

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**APPLICATION OF INDIANAPOLIS POWER &)
LIGHT COMPANY D/B/A AES INDIANA FOR)
APPROVAL OF A FUEL COST FACTOR FOR)
ELECTRIC SERVICE DURING THE BILLING)
MONTHS OF MARCH 2024 THROUGH MAY)
2024, IN ACCORDANCE WITH THE) CAUSE NO. 38703 FAC 142
PROVISIONS OF I.C. 8-1-2-42, CONTINUED)
USE OF RATEMAKING TREATMENT FOR)
COSTS OF WIND POWER PURCHASES)
PURSUANT TO CAUSE NOS. 43485 AND 43740,)
AND CONTINUED RECOVERY OF THE)
COSTS OF THE FUEL HEDGING PLAN)
PURSUANT TO I.C. 8-1-2-42.)**

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

Indianapolis Power & Light Company d/b/a AES Indiana ("AES Indiana", "IPL",
"Company", or "Applicant"), by counsel, hereby submits the direct testimony and attachments of
Natalie Herr Coklow.

Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 19th day of December, 2023, by email transmission, hand delivery or United States Mail, first class, postage prepaid to:

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D/B/A AES INDIANA
DMS 41138180v1

VERIFIED TESTIMONY OF NATALIE HERR COKLOW
MANAGER IN REGULATORY ACCOUNTING

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

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

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

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

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

12 A3. I began employment with the Service Company in July 2013. During my tenure with the
13 Service Company, I have worked in Regulatory Accounting on various AES Indiana and
14 Dayton Power & Light Company d/b/a AES Ohio ("AES Ohio" or "DP&L") regulatory
15 filings and the associated accounting entries for both companies. I am responsible for the
16 various general ledger entries, the reconciliation of regulatory asset and liability accounts,
17 the computation and tracking of various costs for regulatory filings, and the preparation of
18 supporting schedules for these filings. These regulatory filings for AES Indiana have
19 included filings related to the Fuel Adjustment Clause ("FAC") (Cause No. 38703-FAC
20 XX), AES Indiana's most recent basic rate cases (Cause Nos. 45029, and 45911), the

Environmental Compliance Cost Recovery Adjustment (“ECCRA”) (Cause No. 42170-ECR XX), and the Transmission, Distribution, and Storage System Improvement Charge (“TDSIC”) (Cause No 45264-TDSIC XX).

Q4. Please summarize your prior work experience.

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

Q5. Please summarize your educational qualifications.

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

Q6. Have you previously testified before this Commission?

A6. Yes. I have submitted testimony on behalf of AES Indiana in previous FAC proceedings as well as ECCRA and TDSIC proceedings. I also submitted testimony in AES Indiana’s pending basic rates case, Cause No. 45911.

Q7. What are your responsibilities in connection with the Applicant’s fuel cost filings?

A7. The data is assembled, and the actual calculations of the fuel cost credit or charge are made under my supervision and direction. In this case, I am presenting the calculated fuel cost charge the Company proposes to place into effect, subject to reconciliation and true-up in a future FAC filing.

1 **Q8. Have you reviewed the testimony and attachments of the Applicant's other witnesses**
2 **in this Cause?**

3 A8. Yes.

4 **Q9. Are you sponsoring any attachments?**

5 A9. Yes. I am sponsoring the following attachments, which were prepared or assembled by me
6 or under my direction and supervision:

- 7 • Attachment NHC-1 is a copy of the Verified Application filed in this proceeding,
8 including Schedules 1 through 7 thereto which reflect the proposed factor.
- 9 • Attachment NHC-1-A is the proposed tariff sheets revised to reflect the fuel cost
10 adjustment requested herein.
- 11 • Attachment NHC-2 is a Statement of Jurisdictional Electric Operating Income for the
12 Twelve Months Ended October 31, 2023.
- 13 • Attachment NHC-3 is a Determination of Authorized Return for the Twelve Months
14 Ended October 31, 2023.
- 15 • Attachment NHC-4 is an Earnings Test Summary.

16 **Q10. Is the information set forth in Attachments NHC-1 through NHC-4 and Attachment**
17 **NHC-1-A true and correct?**

18 A10. Yes, to the best of my knowledge.

19 **Q11. Are you filing any workpapers in this proceeding?**

20 A11. Yes. I have included Excel workbooks that support the calculations of Attachments NHC-
21 1 through Attachment NHC-4.

22 **Q12. Have you reviewed the Commission's June 1, 2005 Order in Cause No. 42685 ("June**
23 **1, 2005 Order") and June 30, 2009 Phase II Order in Cause No. 43426 ("Phase II**

Order”) regarding changes in operations as a result of the Midcontinent Independent System Operator Inc.’s (“MISO”) implementation of energy markets and for determination of the manner and timing of recovery costs resulting from the implementation of standard market design mechanisms and participation in the ancillary services market?

A12. Yes.

Q13. Is AES Indiana’s filing in this proceeding consistent with your understanding of these two orders?

A13. Yes, AES Indiana’s filing in this proceeding is consistent with my understanding of the Commission’s June 1, 2005 Order and Phase II Order.

Q14. Over what months has the Applicant estimated its fuel costs in Attachment NHC-1 for the purpose of its proposed fuel cost factor for electric service?

A14. Attachment NHC-1 estimates fuel costs over the months of March 2024 through May 2024.

Q15. In making such estimates, were actual fuel costs reconciled with estimated fuel costs for any period?

A15. Yes, actual fuel costs for the months of August 2023 through October 2023 were reconciled with the estimated fuel costs for the same period. These variances are shown for reference in the FAC factor calculated on Attachment NHC-1, Schedule 5 and the reconciliations are included in the proposed factor on Attachment NHC-1, Schedule 1.

Q16. Have calculations been made applying the Purchased Power Daily Benchmarks established pursuant to the methodology approved in Cause No. 43414?

1 A16. Yes. As described in the testimony of Witness Jackson, the applicable Purchased Power
2 Daily Benchmarks are set forth in Attachment DJ-1 and have been done in conformity with
3 the Commission's Order in Cause No. 43414.

4 **Q17. Is AES Indiana seeking to recover the costs of any individual purchased power**
5 **transactions used to serve jurisdictional retail customers in excess of the applicable**
6 **Purchased Power Daily Benchmarks?**

7 A17. Yes. As described in the testimony of Witness Jackson, AES Indiana is seeking to recover
8 \$981,430 of purchased power costs in excess of the applicable Purchased Power Daily
9 Benchmarks for August 2023 through October 2023. A summary of the purchased power
10 volumes, costs, the total hourly purchased power costs above the applicable Purchased
11 Power Daily Benchmarks for August 2023 through October 2023 and the reasons for the
12 purchases at-risk after consideration of MISO economic dispatch, is set forth in Attachment
13 DJ-2 to Witness Jackson's testimony.

14 **Q18. Did AES Indiana include in this filing the fuel cost and fuel revenues associated with**
15 **sales from its public electric vehicle charging stations during the August 2023 through**
16 **October 2023 period?**

17 A18. Yes. AES Indiana determined the fuel cost for its public electric vehicle charging stations
18 by multiplying the total public electric vehicle charging station kWh sales by the average
19 cost of fuel per kWh for each period. AES Indiana calculated the fuel portion of electric
20 vehicle revenues by multiplying the total public electric vehicle charging station kWh sales
21 under Rate EVP by the applicable fuel factor in effect. The amounts accounted for as fuel
22 costs are reflected on Attachment NHC-1, Schedule 4, Line 4, columns C and D. The
23 amounts accounted for as fuel recovery, when received, are reflected on Attachment NHC-

1 1, Schedule 4, Line 4, columns E and F. The recovery represents a reduction in the fuel
2 costs collected through this FAC filing.

3 **Q19. Did AES Indiana incur any realized gains or losses associated with financial hedges**
4 **or transactional fees for the hedging program?**

5 A19. No. There were no financial hedges settled or transactional fees incurred during the FAC
6 period of August through October 2023 as shown on Attachment NHC-1, Schedule 5, Line
7 20. As I explained in my testimony in FAC 122, physical hedges do not receive mark-to-
8 market accounting treatment and thus there are no recognized gains or losses on physical
9 hedges. See Witness Jackson's testimony for a discussion of the result of any physical
10 hedges.

11 **Q20. Are you familiar with the Applicant's estimated and actual fuel costs for the months**
12 **of August 2023 through October 2023?**

13 A20. Yes. As shown in Attachment NHC-1, Schedule 5 (Page 4 of 4), the estimated fuel cost for
14 those months was \$0.037612 per kWh and the actual cost for the same period averaged
15 \$0.037095 per kWh, which represents an overestimate of 1.39%.

16 **Q21. Based on such costs, in your opinion, are Applicant's estimated average fuel costs for**
17 **the months of March 2024 through May 2024, as set forth in Attachment NHC-1,**
18 **reasonable in amount?**

19 A21. Yes. The estimated fuel costs for those months reflect the expected costs from contract
20 sources. The Company has also included forecasted costs associated with participation in
21 MISO, spot purchases of fuel, and purchased power from renewable resources. Also
22 included are the estimated credits to customers for the off-system sales margins related to
23 the Lakefield Wind power purchase agreement ("PPA") as required per the Commission's

Order in Cause No. 43740, as well as any realized gains or losses for financial hedges (including any associated transactional costs) from natural gas or purchased power hedging per the Commission's Order in Cause No. 38703 FAC 133.

Q22. When was the last Order of the Commission approving Applicant's basic electric rates and charges?

A22. On October 31, 2018, the Commission issued an order in Cause No. 45029 (the "2018 Base Rate Order") approving new basic rates and charges based on Applicant's test year operating expenses and operating income for the twelve months ended June 30, 2017. AES Indiana implemented these new base rates on a service rendered basis effective December 5, 2018. The 2018 Base Rate Order established an annual level of operating income of \$220,076,000.

Q23. Please explain Attachments NHC-2, NHC-3, and NHC-4.

A23. Attachment NHC-2 contains a comparison of AES Indiana's electric retail operating results per books for the twelve months ended October 31, 2023, with the electric operating results applicable to jurisdictional retail customers for the same period. Attachment NHC-2 calculates the result of the "operating expense" test of I.C. § 8-1-2-42(d)(2). This attachment also calculates the I.C. § 8-1-2-42(d)(3) test, to determine if the Applicant's actual return applicable to jurisdictional retail customers for the twelve months ended October 31, 2023, was higher than the authorized net electric operating income during the same period. Attachment NHC-3 calculates AES Indiana's authorized return. That total authorized return was \$246,817,000. In accordance with 170 IAC 4-6-21 and the Commission's Orders in Cause Nos. 42170 and 45264, AES Indiana added the return on its Qualified Pollution Control Property ("QPCP") and renewable projects of \$5,194,000

1 and the return on its Transmission, Distribution and Storage System Improvement Charge
2 Property (“TDSIC”) of \$21,547,000 (for a total of \$26,741,000) to its authorized net
3 operating income of \$220,076,000. Attachment NHC-4 reflects the earnings bank total for
4 the relevant period and calculates the differential between the determined return and the
5 authorized return.

6 **Q24. Based on the calculation on Attachment NHC-2, has AES Indiana passed “operating**
7 **expense” test of I.C. § 8-1-2-42(d)(2)?**

8 A24. Yes. As shown on Attachment NHC-2, the total jurisdictional operating expenses
9 excluding fuel costs have increased as compared to the last basic rate case. Therefore, the
10 Commission should find that the (d)(2) test is satisfied.

11 **Q25. Based on the calculation on Attachment NHC-2, Attachment NHC-3 and Attachment**
12 **NHC-4 has AES Indiana passed the I.C. § 8-1-2-42(d)(3) test?**

13 A25. Yes. The sum of AES Indiana’s differentials for the relevant period is less than zero as
14 shown on Attachment NHC-4. In addition, Applicant’s actual return was less than its
15 authorized return for the twelve months ended October 31, 2023. The Company’s actual
16 return applicable to jurisdictional retail customers for the twelve months ended October 31,
17 2023, was \$199,943,000, while the authorized net electric operating income during the
18 same period was \$246,817,000 and shown on Attachment NHC-4. Accordingly, no
19 reduction in the fuel factor is required and the Commission should find that the “return”
20 test of I.C. § 8-1-2-42.3 is satisfied.

21 **Q26. Were there any revenue and/or expenses eliminated or excluded from total electric**
22 **operating income for the twelve months ended October 31, 2023, in the preparation**
23 **of Applicant’s Attachment NHC-2?**

1 A26. No. AES Indiana did not eliminate or exclude any revenue and/or expenses from the total
2 electric income for the twelve months ended October 31, 2023.

3 **Q27. What was the source of the data contained in Attachment NHC-2?**

4 A27. All the accounting figures and other financial data contained in Attachment NHC-2 were
5 derived from AES Indiana's accounting records.

6 **Q28. Is AES Indiana including FAC 133 S1 settlement costs in this FAC filing?**

7 A28. Yes. AES Indiana has included costs of \$2,564,810, as approved in the Settlement
8 Agreement in FAC 133 S1 (Attachment NHC-1, Schedule 1, Lines No. 33, Column D).
9 The Commission approved recovery of costs totaling \$20,518,476 to be recovered over
10 twenty-four months (\$2,564,810 per FAC filing) beginning with the first FAC filing
11 following the issuance of the Order, which was FAC 139.

12 **Q29. What is the Applicant's estimated average cost of fuel for March 2024 through May
13 2024 as included in the proposed factor?**

14 A29. The Applicant's estimated average cost of fuel for the months of March 2024 through May
15 2024, after taking into consideration the reconciliation of its estimated and actual fuel costs,
16 and the inclusion of the FAC 133 S1 item, is estimated to be \$0.036124 per kWh as shown
17 on Attachment NHC-1, Schedule 1, Page 1 of 1, line 36. This represents an increase of
18 \$0.003186 per kWh from the base cost of fuel approved in the 2018 Base Rate Order of
19 \$0.032938 per kWh.

20 **Q30. What effect will the proposed factor have on a residential customer using 1,000 kWh
21 per month?**

1 A30. In relation to the FAC factor currently in effect, the proposed factor will result in a decrease
2 of \$0.17 or 0.15% for a residential customer using 1,000 kWh per month.

3 **Q31. If approved by the Commission, when does the Applicant propose to make effective**
4 **for electric service the proposed fuel cost factor requested in this proceeding?**

5 A31. The Applicant seeks to make the fuel cost factor shown in Attachment NHC-1, Schedule 1,
6 line 38 effective for all bills rendered for electric services beginning with the first billing
7 cycles for the March 2024 billing month (Regular Billing District 41 and Special Billing
8 District 01, which begins February 29, 2024). Such adjustment factor, upon becoming
9 effective, shall remain in effect for approximately three (3) months or until replaced by a
10 different adjustment factor. A copy of the proposed tariff is set forth in Attachment NHC-
11 1-A, attached hereto and made a part hereof.

12 **Q32. Does that conclude your prefiled direct testimony?**

13 A32. Yes.

VERIFICATION

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

Dated this 19th day of December 2023.

Natalie Herr Coklow

Natalie Herr Coklow

Attachment NHC-1

[Verified Application – Not Duplicated Herein]

AES INDIANA
Statement of Jurisdictional Electric Operating Income for the Twelve Months Ended October 31, 2023
(In \$000's except where otherwise stated)

Line No.	Description	Per Books For The Twelve Months Ended October 31, 2023			Line No.
		Total Electric For the Twelve Months Ended October 31, 2023	MISO Attachment GG	Applicable to Jurisdictional Retail Customers	
1	Operating Revenues	\$ 1,747,398	\$ 2,009	\$ 1,745,389	1
2	Operating Expenses:				2
3	Operation and Maintenance Expenses	\$ 1,214,249	\$ 670	\$ 1,213,579	3
4	Depreciation and Amortization	281,370	384	280,986	4
5	Taxes Other than Income Taxes:	26,145	53	26,092	5
6	Income Taxes:	24,947	158	24,789	6
7	Total Operating Expenses	\$ 1,546,711	\$ 1,265	\$ 1,545,445	7
8	Operating Income	\$ 200,687	\$ 744	\$ 199,943	8

(d)(2) Test (In \$000's)
Summary of Increase in Operating Expenses Applicable to Jurisdictional Retail Customers
For the Twelve Months Ended October 31, 2023

		Per Cause Nos. 45029	Per Books October 31, 2023	Increase (Decrease)	
9	Operating Expenses Excluding Fuel Costs	\$ 736,436	\$ 832,642	\$ 96,206	9
10	Fuel Costs *	436,216	712,803	276,587	10
11	Total Operating Expenses **	\$ 1,172,652	\$ 1,545,445	\$ 372,793	11

(d)(3) Test (In \$'s)

12	Jurisdictional Retail Electric Operating Income (October 31, 2023)	\$ 199,943,000	12
13	Total Authorized Operating Income ⁽¹⁾	246,817,000	13
14	Excess/(Deficiency)	\$ (46,874,000)	14

(1) Calculated on Applicant's Exhibit 3.

* Per Cause No. 45029.

** Per Cause No. 45029, updated for 30 day URT repeal filing.

AES INDIANA
Determination of Authorized Return
For the Twelve Months Ended October 2023

Line No.			Line No.
1	Operating Income per Cause No. 45029	\$220,076,000	1
2	Effective for November 2022 - February 2023		2
3	Allowed Return on CCT NAAQS-Other Utility Plant per Cause No. 42170-ECR35	1,458,112	3
4	Jurisdictional Portion	100.00%	4
5	Jurisdictional Total for Cause No. 42170-ECR35	1,458,112	5
6	Proration for Cause No. 42170-ECR35 (2)	120/365	6
7	Total for Cause No. 42170-ECR35	479,000	7
8	Effective for November 2022 - October 2023		8
9	Allowed Return on TDISC-5 Distribution Utility Plant per Cause No. 45264-TDSIC-5	17,761,951	9
10	Jurisdictional Portion	100.00%	10
11	Jurisdictional Total for Cause No. 45264-TDSIC-5	17,761,951	11
12	Proration for Cause No.45264-TDSIC-5 (2)	365/365	12
13	Total for Cause No. 45264-TDSIC-5	17,762,000	13
14	Effective for November 2022 - October 2023		14
15	Allowed Return on TDISC-5 - Transmission Utility Plant per Cause No. 45264-TDSIC-5	3,784,848	15
16	Jurisdictional Portion	100.00%	16
17	Jurisdictional Total for Cause No. 45264-TDSIC-5	3,784,848	17
18	Proration for Cause No.45264-TDSIC-5 (2)	365/365	18
19	Total for Cause No. 45264-TDSIC-5	3,785,000	19
19	Effective for March 2023 - November 2023		19
20	Allowed Return on CCT NAAQS-Other Utility Plant per Cause No. 42170-ECR36	1,459,197	20
21	Jurisdictional Portion	100.00%	21
22	Jurisdictional Total for Cause No. 42170-ECR36	1,459,197	22
23	Proration for Cause No. 42170-ECR36 (2)	245/365	23
24	Total for Cause No. 42170-ECR36	979,000	24
25	Effective for March 2023 - November 2023		25
26	Allowed Return on Hardy Hills Investment per Cause No. 42170-ECR36	5,565,867	26
27	Jurisdictional Portion	100.00%	27
28	Jurisdictional Total for Cause No. 42170-ECR36	5,565,867	28
29	Proration for Cause No. 42170-ECR36 (2)	245/365	29
30	Total for Cause No. 42170-ECR36	3,736,000	30
31	Total Authorized Operating Income	<u>\$246,817,000</u>	31

⁽²⁾ The Commission requires that, for purposes of computing the authorized net operating income for IC 8-1-2-42(d)(2) and IC 8-1-2-42(d)(3), the jurisdictional portion of the increased return shall be phased-in over the appropriate period of time that the Applicant's net operating income is affected by this earnings modification resulting from the Commission's approval of the applicable Cost Rider. The Riders are pro-rated based on the effective rate day of the Order.

AES INDIANA
Earnings Test Summary

FAC No.	Reporting Period	Determined Return	Authorized Return	Differential
142	10/31/2023	\$199,943,000	\$246,817,000	(\$46,874,000)
141	7/31/2023	191,269,000	242,594,000	(51,325,000)
140	4/30/2023	191,845,000	238,368,000	(46,523,000)
139	1/31/2023	196,482,000	234,714,000	(38,232,000)
138	10/31/2022	203,266,000	231,914,000	(28,648,000)
137	7/31/2022	215,542,000	230,102,000	(14,560,000)
136	4/30/2022	223,712,000	228,291,000	(4,579,000)
135	1/31/2022	227,360,000	226,529,000	831,000
134	10/31/2021	226,080,000	224,682,000	1,398,000
133	7/31/2021	219,585,000	223,889,000	(4,304,000)
132	4/30/2021	232,893,000	223,097,000	9,796,000
131	1/31/2021	227,171,000	222,310,000	4,861,000
130	10/31/2020	229,881,000	221,451,000	8,430,000
129	7/31/2020	242,467,000	221,368,000	21,099,000
128	4/30/2020	236,917,000	221,285,000	15,632,000
127	1/31/2020	234,075,000	221,201,000	12,874,000
126	10/31/2019	230,875,000	218,710,000	12,165,000
125	7/31/2019	229,431,000	206,716,000	22,715,000
124	4/30/2019	217,179,000	194,654,170	22,524,830
123	1/31/2019	212,078,000	182,107,612	29,970,388
				<u>(\$72,748,782)</u>