across the AES US SBU and provide risk analysis assessments to AES Corporate as requested
- Ensure compliance to approved risk policies and adherence to standard risk practices
- Provide risk management expertise

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 779 AREA TITLE INTERNAL AUDIT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Internal Audit area is responsible for providing internal auditing and advisory services to the US SBU. Internal Audit assignments are performed based on an annual IA plan. Additionally, Internal Audit is actively involved in management of the CSA process, and providing assistance to external auditors, E&Y.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes	Yes	Yes	

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes	Yes		Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR CHARGES TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect - Composite Factor

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Publicly traded companies are required to have an Internal Audit function within the organization
- Overview of responsibilities performed is outlined above

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 780 AREA TITLE SUPPLY CHAIN

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Supply Chain area is responsible for the oversight of all the supply chain functions. Oversight areas include Logistics & Material Management – Generation, Logistics & Material Management – T&D, and Strategic Sourcing and Business Intelligence & Analytics.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Total Number of Purchase Orders

### DETAILED BENEFITS TO CUSTOMERS

- Provide system reliability while keeping costs low

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 781 AREA TITLE LOGISTICS & MATERIAL MANAGEMENT - T&D

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Logistics & Material Management - T&D area is responsible for reorder point reviews, item consolidation, purchase order/releases for replenishment of T&D stock materials, new stock items, item categorization, physical/cycle inventory counts, stocking programs, and vendor-managed inventory and consignment. In addition, this area will provide storm support to the operational organizations from staffing operations and warehouses on a continuous basis, executing staging areas, expediting materials as well as setting up emergency purchase orders when necessary. In addition, the area will assist with storing, managing delivery and staging of materials.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
	Yes			

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – T&D Inventory Values

### DETAILED BENEFITS TO CUSTOMERS

- Maintain inventory levels for system reliability while keeping costs low

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 782 AREA TITLE BUSINESS INTELLIGENCE & ANALYTICS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Business Intelligence and Analytics area is responsible for supplier qualification and maintenance, diversity programs, policies and procedures, SOX 404 compliance, internal and external audit liaisons, financials, business forecasting, KPIs, metrics, reporting, sourcing pipeline, value added for the pre/post negotiations, legal/commercial terms and performance evaluations/reviews, and strategic planning while keeping in mind the internal customers' budgets and forecasts. The area is also the liaison for all IT-related systems including Oracle and SAP Supply Chain modules.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Total Number of Purchase Orders

### DETAILED BENEFITS TO CUSTOMERS

- Provide system reliability while keeping costs low

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 783 AREA TITLE STRATEGIC SOURCING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Strategic Sourcing area is responsible for all strategic non-stock materials and services purchasing, supplier management including tracking industry trends, category management, supplier relationship management in addition to strategic alliances, supplier diversity and supplier base management. This area is responsible for obtaining requests for proposals including bids, evaluations, total cost of ownership (TCO) and negotiation plans. The area oversees requisitions and purchase orders including ERP support, assisting with setting up purchase orders and change orders. The area is also responsible for providing benefits and maintaining the current sourcing pipeline.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect –Total Number of Non-Stock Purchase Orders

### DETAILED BENEFITS TO CUSTOMERS

- Maintain inventory levels for system reliability while keeping costs low

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 784 AREA TITLE LOGISTICS & MATERIAL MGMT - GENERATION

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Logistics & Material Management – Generation area is responsible for reorder point reviews, item consolidation, purchase order/releases for replenishment of Generation stock materials, new stock items, item categorization, physical/cycle inventory counts, stocking programs, vendor-managed inventory and consignment. In addition, this area will provide outage support to the operational organizations from staffing operations and warehouses on a continuous basis, executing staging areas, expediting materials as well as setting up emergency purchase orders when necessary. In addition, the area will be responsible for receiving, job kits, and the material recovery, disposal, returns, rebuilds and repairs/refurbishments.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
			Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Generation Inventory Values

### DETAILED BENEFITS TO CUSTOMERS

- Maintain inventory levels for system reliability while keeping costs low

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 785 AREA TITLE IT MANAGEMENT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The IT Management area is responsible for the leadership and oversight of all information technology areas (Infrastructure, Collaborations, Governance, Enterprise Applications, T&D Applications, and Generation Applications).

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/AES</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – IT Gross Assets

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Provide dependable, reliable, safe, and updated information technology throughout the US SBU

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 786 AREA TITLE IT INFRASTRUCTURE

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The IT Infrastructure area is responsible for the information technology infrastructure for the AES US SBU. The area's responsibility includes the deployment and support of enabling technologies including servers, network, data storage, data center, printers and recovery services. The area is also responsible for the deployment of communications tools including telepresence, conference bridges, data communication channels and WebEx. The responsibilities for the area include the capacity planning, budgeting, cost effectiveness, reliability, testing, training and change management.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – IT Gross Assets

### DETAILED BENEFITS TO CUSTOMERS

- A reliable IT Infrastructure is critical to serving all functional areas of the AES US SBU including the utilities

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 787 AREA TITLE IT COMPETITIVE GENERATION APPLICATIONS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The IT Competitive Generation Applications area is responsible for the Competitive Generation IT applications, business analysis, requirements gathering, solution design and support for the Competitive Generation businesses. The area's responsibilities include procurement, development and deployment of the various Competitive Generation applications. The area is also responsible for the applications support including maintenance, upgrades and modifications. The area develops roadmaps to be followed. The responsibilities of this area include planning, budgeting, maintaining cost effectiveness, and interfacing with the Competitive Generation business areas.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – IT Gross Assets

### DETAILED BENEFITS TO CUSTOMERS

- Maintaining the integrated operational and financial systems is crucial to the success of the company
- Maintaining proper controls and dependable operational and financial systems aid in proper and accurate accounting

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 788 AREA TITLE IT ENTERPRISE APPLICATIONS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The IT Enterprise Applications area is responsible for the Enterprise IT applications, database hosting and support for the AES US SBU. This responsibility includes procurement, development and deployment of the various enterprise applications. The area is also responsible for support for the applications including maintenance, upgrades and modifications. The responsibilities of this area include planning, budgeting, and maintaining cost effectiveness. Some of the major IT systems that this area is responsible for include the Oracle suite of products, Business Intelligence Solutions, Data Warehousing, Web Services, IPLpower.com, PowerPlant, Intranet and Data Base Administration.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – IT Gross Assets

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Maintaining the integrated financial systems is crucial to the success of the company
- Maintaining proper controls and dependable financial systems aid in proper and accurate accounting and reliable service to the rate payers

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 789 AREA TITLE IT COLLABORATION SERVICES

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The IT Collaboration Services area is responsible for end user experience. This includes solving any workstation hardware and software needs of the employees of the AES US SBU. It also entails procurement and deployment of user workstations, laptops and software. The area is a single point of contact to meet the IT needs of employees such as password resets and application support. The responsibilities of the area include the planning, budgeting, maintaining cost effectiveness, reliability of the PCs, testing, training, workstation records/replacements/upgrades, phone support and deployment (mobile, cellular, and satellite among others) throughout the AES US SBU.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes		Yes	

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Number of PCs

### DETAILED BENEFITS TO CUSTOMERS

- The AES US SBU is dependent upon reliable PCs and software to successfully perform their work and to provide reliable service

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 790 AREA TITLE IT STRATEGY, SECURITY AND GOVERNANCE

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The IT Strategy, Security and Governance area is responsible for establishing the system architecture for information technologies while providing project management support for the IT project portfolio, overall IT budget management support, and ITGC Governance for AES US SBU. The group defines and maintains the US SBU IT Technology roadmap, identifies architectural standards, manages the US SBU IT project portfolio from project planning through closure, manages and supports the annual IT capital and O&M budgeting processes, and provides controlled self- assessment, testing corrective action plan and reporting support.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – IT Gross Assets

### DETAILED BENEFITS TO CUSTOMERS

- Employees, vendors and customer information must be kept secure. It is critical that security of information and systems be properly secured with the latest anti-virus software and controls

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 791 AREA TITLE IT T&D APPLICATIONS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The IT T&D Applications area is responsible for the Transmission and Distribution IT applications and support for IPL and DP&L. The area's responsibilities include procurement, development and deployment of the various T&D applications. The area is also responsible for the applications support including maintenance, upgrades and modifications. The area develops roadmaps and ensures proper testing. The responsibilities of this area include planning, budgeting, and maintaining cost effectiveness within the Information Technology Organization. Some of the major T&D IT systems that this area is responsible for include Customer Information Systems (CIS), Meter Reading Systems, Geographical Information Systems (GIS), and Work Management Information Systems.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes					Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
					Yes	

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
	Yes			

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – T&D Gross Property, Plant and Equipment

### DETAILED BENEFITS TO CUSTOMERS

- Maintaining the T&D systems are crucial for delivery of power to customers
- Maintaining accurate design records are also very important for safety and managing the T&D network
- The systems are also important for proper accounting and financial presentation

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 792 AREA TITLE HUMAN RESOURCES  
EMPLOYEE RELATIONS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Human Resources Employee Relations area supports the organization’s strategy and promotes HR initiatives, policies, and goals in alignment with the organization’s vision; preparing its people for growth and overall employee satisfaction. The area builds effective partnerships with business/functional stakeholders. The area implements the developmental and succession planning process to ensure that talent is best utilized throughout the organization for today and into the future. The area administers the Company’s daily labor relations policy, subject to the Labor Relations Department guidance. The area represents management in daily interpretation and administration of the respective collective bargaining agreements.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes	Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>
	Yes	Yes	Yes

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Employee Headcount

## DETAILED BENEFITS TO CUSTOMERS

- Provide guidance in areas of performance management, leadership and employee development, compensation, labor relations, communications, change consulting, diversity and organizational effectiveness resulting in a workforce that is prepared and focused and one that can react to the ever changing environment in which we operate
- Collaborates with management and labor to ensure productive working relations
- Implement HR practices, policies, procedures and applicable laws for compliance and legal purposes.  
Provide Human Resource Employee Relations expertise to ensure fair market compensation

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 793 AREA TITLE BUSINESS DEVELOPMENT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Business Development area is focused on supporting the US SBU business development activities that may include Greenfield and Brown Field project development, mergers, acquisitions, divestitures, and other similar sorts of transactions. This area is focused only on development outside of IPALCO, including subsidiaries, DPL, Inc., including subsidiaries, US Generation Holdings LLC, including subsidiaries, and other existing operational entities; instead focusing on development or transactions that will occur in special purpose or development vehicles. This area's responsibility includes driving the procurement and negotiation of (a) commercial agreements (PPA, etc.), (b) land use agreements, (c) relevant permits, and (d) construction contracts and other material project documents. This area is also responsible for developing financial models, completing financial analysis and interfacing with the US SBU Subject Matter Experts in each of the Technical Accounting, Tax and Treasury areas, together enabling the US SBU to quantify the cash value and earnings impact associated with each discreet project. Finally, this area is responsible for working with Treasury to develop a financing plan, and obtaining approvals for all equity funds required for the project development and subsequent construction.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

## **BASIS FOR COST ALLOCATION TO CUSTOMERS**

Direct - Fully loaded labor hours and non-labor costs

Indirect - Non-applicable since all charges will be direct

## **DETAILED BENEFITS TO CUSTOMERS**

- Identify business development opportunities for AES
- Quantify financial impact and complete due diligence required to validate interest
- Procure and negotiate key project documents including permits, commercial contracts, construction contracts, etc.
- Structure and establish new SPV or development entity
- Develop financing plan
- Obtain approvals for equity funding
- Enable cash flow and earnings growth

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 794 AREA TITLE COMMERCIAL OPERATIONS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Commercial Operations area’s general responsibilities and services for AES US SBU businesses includes Wind Remote Operations Control Center, generation dispatch services for DP&L and DPLE, Marketing and PJM services for Laurel Mountain, Tait Energy Storage, and Beaver Valley and short term asset optimization for applicable AES US SBU plants. It also includes regulatory and Regional Transmission Operator (RTO) services for the AES US SBU and all PJM market functions and operation duties. The area’s Wind Remote Operations Control Center (ROCC) responsibilities include monitoring and controlling AES US SBU wind turbine generators across thirteen separate wind generation facilities covering eight states. The area’s wind operational support includes, but is not limited to outage execution per Independent System Operator (ISO) and RTO protocol. In addition to scheduling and executing outages, the area submits forecasting and generation schedule data to ISO and RTO per protocol. The area acts as Generator Operator (GOP) for AES wind facilities receiving verbal dispatch instructions from ISO, RTO and/or Balancing Authority personnel in support of a stable bulk electric system (grid). The area will curtail, derate and /or shutdown generation facilities based upon a number of specified criteria to include economic constraints and reliability conditions. The area’s generation dispatch services for DP&L and DPLE include NERC audit responsibilities as the GOP, LSE and PSE.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
		Yes		Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

## **BASIS FOR COST ALLOCATION TO CUSTOMERS**

Direct - Fully loaded labor hours and non-labor costs

Indirect – Gross Margin

## **DETAILED BENEFITS TO CUSTOMERS**

- Provide commercial and operational services with the objective of reducing costs for customers and optimizing asset values for shareholders
- Provide market expertise and services for the power plants used to serve customers

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 795 AREA TITLE MERCHANT PORTFOLIO STRATEGY

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Merchant Portfolio Strategy area is responsible for Portfolio Management, Structuring and Origination, and Portfolio Analytics functions. The Portfolio Management portion of the area includes advising on plant investment activities, term hedging and trading of power, emissions, renewable energy credits and other commodities, long-term view development, tracking of portfolio profit and loss, and gross margin at risk. The Origination and Structuring portion of the area is responsible for identifying and negotiating opportunities to sell power to counterparties through, PPAs, structured deals, participation in RFPs and auctions, and pricing of retail products for affiliates. The Portfolio Analytics portion of the area supports Portfolio Management, Structuring and Origination, and other internal clients within AES with analytic support through model development and maintenance, research, data analysis, information presentation and other analytic work products.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Specific Allocation Provided by the Area

### DETAILED BENEFITS TO CUSTOMERS

- Provide portfolio management, origination and structuring, and analytic services with an aim at increasing value, reducing costs and reducing risks for customers
- Provide market expertise and services for power plants being used to serve customers

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 796 AREA TITLE MARKET OPERATIONS  
SYSTEMS AND ANALYSIS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Market Operations Systems and Analysis area is responsible for system development and support for the Competitive Generation business activities. Services provided include architecture, development and support of various wholesale and retail-based sourcing and sales transaction systems.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
			<i>MacGregor Park</i>
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Non-applicable since all charges will be direct

### DETAILED BENEFITS TO CUSTOMERS

- Provide centralized development and support services for a rapidly changing business platform that will deliver scalable systems to enhance the customer experience consistent with business growth objectives

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 797 AREA TITLE GENERATION CENTRAL SERVICES –  
MANAGEMENT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Generation Central Services – Management Area is responsible for providing leadership and direction to the other areas of Generation Central Services (798, 799, 800, 801, 802, 805 & 808)

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Specific Allocation Provided by the Area

### DETAILED BENEFITS TO CUSTOMERS/RATE PAYERS

- Engineering expertise to solve problems and identify opportunities
- Outage, construction and continuous improvement project oversight and direction
- Asset management tools, processes guidance and expert analytical rigor
- Investment decision support
- Regulatory compliance advice, particularly related to NERC rules

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 798 AREA TITLE GENERATION CENTRAL SERVICES – NERC COMPLIANCE

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Generation Central Services – NERC Compliance area is responsible for NERC Compliance which is regulated by FERC/NERC and the Regional Entities. The area standardizes NERC reporting and process procedures across the AES US SBU. The area establishes mechanisms for active sharing of NERC Lessons Learned and Best Practices. The area controls the accurate and timely filing of all NERC self-certifications and reports. The area develops a process to monitor regulatory changes and a way to implement a consistent application to all businesses. The area develops and maintains Internal Controls and creates a sustainable culture of compliance.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Specific Allocation Provided by the Area

## **DETAILED BENEFITS TO CUSTOMERS**

- Reduced risk to the Bulk Electric System
- Avoided cost of violations due to noncompliance
- Consistent programs and sharing lessons learned
- Programs can be monitored and updated in a timely and consistent manner

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 799      AREA TITLE GENERATION CENTRAL SERVICES – CONVENTIONAL

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Generation Central Services – Conventional area provides operational, maintenance and technical support to the AES US SBU conventional generation businesses by implementing best practices and leading innovative improvement activities on critical equipment and areas of high impact. The area provides Subject Matter Experts (SMEs) in the areas of Thermal Performance, Boilers, Steam Turbines, Combustion Turbine, Electrical, Large Rotating Equipment, Reliability, and Work Management to support the operations and maintenance of the businesses.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Specific Allocation Provided by the Area

### DETAILED BENEFITS TO CUSTOMERS

- Increased reliability of energy supply
- Reduced fuel consumption

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 800 AREA TITLE RENEWABLE ENERGY SERVICES

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Renewable Energy Services area is responsible for supporting the operation of the AES US SBU wind generation fleet and battery energy storage systems by collecting and conducting statistical analysis of wind turbine and battery performance data identifying issues and making recommendations to the Operation and Maintenance team. The area provides engineering support for the troubleshooting, testing and maintenance of electrical equipment and controls for the AES US SBU wind generation fleet and battery energy storage systems. This area is responsible for the leading, facilitating and assisting with site initiatives, root cause analysis, site performance assessments, AES Performance Excellence (APEX), and Six Sigma projects. The area conducts research, analyzes and coordinates reliability and performance improvement technologies.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Non-applicable since all charges will be direct

## **DETAILED BENEFITS TO CUSTOMERS**

- Provide technical improvements to increase reliability and performance resulting in lower maintenance costs and increased revenue
- Provide engineering support for failure analysis, root cause analysis and major repair initiatives improving reliability and avoiding rework
- Provide monthly reporting support to management decisions and analysis

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 801 AREA TITLE GENERATION CENTRAL SERVICES – WORKFORCE DEVELOPMENT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Generation Central Services – Workforce Development area is responsible for training and workforce development needs across the AES US SBU. This area helps develop a workforce development working group and takes our embedded knowledge for capital and programs to the businesses that need them while capturing other best practice workforce development initiatives and sharing those across the AES US SBU as well. The area works closely with business leaders to aid in identifying what training exists and identify gaps and provide resources to fill those gaps.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Specific Allocation Provided by the Area

### DETAILED BENEFITS TO CUSTOMERS

- Provide training expertise
- Utilize best practice and the power of being a global company, creating a world class workforce
- Reduction in human error failure mechanism
- Improved safety practices in execution of assignments

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 802 AREA TITLE GENERATION CENTRAL SERVICES –  
 OUTAGES AND PROJECTS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Generation Central Services - Outages and Projects area assists the fleet in detailed planning, procurement of materials, procurement of labor services and execution of outages and large projects. The area improves the quality, efficiency and cost optimization of outage and projects from inception to completion within the AES US SBU, creating value through the application of consistent and continuously improving outage best practices processes, tools and techniques.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Specific Allocation Provided by the Area

### DETAILED BENEFITS TO CUSTOMERS

- Identify and implement best practices across the AES US SBU to leverage centralization, specialization and optimization aimed at improving equipment reliability while reducing customer costs

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 803 AREA TITLE CENTRAL HEDGING AND MARKET ANALYSIS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Central Hedging and Market Analysis area is responsible for Portfolio Management, Origination and Fundamental Analytics functions. The Portfolio Management portion of the area includes advising on plant investment activities, term hedging and trading of power, emissions, renewable energy credits and other commodities, long-term view development. The Origination portion of the area is responsible for identifying new customers and negotiating appropriate documents to support transactions. The Fundamental Analytics portion of the area supports Portfolio Management, Structuring and Origination, and other internal clients within AES with analytic support through product development and maintenance, research, data analysis, information presentation and other special projects work. The area also supports fuel procurement and position responsibilities include rail and barge transportation, limestone, quality control, planning and other fuel and transportation related services. Additional fuel related responsibilities include partner related fuel issues as well as DP&L fuel clause recover commercial activity.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Specific Allocation Provided by the Area

## **DETAILED BENEFITS TO CUSTOMERS**

- Provide portfolio management, origination, and fundamental analytic services with an aim at increasing value, reducing costs, and reducing risks for customers.
- Provide market expertise and services for power plants being used to serve customers

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 804 AREA TITLE SERVICES OUTSIDE US SBU

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Services Outside US SBU area was created to separate out the services provided to AES affiliates outside the United States Strategic Business Unit (US SBU). The term US SBU refers to all of the affiliates listed in Section III of the CAAM including the individual US Generation plants that are accounted for in The AES Corporation. Although these services are few in occurrence, AES wants to leverage the expertise of the AES Services Company employees throughout their worldwide organization. All of these services will be directly charged to the AES affiliate within the US SBU and then transferred by this affiliate to the appropriate AES entity obtaining the services. Costs will include labor, overheads and non-labor charges applicable to the services provided to recover all costs incurred by the Service Company. No profit will be added to the services since it is an AES affiliate.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Non-applicable since all charges will be direct

### DETAILED BENEFITS TO CUSTOMERS

- Provide services to affiliates

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 805 AREA TITLE ASSET MANAGEMENT

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Asset Management area coordinates the strategic planning for physical assets during their life cycle and analyzes the performance that these plans deliver to the business. The area will develop processes and tools for the full life cycle management of all generation assets across the AES US SBU. The area provides analysis and advice to the Asset Owner regarding how the assets should perform, risk, and costs. This area also develops tools and processes to report on aggregated asset performance.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes		
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
	Yes	Yes	Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
			Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Specific Allocation Provided by the Area

### DETAILED BENEFITS TO CUSTOMERS

- Provide system reliability while keeping costs low

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 806 AREA TITLE T&D ASSET STRATEGY

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The T&D Asset Strategy area is the strategic management of physical assets during their life in the organization. This area will manage the life cycle of all the transmission and distribution assets across the AES US SBU. The area takes direction from the Asset Owner regarding how the assets should perform and the asset life span. Asset life cycle plans are then developed to maintain the optimal balance between asset funding and the operational performance. The area is charged with determining the level of capital and maintenance required for the assets and what level of operational performance can be achieved with the funding.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes					Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
	Yes			

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – T&D Gross Property, Plant, and Equipment

### DETAILED BENEFITS TO CUSTOMERS

- Provide system reliability while keeping costs low

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 807 AREA TITLE PUBLIC AFFAIRS

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Public Affairs area is responsible for developing and overseeing the strategy for external communications including media, advertising, marketing and other customer communications or interactions. The team also supports AES US SBU leaders in the creation of image and marketing materials, photography and internal communications support from time to time.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes	Yes			Yes	Yes	
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
Yes	Yes			Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
Yes	Yes		Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Employee Headcount

### DETAILED BENEFITS TO CUSTOMERS

- The Public Affairs area informs the general public of the Corporation's business direction or service area specific activities, initiatives, and community involvement.

## AREA DESCRIPTION

### AREA IDENTIFICATION

AREA 808 AREA TITLE ASSET INVESTMENT PLANNING

### AREA OVERVIEW – GENERAL RESPONSIBILITIES/SERVICES PROVIDED

The Asset Investment Planning area is the strategic management of physical assets during their life in the organization. The area will manage the life cycle of all generation, transmission and distribution assets across the AES US SBU. The area takes direction from the Asset Owner regarding how the assets should perform and the asset life span. Asset life cycle plans are then developed to maintain the optimal balance between asset funding and the operational performance. The area is charged with determining the level of capital and maintenance required for the assets and what level of operational performance can be achieved with the funding.

### USE OF SERVICES OR BENEFITS BY CUSTOMER

#### DIRECT CHARGES

<i>IPL</i>	<i>IPALCO</i>	<i>IPL Funding</i>	<i>MACR</i>	<i>AES</i>	<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>
Yes				Yes	Yes	Yes
<i>DPLE</i>	<i>Stuart Station</i>	<i>Killen Station</i>	<i>DP&amp;L Other Generation</i>	<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>
Yes			Yes			

#### INDIRECT CHARGES

<i>DPL</i>	<i>DPL/IPL</i>	<i>DPL/AES</i>	<i>IPL/AES</i>	<i>DPL/IPL/AES</i>
				Yes

#### DPL ALLOCATED TO THE FOLLOWING ENTITIES:

<i>DP&amp;L Distribution</i>	<i>DP&amp;L Transmission</i>	<i>DPLE</i>	<i>DP&amp;L Other Generation</i>
		Yes	Yes
<i>DPL INC.</i>	<i>MVLT</i>	<i>MVIC</i>	<i>MacGregor Park</i>

### BASIS FOR COST ALLOCATION TO CUSTOMERS

Direct - Fully loaded labor hours and non-labor costs

Indirect – Specific Allocation Provided by the Area

### DETAILED BENEFITS TO CUSTOMERS

- Provide system reliability while keeping costs low

%  
Basis of Allocation  
As of, or for the 12 Months Ended 9/30/15

	Employee Head Count (Include P/T)		Union Employee Head Count (Include P/T)		Number of PCs		IT Gross Assets		Number of Retail Customers		Total Retail Revenue		Total Number of Purchase Orders		Total Number of Non-Stock Purchase Orders	
		%		%		%		%		%		%		%		%
<b>DPL</b>																
DP&L Distribution	613	0.2057	352	0.2174	580	0.1897	30,797,209	0.4473	515,372	0.5164	444,020,985	0.2206	2,271	0.0836	1,572	0.1167
DP&L Transmission	40	0.0134	13	0.0080	40	0.0132	-	-	-	-	67,402,040	0.0335	204	0.0075	209	0.0155
DPL Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DP&L - Generation	500	0.1678	369	0.2279	527	0.1723	332,993	0.0048	-	-	288,492,990	0.1434	8,814	0.3244	4,447	0.3300
DPLE	7	0.0023	-	-	9	0.0029	-	-	-	-	-	-	204	0.0075	166	0.0123
MacGregor Park	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MVIC	-	-	-	-	-	-	-	-	-	-	-	-	2	0.0001	2	0.0001
MVLT	8	0.0027	-	-	10	0.0033	190,261	0.0028	-	-	-	-	65	0.0024	52	0.0039
<b>Subtotal</b>	<b>1,168</b>	<b>0.3919</b>	<b>734</b>	<b>0.4534</b>	<b>1,167</b>	<b>0.3814</b>	<b>31,320,463</b>	<b>0.4549</b>	<b>515,372</b>	<b>0.5164</b>	<b>799,916,015</b>	<b>0.3975</b>	<b>11,560</b>	<b>0.4255</b>	<b>6,448</b>	<b>0.4785</b>
<b>IPALCO</b>																
IP&L	1,385	0.4648	885	0.5466	1,506	0.4922	23,589,075	0.3426	482,706	0.4836	1,212,522,554	0.6025	9,087	0.3345	4,899	0.3636
Non-IPL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>1,385</b>	<b>0.4648</b>	<b>885</b>	<b>0.5466</b>	<b>1,506</b>	<b>0.4922</b>	<b>23,589,075</b>	<b>0.3426</b>	<b>482,706</b>	<b>0.4836</b>	<b>1,212,522,554</b>	<b>0.6025</b>	<b>9,087</b>	<b>0.3345</b>	<b>4,899</b>	<b>0.3636</b>
<b>US GENERATION</b>																
Southland-Alamitos	84	0.0282	-	-	66	0.0216	1,455,452	0.0211	-	-	-	-	1,166	0.0429	53	0.0039
Southland-Redondo Beach	47	0.0158	-	-	38	0.0124	544,610	0.0079	-	-	-	-	885	0.0326	41	0.0030
Southland-Huntington Beach	25	0.0084	-	-	29	0.0095	182,507	0.0027	-	-	-	-	459	0.0169	82	0.0061
Shady Point	73	0.0245	-	-	45	0.0147	3,765,857	0.0547	-	-	-	-	791	0.0291	362	0.0269
Buffalo Gap II	-	-	-	-	15	0.0049	454,522	0.0066	-	-	-	-	89	0.0033	287	0.0213
Hawaii & Kalaheo	53	0.0178	-	-	40	0.0131	1,279,509	0.0186	-	-	-	-	607	0.0223	188	0.0140
Warrior Run	60	0.0201	-	-	44	0.0144	769,833	0.0112	-	-	-	-	679	0.0250	491	0.0364
Buffalo Gap III	-	-	-	-	10	0.0033	880,590	0.0128	-	-	-	-	105	0.0039	165	0.0122
Deepwater	1	0.0003	-	-	-	-	-	-	-	-	-	-	11	0.0004	-	-
NA Central	-	-	-	-	-	-	488,223	0.0071	-	-	-	-	1	0.0000	-	-
Wind Generation Facilities	83	0.0279	-	-	28	0.0092	3,824,174	0.0555	-	-	-	-	326	0.0120	-	-
Beaver Valley	1	0.0003	-	-	1	0.0003	-	-	-	-	-	-	123	0.0045	39	0.0029
Buffalo Gap I	-	-	-	-	15	0.0049	246,377	0.0036	-	-	-	-	89	0.0033	189	0.0140
Laurel Mountain	-	-	-	-	15	0.0049	-	-	-	-	-	-	322	0.0119	52	0.0039
Energy Storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mountain View I & II	-	-	-	-	15	0.0049	-	-	-	-	-	-	15	0.0006	-	-
NA Development	-	-	-	-	-	-	-	-	-	-	-	-	27	0.0010	-	-
Mountain View IV	-	-	-	-	3	0.0010	-	-	-	-	-	-	8	0.0003	-	-
Tehachapi	-	-	-	-	10	0.0033	42,879	0.0006	-	-	-	-	458	0.0169	32	0.0024
Palm Springs	-	-	-	-	13	0.0042	-	-	-	-	-	-	358	0.0132	147	0.0109
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>427</b>	<b>0.1433</b>	<b>-</b>	<b>-</b>	<b>387</b>	<b>0.1265</b>	<b>13,934,533</b>	<b>0.2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,519</b>	<b>0.2400</b>	<b>2,128</b>	<b>0.1579</b>
<b>Grand Total</b>	<b>2,980</b>	<b>1.0000</b>	<b>1,619</b>	<b>1.0000</b>	<b>3,060</b>	<b>1.0000</b>	<b>68,844,072</b>	<b>1.0000</b>	<b>998,078</b>	<b>1.0000</b>	<b>2,012,438,569</b>	<b>1.0000</b>	<b>27,166</b>	<b>1.0000</b>	<b>13,475</b>	<b>1.0000</b>
DPL/IPL (DPL)	1,168	45.75%	734	45.34%	1,167	43.66%	31,320,463	57.04%	515,372	51.64%	799,916,015	39.75%	11,560	55.99%	6,448	56.83%
DPL/IPL (IPL)	1,385	54.25%	885	54.66%	1,506	56.34%	23,589,075	42.96%	482,706	48.36%	1,212,522,554	60.25%	9,087	44.01%	4,899	43.17%
	<b>2,553</b>	<b>100.00%</b>	<b>1,619</b>	<b>100.00%</b>	<b>2,673</b>	<b>100.00%</b>	<b>54,909,539</b>	<b>100.00%</b>	<b>998,078</b>	<b>100.00%</b>	<b>2,012,438,569</b>	<b>100.00%</b>	<b>20,647</b>	<b>100.00%</b>	<b>11,347</b>	<b>100.00%</b>
DPL/NAC (DPL)	1,168	73.23%	734	100.00%	1,167	75.10%	31,320,463	69.21%	515,372	100.00%	799,916,015	100.00%	11,560	63.94%	6,448	75.19%
DPL/NAC (NAC)	427	26.77%	-	0.00%	387	24.90%	13,934,533	30.79%	-	0.00%	-	0.00%	6,519	36.06%	2,128	24.81%
	<b>1,595</b>	<b>100.00%</b>	<b>734</b>	<b>100.00%</b>	<b>1,554</b>	<b>100.00%</b>	<b>45,254,996</b>	<b>100.00%</b>	<b>515,372</b>	<b>100.00%</b>	<b>799,916,015</b>	<b>100.00%</b>	<b>18,079</b>	<b>100.00%</b>	<b>8,576</b>	<b>100.00%</b>
IPL/NAC (IPL)	1,385	76.43%	885	100.00%	1,506	79.56%	23,589,075	62.86%	482,706	100.00%	1,212,522,554	100.00%	9,087	58.23%	4,899	69.72%
IPL/NAC (NAC)	427	23.57%	-	0.00%	387	20.44%	13,934,533	37.14%	-	0.00%	-	0.00%	6,519	41.77%	2,128	30.28%
	<b>1,812</b>	<b>100.00%</b>	<b>885</b>	<b>100.00%</b>	<b>1,893</b>	<b>100.00%</b>	<b>37,523,608</b>	<b>100.00%</b>	<b>482,706</b>	<b>100.00%</b>	<b>1,212,522,554</b>	<b>100.00%</b>	<b>15,606</b>	<b>100.00%</b>	<b>7,027</b>	<b>100.00%</b>
DPL/IPL/NAC (DPL)	1,168	39.19%	734	45.34%	1,167	38.14%	31,320,463	45.49%	515,372	51.64%	799,916,015	39.75%	11,560	42.55%	6,448	47.84%
DPL/IPL/NAC (IPL)	1,385	46.48%	885	54.66%	1,506	49.21%	23,589,075	34.26%	482,706	48.36%	1,212,522,554	60.25%	9,087	33.45%	4,899	36.36%
DPL/IPL/NAC (NAC)	427	14.33%	-	0.00%	387	12.65%	13,934,533	20.24%	-	0.00%	-	0.00%	6,519	24.00%	2,128	15.79%
	<b>2,980</b>	<b>100.00%</b>	<b>1,619</b>	<b>100.00%</b>	<b>3,060</b>	<b>100.00%</b>	<b>68,844,072</b>	<b>100.00%</b>	<b>998,078</b>	<b>100.00%</b>	<b>2,012,438,569</b>	<b>100.00%</b>	<b>27,166</b>	<b>100.00%</b>	<b>13,475</b>	<b>100.00%</b>

AES U.S. Services, LLC  
Basis of Allocation (Continued)  
As of, or for the 12 Months Ended 9/30/15

	Gross PP&E (Include CWIP) In 000's		Generation Gross PP&E (Include CWIP) In 000's		T&D Gross PP&E (Include CWIP) In 000's		Generation Inventory Values		T&D Inventory Values		Sales Variable Margin In 000's		Labor Dollars (Include P/T)		Composite Factor %	
		%		%		%		%		%		%		%		%
<b>DPL</b>																
DP&L Distribution	1,776,221	0.1207	-	-	1,776,221	0.4553	-	-	6,955,788	0.3356	340,250	0.1617	43,657,746	0.1544	0.1456	
DP&L Transmission	452,615	0.0308	-	-	452,615	0.1160	-	-	417,666	0.0202	56,190	0.0267	4,739,304	0.0168	0.0247	
DPL Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
DP&L - Generation	3,284,448	0.2233	3,284,448	0.3213	-	-	36,315,908	0.2593	-	-	313,630	0.1491	51,849,370	0.1833	0.1852	
DPLE	223,865	0.0152	223,865	0.0219	-	-	-	-	-	-	29,300	0.0139	701,231	0.0025	0.0105	
DPLER & MC Squared	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
MacGregor Park	2,492	0.0002	-	-	-	-	-	-	-	-	-	-	-	-	0.0001	
MVIC	-	-	-	-	-	-	-	-	-	-	3,210	0.0015	1	0.0000	0.0005	
MVLT	35,767	0.0024	-	-	-	-	-	-	-	-	5,500	0.0026	624,532	0.0022	0.0024	
<b>Subtotal</b>	<b>5,775,408</b>	<b>0.3926</b>	<b>3,508,313</b>	<b>0.3432</b>	<b>2,228,836</b>	<b>0.5713</b>	<b>36,315,908</b>	<b>0.2593</b>	<b>7,373,454</b>	<b>0.3558</b>	<b>748,080</b>	<b>0.3555</b>	<b>101,572,184</b>	<b>0.3591</b>	<b>0.3690</b>	
<b>IPALCO</b>																
IP&L	5,534,138	0.3762	3,312,589	0.3240	1,672,447	0.4287	55,280,040	0.3946	13,351,509	0.6442	830,062	0.3945	140,246,559	0.4959	0	
Non-IPL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	<b>5,534,138</b>	<b>0.3762</b>	<b>3,312,589</b>	<b>0.3240</b>	<b>1,672,447</b>	<b>0.4287</b>	<b>55,280,040</b>	<b>0.3946</b>	<b>13,351,509</b>	<b>0.6442</b>	<b>830,062</b>	<b>0.3945</b>	<b>140,246,559</b>	<b>0.4959</b>	<b>0.4222</b>	
<b>US GENERATION</b>																
Southland-Alamitos	432,925	0.0294	432,925	0.0423	-	-	4,224,659	0.0302	-	-	182,000	0.0865	9,238,298	0.0327	0.0495	
Southland-Redondo Beach	278,215	0.0189	278,215	0.0272	-	-	1,620,139	0.0116	-	-	-	-	5,007,139	0.0177	0.0122	
Southland-Huntington Beach	41,056	0.0028	41,056	0.0040	-	-	1,123,553	0.0080	-	-	-	-	2,808,164	0.0099	0.0042	
Shady Point	519,940	0.0353	519,940	0.0509	-	-	14,953,993	0.1068	-	-	62,000	0.0295	6,132,798	0.0217	0.0288	
Buffalo Gap II	338,637	0.0230	338,637	0.0331	-	-	991,660	0.0071	-	-	-	-	-	-	0.0077	
Hawaii & Kalaeloa	398,659	0.0271	398,659	0.0390	-	-	12,958,591	0.0925	-	-	86,000	0.0409	5,295,965	0.0187	0.0289	
Warrior Run	419,641	0.0285	419,641	0.0410	-	-	8,530,580	0.0609	-	-	67,000	0.0318	4,751,878	0.0168	0.0257	
Buffalo Gap III	297,512	0.0202	297,512	0.0291	-	-	796,321	0.0057	-	-	-	-	-	-	0.0067	
Deepwater	1	0.0000	1	0.0000	-	-	-	-	-	-	-	-	328,327	0.0012	0.0004	
NA Central	1,003	0.0001	1,003	0.0001	-	-	-	-	-	-	-	-	-	-	-	
Wind Generation Facilities	12,149	0.0008	12,149	0.0012	-	-	2,105,107	0.0150	-	-	-	-	5,607,533	0.0198	0.0069	
Beaver Valley	-	-	-	-	-	-	-	-	-	-	-	-	1,847,928	0.0065	0.0022	
Buffalo Gap I	175,884	0.0120	175,884	0.0172	-	-	466,671	0.0033	-	-	58,000	0.0276	-	-	0.0132	
Laurel Mountain	204,506	0.0139	204,506	0.0200	-	-	706,918	0.0050	-	-	20,000	0.0095	-	-	0.0078	
Energy Storage	29,484	0.0020	29,484	0.0029	-	-	-	-	-	-	9,000	0.0043	-	-	0.0021	
Mountain View I & II	152,454	0.0104	152,454	0.0149	-	-	-	-	-	-	23,000	0.0109	-	-	0.0071	
NA Development	15,541	0.0011	15,541	0.0015	-	-	-	-	-	-	-	-	-	-	0.0004	
Mountain View IV	81,104	0.0055	81,104	0.0079	-	-	-	-	-	-	19,000	0.0090	-	-	0.0048	
Tehachapi	3,536	0.0002	3,536	0.0003	-	-	-	-	-	-	-	-	-	-	0.0001	
Palm Springs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	<b>3,402,247</b>	<b>0.2313</b>	<b>3,402,247</b>	<b>0.3328</b>	<b>-</b>	<b>-</b>	<b>48,478,192</b>	<b>0.3461</b>	<b>-</b>	<b>-</b>	<b>526,000</b>	<b>0.2500</b>	<b>41,018,030</b>	<b>0.1450</b>	<b>0.2087</b>	
<b>Grand Total</b>	<b>14,711,793</b>	<b>1.0000</b>	<b>10,223,149</b>	<b>1.0000</b>	<b>3,901,283</b>	<b>1.0000</b>	<b>140,074,140</b>	<b>1.0000</b>	<b>20,724,963</b>	<b>1.0000</b>	<b>2,104,142</b>	<b>1.0000</b>	<b>282,836,773</b>	<b>1.0000</b>	<b>0.9999</b>	
DPL/IPL (DPL)	5,775,408	51.07%	3,508,313	51.43%	2,228,836	57.13%	36,315,908	39.65%	7,373,454	35.58%	748,080	47.40%	101,572,184	42.00%	0.3690	46.64%
DPL/IPL (IPL)	5,534,138	48.93%	3,312,589	48.57%	1,672,447	42.87%	55,280,040	60.35%	13,351,509	64.42%	830,062	52.60%	140,246,559	58.00%	0.4222	53.36%
	<b>11,309,546</b>	<b>100.00%</b>	<b>6,820,902</b>	<b>100.00%</b>	<b>3,901,283</b>	<b>100.00%</b>	<b>91,595,948</b>	<b>100.00%</b>	<b>20,724,963</b>	<b>100.00%</b>	<b>1,578,142</b>	<b>100.00%</b>	<b>241,818,743</b>	<b>100.00%</b>	<b>0.7912</b>	<b>100.00%</b>
DPL/NAC (DPL)	5,775,408	62.93%	3,508,313	50.77%	2,228,836	100.00%	36,315,908	42.83%	7,373,454	100.00%	748,080	58.72%	101,572,184	71.23%	0.3690	63.87%
DPL/NAC (NAC)	3,402,247	37.07%	3,402,247	49.23%	-	0.00%	48,478,192	57.17%	-	0.00%	526,000	41.28%	41,018,030	28.77%	0.2087	36.13%
	<b>9,177,655</b>	<b>100.00%</b>	<b>6,910,560</b>	<b>100.00%</b>	<b>2,228,836</b>	<b>100.00%</b>	<b>84,794,100</b>	<b>100.00%</b>	<b>7,373,454</b>	<b>100.00%</b>	<b>1,274,080</b>	<b>100.00%</b>	<b>142,590,214</b>	<b>100.00%</b>	<b>0.5777</b>	<b>100.00%</b>
IPL/NAC (IPL)	5,534,138	61.93%	3,312,589	49.33%	1,672,447	100.00%	55,280,040	53.28%	13,351,509	100.00%	830,062	61.21%	140,246,559	77.37%	0.4222	66.92%
IPL/NAC (NAC)	3,402,247	38.07%	3,402,247	50.67%	-	0.00%	48,478,192	46.72%	-	0.00%	526,000	38.79%	41,018,030	22.63%	0.2087	33.08%
	<b>8,936,385</b>	<b>100.00%</b>	<b>6,714,836</b>	<b>100.00%</b>	<b>1,672,447</b>	<b>100.00%</b>	<b>103,758,232</b>	<b>100.00%</b>	<b>13,351,509</b>	<b>100.00%</b>	<b>1,356,062</b>	<b>100.00%</b>	<b>181,264,589</b>	<b>100.00%</b>	<b>0.6309</b>	<b>100.00%</b>
DPL/IPL/NAC (DPL)	5,775,408	39.26%	3,508,313	34.32%	2,228,836	57.13%	36,315,908	25.93%	7,373,454	35.58%	748,080	35.55%	101,572,184	35.91%	0.3690	36.90%
DPL/IPL/NAC (IPL)	5,534,138	37.62%	3,312,589	32.40%	1,672,447	42.87%	55,280,040	39.46%	13,351,509	64.42%	830,062	39.45%	140,246,559	49.59%	0.4222	42.22%
DPL/IPL/NAC (NAC)	3,402,247	23.13%	3,402,247	33.28%	-	0.00%	48,478,192	34.61%	-	0.00%	526,000	25.00%	41,018,030	14.50%	0.2087	20.87%
	<b>14,711,793</b>	<b>100.00%</b>	<b>10,223,149</b>	<b>100.00%</b>	<b>3,901,283</b>	<b>100.00%</b>	<b>140,074,140</b>	<b>100.00%</b>	<b>20,724,963</b>	<b>100.00%</b>	<b>2,104,142</b>	<b>100.00%</b>	<b>282,836,773</b>	<b>100.00%</b>	<b>0.9999</b>	<b>100.00%</b>

**Computation of 2016 occupancy charge to Service Co. for employees located in IPL buildings**

Number of Service Co. employees in the Electric Building	151
Number of Service Co. employees in the Morris Street Operations Building	50
Rate per hour for the Electric Building (See Summary tab)	\$ 13.43
Rate per hour for the Morris Street Operations Building (See Summary tab)	\$ 5.70

Electric Building Component:

	151	Employees at EB
x	\$ 13.43	EB rate per hour
	<u>\$ 2,027.93</u>	Total cost per hour
x	2,088	Hours per year
	<u><u>\$ 4,234,318</u></u>	Annual occupancy charge for EB

Morris Street Component:

	50	Employees at MS
x	\$ 5.70	MS rate per hour
	<u>285.00</u>	Total cost per hour
x	<u>2,088</u>	Hours per year
	<u><u>\$ 595,080</u></u>	Annual occupancy charge for MS

TOTALS	EB	\$ 4,234,318	
	MS	<u>595,080</u>	
		<u><u>\$ 4,829,398</u></u>	<b>Total Annual Occupancy Charge</b>
		<u><u>\$ 402,449.83</u></u>	<b>Total Monthly Occupancy Charge</b>

**Occupancy Cost Summary**

Line No.	Electric Building	Morris Street	
1			Labor Charges
2	\$ 342,000	\$ 82,000	See Security Cost tab
3	\$ 366,210	\$ 301,440	See Ext O&M Facility Cost Update 16 tab
4	\$ 708,210	\$ 383,440	
5	50.79%	50.79%	Labor adder for benefits, payroll taxes, etc.
6	\$ 359,700	\$ 194,749	
7	\$ 1,067,910	\$ 578,189	Line 4 + Line 6
8	\$ 75,313	\$ 21,835	See Liab & Prop Ins Cost tab
9	\$ 1,143,223	\$ 600,024	
10	\$ 366,210	\$ 301,440	See Est O&M Facility cost Update tab
11	\$ 777,013	\$ 298,584	
12	186,845	147,722	
13	177,991		Square Feet (EB Reduced by 1st Floor Leased Space Sq Ft)
14	160,752		Square Feet (EB Reduced by 1st & 2nd Floor Leased Space Sq Ft)
15	Annual Rental Fee ( all inclusive):		
16	\$ 4.37	\$ 2.02	Line 11 * Lines 13 and 12, respectively
17	\$ 25.07	\$ 9.49	See Building Investment tab
18	\$ 6.44	\$ 6.46	See Est O&M Facility cost Update tab
19	\$ 35.88	\$ 17.97	
20	\$ 6,011,156	\$ 2,654,564	
21	284	475	Total 759
22	2,088	2,088	
23	592,992	991,800	
24	\$ 10.14	\$ 2.68	Line 20 * Line 23
25	\$ 1.17	\$ 0.90	See Electric Usage Tab
26	\$ 1.94	\$ 1.94	See Equipment Cost Tab
27	\$ 0.18	\$ 0.18	See Office Supplies Tab
	\$ 13.43	\$ 5.70	
28	\$ 35.88	\$ 17.97	
29	\$ 18.47	\$ 14.00	
30	COST	COST	

Summary

**Calculate Security Associated With Electric Building & Morris Street**

<b>2016 Calculations</b>								
	<b>Front Desk</b>	<b>Back Desk</b>	<b>Expenditure Type</b>	<b>Amount</b>	<b>Hours</b>			
Hrs / Day	12	24	2210 Total	\$ 195,657.76	5,896.00			
Days / Week	5	7	2240 Total	\$ 1,714,263.75	72,330.50			
Weeks	50	52	2260 Total	43,640.19	1,374.00			
Annual Hours	3,000	8,736	2265 Total	\$ 115,522.00	-			
Rate / Hour	\$ 25.79	\$ 25.79	2270 Total	\$ 140,129.80	6,106.00			
			4570 Total	1,218.78	-			
	\$ 77,372	\$ 225,308	Grand Total	<u>\$ 2,210,432.28</u>	<u>85,706.50</u>	<u>\$ 25.79</u>		
	<b>Electric Bldg</b>	<b>Morris Street</b>						
Front Desk	\$ 77,372	\$ 77,372						
Back Desk	<u>\$ 225,308</u>	<u>\$ -</u>						
Toal Security Labor	<u>\$ 302,680</u>	<u>\$ 77,372</u>						
Rounded up 1/	<u><b>\$ 342,000</b></u>	<u><b>\$ 82,000</b></u>						

1/ - Rounded up to recognize OT, holiday & shift premium.

Estimated O&M Facility Costs (Page 1 of 2)

	Morris Street Expense Calculation			Electric Building Expense Calculation		
	Gross MS Location (\$)	% Allocated	Net MS Admin Bldg	Gross EB Location(\$)	% Allocated	Net Electric Bldg
1 Custodial Services & Supplies	\$ 268,895	70%	\$ 188,227	\$ 208,500	100%	\$ 208,500
2 Groundskeeping & Litter Control	\$ 68,600	20%	\$ 13,720	\$ -	0%	\$ -
3 Wages: Facility Maintenance (EB=3.0FTE; MS=4.0FTE)	\$ 388,000	60%	\$ 232,800	\$ 291,000	95%	\$ 276,450
4 Wages: Facility Management (EB=1.25FTE; MS=1.25FTE)	\$ 105,600	65%	\$ 68,640	\$ 105,600	85%	\$ 89,760
5 fire protection - inspections & repairs	\$ 36,400	70%	\$ 25,480	\$ 31,200	100%	\$ 31,200
6 HVAC services	\$ 163,365	75%	\$ 122,524	\$ 295,342	100%	\$ 295,342
7 Elevator Maint	\$ 19,100	90%	\$ 17,190	\$ 47,750	100%	\$ 47,750
8 Utilities: Water	\$ 69,550	55%	\$ 38,253	\$ 26,400	100%	\$ 26,400
9 Utilities: Steam	\$ -	100%	\$ -	\$ 60,000	100%	\$ 60,000
10 Utilities: Electric (bldgs are metered)	\$ -	50%	\$ -	\$ -	100%	\$ -
11 Rentals (plants, matting, compactors, etc)	\$ 25,000	60%	\$ 15,000	\$ 20,000	100%	\$ 20,000
12 Emergency Power (genset PM program)	\$ 37,200	75%	\$ 27,900	\$ -	0%	\$ -
13 Contracted Services (electrical, mechanical, plumbing)	\$ 92,900	50%	\$ 46,450	\$ 71,070	85%	\$ 60,410
14 Bldg ext., Window washing & parking lot maint	\$ 15,000	75%	\$ 11,250	\$ 12,000	100%	\$ 12,000
15 Roofing Preventative Maintenance	\$ 12,000	50%	\$ 6,000	\$ 10,000	100%	\$ 10,000
16 TBD	\$ -	0%	\$ -	\$ -	0%	\$ -
17 TBD	\$ -	0%	\$ -	\$ -	0%	\$ -
18 TBD	\$ -	0%	\$ -	\$ -	0%	\$ -
19 Trash removal	\$ 24,000	50%	\$ 12,000	\$ 18,000	0%	\$ -
20 snow removal	\$ 235,000	50%	\$ 117,500	\$ 60,000	100%	\$ 60,000
21 Misc> , gates, pest control, generators, etc;	\$ 31,500	35%	\$ 11,025	\$ 5,250	100%	\$ 5,250
<b>Annualized Expenses</b>	<b>\$1,592,110</b>		<b>\$953,958</b>	<b>\$1,262,112</b>		<b>\$1,203,062</b>
<b>Gross Sq. Ft.</b>	<b>147,722</b>		<b>147,722</b>	<b>186,845</b>	<b>-</b>	<b>186,845</b>
<b>Maint. Cost / SF</b>	<b>\$10.78</b>		<b>\$6.46</b>	<b>\$6.75</b>		<b>\$6.44</b>

MS Admin Bldg

Electric Bldg

**NUSF = Net Usable Square Feet**

STORE ROOM = 29,357  
 ANNEX = 19,445  
 BUILDING 'D' = 9,923  
 GARAGE = 18,078  
 GUARD SHACK = 255  
 BUILDING 'E' = 27,100  
 MECHANICAL BUILDING = 27,723

**MORRIS STREET (\*)**

Basement = 34,306  
 1<sup>st</sup> = 35,105  
 2<sup>nd</sup> = 33,454  
 3<sup>rd</sup> = 32,726  
 4<sup>th</sup> = 17,131  
 Total for Admin Building 152,722 Sq. Ft.

(\*) Annex Out Buildings and Storeroom not included

Estimated O&M Facility Costs (Page 2 of 2)

Electric Building Annual Costs / Floor			
Bldg/Flr	NUSF	Maint \$/SF	Annual Total \$/Flr
EB-B	15,666	\$6.44	\$ 100,871
EB-1	15,796	\$6.44	\$ 101,708
EB-2	15,860	\$6.44	\$ 102,120
EB-3	16,309	\$6.44	\$ 105,011
EB-4	17,150	\$6.44	\$ 110,426
EB-5	16,187	\$6.44	\$ 104,225
EB-6	16,208	\$6.44	\$ 104,360
EB-7	16,172	\$6.44	\$ 104,129
EB-8	16,285	\$6.44	\$ 104,856
EB-9	16,065	\$6.44	\$ 103,440
EB-10	16,215	\$6.44	\$ 104,405
EB-11	7,572	\$6.44	\$ 48,755
EB-12	1,360	\$6.44	\$ 8,757
<b>Total EB</b>	<b>186,845</b>		

MS Administration Building Annual Costs / Floor			
Bldg/Flr	NUSF	Maint \$/SF	Annual Total \$/Flr
MS-B	33,306	\$6.46	\$ 215,083
MS-1	34,105	\$6.46	\$ 220,243
MS-2	32,454	\$6.46	\$ 209,581
MS-3	31,726	\$6.46	\$ 204,880
MS-4	16,131	\$6.46	\$ 104,171
<b>Total MS</b>	<b>147,722</b>		

NUSF = Net Usable Square Feet

NUSF = Net Usable Square Feet

ELECTRIC BUILDING  
 Basement = 16,666  
 1<sup>st</sup> = 16,796  
 2<sup>nd</sup> = 16,860  
 3<sup>rd</sup> = 17,309  
 4<sup>th</sup> = 17,250  
 5<sup>th</sup> = 17,187  
 6<sup>th</sup> = 17,208  
 7<sup>th</sup> = 17,172  
 8<sup>th</sup> = 17,285  
 9<sup>th</sup> = 17,065  
 10<sup>th</sup> = 17,215  
 11<sup>th</sup> = 7,472  
 12<sup>th</sup> = 1,360  
 Total for Electric Building (ICC) 186,845 Sq. Ft.

**Calculate Liability and Property Insurance Associated With Electric Building & Morris Street**

	<u>Amount</u>	<u>Insurance</u>
Total Per Pre-Paid Insurance Accrual as of 06-2016	\$ 6,540,309	
Net Book Value	\$ 2,788,621,954 1/	
Rate - Ins cost /Net Book Value	0.235% 2/	
Net Book Value - EB Per	\$ 32,048,282 2/	\$ 75,313
Net Book Value - MS	\$ 9,291,566 2/	\$ 21,835

1/ Per FERC Form 3-Q (Form 1) 2014/Q4 Report - Page 110 Line 14; Added \$19,863,916 For EB Remodel

2/ See Building Investment tab

**Equipment Cost**

Equipment Cost Summary	Hourly Rate	Serv Co Employees Located in Indy					
		Employees	Hours	Rate	Annual	Mthly Rate	
PC	\$ 0.25						
Oracle	\$ 0.87	Equip	201	2,088	\$ 1.94	\$ 814,194.72	\$ 67,849.56
Telecom	\$ 0.82						
<b>Grand Total</b>	<b>\$ 1.94</b>						

PC	Equip Hardware	Monitors	Total PGP	Total Microsoft	Total Systantec	Total LANDesk	Total	Employees	Total PC Value	Annual Value "/5"	Employee Hours	PC Cost Per Hour
Laptop	\$ 1,637.10	\$ 400.00	\$ 108.07	\$ 249.22	\$ 32.10	\$ 137.76	\$ 2,564.25	1	\$ 2,564.25	\$ 512.85	2,088	\$ 0.25

1/ Each PC amortized over 5 years

Oracle	Annual Amount	Total Employees	Employee Hours	Total Employee Hours	Oracle Cost Per Hour
Capitalized Software	\$ 1,273,000.00	1,598	2,088	3,336,624	\$ 0.38
Maintenance Cost	\$ 1,621,459.27	1,598	2,088	3,336,624	\$ 0.49
					<u>\$ 0.87</u>

Capitalized Software Calculation - Per Fixed Assets - Monthly Depreciation Reserve Activity

Annual Deprec	\$ 4,243,236.32	IPL Annual Depreciation Account 303
Assumed Oracle %	30%	
Calc Oracle Deprec	\$ 1,272,971.00	
rounded	\$ 1,273,000.00	

Telecom	5040 Telephone	5041 Wireless/Radio	5042 Internet	5044 Equip Rent	5045 Other	Total	Total Employees	Employee Hours	Total Employee Hours	Telecom Cost Per Hour
Dec 2015 YTD	\$ 1,914,439	\$ 500,705	\$ 297,585	\$ 164	\$ 11,452	\$ 2,724,345	1,598	2,088	3,336,624	\$ 0.82

Oracle Financial Report - CC\_Expenditure Type Report

Employees	Dec 15 a&b
IPL Include VEBA	1,397
Service Co in Indy	201
Total Indy Employees	1,598

a/ Includes all IPL - Total Employee Classifications (FT and PT, Regular and VEBA)

b/ AZZ Active Employees 02-17-16 - Co 99

**Office Supplies**

<u>Group</u>	<u>Resource Code</u>	<u>Dec-15</u>	<u>Serv Co Employees Located in Indy</u>				
			<u>Employees</u>	<u>Hours</u>	<u>Rate</u>	<u>Annual</u>	<u>Mthly Rate</u>
Total Company Year 2015	3410	\$ 595,925	201	2,088	\$ 0.18	\$ 75,543.84	\$ 6,295.32
Total Indy Employees		1,598					
Employee Hours		3,336,624					
Office Supplies Cost / Hour		<u>\$ 0.18</u>					

<b>Total Employees</b>	Dec 15
IPL Including VEBA a/	1,397
Service Co in Indy b/	<u>201</u>
Total Indy Employees	1,598

a/ Includes all IPL - Total Employee Classifications (FT and PT, Regular and VEBA)

b/ AZZ Active Employees 02-17-16 - Co 99

**Electric Usage**

<u>Location</u>	<u>12 Months Ended</u> <u>Apr 16 Cost</u>	<u>Total</u> <u>Employees</u>	<u>Employees</u> <u>Hours</u>	<u>Per Hour</u> <u>Rate</u>
Electric Building	\$ 693,184.00	284	592,992	\$ 1.17
Morris Street	\$ 896,554.56	475	991,800	\$ 0.90

Source: Electric Costs 12 Months Ended Cost - calculated by Regulatory Affairs.

Total Employees - See Summary Page

Employee Hours Calc includes 2,088 Hours

Purpose of this worksheet is to compute the cost per square foot of each IPL building

	<b>07-15 to 06-16 IPL Rate Case</b>	
	<b>IPL 12-31-15 Valuation</b>	
	<b>Plus EB Remodel; W Lease Rev</b>	
	<b>IPL Facilities</b>	
	<u>Electric</u> <u>Building</u>	<u>Morris</u> <u>Street</u>
Real Estate NBV		
Less NBV of Special Assets		
Furniture & Equipment at		
Net Book Value	\$ 32,048,282	\$ 9,291,566
Estimated Remaining Useful Life	25	25
Net Book Value per Year	\$ 1,281,931	\$ 371,663
Add: Overall Rate of Return	\$ 3,022,646	\$ 876,338
Total NBV with ROE	\$ 4,304,577	\$ 1,248,000
Facilities O&M	added below	added below
Estimated Property Taxes	\$ 383,902	\$ 154,063
Total	\$ 4,688,479	\$ 1,402,063
Lease Revenue - 1st Floor Annual Amount	\$ 314,317	
Lease Revenue - 2nd Floor Annual Amount	\$ 344,780	
Total Exclude Lease Revenue	\$ 4,029,382	
Square Feet (EB Reduced by Leased Space Sq Ft)	160,752	147,722
<b>NBV with ROE per Square Foot</b>	<b>\$ 25.07</b>	<b>\$ 9.49</b>
IPL Facilities O&M per SQF	\$ 6.44	\$ 6.46
Total with O&M costs	\$ 31.51	\$ 15.95

**Indianapolis Power & Light Company**  
**Pre Tax Cost of Capital**  
**As of June 30, 2016**

Type of Capital	Amount (000)	Percentage of Capital Structure	Marginal Cost of Capital	Weighted Cost of Capital	Pretax Weighted Cost %
LT Debt Face	1,717,424				
Premium	0				
Total LT Debt	<u>1,717,424</u>	55.12%	5.02%	2.77%	2.77%
Preferred Stock	59,784	1.92%	5.37%	0.10%	0.15%
Common Equity	1,338,861	42.96%	9.85%	4.23%	6.51%
Total	<u><u>3,116,069</u></u>	<u>100.00%</u>		<u>7.10%</u>	<u>9.43%</u>

Pretax cost equals the Weighted Cost of Capital divided by (1- the statutory tax rate) for lines 2 and 3. The statutory tax rate used for 2016 is 35%.