

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS)
POWER & LIGHT COMPANY (“IPL”), AN)
INDIANA CORPORATION, FOR (1))
CERTIFICATES THAT PUBLIC CONVENIENCE)
AND NECESSITY (“CPCN”) WILL BE SERVED)
BY COMPLIANCE PROJECTS TO ALLOW IPL)
TO COMPLY WITH FEDERALLY MANDATED)
REQUIREMENTS AT PETERSBURG)
GENERATING STATION; (2) APPROVAL OF)
ASSOCIATED ACCOUNTING AND)
RATEMAKING TREATMENT, INCLUDING)
COST RECOVERY IN ACCORDANCE WITH)
IND. CODE § 8-1-8.4-7 AND AUTHORITY TO)
DEFER COSTS UNTIL SUCH COSTS ARE)
REFLECTED IN RATES; AND 3) TO THE)
EXTENT NECESSARY OR APPROPRIATE)
ISSUANCE OR MODIFICATION OF CPCN FOR)
THE USE OF CLEAN COAL TECHNOLOGY)
PURSUANT TO IND. CODE CH. § 8-1-8.7)

CAUSE NO. 44794

**JOINT MOTION FOR LEAVE TO SUBMIT
SETTLEMENT AGREEMENT, FOR
MODIFICATION OF PROCEDURAL SCHEDULE
AND FOR EXPEDITED RESPONSE**

Indianapolis Power & Light Company (“IPL” or “Company”), the Indiana Office of Utility Consumer Counselor (“OUCC”) and Intervenor, IPL Industrial Group (“IG”) (collectively the “Settling Parties” and individually “Settling Party”), by counsel and in accordance with 170 IAC 1-1.1-17, respectfully move the Commission for leave to submit the attached Stipulation and Settlement Agreement (“Settlement Agreement or Settlement”). The Settling Parties also ask the Commission to modify the procedural schedule to allow presentation of the Settlement and supporting evidence. Finally, the Settling Parties ask the

Commission to expedite the period within which the non-Settling Parties may respond to this Joint Motion. In support of this Joint Motion, Settling Parties further state as follows:

1. The Settling Parties submit the attached Settlement Agreement on the condition that if the Commission fails to approve the Settlement Agreement in its entirety and without any change or condition(s) unacceptable to any Settling Party, the Settlement Agreement and supporting evidence shall be withdrawn and the Commission will continue to hear this Cause with the proceedings resuming at the point they were suspended by this Joint Motion.

2. While the Settling Parties view the Settlement Agreement as being within the scope of the evidence that has already been prefiled, the Settling Parties propose to file IPL's testimony in support of the Settlement Agreement on or about December 1, 2016 and the OUCC's testimony in support of the Settlement Agreement by December 5, 2016. The Settling Parties ask that the settlement hearing be conducted as soon thereafter as practicable and to this end, propose the following schedule:

December 22 or 28 -- Non-Settling Parties prefile testimony regarding settlement

January 10 – Settling Parties prefile rebuttal.

January 18, 20, 26-27 – Settlement hearing be scheduled for two days. (one of IPL's witnesses is not available after January 18).

Post hearing briefing schedule:

Settling Parties Proposed Order – 3 days after hearing concludes

Non-Settling Parties' Post Hearing filing -- 14 days later

Settling Parties' reply – 7 days later.

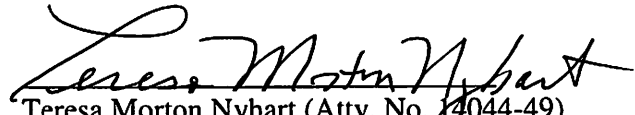
3. Counsel for OUCC and Industrial Group have authorized the undersigned counsel to file this Joint Motion on behalf of all Settling Parties.

4. The Settling Parties note that Joint Intevenor ("JI") and Intervenor Hoosier Environmental Council ("HEC") are not parties to the Settlement Agreement. The Settling

Parties have shared both the Settlement Agreement and this Joint Motion with JI and HEC. JI and HEC have advised that they do not object to the submission of the Settlement or to the schedule being modified to allow its presentation. JI and HEC have advised that they do not agree to the schedule proposed by the Settling Parties and request that the parties take additional time to discuss the schedule for this proceeding and try to reach agreement on a schedule that works for all parties. Both JI and HEC have agreed to submit any formal response to this Joint Motion by December 6, 2016. The Settling Parties are working with JI and HEC to develop a settlement procedural schedule and will file any stipulation regarding these matters with the Commission.

5. To facilitate these procedural matters, the Settling Parties ask the Commission to expedite the date for the filing of any response to this Joint Motion to December 6, 2016. The Settling Parties also ask that the Commission conduct an attorneys' conference or convene the evidentiary hearing on December 12, 2016 for purpose of establishing a settlement hearing date and associated procedural matters.

WHEREFORE, the Settling Parties respectfully request that this Joint Motion promptly be granted, that the Commission grant to the Settling Parties the relief sought herein together with such other relief as may be reasonable and appropriate in the premises.



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COMPANY

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served upon the following via electronic email this 30th day of November 2016:

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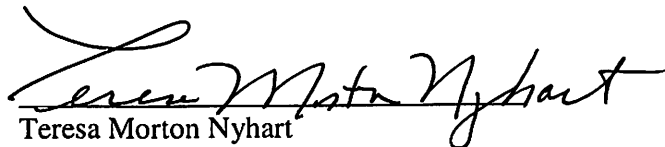
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STIPULATION AND SETTLEMENT AGREEMENT

Indianapolis Power & Light Company ("IPL" or "Company"), the Indiana Office of Utility Consumer Counselor ("OUCC") and Intervenor, IPL Industrial Group ("IG") (collectively the "Settling Parties" and each individually a "Settling Party") solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts and counsel, stipulate and agree that the terms and conditions set forth below represent a fair, just and reasonable resolution of all matters pending before the Commission in this Cause, subject to their incorporation by the Indiana Utility Regulatory Commission ("Commission") into a final, non-appealable order ("Final Order") without modification or further condition that may be unacceptable to any Settling Party. If the Commission does not approve this Stipulation and Settlement Agreement ("Settlement Agreement"), in its entirety, the entire Settlement Agreement

shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

A. TERMS AND CONDITIONS

1. CPCNs and Estimated Costs. IPL's proposed NAAQS and CCR Compliance Projects are described in IPL's case-in-chief. The Settling Parties agree to issuance by the Commission of Certificates of Public Convenience and Necessity under Ind. Code § 8-1-8.4-7 for each Compliance Project subject to the following:
 - a. The Emergency Ball Mill component of the NAAQS Compliance Project shall be withdrawn. The Settling Parties preserve all rights and all positions they may have regarding any request after the date of this Settlement IPL may make regarding the Harding Street Station Ball Mill.
 - b. Purchased power costs related to a Petersburg generating unit derate and outage that is demonstrated to be due solely to the failure of an existing ball mill will be subject to a rebuttable presumption that such costs are reasonable and recoverable in IPL's fuel adjustment clause proceedings.
 - c. Given removal of the Emergency Ball Mill component, the Settling Parties agree to Commission approval of a revised estimate for the Federally Mandated Costs for the NAAQS Compliance Project in the amount of \$29,213,000 exclusive of AFUDC. AFUDC will be accrued on the Project and included in the project costs. This revised project cost estimate reduces the \$47,918,000 project cost estimate shown on Petitioner's Attachment BDS-3 to reflect the removal of the Emergency Ball Mill component from the scope of the EPC Contract cost and a related reduction of Owner's Costs and Project contingency.
 - d. The Settling Parties stipulate and agree that to the extent approval of the NAAQS Compliance Project is required under Ind. Code ch. 8-1-8.7, such approval shall also be granted by the Commission. This agreement is limited to the circumstances associated with the NAAQS Compliance Project. The Settling Parties preserve all rights and all positions they may have regarding the application of Ind. Code ch. 8-1-8.7 to any future IPL compliance project.
 - e. The Settling Parties agree to Commission approval of the estimated Federally Mandated Costs for the CCR Bottom Ash Project in the amount of \$46,900,000 exclusive of AFUDC as shown on Petitioner's Attachment BDS-6. AFUDC will be accrued on the Project and included in the Project Costs.
2. Accounting and Ratemaking. In accordance with Ind. Code § 8-1-8.4-7, IPL's proposed accounting and ratemaking treatment shall be approved by the Commission including cost recovery and authority to defer costs until such costs are reflected in rates subject to the following terms.

- a. IPL agrees to cap Total Deferrals of the Compliance Projects (Monthly Deferrals and Carrying Charges) at \$14,500,000 or cease to add to the Total Deferrals five years following the last in-service date of the Compliance Projects, whichever is less. The total amount deferred will be included in rate base in IPL's next rate case subsequent to the rate case expected to be filed before January 1, 2017, and amortized over a four year period.
 - b. To the extent actual project costs exceed the total project cost estimate approved by the Commission by more than 25% on a total project basis, IPL shall provide specific justification and obtain specific approval from the Commission before any such costs are authorized for recovery in IPL's next rate case subsequent to the rate case expected to be filed before January 1, 2017. The Settling Parties preserve all rights and positions they may have in any proceeding seeking approval of actual project costs which exceed the estimate approved by the Commission except that IPL shall not seek recovery of any deferred amounts in excess of those allowed in Paragraph 2a.
3. ECR Proceedings. IPL's ECR proceedings shall be subject to the following:
- a. IPL agrees to allocate costs in the ECCRA on an individual rate code basis to Rates HL and PL, based on the allocation factors from the Company's cost of service study as approved in the Company's most recent base rate case in Cause No. 44576/44602. The Settling Parties agree that between the date of this Settlement and the date of a final order in IPL's next general rate case, expected to be filed before January 1, 2017, no Settling Party will propose modification to the cost allocation in IPL's tracker mechanisms in a tracker proceeding. This settlement term does not in any manner limit or otherwise restrict any Settling Party's rights to otherwise challenge proposed recovery in such tracker proceedings; challenge any new tracker or other proposed rate recovery mechanism (including cost allocation) whether or not presented in a separate proceeding or in a general rate case; propose modifications to IPL's current, or proposed, trackers and other rate recovery mechanisms in the next general rate case; or present cost of service, cost allocation, or rate design testimony in the next general rate case or other proceedings as the evidence and circumstances dictate. Nor does this settlement term in any manner limit or otherwise restrict any Settling Party's right to propose modifications in adjustment proceedings after the date of the final order in IPL's next general rate case. If IPL does not file the rate case before March 1, 2017, any Settling Party may propose revisions to IPL's tracker or other rate recovery mechanisms in any adjustment proceeding.
 - b. IPL shall provide project by project cost information in its public exhibits in its ECCRA filings for the NAAQS and CCR Compliance Projects, including a level of detail comparable to that shown on Petitioner's Attachment JLC-2R as

well as any future projects approved by the Commission for inclusion in the ECCRA filings.

- c. IPL will keep the Commission and the Settling Parties informed of the status of the Compliance Projects by including progress reports and any revisions to cost estimates until the project is complete with the Company's ongoing ECR cost recovery filings. IPL agrees to make the EPC Contract for the NAAQS Compliance Project available for review in the ECR proceedings and to report on use of the 5% project contingency. This agreement is subject to the protection of any confidential information from public disclosure.
4. Time is of the Essence. The Settling Parties agree to file the Settlement Agreement and supporting testimony on or before November 30, 2016 and to request the Commission to expeditiously consider and approve the Settlement Agreement.

B. PRESENTATION OF THE SETTLEMENT TO THE COMMISSION

1. The Settling Parties shall support this Settlement Agreement before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement. The concurrence of the Settling Parties with the terms of this Settlement Agreement is expressly predicated upon the Commission's approval of the Settlement Agreement in its entirety without any modification or any condition that may be unacceptable by any Settling Party. If the Commission does not approve the Settlement Agreement in its entirety and without change, the Settlement Agreement shall be null and void and deemed withdrawn, upon notice in writing by any Settling Party within fifteen (15) days after the date of the Final Order that any modifications made by the Commission are unacceptable to it.

2. The Settling Parties shall jointly move for leave to file this Settlement Agreement and supporting evidence. IPL and the OUCC will, and the Industrial Group may, file testimony specifically supporting the settlement. The Settling Parties will work collaboratively in the preparation of the testimony supporting the settlement agreement. Such evidence together with the evidence previously prefiled by the Settling Parties in this Cause will be offered into evidence without objection and the Parties hereby waive cross-examination of each other's

witnesses. The Settling Parties propose to submit this Settlement Agreement and evidence conditionally, and that, if the Commission fails to approve this Settlement Agreement in its entirety without any change or with condition(s) unacceptable to any Settling Party, the Settlement and supporting evidence shall be withdrawn and the Commission will continue to hear Cause No. 44794 with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.

3. The Settling Parties shall jointly agree on the form, wording and timing of public/media announcement (if any) of this Settlement Agreement and the terms thereof. No Settling Party will release any information to the public or media prior to the aforementioned announcement. The Settling Parties may respond individually without prior approval of the other Settling Parties to questions from the public or media, provided that such responses are consistent with such announcement and do not disparage any of the Settling Parties. Nothing in this Settlement Agreement shall limit or restrict the Commission's ability to publicly comment regarding this Settlement Agreement or any Order affecting this Settlement Agreement.

C. EFFECT AND USE OF SETTLEMENT

1. It is understood that this Settlement Agreement is reflective of a negotiated settlement and neither the making of this Settlement Agreement nor any of its provisions shall constitute an admission by any Settling Party to this Settlement Agreement in this or any other litigation or proceeding. It is also understood that each and every term of this Settlement Agreement is in consideration and support of each and every other term.

2. This Settlement Agreement shall not constitute and shall not be used as precedent by any person in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce the terms of this Settlement Agreement.

3. This Settlement Agreement is solely the result of compromise in the settlement process and except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any of the Settling Parties may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.

4. The Settling Parties agree that the evidence in support of this Settlement Agreement and the previously prefiled evidence constitute substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Settlement Agreement, as filed. The Settling Parties shall prepare and file an agreed proposed order with the Commission as soon as reasonably possible.

5. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be privileged and confidential, without prejudice to the position of any Settling Party, and are not to be used in any manner in connection with any other proceeding or otherwise.

6. The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients, and their successors and assigns, who will be bound thereby.

7. The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of the Final Order approving this Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement). The Settling Parties shall support or not oppose this Settlement Agreement in the event of any appeal or a request for

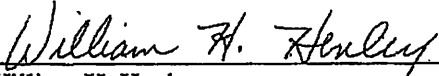
a stay by a person not a party to this Settlement Agreement or if this Settlement Agreement is the subject matter of any other state or federal proceeding.

8. The provisions of this Settlement Agreement shall be enforceable by any Settling Party before the Commission and thereafter in any state court of competent jurisdiction as necessary.

9. This Settlement Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

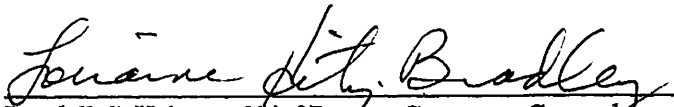
ACCEPTED and AGREED as of the 30 th day of November, 2016.

INDIANAPOLIS POWER & LIGHT COMPANY

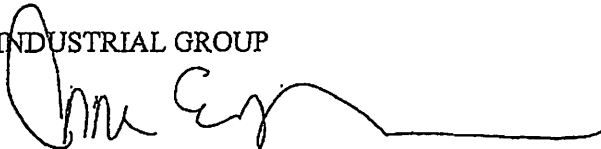


William H. Henley
IPL, Vice-President, Regulatory and Government Affairs

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