

VERIFIED REBUTTAL TESTIMONY
OF
CHAD A. ROGERS
ON BEHALF OF AES INDIANA
CAUSE NO. 46022

**VERIFIED REBUTTAL TESTIMONY OF CHAD ROGERS
ON BEHALF OF AES INDIANA**

1. INTRODUCTION

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

2 A1. My name is Chad A. Rogers. I am employed by Indianapolis Power & Light Company
3 d/b/a AES Indiana (“Petitioner,” “AES Indiana,” or the “Company”), One Monument
4 Circle, Indianapolis, Indiana, 46204.

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

6 A2. I am Director, Regulatory Affairs.

7 **Q3. Please summarize your overall responsibilities as Director, Regulatory Affairs, AES**
8 **Indiana.**

9 A3. As further described in my Direct Testimony (Q/A 4), I lead a team responsible for
10 developing and maintaining AES Indiana’s rates, rules, and regulations for electric service.
11 In this role, I am required regularly in the normal course of business to review and interpret
12 regulations and statutes.

13 **Q4. Are you the same Chad Rogers who previously submitted direct testimony in this**
14 **Cause?**

15 A4. Yes.

16 **Q5. What is the purpose of your rebuttal testimony in this proceeding?**

17 A5. My rebuttal testimony responds to the testimony and recommendations offered by Office
18 of Utility Consumer Counselor (“OUCC”) witnesses Brian R. Latham and Roopali Sanka.

1 I also respond to certain matters raised in the testimony of Intervenor Reliable Energy, Inc.
2 (“REI”) witnesses Michael J. Nasi and Emily S. Medine.

3 **Q6. Does the fact that you do not address every point raised in the testimony of OUCC**
4 **witnesses Latham and Sanka and REI witnesses Medine and Nasi mean that you**
5 **agree with their testimony on those issues?**

6 A6. No. The absence of a specific discussion of every point asserted by these witnesses should
7 not be viewed as an agreement with such issues.

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

9 A7. Yes. I sponsor AES Indiana Attachment CAR-1R, which is an update to AES Indiana
10 Attachment CAR-3, which calculates the rate impact of amortizing the regulatory asset
11 related to the Project Development Costs the Company will incur prior to receiving a
12 Commission Order in this Cause over a revised longer period so to reduce the monthly
13 customer rate impact.

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

15 A8. Yes. I have submitted a workpaper which is an electronic version of my attachment in its
16 native format.

17 **Q9. Were these attachments and workpapers prepared or assembled by you or under**
18 **your direction or supervision?**

19 A9. Yes.

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¹ For the purposes of my testimony, I use the terms “convert” and “repower” interchangeably.

1 3. The Company's disagreement with Mr. Latham's recommendation that the
2 Commission should deny AES Indiana's proposal to defer the Project
3 Development Costs for recovery in a future rate case (pp. 6-7) in the event
4 that the Company's request for the issuance of a CPCN for the Petersburg
5 Repowering Project is not approved.

6 **Q12. Please summarize Mr. Latham's and Ms. Sanka's overall conclusions and**
7 **recommendations regarding the affordability and Commission approval of the**
8 **Petersburg Repowering Project.**

9 A12. Mr. Latham (p. 10) and Ms. Sanka (p. 4) state that the OUCC does not oppose the
10 Petersburg Repowering Project. Mr. Latham (pp. 5-6) concludes that "the OUCC does not
11 have concerns with the [Petersburg Repowering] Project's affordability at this time." Ms.
12 Sanka (p. 3) states that she has "not identified issues or discrepancies with the best
13 estimate" and states that the OUCC does not take issue with the Project's best estimate at
14 this time.

15 Mr. Latham (p. 4) does not oppose AES Indiana's proposal to defer depreciation expense,
16 Petitioner's PISCC, incremental property tax expense, and obsolete inventory over the
17 same period. Mr. Latham (pp. 3-5) reviewed the revenue requirement and rate impact
18 analysis that I presented in my Direct Testimony. He completed a revenue requirement
19 forecast (p. 5) and estimated that customers will begin to realize reductions to their bills
20 attributable to the Petersburg Repowering Project after three years of operation. Mr.
21 Latham (pp. 9-10) also reviewed the Company's 2022 Integrated Resource Plan ("IRP")

1 and concluded (p. 10) that the Petersburg Repowering Project is consistent with the
2 Company's 2022 IRP and the 2024 IRP Update.

3 **Q13. Please describe Mr. Latham's (pp. 3-4) recommendation regarding the amortization**
4 **period for recovery of the deferred amounts.**

5 A13. Mr. Latham (p. 4) recommends amortizing the deferred depreciation expense, Petitioner's
6 PISCC, incremental property tax expense, and obsolete inventory over the same period as
7 AES Indiana's rate case expense in its next rate case. Mr. Latham states that such recovery
8 will allow any over- or under-recovery to be netted with any rate case expense recovery
9 variance in subsequent rate cases. I understand this recommendation to mean that such
10 over- or under-recovery would be reflected in the regulatory asset balance remaining at the
11 time of a subsequent rate case, which would allow the Company to properly reflect the
12 balance in customer rates.

13 **Q14. Does the Company agree with Mr. Latham's recommendation regarding the**
14 **ratemaking treatment of the Project if the Commission approves the Petersburg**
15 **Repowering Project?**

16 A14. Yes. The Company appreciates Mr. Latham's recommendation and agrees with the benefits
17 of this approach that Mr. Latham described. I propose to implement Mr. Latham's proposal
18 by amortizing the deferrals discussed above over the same period as AES Indiana's rate
19 case expense in its next rate case.²

² In AES Indiana's most recent rate case (Cause No. 45911) rate case expense was determined to be amortized over four years.

1 **Q15. Please describe Mr. Latham's (pp. 6-7) testimony and recommendation regarding**
2 **AES Indiana's request for recovery of Project Development Costs in the event the**
3 **Commission does not approve the Petersburg Repowering.**

4 A15. Mr. Latham opposes AES Indiana's proposal to recover the Project Development Costs the
5 Company incurs to develop the Project in the event the Commission does not approve the
6 issuance of a CPCN for the Project. He states (pp. 6-7) that the estimated residential
7 customer's bill (1,000 kWh/month) would increase by \$0.73 per month over three years if
8 the Commission denies the Project but approves the Company's proposed recovery of
9 Project Development Costs. Mr. Latham (p. 7) states this "does not compare favorably
10 with the \$0.366 monthly residential customer's bill that results from an in-service project."
11 He states (p. 7) that "ratepayers should not be responsible for any return "on" or "of" the
12 Project development costs because the ratepayers will not benefit from the expenditures if
13 the Project is not approved." He adds that if the proposed Project is not approved, then the
14 related Project Development Costs do not meet the "used and useful" Standard.

15 **Q16. Does the Company agree with Mr. Latham's recommendation regarding AES**
16 **Indiana's request for recovery of Project Development Costs in the event the**
17 **Commission does not approve the Petersburg Repowering?**

18 A16. No. In the event that the Petersburg Repowering Project is denied, the Company has still
19 made these expenditures to prudently execute its IRP short-term action plan to
20 economically secure capacity and generation to serve AES Indiana customers. If the Project
21 is denied, the Project Costs may not be capitalized as part of this project, but these costs
22 should be recovered through rates as they are reasonable in amount, clearly identified in

1 my Direct Testimony, and were expended to achieve AES Indiana's preferred generation
2 and capacity based on sound resource planning processes and methodologies.

3 **Q17. Mr. Latham (p. 7) cites a Commission decision in Cause No. 45651, which is a**
4 **Community Utilities of Indiana, Inc. ("CUII") rate case, as supporting precedent.**
5 **Please respond.**

6 A17. The case cited by Mr. Latham is one specific case whose decision is based on specific facts
7 on record in that one case and, consequently, does not reflect an established Commission
8 policy. The Order in Cause No. 45651, reflects that CUII requested recovery "of" legal and
9 engineering expenses it incurred related to two wastewater facility capital projects that
10 CUII argued were related to two capital projects. One project was preapproved by the
11 Commission in Cause No. 45342; the other project had been denied by the Commission in
12 Cause No. 45389.

13 The Commission's February 1, 2023, Order in Cause No. 45651 (p. 7-8) "decline[d] to
14 exclude the \$195,601 in project costs because it had been preapproved in Cause No.
15 45342." With respect to the other challenged cost recovery, the Commission Order states
16 (p. 66) that "Nothing in the 44724 Order can be reasonably construed as a specific request
17 that CUII undertake the WWTP improvements and CSIP proposed in Cause No. 45389"
18 and is also very critical of the legal fee invoices. The Commission found "that CUII has
19 not presented persuasive evidence that its expenses in Cause No. 45389 were reasonably
20 incurred and deny its request to include in rate base its legal and engineering expenses from
21 Cause No. 45389." Notably, in CUII the request for cost recovery was made *after the fact*
22 in a rate case. Here, AES Indiana seeks to address the prudence of the Project Development
23 Costs at the time the Project is considered by the Commission for preapproval. This way

1 the matter may be decided before the Company's future rate case and not afterwards as was
2 the case with CUII.

3 Additionally, the order in CUII reflects significant criticism of the costs at issue. My Direct
4 Testimony (Section 6) and the Direct Testimony of AES Indiana Witness Bigalbal (Section
5 11) identified and supported the recovery of the Project Development Costs. Mr. Latham
6 did not challenge the reasonableness of these costs or otherwise demonstrate that the facts
7 here are analogous to the facts regarding the disallowed legal and engineering costs in
8 Cause No. 45389. They are not. The record here reflects no specific challenge to the type
9 or amount of Project Development Costs. The OUCC objection focuses on rate impact.
10 Thus, the CUII precedent should not require the Commission to deny AES Indiana's
11 recovery of the Project Developments Costs it incurs if the Commission does not approve
12 AES Indiana's request.

13 **Q18. What does the Company propose regarding the recovery of Project Development**
14 **Costs in the event the Commission does not approve the Petersburg Repowering?**

15 A18. AES Indiana believes that its proposal in its case-in-chief filing remains reasonable. AES
16 Indiana prudently incurred these costs to preserve the option to repower these units and
17 develop the Project to a point where it may be reviewed by the Commission and
18 implemented in a timely manner. The costs are also reasonable in amount.

19 As discussed in the Direct Testimony of AES Indiana witness Bigalbal (Q/As 52-53), the
20 Project Development Costs were incurred so as to provide capacity and generation in a
21 time frame that would reduce capacity expense exposure which are borne by customers. In
22 the event the Project is denied, the Company is committed to reducing the financial impact

of Project Development Costs on customers by exercising efforts to salvage or cancel orders, to the extent possible. To deny recovery of the prudently incurred Project Development Costs would require the Company to expense such costs and experience a significant adverse financial impact to the Company. Such impacts are contrary to a constructive regulatory environment and could impact the Company's ability to attract future necessary capital.

Q19. Mr. Latham states (p. 6) that the rate impact if the Commission denies the Project but awards AES Indiana its requested Project Development Costs does not compare favorably with the bill impact that results from an in-service Project. Please respond.

A19. To the extent that the Commission is concerned about the impact on residential customers of the three-year amortization period, the Company suggests an extended amortization period of eight years would be a reasonable solution to the concern raised by the OUCC. An eight-year amortization period would bring the estimated customer impact down to \$0.338 per month for a residential customer using 1,000 kWh each month as calculated in AES Indiana Attachment CAR-1R. This amount compares favorably to the estimated customer rate impact of \$0.366 per month for a residential customer using 1,000 kWh each month.

3. RESPONSE TO REI WITNESS MEDINE AND NASI'S TESTIMONY

Q20. Please summarize the testimony and recommendations of REI witnesses Medine and Nasi addressed in your rebuttal.

A20. I address the following items below:

1 A. Ms. Medine (pp. 6-7) and Mr. Nasi's (pp. 7-11, 15-16) suggestion that it is
2 imprudent for the Company to proceed with the Petersburg Repowering
3 Project because it could result in stranded costs for ratepayers due to the
4 future environmental regulatory environment, which is uncertain due to
5 presidential elections and upcoming U.S. Supreme Court decisions.

6 B. On page 9, lines 4 & 5 of her testimony, Ms. Medine's claims that AES
7 Indiana did not adequately address the affordability pillar of the Five Pillars
8 of electric utility service ("Five Pillars") as codified at Ind. Code § 8-1-2-0.6.

9 **A. ENVIRONMENTAL REGULATORY UNCERTAINTY**

10 **Q21. Please summarize Ms. Medine's (pp. 32-33) and Mr. Nasi's (pp. 7-11, 14, 15-16, 20)**
11 **testimony regarding the uncertainty of environmental regulations.**

12 A21. Ms. Medine and Mr. Nasi believe that uncertainty around environmental regulations,
13 specifically the Environmental Protection Agency's ("EPA") Greenhouse Gas ("GHG")
14 New Source Performance Standards ("NSPS") (published in the Federal Register on May
15 9, 2024) (hereafter referred to as "GHG NSPS"), posed by ongoing litigation, the upcoming
16 2024 Presidential elections, and pending U.S. Supreme Court decisions that could modify
17 *Chevron* deference are reasonable bases for the Commission to either deny AES Indiana's
18 request for the issuance of a CPCN for the Project or stay the proceeding "until there is
19 greater clarity as to environmental requirements."³

³ REI witness Medine's Direct Testimony at pp. 32. See also REI witness Medine's Direct Testimony at p. 33 and REI witness Nasi's Direct Testimony at pp. 14, 20.

1 **Q22. Is environmental regulatory or political uncertainty a reasonable basis for the**
2 **Commission to deny the Project?**

3 A22. No. The energy and electric utility industry has long operated under uncertain
4 environmental regulatory and political conditions. AES Indiana witness Collier further
5 discusses the environmental uncertainty. In order to fulfill its obligation to serve customers,
6 AES Indiana must make long-term decisions in the presence of uncertainty. Ind. Code 8-
7 1-2-4 directs that: "Every public utility is required to furnish reasonably adequate service
8 and facilities." To recognize this, the Commission's integrated resource planning rule
9 requires the Company to consider existing environmental laws, and future policies
10 considering stakeholder feedback or future policies that have a high probability of being
11 enacted when developing its reference case scenario.⁴

12 As discussed further by AES Indiana witness Miller in his Rebuttal Testimony (Q/A 15),
13 AES Indiana's IRP appropriately considers risk through economic modeling and analysis
14 of several various scenarios, portfolios, and futures. In accordance with the Commission's
15 rules, AES Indiana's IRP included: "A description and analysis of alternative scenarios to
16 the base case scenario, including comparison of the alternative scenarios to the base case
17 scenario."⁵ It is by using the best information available at the time and scenario analysis in
18 IRPs and CPCN filings that AES Indiana makes prudent investment decisions in order to
19 continuously furnish reasonably adequate service and facilities to serve customers. As
20 demonstrated by the economic modeling described in the Rebuttal Testimony of AES
21 Indiana witness Miller (Q/As 22, 27, and 49), to delay a decision on whether to repower

⁴ 170 IAC 4-7-4(25).

⁵ 170 IAC 4-7-4(26).

1 Petersburg Units 3 and 4 until environmental and political risk is reduced or there are fewer
2 “balls in the air”, would expose AES Indiana customers to other reliability, affordability
3 and sustainability risks, including the ongoing higher cost of coal generating and capacity
4 resources, which AES Indiana witness Miller discusses in his Direct Testimony (Q/As 13
5 and 48).

6 **Q23. Please respond to Ms. Medine’s (pp. 6-7) and Mr. Nasi’s (pp. 7-11, 15-16) contention**
7 **that the uncertainty in environmental regulations has the potential to create stranded**
8 **costs for the Company.**

9 A23. As an initial matter, I would like to respond to Ms. Medine’s (p. 6) claim that “[e]arly
10 retirements mean the customers will not get the full benefit of their prior investments” in
11 environmental control measures at Petersburg. The investment in environmental control
12 measures at Petersburg were pre-approved through filings with the Commission and
13 represent investments to economically comply with federally mandated environmental
14 regulations related to Mercury Air Toxics Standard, National Ambient Air Quality
15 Standards, SO₂, NO_x, and Clean Water Act. (Orders in 44242, 44794, and 44540). These
16 Commission-approved investments reasonably allowed the Petersburg units to safely and
17 economically provide service to customers, and failure to make these investments would
18 have required units to shut down or be less economic in generating electricity to serve
19 customers. The undepreciated balance resulting from the retirement represents a cost
20 incurred to provide the benefit of a more economic generation option as reflected in the
21 Company’s economic analysis presented by AES Indiana witness Miller.

22 As explained by AES Indiana witness Collier in her Rebuttal Testimony (Q/A 24), the
23 Company is not aware of any pending litigation that would prohibit the repowering of coal-

1 fired units to natural gas. Ms. Medine and Mr. Nasi fail to substantiate their claims with
2 evidence of policy that could “outlaw”⁶ the repowering of Petersburg Units 3 and 4. Please
3 see AES Indiana witnesses Collier’s (Section 4) and Bigalbal’s (Q/As 24-26) Rebuttal
4 Testimony for further information.

5 **Q24. Please respond to Mr. Nasi’s (pp. 15-16) use of a letter from IURC Chairman Jim**
6 **Huston and OUCC Counselor Fine to support his claim that the Commission has**
7 **acknowledged the potential for the GHS NSPS Rules to create stranded costs for**
8 **ratepayers.**

9 A24. Mr. Nasi’s use of this letter is misleading. The letter Mr. Nasi cited and attached to his
10 testimony as Attachment MJN-2 from Chairman Huston and Counselor Fine addresses the
11 potential for the GHS NSPS Rules, as currently effective, to create utility stranded costs.
12 However, the Petersburg Repowering Project will allow the Company to comply with the
13 GHS NSPS Rules while saving \$437 million⁷ over the 20-year IRP planning horizon. I
14 would like to note that Mr. Nasi cited a letter in part from OUCC Counselor Fine; however,
15 the OUCC witnesses do not oppose the Petersburg Repowering Project. Rather, OUCC
16 witness Latham estimates residential ratepayers will experience a \$0.54 benefit per month
17 for a residential customer utilizing 1,000 kWh after three years following construction of
18 the Petersburg Repowering Project.⁸

⁶ See REI witness Medine’s Direct Testimony at pp. 6-7.

⁷ See AES Indiana witness Miller’s Rebuttal Testimony at Q/A 25.

⁸ See OUCC witness Latham’s Direct Testimony at p. 5. See also Confidential Workpaper BRL-1 line 59, col (e).

1 **B. AFFORDABILITY PILLAR**

2 **Q25. Please summarize Ms. Medine's testimony (pp. 9, 14, 15-20) regarding the Company's**
3 **consideration of the Affordability Pillar of the Five Pillars.**

4 A25. Ms. Medine claims (p. 9) that AES Indiana failed to properly consider the Affordability
5 Pillar consistent with state requirements. She claims (p. 14) that the Company only
6 completed a present value revenue requirement ("PVRR") analysis to measure
7 affordability in its IRP. Ms. Medine also claims (p. 14) that the Company's rate impact
8 analysis presented in this Cause only measured the impact to residential customer rates and
9 failed to measure the impact of the Project on customer rates across all customer classes.

10 **Q26. Please respond to her concern about affordability.**

11 A26. First and foremost, AES Indiana places a high importance on customer rate impact in its
12 decision making. We understand that the cost of providing service is necessarily reflected
13 in the price charged for service. In the context of a CPCN, the way in which affordability
14 and customer rate impact are considered is through the economic analysis of projects as
15 compared to alternatives by analyzing the economics of projects through the IRP, through
16 the issuance of all source request for proposals ("RFPs"), and in the selection of projects
17 for which to request a CPCN. I would like to note that the OUCC did not take issue with
18 the affordability of the Project.⁹

19 The Company's approach to consider affordability is similar to the approach used in other
20 cases, including Cause No. 45920, in which the Commission agreed that the Company's

⁹ OUCC witness Latham's Direct Testimony at pp. 5-6.

1 “PVRR analysis and rate impact calculation demonstrate that the proposed accounting and
2 ratemaking reasonably consider affordability.”¹⁰

3 The objective of AES Indiana’s IRP is to identify a preferred resource portfolio that
4 provides safe, reliable, sustainable, and reasonable least cost electricity service to AES
5 Indiana customers, giving due consideration to potential risks and stakeholder input. AES
6 Indiana’s 2022 IRP demonstrates the preferred resource portfolio and short-term action
7 plan should include repowering Petersburg Units 3 and 4. This conclusion is corroborated
8 by the analysis presented in the Direct and Rebuttal Testimony of AES Indiana witness
9 Miller. The Petersburg Repowering Project should be approved so as to allow the
10 Company to affordably meet the Company’s near-term capacity obligations as identified
11 in the IRP’s Short Term Action Plan.

12 Second, the Petersburg Repowering Project best estimate was the result of a competitive
13 RFP process discussed by AES Indiana witness Bigalbal (Direct Testimony, Q/As 24-25).
14 The purpose of the RFP was to solicit bids from qualified third parties to competitively
15 engineer, procure, and construct the Project. The competitive nature of the RFP helped to
16 solicit bids believed to be most economic from the bidders.

17 Third, after receiving the RFP bids, the evaluation and selection process included a rigorous
18 economic analysis that compared the PVRR of the projects and their alternatives. This was
19 presented and discussed by AES Indiana witness Miller his Direct Testimony (Q/As 17,
20 21-24, 26).

¹⁰ Order in Cause No. 45920 at p. 24

1 Additionally, my direct testimony includes calculations of the estimated rate impact of the
2 project on customer rates based the information used in Witness Miller's PVRR analysis.¹¹
3 Utilizing the PVRR is an effective quantification of the estimated monetary impact this
4 Project will have on customer rates. The PVRR represents the present value of the
5 incremental cost which is detailed by year in the PVRR analysis.

6 **Q27. Please respond to Ms. Medine's statement (p. 14) that Ind. Code § 8-1-2-0.6 "is clear**
7 **that an affordability analysis should consider rate impacts on all customer groups"**
8 **and her assertion (p. 16) that the Company simply "provides superficial analysis of**
9 **the impact of the refueling on residential rates" in its rate impact analysis.**

10 A27. The rate impact analysis that I presented in my Direct Testimony specifically identified the
11 Project's rate impact on all customer classes – not just residential rates.¹² Ms. Medine also
12 contends that AES Indiana should have included the costs associated with the assets that
13 will be retired upon repowering and the cost of firm natural gas transportation in the rate
14 analysis. I discuss those items below.

15 **Q28. Ms. Medine states (pp. 16-17) that it is "absolutely not appropriate" to omit the**
16 **recovery of "sunk costs" in AES Indiana's rate analysis. Ms. Medine also claims (pp.**
17 **18-19) that the rate impact analysis you presented in your direct testimony did not**
18 **include the recovery of these retiring assets. Please respond.**

19 A28. As an initial matter, the use of the term "sunk costs" to describe once used and useful assets
20 that will no longer be needed upon repowering Petersburg Units 3 and 4 mischaracterizes

¹¹ AES Indiana witness Rogers's Direct Testimony at Q/A 37 and AES Indiana Attachment CAR-2 and -2(C), lines 57-63.

¹² See AES Indiana Attachment CAR-2 and -2(C), lines 57-63.

1 the recovery of the undepreciated balances of these assets. The Company prudently
2 incurred these costs to operate Petersburg Units 3 and 4 safely and reliably during their
3 operation as coal assets for 47 and 38 years, respectively.¹³ The undepreciated balance
4 resulting from the retirement represents a cost incurred to provide the benefit of more
5 economic generation as reflected in the Company's economic analysis presented by AES
6 Indiana witness Miller.

7 As such, the rate impact analysis that I presented in my direct testimony¹⁴ appropriately
8 excludes the impact from the amortization of the regulatory asset associated with the
9 undepreciated plant asset balance of the Petersburg Units 3 and 4 retiring assets. These
10 prudently incurred costs are appropriately excluded in this analysis because they will be
11 recovered in future basic rates across all IRP strategies regardless of whether AES Indiana
12 repowers Petersburg or continues to operate it on coal. As AES Indiana witness Mehringer
13 described in his Direct Testimony (Q/A 19), the depreciation expense component currently
14 embedded in basic rates attributed to the retiring assets at Petersburg Units 3 and 4 will be
15 accounted for via the amortization against the regulatory asset at the same amount that is
16 currently embedded in customer rates.

17 **Q29. Ms. Medine also contends (p. 20) that AES Indiana did not reflect the cost of firm**
18 **natural gas transportation in its affordability analysis. Do you agree?**

19 A29. No. This assertion is not correct. The cost of firm natural gas transportation was included
20 in the fixed operating and maintenance ("O&M") component of the rate impact analysis

¹³ See AES Indiana witness Bigalbal's Direct Testimony at Q/A 23.

¹⁴ See AES Indiana witness Rogers's Direct Testimony, Q/As 37-38 and AES Indiana Attachment CAR-2 and -2C.

1 that I presented in my Direct Testimony¹⁵ and the economic analysis that AES Indiana
2 witness Miller presents in his direct and rebuttal testimony.¹⁶ The Annual Incremental
3 Fixed Costs and Energy Margin on Line 31 of AES Indiana Attachment CAR-2 represent
4 the difference between Fixed Cost minus Energy Margin amounts for Petersburg on Coal
5 and Petersburg on Gas in AES Witness CAR Confidential WP6. These costs (“Sum of
6 Total Cost (\$000)” Column) include fuel and fuel transportation costs. The source of this
7 AES Witness CAR Confidential WP6 is the EnCompass Model output used in the PVRR
8 analysis discussed in the Rebuttal Testimony of AES Indiana witness Miller (Q/A 56) who
9 also describes in detail how the firm natural gas transportation costs are included in the
10 PVRR analysis.

11 **Q30. REI witness Medine (p. 17) claims that AES Indiana residential customers have the**
12 **second highest customer bills in Indiana since 2014. Is this correct?**

13 A30. No. Ms. Medine appears to have misinterpreted the lines on the chart that she included in
14 her testimony on p. 17. According to her chart, another Indiana Investor-Owned Utility
15 (“IOU”) has the second highest residential rates in Indiana – not AES Indiana. AES
16 Indiana’s residential rates have and continue to be among the lowest in Indiana. In fact, the
17 chart shows AES Indiana as having the lowest IOU residential rates in the State after 2021.

18 **Q31. Please further respond to Ms. Medine’s claim (p. 17) that AES Indiana “has earned**
19 **the distinction” of consistently having the second highest residential customer bills**
20 **almost every year since 2014.**

¹⁵ See AES Indiana witness Rogers’s Direct Testimony at AES Indiana Attachment CAR-2 and -2C at line 31. See also AES Indiana Witness CAR Confidential Workpapers 1 and 6.

¹⁶ See AES Indiana witness Miller’s Rebuttal Testimony at Q/A 56.

A31. Figure 1 is a chart from the same 2023 Electric Utility Residential Bill Survey, which demonstrates that AES Indiana in fact had the lowest residential customer bills for 1,000 kWh in July 2022 and 2023.¹⁷

Figure 1: July 2022 and 2023 Indiana Investor Owned Utilities Residential Customer Bills

Investor Owned Utilities	2023	2022	% Change
AES Indiana	\$ 126.31	\$ 131.53	-3.97%
CenterPoint Energy Indiana South	\$ 165.00	\$ 168.47	-2.06%
Duke Energy Indiana, LLC	\$ 128.79	\$ 161.77	-20.38%
Indiana Michigan Power Company d/b/a AEP	\$ 147.38	\$ 155.13	-4.99%
Northern Indiana Public Service Company, LLC	\$ 156.44	\$ 156.71	-0.17%
IOU Averages	\$ 144.78	\$ 154.72	-6.42%

Additionally, as I identified in my Direct Testimony (Q/A 39), the monthly impact of the Project for a residential customer using 1,000 kWh per month is an approximate \$0.37 increase over base rates, which would result in an approximate \$126.68 monthly residential customer bill for 1,000 kWh using the July 2023 bill amount. Thus, even when the rate impact from the Project is added to AES Indiana's July 2023 residential customer bill for 1,000 kWh, AES Indiana would still have the lowest residential bill of all Indiana IOUs.

4. CONCLUSION

Q32. Please summarize your testimony, conclusions and recommendations.

A32. AES Indiana agrees with all the OUCC's recommendations, except its recommendation that the Commission deny AES Indiana's request to recover its prudently incurred Project Development Costs in the event the Commission does not approve the Project. In the event the Petersburg Repowering Project is not approved, the Company has still reasonably made

¹⁷ See <https://www.in.gov/iurc/files/2023-Electric-Residential-Bill-Survey-Complete-1.pdf#page=4>.

1 these expenditures to prudently execute its IRP short-term action plan to economically
2 secure capacity and generation to serve AES Indiana customers.

3 REI's witnesses make several speculative claims regarding the impact of environmental
4 regulations on the Petersburg Repowering Project. REI's witnesses claim that it is
5 imprudent for the Company to proceed with the Petersburg Repowering Project because it
6 could result in stranded costs for our customers due to the future environmental regulatory
7 uncertainty. However, the energy and electric utility industry has long operated in the face
8 of uncertain environmental regulatory and political conditions. The Company has and
9 continues to reasonably plan its resources in accordance with the Commission's IRP rules.

10 REI witness Medine also makes several false claims regarding AES Indiana's residential
11 rates, the affordability of the Project, and AES Indiana's consideration of the Affordability
12 Pillar of the Five Pillars. AES Indiana places a high importance on customer rate impact in
13 its decision making and appropriately considered affordability in this case. AES Indiana
14 has had the lowest residential rates amongst all IOUs in the 2023 IURC Residential Bill
15 Survey. The Company has appropriately considered the Affordability Pillar consistent with
16 the Five Pillars. Accordingly, the Commission should reject REI's conclusions and
17 approve the Repowering Project as proposed by the Company they reach.

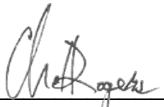
18 **Q33. Does this conclude your prefiled rebuttal testimony?**

19 A33. Yes, it does.

VERIFICATION

I, Chad A. Rogers, Director, Regulatory Affairs for AES Indiana, affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Dated June 26, 2024



Chad A. Rogers

Line	Estimated Impact of Capital Project	Amount	Reference
(a)	(b)	(c)	
1	Allowed Return on Rate Base		
2	Rate Base Impact	\$ 22,018,461	Regulatory Asset Total
3	AES Indiana Weighted Average Cost of Capital (Cause No. 45911)	6.85%	WP4 - WACC, Column 4, Line 8
4	Annual Allowed Return on Rate Base	\$ 1,508,000	Line 2 * Line 3
5	Revenue Conversion Factor	1.22077	WP5 - Rev Conv Factors, Line 5
6	Adjusted For Revenue Conversion Factor - Annual Allowed Return on Rate Base	\$ 1,841,000	Line 4 * Line 5
7	Depreciation and Amortization Expense		
8	Annual Amortization Expense	\$ 2,752,308	Annual Amortization (3 yr amortization)
9	Revenue Conversion Factor	1.00531	WP5 - Rev Conv Factors, Line 4h
10	Adjusted For Revenue Conversion Factor - Annual Amortization Expense	\$ 2,767,000	Line 8 * Line 9
11	Project Impact - Annual Revenue Requirement	\$ 4,608,000	Line 6 + Line 10
12	Customer Class Allocation		
13	Residential	44.00%	Cause No. 45911
14	Small Commercial & Industrial	14.39%	Cause No. 45911
15	Large Commercial & Industrial Secondary Rate (Other)	24.06%	Cause No. 45911
16	Large Commercial & Industrial Primary Rate (PL, HL)	17.31%	Cause No. 45911
17	Lighting	0.24%	Cause No. 45911
18	Total	100.00%	Sum Lines 13 through 17
19	Annual Revenue Requirement by Class		
20	Residential	\$ 2,028,000	Line 11 * Line 13
21	Small Commercial & Industrial	\$ 663,000	Line 11 * Line 14
22	Large Commercial & Industrial Secondary Rate (Other)	\$ 1,109,000	Line 11 * Line 15
23	Large Commercial & Industrial Primary Rate (PL, HL)	\$ 798,000	Line 11 * Line 16
24	Lighting	\$ 11,000	Line 11 * Line 17
25	Total	\$ 4,609,000	Sum Lines 20 through 24
26	Annual Forecasted Usage Volume (MWh) by Class (Jan 2027 - Dec 2027)		
27	Residential	5,580,000	WP7 - 12 ME 2027 (Total Residential Sales)
28	Small Commercial & Industrial	1,816,000	WP7 - 12 ME 2027 (Total Small C&I Sales)
29	Large Commercial & Industrial Secondary Rate (Other)	3,412,000	WP7 - 12 ME 2027 (Total Large C&I Secondary Sales)
30	Large Commercial & Industrial Primary Rate (PL, HL)	2,781,000	WP7 - 12 ME 2027 (Total Large C&I Primary Sales)
31	Lighting	55,000	WP7 - 12 ME 2027 (Total Lighting Sales)
32	Total	13,644,000	Sum Lines 27 through 31
33	Forecasted Rate Impact per MWh by Class		
34	Residential	\$ 0.363	Line 20 / Line 27
35	Small Commercial & Industrial	\$ 0.365	Line 21 / Line 28
36	Large Commercial & Industrial Secondary Rate (Other)	\$ 0.325	Line 22 / Line 29
37	Large Commercial & Industrial Primary Rate (PL, HL)	\$ 0.287	Line 23 / Line 30
38	Lighting	\$ 0.200	Line 24 / Line 31
39	Total	\$ 0.338	Line 25 / Line 32
40	Residential Typical Bill Including Riders from Cause No. 45911	\$ 139.36	Cause No. 45911
41	Percent Impact of Project on Monthly Residential Bill for 1,000 kWh	0.3%	Line 34 / Line 40