

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION



PETITION OF INDIANAPOLIS POWER & LIGHT)
COMPANY ("IPL") FOR AUTHORITY TO INCREASE)
RATES AND CHARGES FOR ELECTRIC UTILITY)
SERVICE AND FOR APPROVAL OF: (1) ACCOUNTING)
RELIEF, INCLUDING IMPLEMENTATION OF MAJOR)
STORM DAMAGE RESTORATION RESERVE ACCOUNT;)
(2) REVISED DEPRECIATION RATES; (3) THE)
INCLUSION IN BASIC RATES AND CHARGES OF THE)
COSTS OF CERTAIN PREVIOUSLY APPROVED)
QUALIFIED POLLUTION CONTROL PROPERTY; (4))
IMPLEMENTATION OF NEW OR MODIFIED RATE)
ADJUSTMENT MECHANISMS TO TIMELY RECOGNIZE)
FOR RATEMAKING PURPOSES LOST REVENUES FROM)
DEMAND-SIDE MANAGEMENT PROGRAMS AND)
CHANGES IN (A) CAPACITY PURCHASE COSTS; (B))
REGIONAL TRANSMISSION ORGANIZATION COSTS;)
AND (C) OFF SYSTEM SALES MARGINS; AND (5) NEW)
SCHEDULES OF RATES, RULES AND REGULATIONS)
FOR SERVICE.)

CAUSE NO. 44576

IN THE MATTER OF THE INDIANA UTILITY)
REGULATORY COMMISSION'S INVESTIGATION INTO)
INDIANAPOLIS POWER & LIGHT COMPANY'S)
ONGOING INVESTMENT IN, AND OPERATION AND)
MAINTENANCE OF, ITS NETWORK FACILITIES)

CAUSE NO. 44602

APPROVED: MAR 29 2016

NUNC PRO TUNC ORDER OF THE COMMISSION

Presiding Officers:
Carol A. Stephan, Commission Chair
Aaron A. Schmoll, Senior Administrative Law Judge

On March 16, 2016, the Indiana Utility Regulatory Commission ("Commission") approved its Order in this consolidated Cause ("March 16 Order"). In the March 16 Order, the Commission, among other things, reduced pro forma overtime expense by \$2.53 million. *See* March 16 Order at 52-53. However, this expense adjustment and the consequential tax adjustments were not properly carried forward to the total expense and tax lines set forth in the March 16 Order, which resulted in understating the revenue increase by approximately \$1.2 million. In order to correctly reflect the overtime adjustment, Paragraphs 10 and 11 in the March 16 Order shall be corrected **Nunc Pro Tunc**, as set forth below:

10. Net Operating Income at Present Rates. We find that each of the adjustments we have approved are appropriate for ratemaking in that they result from changes that are fixed, known, and measurable and that will have occurred within 12 months of the close of the test year. Based

upon the evidence and the determinations made above, we find IPL’s adjusted operating results under its present rates are as follows:

Operating Revenues	\$ 1,203,560,000
Less: O&M Expenses	\$ 823,132,000
Depreciation/Amortization	\$ 208,582,000
Other Taxes	\$ 44,792,000
State Income Taxes	\$ 4,818,000
Federal Income Taxes	\$ 18,328,000
Income Tax Credit Adjustments	\$ (1,803,000)
Total Operating Expenses	\$ 1,097,849,000
Net Operating Income (“NOI”)	\$ 105,711,000

In summary, we find that with appropriate adjustments for ratemaking purposes, IPL’s annual net operating income under its present rates for electric utility service would be approximately \$105,711,000, which is insufficient to represent a reasonable return. We therefore find that IPL’s present rates are unreasonable. Accordingly, it is both reasonable and necessary for new rates and charges to be established.

11. Authorized Revenue Requirement. On the basis of the evidence presented, we find that IPL should be authorized to increase its basic rates and charges to produce additional operating revenue of approximately \$30,837,000. This revenue is reasonably estimated to afford IPL the opportunity to earn net operating income of approximately \$124,083,000, as follows:

Operating Revenues	\$ 1,234,397,000
Less: O&M Expenses	\$ 823,280,000
Depreciation/Amortization	\$ 208,582,000
Other Taxes	\$ 45,222,000
State Income Taxes	\$ 6,813,000
Federal Income Taxes	\$ 28,220,000
Income Tax Credit Adjustment	\$ (1,803,000)
Total Operating Expenses	\$ 1,110,314,000
Net Operating Income (“NOI”)	\$ 124,083,000

Calculation of Authorized Increase in Revenue:

Fair Value Rate Base	\$ 2,751,278,000
Rate of Return on Fair Value	4.51%
Allowable Electric Operating Income	\$ 124,083,000
Less: Adjusted NOI at Present Rates	\$ 105,711,000
Deficiency in Electric Operating Income	18,372,000
Divided by: Revenue Conversion Factor	0.595771
Authorized Increase in Revenue	\$ 30,837,000

In addition, the Commission finds that the corresponding ordering paragraph of the March 16 Order shall be corrected **Nunc Pro Tunc**, as set forth below:

1. Petitioner is authorized to adjust its rates and charges to increase its annual operating revenues by approximately \$30,837,000, resulting in total annual operating revenues of approximately \$1,234,397,000. This increase is calculated to provide IPL the opportunity to earn \$124,083,000 in annual net utility operating income.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION THAT:

1. The Commission's March 16, 2016 Order in this consolidated Cause shall be corrected **Nunc Pro Tunc** as set forth herein.

2. This Order shall be effective on and after the date of its approval.

STEPHAN, HUSTON, AND ZIEGNER CONCUR; MAYS-MEDLEY AND WEBER ABSENT:

APPROVED: MAR 22 2016

I hereby certify that the above is a true and correct copy of the Order as approved.



Shala M. Coe
Acting Secretary to the Commission