STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY, AN INDIANA CORPORATION, FOR APPROVAL OF ALTERNATIVE REGULATION PLAN FOR EXTENSION OF DISTRIBUTION AND SERVICE LINES, INSTALLATION OF FACILITIES AND ACCOUNTING AND RATEMAKING OF COSTS THEREOF FOR PURPOSES OF THE CITY OF INDIANAPOLIS' AND BLUEINDY'S ELECTRIC VEHICLE SHARING PROGRAM PURSUANT TO IND. CODE 8-1-2.5-1 ET SEQ.	)	**CAUSE NO. 44478**

SUBMISSION OF CITIZENS ACTION COALITION OF INDIANA, INC'S EXCEPTIONS TO SETTLING PARTIES' PROPOSED ORDER

Citizens Action Coalition of Indiana, Inc. ("CAC"), by and through its legal counsel, respectfully file its Exceptions to the Proposed Order of Indianapolis Power & Light Company ("IPL" or the "Company"), the City of Indianapolis ("City"), and the Indiana Office of Utility Consumer Counselor ("OUCC") (collectively, "Settling Parties") to the Indiana Utility Regulatory Commission. CAC's Exceptions contain recommended changes to the Settling Parties' Proposed Order and are provided in both "redline" and "clean" form.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served by electronic mail or U.S. Mail, first class postage prepaid, this 15th day of October, 2014, on the following:

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY, AN INDIANA CORPORATION, FOR APPROVAL OF ALTERNATIVE REGULATION PLAN FOR EXTENSION OF DISTRIBUTION AND SERVICE LINES, INSTALLATION OF FACILITIES AND ACCOUNTING AND RATEMAKING OF COSTS THEREOF FOR PURPOSES OF THE CITY OF INDIANAPOLIS' AND BLUEINDY'S ELECTRIC VEHICLE SHARING PROGRAM PURSUANT TO IND. CODE § 8-1-2.5-1 *ET SEQ.*	)	**CAUSE NO. 44478**

SUBMISSION OF SETTLING PARTIES' PROPOSED ORDER

Petitioner, Indianapolis Power & Light Company, on behalf of all Settling Parties, hereby submits the attached proposed order.

Respectfully submitted,

By: _____

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The undersigned certifies that a copy of the foregoing was served this 8th day of October 2014, via hand delivery or electronic mail, on the following:

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STATE OF INDIANA

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VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY, AN INDIANA CORPORATION, FOR APPROVAL OF ALTERNATIVE REGULATION PLAN FOR EXTENSION OF DISTRIBUTION AND SERVICE LINES, INSTALLATION OF FACILITIES AND ACCOUNTING AND RATEMAKING OF COSTS THEREOF FOR PURPOSES OF THE CITY OF INDIANAPOLIS' AND BLUEINDY'S ELECTRIC VEHICLE SHARING PROGRAM PURSUANT TO IND. CODE § 8-1-2.5-1 *ET SEQ.*	)	**CAUSE NO. 44478**

ORDER OF THE COMMISSION

Presiding Officers:
Carolene Mays-Medley, Vice Chair
Jeffery A. Earl, Administrative Law Judge

On April 9, 2014, Indianapolis Power & Light Company ("Petitioner," "Company" or "IPL") filed a Petition with the Indiana Utility Regulatory Commission ("IURC" or "Commission") seeking approval of an alternative regulation plan ("ARP") for extension of distribution and service lines, installation of facilities and accounting and ratemaking of costs thereof for purposes of the City of Indianapolis' and BlueIndy's electric vehicle sharing program pursuant to Ind. Code § 8-1-2.5-1 *et seq*. On April 10, 2014, Petitioner filed its Case-in-Chief and workpapers.

Petitions to Intervene were filed by the City of Indianapolis, Indiana ("City") and the Citizens Action Coalition of Indiana, Inc. ("CAC"). Both of these petitions were granted without objection and the intervening entities were made Parties to this Cause. The Indiana Office of Utility Consumer Counselor ("OUCC") also participated as a Party.

On April 10, 2014, the City filed their Case-in-Chief. On May 7, 2014, the City, IPL and the OUCC filed a Stipulation and Agreement in Lieu of Prehearing Conference, which was approved in a Docket Entry dated May 13, 2014. On June 20, 2014, the OUCC and CAC filed their respective cases-in-chief. On July 11, 2014, IPL and the City filed their respective rebuttal testimony and exhibits. On August 13, 2014, the Commission conducted a public field hearing in Indianapolis, Indiana. On August 21, 2014, Petitioner, the City and the OUCC ("Settling Parties") filed a Joint Motion for Leave to Submit Settlement Agreement and for Modification of Procedural Schedule, which motion was granted.

Pursuant to the notice of hearing given as provided by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public evidentiary hearing in this Cause was convened on August 22, 2014 at 9:30 a.m. in Room 222 of the PNC

Center, 101 W. Washington Street, Indianapolis, Indiana, at which time a settlement procedural schedule was established and the hearing was continued to October 3, 2014. On August 26, 2014, the Settling Parties filed testimony in support of the Settlement Agreement. On September 17, 2014, CAC filed testimony in opposition to the Settlement Agreement, and on September 25, 2014, the Settling Parties filed rebuttal testimony. The Settlement hearing was convened on October 3, 2014, at which time the Settling Parties and Intervenor CAC presented their evidence and offered their witnesses for cross-examination.

The Commission, based upon the applicable law, the evidence herein, and being duly advised, now finds as follows:

1. Notice and Jurisdiction. Due legal and timely notice of the hearing in this Cause was given and published as required by law. Petitioner is a "public utility" as defined in Ind. Code § 8-1-2-1(a) and is an "energy utility" providing "retail energy service" as those terms are defined in Ind. Code §§ 8-1-2.5-2 and -3. By its Verified Petition, IPL elects to become subject to the provisions of Ind. Code §§ 8-1-2.5-5 and 8-1-2.5-6 for purposes of the relief sought herein. Thus, the Commission has jurisdiction over Petitioner and the subject matter of this Cause in the manner and to the extent provided by the laws of the State of Indiana.

2. Petitioner's Characteristics. IPL is a public utility corporation organized and existing under the laws of the State of Indiana with its principle office and place of business at One Monument Circle, Indianapolis, Indiana. IPL is engaged in rendering electric utility service to approximately 470,000 retail customers located principally in and around Marion County, Indiana. IPL owns, operates, manages and controls electric generating, transmission and distribution plant, property and equipment and related facilities, which are used and useful for the convenience of the public in the production, transmission, delivery and furnishing of electric energy, heat, light and power.

3. Requested Relief. Petitioner seeks approval of an ARP at the request of Mayor Gregory A. Ballard of the City of Indianapolis, pursuant to Ind. Code § 8-1-2.5-6 and in accordance with an agreement between the City and BlueIndy, Inc., an affiliate of Bolloré ("City-BlueIndy Agreement"), that provides for the extension of electric facilities and installation of customer-owned equipment for an electric vehicle ("EV") car sharing service for the general public in the Indianapolis metropolitan area ("BlueIndy Project") and associated accounting and ratemaking treatment.

Pursuant to the Settlement Agreement filed in this Cause, the Settling Parties further request the ARP, as modified by the Settlement Agreement, be approved and that:

(a) The costs of the Project shall be amortized by IPL over ten (10) years, with a return on and of the unamortized balance;

(b) The return on equity on carrying charges for IPL shall be 10.2%;

(c) As provided in the Section 5.03(f) of the City-Blueindy Agreement and Section 7(c)(ii) of the City-IPL Agreement (Exhibit KF-3), any Profit Share (as that term is defined by the City-Blueindy Agreement) (Exhibit DR-2) provided by Blueindy to IPL shall be utilized solely for rate mitigation to benefit IPL customers;

(d) Notwithstanding the provisions of Section 5.03 to the contrary, the City agrees to forego any Profit Share to which it would be entitled from Bluelndy and to direct such Profit Share to IPL, which IPL shall also utilize solely for rate mitigation to benefit IPL customers. After 125 percent of all Project costs incurred by ratepayers have been recovered, there shall be an equal split of the Profit Share between IPL (for the benefit of further rate mitigation) and the City;

(e) IPL shall report on an annual basis to the IURC and OUCC on (1) any Profit Share received and (2) data gathered at each charging site for purposes of observing, on a generic basis, consumer behavior associated with EV infrastructure deployments and the impact of EVs on IPL's system and the grid in terms of operational effects and costs;

(f) The City shall create an advisory board with membership of the City, IPL, Bluelndy, and OUCC to meet regularly to discuss the Project details, including implementation progress, IPL's Costs (as that term is defined in the City-Bluelndy Agreement), the City's costs incurred as its contribution to the Project, and Locations (as that term is defined in the City-Bluelndy Agreement);

(g) The City shall cause Bluelndy to provide IPL customers who sign up for an annual membership in the Bluelndy service within the first six (6) months after the Public Opening two (2) months of membership for free, which is estimated to be $26 value per customer;

(h) The City shall make all reasonable best efforts to apply for grant funding for rate mitigation. The City shall also make reasonable efforts to secure other funding, particularly from corporate citizens, for rate mitigation; provided however, that the City shall not cause Bluelndy to provide a Location to any person in exchange for such funding. Any grants or other funding secured by the City pursuant to this paragraph 2(h) will be directed to IPL, which shall account appropriately for those funds and use them solely purpose of rate mitigation. Bluelndy or the City may separately apply for grants related to services provided by Bluelndy. The City will provide periodic updates to the OUCC on its efforts in this regard;

(i) For purposes of enhancing energy efficiency, public safety and providing other public benefits within IPL's Service Territory, IPL will collaborate with its DSM Oversight Board to develop an Energy Efficient Streetlighting Program whereby a total of up to $1.5 million shall be designated for IPL's Rate MUI customers.[1] The Energy Efficient Streetlighting Program will be available for the conversion of existing streetlighting to modem LED lights or for upgrading an expansion of a streetlighting system to LED lights. IPL will collaborate with its DSM/EE Oversight Board: (1) to develop program guidelines that offset upfront costs of new or replacement LED lighting through program participant incentives and program participant bill savings resulting from the use of the efficient lighting; (2) to devise and implement a process in order to select which interested customers receive these allocations based on the merits of their proposals; and (3) within six months of a final Commission order approving this Settlement Agreement, to report to the Commission on the program design and implementation plan by filing

[1] IPL's Tariffed Rate MU-1 (Municipal Lighting and Other Devices) is available for Street Lighting "of public streets, parkways, improved alleys, boulevards, drives, bridges, parking areas, or other public places by Cities or Towns or by individuals, groups of individuals, associations and other than incorporated municipalities; and lighting of public parks, drives, bridges, parking areas or other public places by only Cities or Towns where there is a prospect that the capital expenditure is warranted."

a separate petition with the Commission for approval of the plan. The cost of the Energy Efficient Streetlighting Program shall be reasonably allocated to all customer classes and recovered through IPL's DSM Rider No. 22. Notwithstanding the foregoing, IPL agrees to forego recovery of lost revenues and shareholder incentives on the Energy Efficient Streetlighting Program until IPL's rates from its next general base rate case are implemented. Nothing herein shall foreclose IPL from receiving lost revenue recovery and a shareholder incentive for any future Energy Efficient Streetlighting Program that may be implemented once new rates in a general base rate case are established;

(j) IPL shall work with its DSM Oversight Board to assess the ISO 50001 energy management system, or other similar strategic energy management programs. The OUCC recommends that the City or K-12 schools in the IPL Service Territory be considered as the initial participating customers in such a pilot program. The parties acknowledge that while a pilot program may have potential, it must be further evaluated to determine whether it is in the best interest of IPL' s customers.

(k) IPL and the City shall collaborate with Blueindy to determine the potential feasibility of using the Blueindy electric vehicles as providers of energy back to the IPL grid as a demand response resource and whether a Vehicle to Grid (V2G) pilot would be viable. IPL will provide a report to the OUCC and to the Commission on its efforts in this regard within a year of the Public Opening (as that term is defined in the City-Blueindy Agreement). If a pilot program is proposed by IPL and approved by the Commission, any net benefits material enough to attempt to quantify and realized as a result of a V2G pilot will be used for rate mitigation to benefit IPL customers.

1. IPL's Direct Evidence. IPL supported its request with the testimonies and exhibits of Ken Flora, Director, Regulatory Affairs; Joan Soller, Manager, Transmission Operations; and Kim Aliff,[2] Research Analyst, Regulatory Affairs. Mr. Flora discussed the City-IPL Agreement and explained the ARP created by the parties to facilitate the BlueIndy Project.

Mr. Flora provided an overview of the ARP, and discussed the agreement between IPL and the City entered into to facilitate the BlueIndy infrastructure Project. He said the City-IPL Agreement and IPL's Case-in-Chief constitute the ARP. Mr. Flora set forth its terms in his direct testimony (pp. 6-7) and explained that the ARP provides for the extension of electric facilities to the BlueIndy Project, installation of customer-owned electric vehicle supply equipment ("EVSE") and associated accounting and ratemaking treatment.

Mr. Flora explained that subject to Commission approval of the ARP, the City-IPL Agreement provides for extension of distribution and service lines and the installation of approximately 200 new charging locations, each of which will include customer-owned EV car chargers and kiosks, to serve the City's BlueIndy Project. Mr. Flora discussed the significant public, economic development and market transformation benefits through the introduction and accelerated deployment of EV technology and infrastructure.

[2] Mrs. Aliff was formerly known as Kim Berry.

He explained the ARP was created because the BlueIndy Project does not readily fit within the traditional regulatory framework in that the Project does not meet the 30-month revenue test for the extension of distribution and service lines.

Mr. Flora described how the ARP and its proposed ratemaking and accounting are designed to promote efficiency in the rendering of retail energy services and how approval of the ARP serves the public interest. He explained the ARP is necessary for the BlueIndy Project to become a reality and discussed the significant economic development, market transformation and other benefits to be achieved. He said approval of the ARP furthers the continuing goal of the Commission in the provision of safe, adequate, efficient and economic retail energy services and should be approved.

Ms. Soller discussed the estimated costs and project management processes associated with the ARP. She explained that IPL facilities are close to the proposed BlueIndy locations but require electrical line extensions to connect new services. She described the process used by IPL to estimate the costs of extending electrical facilities to BlueIndy locations and provided a summary of estimated costs. She said the costs to install the proposed equipment at approximately two hundred locations are estimated at $12.3 million. These costs coupled with the line extensions total approximately $16 million, excluding carrying costs. She said additional locations will be installed to the extent funds remain within the $16 million total. Ms. Soller stated that BlueIndy will be served under IPL Rate SS and described how IPL estimated the total revenues expected from BlueIndy of $700,000 over thirty months. She also explained how IPL will work with a competitively-selected electrical contractor as its installation vendor.

Ms. Aliff described the proposed ARP accounting and ratemaking treatment, including the creation and subsequent recovery through retail rates of a regulatory asset including associated carrying costs at IPL's weighted average cost of capital (City-IPL Agreement, subsection 7(c)(i)), and rate impact mitigation. *Id.,* subsection 7(c)(ii). She explained that the ARP provides for the full recovery of the regulatory asset and ongoing carrying costs in IPL's subsequent rate cases through amortization of the regulatory asset as a recoverable expense for ratemaking purposes over a period of five (5) years and inclusion of the unamortized portion of the regulatory asset in IPL's rate base upon which IPL is permitted to earn a return. City-IPL Agreement, subsection 7(c)(iii). She noted that the prudence of IPL's Costs and cost recovery authorized in the Alternative Regulation Plan would not be subject to any further review for any reason, including the termination of the City-BlueIndy Agreement prior to or at the end of its Initial Term. City-IPL Agreement, subsection 7(c)(iv). She explained that the regulatory asset would be allocated on a reasonable basis to all IPL customer classes subject to subsection 7(c)(ix) of the City-IPL Agreement. City-IPL Agreement, subsection 7(c)(v). Mr. Flora explained that the ARP would be approved for a Fixed Term of Years and the accounting and ratemaking would continue until full cost recovery is completed. City-IPL Agreement, subsection 7(c)(vi). Mr. Flora added that in accordance with Ind. Code § 8-1-2.5-7, the ARP shall be subject to termination or revision by the Commission prior to the expiration of the Fixed Term of Years only if material and irreparable harm to IPL, IPL's customers, the state or the safety of IPL's workforce has been established. City-IPL Agreement, subsection 7(c)(vii). He added that in the event the ARP is terminated in whole or in part by the Commission before the end of the Fixed Term of Years, any such change shall operate prospectively and shall not prohibit the full recovery through the ratemaking process of IPL's Costs. *Id.* subsection 7(c)(viii). Ms. Aliff also calculated the anticipated rate impact of the requested accounting and ratemaking treatment for installing these facilities for BlueIndy for a

typical residential customer using 1,000 kWh per month, which would be approximately $0.44 per month beginning in 2018.

2. City's Direct Evidence. The City filed the testimony and exhibits of Gregory A. Ballard, Mayor of the City of Indianapolis, Indiana; David Rosenberg, the City's Director of Enterprise Development; Hervé Muller, President of BlueIndy, LLC, and Paul Mitchell, President and CEO of Energy Systems Network ("ESN").

Mayor Ballard explained how the EV sharing program has become the "linchpin" in the City's broader strategy to help the Indianapolis community, our state, our country, and other countries move away from their reliance on foreign oil and provide other public benefits.

The Mayor—himself a former Marine—explained that the United States' current transportation energy model, driven by oil, exacts an enormous financial cost to individuals across the United States, limits the strategic leverage of the United States, and leads to the loss of life as our country buys foreign oil from counties that then fund terror cells that buy weapons used to kill servicemen and women who serve to protect the flow of oil through the worldwide oil infrastructure. He testified that development and diversification of viable American energy sources is required to break what he calls a 40-year "addiction" to foreign oil. Mayor Ballard cited Governor Pence, former Senator Lugar, President Barack Obama, and former President George W. Bush as other public leaders who agree that our country must implement an "all-of-the-above" strategy to develop alternative sources of energy.

Mayor Ballard explained the City's broader strategy to move away from foreign oil and discussed the economic development and broader public benefits of the BlueIndy Project, which is a first of its kind project in the United States. He also discussed the overwhelmingly positive response from the corporate and university community regarding the EV sharing announcement. The Mayor also noted that IPL, which he stated has some of the lowest EV charging rates in the country and has been recognized for its efforts in the area of EV technologies, has the experience, corporate commitment, and ability to help ensure the program is successful. He discussed the City's contributions to the Project, including the removal of parking meters, the use of city-controlled rights of way and associated curb cuts, sidewalk improvements and signage.

Mr. Rosenberg explained the nature of the agreement between the City and BlueIndy and how the City calculates its investment in the proposed EV sharing program. He explained that the program will be rolled out in phases, with full deployment anticipated by June 30, 2016. Mr. Rosenberg discussed how the City and BlueIndy arrived at the minimum numbers for EVs, charging stations and locations, explaining that these numbers were designed to protect against oversaturation while ensuring that there are minimum performance requirements to ensure that the substantial direct benefits that this program should deliver will be delivered. He also discussed the termination and profit-sharing provisions of the City-BlueIndy Agreement.

Mr. Muller described the Bolloré Group, its EV activities and described the Autolib project in Paris, the Bolloré Group's successful car sharing program in France. Mr. Muller also discussed the BlueIndy Project for Indianapolis and explained how it works. Mr. Muller discussed the demand for EV sharing in the United States and the Bolloré Group's experience in managing projects in North America. Mr. Muller discussed the financial and operational strengths which the

Bolloré Group brings to the Project, highlighted the unique aspects of the BlueIndy Project and discussed the benefits for the Indianapolis community.

Mr. Mitchell explained ESN's role in the Project and provided background on the Project and explained why he believes the program will be a success. Mr. Mitchell testified that the deployment of the electric infrastructure necessary to support electric vehicles serves the public interest, as it will permit a good understanding of electric vehicle demand for electricity, which in turn can facilitate utility planning and management of such demand. He noted that if this happened outside the control of the utility and Commission, the electric vehicle demand might be added to the network in a way that could create a burden for the utility and stress its infrastructure. He added that Indiana has historically been a leader in the development of EV technology and there are economic development and environmental benefits associated with the Project. He stated that in the future, electric vehicle technology could offer a real opportunity for demand response because we will effectively have a distributed storage system where electric vehicles with batteries are plugged into the grid.

3. OUCC's Evidence. Stacie Gruca, Senior Utility Analyst, recommended two changes to IPL's proposed accounting and ratemaking treatment. First, she pointed out that the majority of the BlueIndy Project costs relate to IPL paying for the installation of customer-owned electrical equipment, including BlueIndy charging stations. She stated that through the ARP, IPL seeks a guaranteed return of and return on the costs to install customer-owned equipment, as well as recovery of costs related to extending IPL's distribution lines to serve BlueIndy. Ms. Gruca noted that the costs associated with installing the customer-owned equipment is over three times greater than the cost of IPL's distribution line extensions to serve BlueIndy.

She noted that IPL's ARP is designed to provide a very high level of assurance for recovery of BlueIndy Project costs; and, consequently, IPL's risk is exceptionally low, and this lack of risk should be considered by the Commission when establishing an appropriate carrying charge rate. She stated how the majority of IPL's regulatory asset is costs for the installation of customer-owned equipment rather than investment in electric utility plant and that IPL practically eliminated any risk of recovery through the design of its proposed ARP. Therefore, any carrying charge rate approved by the Commission should more reasonably reflect the exceptionally low risk inherent in IPL's ARP. She offered that IPL's proposed 12.1% ROE compares to recent 10-year U.S. Treasury bond yields of approximately 2.6% and that U.S. Treasury bond yields are often used as a proxy for the return on risk free investments. The OUCC proposed the Commission order IPL to use its current cost of long-term debt as the carrying charge rate for Petitioner's regulatory asset, but the OUCC stated that it would not object to periodic or quarterly revisions of this rate, as long as it is limited to the use of IPL's costs of long-term debt, which is 5.80% as of March 31, 2014. She stated that if IPL's proposed ARP in this Cause is approved, then IPL will be guaranteed 100% of its BlueIndy Project costs. The use of a 5.80% carrying charge rate would more reasonably reflect the low risk inherent in IPL's ARP, but would still provide a substantial premium over current risk free rates. She said that if the Commission decides to approve a carrying charge rate based on IPL's WACC, then IPL's ROE should be adjusted downward from IPL's proposed 12.1% to 10.2% or less in its calculation of carrying charges. She mentioned the Commission's Order in Cause No. 44242, which indicated that the Commission agreed with the OUCC's and Industrial Group's concern that "the 12.1 percent ROE used by IPL no longer reflects current capital costs." She further quoted the Commission's order which stated in part that: "Each of Indiana's four other

investor-owned electric utilities have undergone base rate cases since IPL's rate case in Cause. No. 39938." In Cause No. 44242, the Commission approved a lower equity return and on the recognition that IPL's 12.1% ROE no longer reflects current capital costs, the Commission decided to increase a credit to ratepayers. She also cited to Cause No. 44339, where the Commission required IPL to utilize a cost of equity of 10.2% in its AFUDC calculation for construction approved in that Order. She quoted the Commission in that Order as follows: "Allowing IPL to use a 12.1% ROE would mean, for example, that the amount of AFUDC that eventually becomes part of rate base would be higher. Deferral of a larger dollar amount would effectively cause ratepayers to pay higher rates for the life of the asset. We do not find this to be a reasonable circumstance based on the prevailing authorized ROE of other Indiana electric investor owned utilities ("IOUs")."

Ms. Gruca noted Petitioner's proposal to amortize its proposed regulatory asset, which includes carrying charges, over a five year period once a rate order reflects the regulatory asset in rate base. The OUCC recommended amortization of Petitioner's proposed regulatory asset over a longer period of time, 10 to 20 years, stating that five years is unreasonably short. She stated that the OUCC recognizes that the majority of IPL's BlueIndy Project costs relate to installing customer-owned electrical equipment rather than electric utility plant for the delivery of electric service to customers; nevertheless, the approximate 20-year life of the distribution line extensions for BlueIndy should receive significant weight when considering the proper amortization period.

Finally, she stated that the Commission does not need to make a determination regarding the amortization period of IPL's proposed regulatory asset for its BlueIndy costs in this Cause. Rather, a final determination of the amortization period could wait until Petitioner's next base rate case so that it can be done within the context of a comprehensive review of all of Petitioner's revenues, expenses, investments, and cost of capital. She stated that the OUCC is concerned about the impact of all of IPL's regulatory assets on its ratepayers, including the BlueIndy Project Costs. She noted the testimony of OUCC Witness Michael D. Eckert in Cause No. 38703 FAC-103, who reported that IPL already has accumulated regulatory assets of nearly $100 million not related to the BlueIndy Project. This large accumulation stems in part from IPL's decision to avoid a base rate case for two decades. She stated that the amortization period for any BlueIndy regulatory asset could be considered as part of a comprehensive review of IPL's cost of service in a future rate case; however, if the Commission determines an amortization period in this proceeding, then the OUCC recommends the Commission require IPL to amortize the regulatory asset over a 10 to 20 year period.

4. <u>CAC's Evidence.</u> Kerwin Olson, Executive Director of CAC, recommended the Commission deny the request for cost recovery for this project, stating that it is simply an improper use of ratepayer funds. Mr. Olson applauded the Mayor for his strong desire to move Indianapolis beyond oil and to improve Indianapolis' environment; however, Mr. Olson stated that CAC would like to see the Mayor's initiative expanded to include not just oil, but also all fossil fuels as Indianapolis has two fossil-fuel power plants permanently fixed to the City's skyline. Mr. Olson stated that CAC opposes forcing IPL's captive ratepayers to subsidize a program and assume risk for a project that has absolutely nothing to do with IPL's obligation to ratepayers to provide affordable and reliable electric service. IPL's and the City's request falls outside of the normal scope of a utility's obligation to provide that service.

Mr. Olson pointed out IPL witness Flora's testimony regarding the Commission's rules for the extension of distribution and service lines, which is referred to as the "30 month revenue test." Normally, a customer would be obligated to pay the difference between the estimated total revenue for a period of two and one half years (30 months) to be realized by the electric utility from the customers on such an extension and the estimated cost of such extension. The extension of electric facilities for the EV sharing project does not come even close to meeting the 30 month revenue test. Mr. Olson expressed concern over IPL and the City asking the Commission to disregard and work around the Commission's rule in 170 IAC 4-1-27 by filing their request as an Alternative Regulatory Plan. Furthermore, in the City of Indianapolis' Response to OUCC Data Request Q-1-1 (attached as "Exhibit 1" to CAC Exhibit 2), the City was unable to provide an example of Bolloré developing a similar EV sharing project in which utility ratepayers are required to fund the facilities necessary to provide power to charging stations for an EV sharing project.

Mr. Olson also expressed concerns regarding the City's lack of effort in seeking other funding options. The City never even brought the proposal to the Indianapolis City-County Council. (See City of Indianapolis' Responses to OUCC Data Request Q-1-8, Q-4-6 & Q-4-7, attached as "Exhibit 1" to CAC Exhibit 2.) Beyond asking Bolloré to fund the project in its entirety, the City did not explore any alternative funding mechanisms in any meaningful way.

Mr. Olson stated that this proposal by the City and IPL are matters of ratepayer fairness and equity. He explained that it is unfair for the low income ratepayers within IPL's service territory to be asked to fund this project, even though they may never participate in the program. Mr. Olson cited to a letter that State Representative Cherrish Pryor sent to the OUCC articulating this issue which stated that "annual household incomes in Indianapolis have declined nearly $7,000 since 2005 and are continuing to decline. (http://www.deptofnumbers.com/income/indiana/indianapolis/)." He further explained that the project is supported by many private entities that stand to directly benefit from it—several of which have earnings and/or revenues in the billions of dollars. Mr. Olson mentioned how Bolloré is investing approximately $35 million for this project, but that Bolloré's investment is voluntary, which is exactly how private investments should work. Mr. Olson stated that the problem here is that IPL ratepayers' "investment" is involuntary. IPL ratepayers are subject to monopoly service, meaning that they cannot choose another electric service provider within IPL's service territory. Mr. Olson also stated CAC's disapproval of the fact that Bolloré and its investors will be made whole even before captive IPL ratepayers. Furthermore, Mr. Olson pointed out how Bolloré describes its company as financially strong (City Exhibit HM-1, p. 9), which is a description that certainly does not apply to the average IPL ratepayer who is being forced to involuntarily invest in this risky and speculative venture.

Mr. Olson also commented on how the profit sharing mechanism has no certainty of any benefits to IPL ratepayers and might not ever mitigate IPL ratepayers' overall rate impacts. He stated that in his opinion as an advocate for residential and low-income ratepayers, IPL ratepayers should not be asked to assume any risk for a project that will provide the average ratepayer with little, if any, benefit. He noted that even the City of Indianapolis' witness Rosenberg stated as much that "there is no guarantee that the program will be profitable" and that "the amount of profit share contributed to IPL for rate mitigation is unknown." (City Exhibit DR-1, A.26.) Mr. Olson added the fact that the project will actually add load to IPL's system which comes with associated costs for adding that load.

Mr. Olson also commented on CAC's skepticism that this project will actually benefit the everyday, working class IPL ratepayer, noting that the initial site locations appear to be for the benefit of the City, private corporations, public and private universities, and primarily tourists. (City of Indianapolis Response to OUCC Data Request Q 1-6, which is attached as "Exhibit 1" to CAC Exhibit 2.) Mr. Olson noted that after examining the map for the first 50 proposed locations, he saw little to nothing proposed in working class and low-income neighborhoods that would benefit those residents. There appears to be no sites proposed for Mars Hill, Camby, Acton, Beech Grove, Wanamaker, the southwest side of Indianapolis, or the southeast side of Indianapolis. There also appears to be nothing proposed other than one at the Speedway for the areas of Eagledale, Ben David, Chapel Hill and the West Side of Indianapolis. There also appears to be nothing outside of the one in Irvington for Martindale-Brightwood, The Meadows, the majority of Lawrence, and the eastside of Indianapolis. Mr. Olson commented that this does not appear to be a project designed to benefit the working class and low income residents of Indianapolis and the struggles they face in getting around town due to Indianapolis' lacking mass transit.

Mr. Olson also stated how CAC remains highly skeptical that the everyday working class resident in Indianapolis would even be able to afford the service. He noted that there will be a membership fee established of approximately $150 per year of about $13 per month to even use the BlueIndy EV sharing program. (City of Indianapolis Responses to OUCC Data Request Q-1-5 and Q-3-3, which is attached as "Exhibit 1" to CAC Exhibit 2.) Additionally, annual members would have to pay a flat fee of $5 for the first 20 minutes, with per minute charging after that up to $15 per hour, although these rates are subject to change by BlueIndy. (City of Indianapolis Responses to OUCC Data Request Q-3-3, which is attached as "Exhibit 1" to CAC Exhibit 2.) Mr. Olson stated that this is a lot of money for those individuals on fixed incomes and is a hefty fee for college students with the expenses involved in higher education, concluding that the target population for this project must not be for the everyday working class Indianapolis resident, but rather for tourists and employees of the City or large private businesses. Mr. Olson concluded that the pricing scheme for this project is outrageous in the context of IPL asking its ratepayers to pay for such a program when it seems like the intent of the pricing schemes is to attract only the higher class residents of Indianapolis.

CAC stated its support for electric vehicles in general, but noted its concerns in the past that electric vehicles may lead to increased generation from coal-fired power plants, particularly in Indiana, and that EVs could be used as a tool to increase load on a utility system. Mr. Olson noted that Indiana remains over 80% reliant on coal-fired power with no policy in place to change that paradigm and that this proposal to hook up to Indiana's grid in order to go "beyond oil" as desired by the City and the Mayor is a classic example of "robbing Peter to pay Paul."

Mr. Olson noted that a better path forward would be the deployment of solar-powered charging stations that are either integrated into the utility grid or solar powered charging stations that are not tied into the grid, but instead powered entirely by clean, renewable solar energy. Mr. Olson provided an example of such an endeavor highlighted in a recent article in the New Haven Register.[3] He noted one of the widely accepted primary benefits of solar power is that it performs exceptionally well during peak hours, which happens to coincide with when the vast majority of

[3] http://www.nhregister.com/general-news/20140604/madison-officials-unveil-electric-car-charging-station

people are at work, shopping and/or at school. This would integrate nicely with solar-powered charging stations, most notably at the dozens of downtown parking garages and facilities with available roof space to install these systems, as well as the vast parking lots at our shopping malls and available roof tops and open spaces at our college and university campuses. Mr. Olson noted the fact that both of CAC's concerns relative to EVs generally were mentioned in pre-filed testimony. With respect to increasing load, Mr. Olson noted this excerpt in IPL witness Flora's testimony: "Furthermore, **increasing the use of electricity as a power source** for automobiles provides the significant market transformation, economic development and other benefits discussed by Mayor Ballard and City Witness Mitchell." [emphasis added](IPL Exhibit KF-1, p.14, lines 7-9.) While City of Indianapolis witness Muller stated: "The BEV [Battery Electric Vehicle] **will consume electricity which comes largely from IPL coal-fired plants** that I understand to be fitted with air pollution control devices that reduce emissions." [emphasis added](City Exhibit HM-1. P.6, lines 14-16.) Mr. Olson responded to the fact that City witness Paul Mitchell addresses concerns relative to EVs powered by coal-fired electricity versus gasoline powered engines. He noted that City witness Mitchell mentions some U.S. Department of Energy studies in his testimony, while not actually providing them, which support the idea that EVs are a better environmental choice than gasoline powered vehicles. (City Exhibit PM-1, page 31.) However, Mr. Olson noted that the reality is that as long as the grid in Indiana is primarily powered by coal, charging EVs from the grid will in fact increase electricity from coal-fired power plants. Mr. Olson said that if the City wants to truly be innovative, there are other options and opportunities. Mr. Olson went onto state that there is disagreement to the extent that EVs reduce greenhouse gas emissions and other pollutants. He providing an example of a recent study by North Carolina State University, which concluded that "Electric Drive Vehicles Have Little Impact on U.S. Pollutant Emissions,"[4] while a report from 2012 completed by the Union of Concerned Scientists ("UCS") concluded that EVs do in fact result in reduced emissions,[5] although the report notes the reductions may be marginal in areas of the country heavily reliant on coal for their electricity. Mr. Olson pointed out that this notion was highlighted in a New York Times article regarding the UCS study,[6] which states:

> The U.C.S. report, which takes into account the full cycle of energy production, often called a well-to-wheels analysis, demonstrates that in areas where the electric utility relies on natural gas, nuclear, hydroelectric or renewable sources to power its generators, the potential for electric cars and plug-in hybrids to reduce carbon dioxide emissions is great. **But where generators are powered by burning a high percentage of coal, electric cars may not be even as good as the latest gasoline models — and far short of the thriftiest hybrids**.

[emphasis added]. Mr. Olson also offered two additional studies, one completed by EPRI and the NRDC in 2007 and one study by the University of Vermont in 2010, which suggest the profile of the generation fleet is an important consideration when evaluating the emission reductions that may be achieved through saturation of electric vehicles. The EPRI study titled "Environmental

[4] http://news.ncsu.edu/releases/wms-decarolis-edv2014/

[5] http://www.ucsusa.org/clean_vehicles/smart-transportation-solutions/advanced-vehicle-technologies/electric-cars/emissions-and-charging-costs-electric-cars.html

[6] http://www.nytimes.com/2012/04/15/automobiles/how-green-are-electric-cars-depends-on-where-you-plug-in.html?pagewanted=all&_r=0

Assessment of Plug-In Hybrid Electric Vehicles"[7] states: "…it is clear that the **carbon intensity of the generation technology plays a significant role** in the total GHG emissions from PHEVs." (emphasis added). Mr. Olson also highlighted this EPRI statement:

> The preceding examples **show the strong dependence of PHEV [Plug-In Hybrid Electric Vehicles] GHG emissions on the source of electricity**. In reality, PHEVs will not be drawing power solely from individual generating technologies but rather from a mix of resources that include fossil, nuclear, hydroelectric and renewable technologies. Total system emissions from a given level of PHEV use will be determined by a combination of the vehicle type (PHEV with a 0, 20 or 40 miles of electric range), annual vehicle miles traveled by vehicle type, and **the types of generating resources that are built and dispatched to serve the electrical load from grid-connected PHEVs**.

(emphasis added). And, Mr. Olson noted that the University of Vermont study[8] showed on page 6 that:

> While PHEVs reduce GHG emissions at the tailpipe, **drawing power from the electrical grid requires additional electricity generation and additional GHG emissions** from the electrical sector… The balance of emissions avoided and produced depends upon a number of factors, **most importantly the GHG intensity of the electricity used to charge the PHEV,** the utility factor of the PHEV, and the fuel efficiency of the vehicle that the PHEV replaces. GHG intensity is a measure of the quantity of GHG emitted to generate a unit of electricity and is determined primarily by the fuel type and plant technology [17]. **Recent studies have reached a range of conclusions about the GHG implications of PHEVs** depending on the assumptions that they make about each of these factors.

(emphasis added). Mr. Olson discussed the brief mention of carbon emissions in both Mayor Ballard and City witness Mitchell's testimony, but noted that there was no mention of carbon emissions in any of IPL's testimony. However, none of the IPL or City witnesses discussed climate change at all. Mr. Olson found this alarming in the wake of the pending § 111(d) rule of the U.S. E.P.A.'s Clean Air Act and the requirement that Indiana reduce, not increase, its carbon footprint resulting from Indiana's generation of electricity. Mr. Olson recommended the Commission evaluate the impact that this project may have with Indiana complying with the requirements of the § 111(d) rule before approving or denying this petition. Mr. Olson then concluded by reiterating its recommendation that the Commission deny this first-of-its-kind request as it is an improper use of ratepayer funds.

4.5. IPL's Rebuttal. Mr. Flora explained that public policy underpins the provisioning of retail electric service and thus the cost of that service. He noted Indiana energy policy supports an "all of the above" energy strategy for Indiana, including support for renewable energy, energy efficiency, clean coal technology, smart grid technology, and economic development. He stated that the costs of projects undertaken to further those objectives are reflected in utility rates.

Mr. Flora explained the nexus between EVs, EVSE and the provision of electric service and discussed the potential benefits of the development of EVSE infrastructure. Mr. Flora

[7] http://energy.gov/sites/prod/files/oeprod/DocumentsandMedia/EPRI-NRDC_PHEV_GHG_report.pdf
[8] http://www.uvm.edu/~transctr/pdf/PHEV-Final-Report-April2010.pdf

discussed how technological developments have changed the roles of utilities and customers, and the role EVs can play in reducing overall emissions of greenhouse gases and providing long term utility system benefits. Mr. Flora views the ARP as an EVSE infrastructure program and path to the future. Mr. Flora explained that the Project provides a means to address the need for an extensive public charging network necessary to address range anxiety in a meaningful way at a fraction of what it would otherwise cost. He explained that the nexus between electric service provisioning and the BlueIndy Project is analogous to Indiana's utility regulatory policy support for renewable energy, economic development and energy efficiency.

Mr. Flora said the Project cost is reasonable and the Commission's line extension rule contemplates the presentation of certain infrastructure deployment projects to the Commission where necessary or appropriate to give consideration to the public or community benefits of a project. He acknowledged that the BlueIndy Project infrastructure goes beyond line extensions because it includes the cost to install the EVSE, which is why IPL worked with the City to develop the ARP.

In response to Ms. Gruca's testimony, Mr. Flora said that IPL is willing to use, subject to Commission approval, an ROE of 10.2% in the calculation of the carrying charges to be recorded on the BlueIndy Project unless and until a new ROE is established in a future base rate case. He said use of the weighted average cost of capital recognizes that IPL will fund the project with a mix of debt, equity and internally generated cash. He said that while IPL proposed to amortize the regulatory asset over a period of five years after it is included in rate base, an amortization period of ten years would also be reasonable given IPL's proposal to include the unamortized balance in rate base and earn a return on and of the balance at each rate case until the balance is fully amortized. He calculated that these adjustments would result in a customer impact of $0.28 per month beginning in 2018 for a typical Residential customer using 1,000 kWh per month.

Responding to the CAC's concerns, Mr. Flora said that IPL does not expect to have a significant increase in electricity sales from the proposed BlueIndy Project and thus it should not have a material impact on generating costs and emissions. He said Mr. Olson's recommendation that the Commission evaluate the impact of the BlueIndy Project on Indiana complying with the EPA's proposed Section 111(d) rule was premature and should be rejected.

5.6. City's Rebuttal. Mayor Ballard thanked the CAC for their praise of the Project and reiterated that the BlueIndy Project serves the public interest. He explained the Project benefits the utility customer and system in addition to other benefits to energy security, economic development, talent attraction, mass transit and the environment. He noted that in the past, public interest pay phones were paid for by everyone, whether they used them or not. Today, utilities provide energy efficiency programs, the costs of which are reflected in rates paid by electric service customers whether they directly participate in the programs or not.

In response to Mr. Olson's concerns about the affordability of the car sharing service, he noted that the costs of the BlueIndy program are far less expensive than the costs of typical car ownership or rental car options, even if you add the estimated costs that the average residential electric service customer would pay in rates to support the installation costs of the line extensions, charging stations and kiosks. He stated it is better to shift to energy options produced here at home, which cost less and are subject to regulation, than to continue to rely on foreign sources of energy.

Mr. Rosenberg stated that the substantial benefits of the Project warrant some of the costs being included in utility rates. He clarified that every single cent that IPL receives from BlueIndy from the profit share will be dedicated to the sole purpose of rate mitigation. He explained that the proposed agreement reflects best efforts to balance a multitude of considerations, mitigate risks and incentivize success. He added that the agreements must be taken as a whole, and, as a whole, represent a transformational, unique opportunity to reduce our addiction to foreign oil and achieve the many additional benefits discussed throughout the City's testimony.

Mr. Mitchell responded to Mr. Olson's concerns about the potential BlueIndy locations and explained that these concerns appear to reflect a mistaken view of a map provided in the discovery process. He states that the map was meant to be illustrative of some of the locations, not what the distribution is anticipated to look like at full deployment. He testified that the parties to the agreement all expect 200 locations to be deployed throughout the IPL service territory, which essentially includes all of Marion County and parts of surrounding counties, over time through a process of phased implementation. He said many different areas of Marion County are expected to be served by the program, including locations in each of the nine townships.

6.7. Overview of Settlement Agreement and Supporting Testimony. The Settlement Agreement entered into by and among IPL, the City and the OUCC ("Settling Parties") is attached hereto and incorporated herein by reference. The Settlement Agreement is not unanimous, as CAC was not approached by the Settling Parties and thus did not join. (CAC Exhibit 3, p. 2, lines 6-8.)

Paragraph 1 of the Settlement Agreement provides for Commission approval of the ARP as modified by the provisions of Paragraph 2 of the Settlement Agreement. Mr. Flora explained that Paragraphs 2(a) and 2(b) of the Settlement Agreement incorporate the accounting and ratemaking concessions IPL offered as part of its rebuttal testimony to reduce the impact of the Project on retail electric rates. He said these provisions provide that the costs of the Project proposed in the ARP shall be amortized by IPL over ten years, with a return on and of the unamortized balance, and that the ROE on carrying charges for IPL shall be 10.2%. Mr. Flora explained that with this modified accounting and ratemaking treatment, the anticipated impact on a typical residential customer using 1,000 kWh per month is $0.28 per month beginning in 2018, or 0.28% of the customer's bill relative to rates currently in effect. He said this estimated rate impact would not occur until after the project installation is completed and a general rate case is conducted. This rate estimate also does not reflect Profit Sharing and other terms of the Settlement Agreement negotiated to mitigate the impact of the Project on rates for electric service.

Mr. Flora stated Paragraph 2(c) memorializes IPL's proposal to flow any Profit Sharing, per the City-BlueIndy Agreement, through to customers even after the cost of the initial investment is recouped. He explained that IPL will establish a regulatory liability for any Profit Sharing received after the regulatory asset established for this Project has been fully amortized. The regulatory liability, and associated carrying charges, will be amortized to reduce IPL's revenue requirement in subsequent rate case(s) until it is eliminated.

Mr. Flora described the annual reporting contemplated by Paragraph 2(e) of the Settlement Agreement. He stated the annual report would be filed in this docket and served on the parties, and would address data gathered at each charging site for purposes of observing consumer behavior associated with EV infrastructure deployment and the impact of EVs on IPL's system and the grid

in terms of operational effects and costs. He stated this information would be provided on a generic basis so as to not invade customer privacy, similar to what was done with IPL's previous EVSE pilot.

Mr. Flora explained Paragraphs 2(i) and 2(j) of the Settlement Agreement focus on energy efficiency and recognize that EV/EVSE is one component that can further Indiana's "all of the above energy" policy and economic development policy but it is not the only component. He said that while IPL has long engaged in demand-side management ("DSM") and energy efficiency, the Settling Parties negotiated two additional means of further energy efficiency and economic development in IPL's service territory. More specifically, Paragraph 2(i) provides that IPL will collaborate with its DSM Oversight Board to develop an Energy Efficient Streetlighting Program, which will make a total of up to $1.5 million available for IPL's Rate MU-1 customers for the conversion of existing streetlighting to modern LED lights or for upgrading an expansion of a streetlighting system to LED lights. Paragraph 2(j) also focuses on energy efficiency and provides that IPL shall work with its Oversight Board to assess the ISO 50001 energy management system, or other similar strategic energy management programs. Mr. Flora explained that this standard establishes a framework for large and small organizations, including commercial, institutional, governmental and industrial facilities, to manage energy use and consumption. He said the Settlement Agreement reflects the OUCC's recommendation that the City or K-12 schools in the IPL service territory be considered as the initial participating customers in a possible pilot program.

Mr. Flora testified that Paragraph 2(k) provides that IPL and the City shall collaborate with BlueIndy to determine the feasibility of using the BlueIndy electric vehicles as providers of energy back to the IPL grid as a demand response resource and whether a Vehicle to Grid ("V2G") pilot is viable. He said IPL will provide a report to the OUCC and to the Commission on its efforts in this regard within a year of the Public Opening. Mr. Flora added that if a pilot program is proposed by IPL and approved by the Commission, the Settlement Agreement provides that any net benefits material enough to attempt to quantify and realized as a result of a V2G pilot will be used for rate mitigation to benefit IPL customers.

Mr. Flora explained why IPL is involved with this Project and the Settlement Agreement. He stated that the Project is a catalyst for making EV and EVSE technology readily available throughout the community, which provides potential benefits to the electric distribution system. He explained that as the provider of public utility service, IPL works with the customer to meet its needs and assists the customer in sorting through the applicable regulatory framework. He said the cost of providing service is necessarily recognized in the ratemaking process and public policy underpins that cost. Mr. Flora stated that here, the request for electric provisioning assistance came from the largest municipality in the state. Given that the Commission's traditional facilities extension rule contemplates that certain matters may need to be presented to the Commission for consideration of whether the extension of the requested facilities is in the public interest, Mr. Flora explained that IPL worked to structure the Project consistent with the public interest for presentation to the Commission.

Mr. Flora described how IPL worked with the OUCC and the City to improve the structure of the ARP, resulting in the Settlement Agreement. He said IPL has provided considerable technical and commercial expertise to BlueIndy and the City to this Project and IPL maintains project execution risk. He explained that the ARP, as modified by the Settlement Agreement, is

consistent with other initiatives approved by the Commission and the energy policy discussed in his direct and rebuttal testimony.

Mr. Flora explained that the ARP, as modified by the Settlement Agreement is consistent with other initiatives approved by the Commission. Mr. Flora testified that the Settlement Agreement is the result of serious negotiations and bargaining, with the Settling Parties considering various options and evaluating the issues. He said the Settlement Agreement avoids potentially protracted litigation, permits a more efficient process and increases the benefits to customers. He explained why it was reasonable that some of the infrastructure that IPL will install if the Settlement Agreement is approved will be owned by BlueIndy. He stated that while IPL does not generally install or own equipment dedicated to the needs of an individual customer, that line gets blurred where projects have broader public interest or provide benefits to the broader customer base. He noted that IPL's energy efficiency programs reflect the cost of installing customer-owned energy efficiency measures as well as some or all of the cost of the measure itself, and that technological change can alter the way we traditionally view infrastructure and cost allocation. For example, he pointed out the OUCC has previously remarked that the adoption of smart meter technology by a customer base potentially produces benefits for all customers, even those who may not have the same equipment, but enjoy the benefits of lower costs through system-wide changes such as the shifting of usage to non-peak periods.

Mr. Flora stated the Settlement Agreement reflects consideration of the concerns raised by the CAC as well as concerns voiced at the field hearing. He said IPL heard much support for the Project at the field hearing, which echoed the Project support identified in the written public comments filed by the OUCC and the public support noted in the City's evidence. That said, he recognized that the CAC and others have expressed concerns about the ARP and the Project, including concerns about the rate impact, the locations of the EVSE, the benefits to the average residential customer and the overall public interest. He explained that the direct and rebuttal testimony, as well as his settlement testimony, addresses the economic development, market transformation, talent attraction and utility system benefits anticipated with approval of the BlueIndy Project. He said these improvements benefit all electric customers by expanding the base across which the cost of providing electric service is necessarily spread. The Settlement Agreement reduces the rate impact of the ARP and the energy efficiency components of the Settlement Agreement expand the ARP to provide additional direct benefits to the broader community. He said the Settlement Agreement also reasonably addresses location issues and provides additional direct benefits to customers.

Mr. Flora testified that the ARP, as modified by the Settlement Agreement, and the BlueIndy Project are reasonably designed to provide low cost electric service provisioning modernization and other benefits while also addressing transportation, economic development and other challenges within IPL's service area. Mr. Flora stated that IPL is committed to maintaining its record as a reliable and one of the lowest cost providers of electricity in Indiana. He explained that subsequent to the filing of CAC's testimony and the conduct of the field hearing, IPL announced that it will file plans with the Commission to repower Harding Street Station Unit 7 to operate on natural gas. If the plan is approved, coal burning will be eliminated from Harding Street Station in 2016. He said with this proposed change to Unit 7, the IPL generation portfolio in 2017 is forecast to be 45 percent natural gas, 44 percent coal, 10 percent wind and solar and 1 percent oil, as compared to 79 percent coal in 2007. He stated that IPL understands that any rate increase

can be challenging for its customers, particularly low income customers and senior citizens. He noted that through this regulatory process and settlement negotiations, IPL has been able to reduce the monthly impact of the Project on typical residential customer rates to less than one third of a percent, relative to rates currently in effect, while enhancing the potential benefits from the BlueIndy Project to the electric system and consumers.

Mr. Flora stated the terms of the Settlement Agreement are reasonable and serve the public interest. He said the direct and rebuttal testimony offered by IPL and the City clarified the ARP, addressed the OUCC's and CAC's concerns, and explained why the ARP is in the public interest. He said the Settlement Agreement improves the ARP by reducing the impact on customer rates and expanding the plan benefits. He said the Alternative Utility Regulation ("AUR") statute recognizes that the public interest is served by an environment in which Indiana consumers will have available state-of-the-art energy services at economical and reasonable costs. He said that from IPL's perspective, the statutory factors in the AUR statute inform consideration of the public interest as articulated in the AUR statute, as well as consideration of whether the ARP enhances efficiency and reliability and otherwise satisfies Ind. Code § 8-1-2.5-6.

Mr. Flora explained in detail why he believes Commission approval of the Settlement Agreement is in the public interest. Among other things, Mr. Flora testified the deployment of EVSE infrastructure contemplated by the ARP and the Settlement Agreement modernizes infrastructure and provides a unique way to address the need for extensive charging infrastructure at a lower cost than otherwise possible. He said that as the number of EVs in Indiana grows over time, the impact of EV charging practices on the electric distribution system has the potential to raise significant challenges for electric utilities. He explained that if EV charging practices are not managed in a way that maintains the efficiency and reliability of the electric distribution grid, all customers – not just EV owners – will be forced to bear these additional and avoidable costs. Mr. Flora testified that the development of EVSE can lead to the potential use of EV and EVSE as a distributed energy storage and demand response resource. He said this deployment of state of the art technology can further economic development within IPL's service area and this too benefits customers as well as the State.

Mr. Flora explained that the City is an IPL customer and by far the largest municipality in IPL's service area. He said there is no other similarly situated customer within IPL's service area. As such, the City has a broad stakeholder interest in the short and long term community development. He stated that EVSE is essential to facilitate EV adoption in our area. He added that because the City is the largest city in Indiana it is well suited to deploy and receive the energy benefits of the BlueIndy EVSE.

Mr. Flora said the Settlement Agreement addresses certain accounting and ratemaking concerns while recognizing IPL's operational needs, including the need to recover the full cost of responding to a request to modernize infrastructure and provision electric service. He said IPL's rates are among the lowest investor-owned electric rates in Indiana and will remain comparatively low even with the costs of the ARP as modified by the Settlement Agreement. He explained the Settlement Agreement permits electric service rates to remain low while the City assumes a leadership position in deployment of EVSE and other initiatives consistent with Indiana's "all of the above" energy strategy.

Mr. Flora explained that the ARP as modified by the Settlement Agreement 1) provides IPL the opportunity for input into the deployment of the EVSE in a manner that maintains the efficiency and reliability of the electric distribution grid and better utilizes the distribution assets; 2) benefits the environment by reducing overall greenhouse gases compared to the average fossil-fuel fired automobile sold today; 3) reduces range anxiety, a barrier in the adoption of EVs; and 4) allows for the potential future use of the EVSE as a distributed energy storage and demand response resource. As such the ARP as modified by the Settlement Agreement is reasonably designed to enhance or maintain the value of IPL's services and property. It is also reasonably designed to enhance or maintain the reliability and efficiency of IPL's system and provision service.

Mr. Flora concluded that the Settlement Agreement presents a balanced and comprehensive resolution of the issues in this case and reflects the compromise that occurs in the negotiation process. Therefore, he said, the Commission should find that the Settlement Agreement is reasonable and in the public interest and promptly enter an order approving the Settlement Agreement in its entirety.

Mr. Rosenberg explained that Paragraph 2(d) changes the distribution of the Profit Share to allow the costs relating to the Project incurred by customers to be mitigated more quickly than originally proposed. Paragraph 2(d) dedicates all of the Profit Share to IPL, to be used solely for rate mitigation to benefit IPL customers, until 125% of all Project costs incurred by customers have been recovered. At that point there is an equal 50-50 split of the Profit Share between IPL, for the benefit of further rate mitigation, and the City. He said this result is especially positive for customers because it can further reduce the impact of the Project costs on the rates for electric service.

Mr. Rosenberg stated Paragraph 2(f) provides for an advisory board with membership of the City, IPL, BlueIndy and the OUCC to meet regularly to discuss Project details, including implementation progress, IPL's Costs (as that term is defined in the City-BlueIndy Agreement), the City's costs incurred as its contribution to the Project, and Locations. He said the City believes this will be a useful way to keep the Settling Parties and BlueIndy in regular communication about the various aspects of the Project.

Mr. Rosenberg explained Paragraph 2(g) of the Settlement Agreement incentivizes new customers by providing IPL customers who sign up for an annual membership in the BlueIndy service within the first six months after the Public Opening to receive two months of membership for free.

Mr. Rosenberg stated Paragraph 2(h) contractually commits the City to make all reasonable best efforts to apply for grant funding for rate mitigation and make reasonable efforts to secure other funding, particularly from corporate citizens, for rate mitigation. He noted that the Settlement Agreement makes it clear that BlueIndy Locations would not be "traded" for such contributions, as it is critical that sites be selected by BlueIndy based on market-driven factors, and that the funds secured through the City's efforts will be utilized for rate mitigation only. The City also agreed to provide periodic updates to the OUCC on its efforts to secure funding.

Mr. Rosenberg testified that Commission approval of the Settlement Agreement would be in the public interest as it would permit the Project to proceed and the many anticipated benefits to begin to be realized. He said the Project results in several public benefits because it should result in making EV technology readily available throughout our community at a scale not otherwise possible. He also stated the Project will reduce our reliance on foreign oil and is expected to lead to increased demand for EVs and related technology, with a variety of economic development, mass transit and talent attraction-related benefits.

Beyond the benefits of the Project, Mr. Rosenberg stated that the Settlement Agreement is in the public interest because it provides substantially more Profit Share for mitigating the costs of the Project, provides for ongoing OUCC collaboration with the City, IPL, and BlueIndy through an advisory board, and provides a significant discount to incentivize customers to subscribe to BlueIndy. He added that the Project is even better because of IPL's recent announcement that its electric generation facilities in Indianapolis will transition from coal to natural gas by 2016. He said if that proposal is approved by the Commission, the Project will rely on even cleaner energy, which was a significant concern raised by the CAC and others prior to IPL's announcement. Mr. Rosenberg concluded that the Settlement Agreement is in the public interest and should be expeditiously approved by the Commission.

Ms. Smith testified the OUCC continues to generally support electric vehicles, and the concerns expressed in the OUCC's case-in-chief were not directed at the project's concept, economic development or technical merit but rather challenged whether the ratemaking requested by IPL in its proposal was in the public interest. She said that having taken into account the risks inherent in any litigation and the concessions the OUCC was able to obtain from the City and IPL, the OUCC believes the Settlement Agreement is in the public interest due to enhanced customer protections.

Ms. Smith explained that the OUCC was initially concerned that under the City-BlueIndy Agreement's profit sharing provision IPL customers would not receive any rate mitigation or other customer benefits until BlueIndy achieves profitability and those funds were to be shared with the City, delaying the offset to customer charges. She explained how Paragraph 2(d) of the Settlement Agreement alters Section 5.02 of the City-BlueIndy Agreement to enhance IPL customer rate mitigation. She explained the City agrees to forego any profit share until 125% of the project costs are refunded to customers, and thereafter the profit share will be split evenly between the City and IPL customers for additional rate mitigation. Ms. Smith testified at the hearing that the OUCC's previous concerns included the fact that "neither the City, IPL, nor BlueIndy provided any business plan, marketing plan, or financial projections for the Project that allow the OUCC to assess whether the profit sharing priority allowances provided to IPL could ever be achieved" (Tr., C-14, lines 5-18) and that although the OUCC requested marketing plans, business plans, financial projections and even financial information for the AutoLib…project in Paris through OUCC data requests, and neither IPL, the City, nor BlueIndy provided marketing or business plans to date. Data that shows the economic viability of the Project in the Indianapolis market is critical to determine if IPL ratepayers will ever realize any rate mitigation." (Tr., C-16, line 16—C-17, line 2.) On cross examination, Ms. Smith admitted that even though the OUCC reached a settlement, they were never provided with that information. (Tr., C-17, line 8.) Ms. Smith also testified at the hearing that the OUCC's previous concerns included the fact that "There is no clear connection between this EV program and IPL's provisioning of electric services to its ratepayers who are expected to

fund the program." (Tr., C-21, line 25—C-22, line 4.) She conceded that even with the Settlement Agreement, IPL ratepayers are still expected to fund the program. (Tr., C-22, lines 5-8.)

Ms. Smith testified that Paragraph 2(h) was built into the Settlement Agreement to address the OUCC's concerns that neither the City nor IPL had approached the businesses described as being supportive of the project for assistance to finance the BlueIndy project and that the City had not pursued possible grant funding to be used to help offset the rate impact. Pursuant to Paragraph 2(e), IPL has agreed to report on an annual basis to the Commission and OUCC on these matters. In addition, Paragraph 2(f) of the Settlement Agreement requires the City to establish an advisory board with membership consisting of representatives of the City, IPL, BlueIndy and the OUCC. She said that in order to keep the OUCC duly apprised of the project's progress the advisory board will meet regularly to discuss project details as well as IPL's and the City's costs incurred.

Ms. Smith also described other customer benefits of the Settlement Agreement, including Paragraphs 2(i), 2(j) and 2(k). With respect to the streetlighting provisions in Paragraph 2(i), she stated that public safety is a principal concern for any municipality, and the OUCC worked with the other Settling Parties to develop this "outside the box" benefit that not only promotes energy efficiency but also enhances public safety and provides other public benefits. She said it results in a truly "win-win" proposition for both the City and IPL's customers. Ms. Smith stated that IPL is willing to forego both lost revenue and shareholder incentives for developing this program until new rates resulting from its next rate case go into effect. Ms. Smith explained that Paragraph 2(j) does not require IPL to implement an energy management system, but it does provide that IPL will work with its DSM Oversight Board to assess the viability of an ISO 50001 energy management system and, after careful analysis and information sharing, a decision will be made whether a pilot program is in IPL's customers' best interest. Ms. Smith stated the V2G provision in Paragraph 2(k) requires IPL, the City and BlueIndy to collaborate and determine the potential feasibility of using the BlueIndy electric vehicles as providers to the IPL grid as a demand response resource. She stated that Paragraph 2(k) specifically states that any benefits realized as a result of any V2G pilot must be used for rate mitigation to benefit IPL customers.

Ms. Smith discussed the OUCC position on the applicability of the AUR statute and explained that because of the overarching scope and expansive nature of Ind. Code § 8-1-2.5, one could anticipate different positions being taken in regard to the relief sought by IPL. She stated that settlement negotiation includes assessing the risk of the tribunal finding the other side's case more compelling. She said that given the agreement reached on the customer benefits as outlined in the Settlement Agreement and explained in her settlement testimony, the OUCC believes the Settling Parties struck a fair resolution of the divergent positions initially taken by the Settling Parties. She added that the OUCC therefore believes the Settlement Agreement is supported by substantial evidence, is in the public interest and should therefore be approved.

Ms. Smith further elaborated on why the Settlement Agreement is in the public interest. She explained that due to the OUCC's advocacy, IPL agreed to a reduced ROE and a longer amortization period, which results in a 45% monthly reduction to the customer charge. She said the Settlement Agreement also provides for a number of other customer benefits, including the consideration of an ISO 50001 pilot program, review of the potential for V2G technology and potential rate mitigation, a discount to IPL customers who sign up for the BlueIndy project, and the creation of a streetlighting initiative that will promote public safety that would be most

beneficial in areas of IPL's service territory. Ms. Smith said these customer benefits promote energy efficiency and provide advantages to IPL customers that would not have been otherwise realized as a result of litigation. She said it is for these reasons that she believed the Settlement Agreement is in the public interest and should be approved in its entirety.

7.8. CAC Responsive Testimony.

Mr. Olson began by noting that the Settlement does nothing to address the concerns raised by CAC in its direct testimony before the Settlement was filed in that it does not remedy the fact that the request to fund the City of Indianapolis' electric vehicle sharing project through the petition of IPL is simply an improper request and use of ratepayer funds. Mr. Olson also noted that CAC was not invited to settlement negotiations, input from CAC was not sought, and CAC was not made aware that settlement negotiations were taking place. Mr. Olson noted that the Settlement reached by the City, IPL, and the OUCC does not provide sufficient protection to IPL ratepayers, because the Settlement does not address the over-arching concern that this is an inappropriate use of ratepayer dollars. Mr. Olson noted how Consumer Counselor Stippler was quoted as such in an Associated Press article titled "State agency fights utility rates for electric cars" (attached as Exhibit KLO-1 to CAC Exhibit 3) which was published on June 20, 2014 in the Indianapolis Business Journal and other newspapers statewide. Specifically, the article said:

> Indiana Utility Consumer Counselor David Stippler said that while the community would benefit from BlueIndy, ***"we believe that the requested rate increase does not fall within the scope of relief allowed under state utility law."*** That relief, the agency said, is limited to costs related to providing electrical service to all of IPL's customers.[9]

(emphasis added). Mr. Olson noted how the Settlement does not change the fact that the City did not work with the Indianapolis City-Council at all to identify a more appropriate funding stream for the project and still does not require the involvement of the City-County Council. An IBJ article published on June 28, 2014 titled "Agency opposes hike for electric cars" (attached as Exhibit KLO-2 to CAC Exhibit 3) articulated the previously stated concerns of the OUCC regarding the City-County Council. Specifically, that news article stated:

> "The IURC is not an appropriate surrogate for the Indianapolis City-County Council in regard to the city seeking financial support for its project," Stippler said. "If this project is approved as proposed, it would tempt any municipality (or any other local unit of government) to pursue ratepayer financing when it finds itself financially strapped to provide essential services to its citizens/taxpayers."[10]

Mr. Olson noted how the Settlement does not resolve those concerns articulated in the article.

Mr. Olson then commented on Settlement term 2(a), which states "The costs of the Project shall be amortized by IPL over ten (10) years, with a return on and of the unamortized balance." Mr. Olson noted how this allegedly reduces the monthly bill impact to $0.28, rather than $0.44; however, this term does nothing to change the fact that ratepayers should not fund what is largely

[9] http://www.ibj.com/state-agency-fights-utility-rates-for-electric-cars/PARAMS/article/48256
[10] http://www.ibj.com/article?articleId=48354

a business investment by IPL and has nothing to do with providing ratepayers with electric service. Mr. Olson also raised the concern that spreading the amortization out actually may increase total costs to ratepayers with additional carrying costs. He noted that, to the best of his knowledge in his capacity as a policy witness, IPL had yet to update its Workpaper KB-1[11] which was filed on April 10, 2014 or to file any type of explanation to break down this Settlement term for the Commission and for IPL's ratepayers.

Mr. Olson then explained his statement that this project is largely a business investment by IPL and has nothing to do with providing ratepayers with electric service. He stated that it is no secret that the electric utility industry is struggling with stagnant electric sales across the country, are actively seeking additional kWh sales, and that electric vehicles are now being viewed as a way to add load to increase sales and revenues. He noted that this fact was articulated in a Wall Street Journal article dated August 29, 2014 and titled "U.S. Utilities Push the Electric Car: Power Companies Desperate to Sell More Kilowatts Want Americans to Adopt Electric Cars" (attached as Exhibit KLO-3 to CAC Exhibit 3), which included a mention of this proposed project. According to the WSJ news article: "The Edison Electric Institute, an industry trade group, last month encouraged U.S. utilities to use electric vehicles to entice more consumers to embrace the cars."[12] Mr. Olson mentioned how CAC has no issue with IPL or any other utility seeking new business and economic development opportunities; however, those opportunities should be funded by voluntary investors, not captive ratepayers. Mr. Olson also said that both he and IPL witness Flora discussed in direct testimony that the Commission has rules in place for the extension of distribution and transmission lines and that the Settlement does not alleviate the concerns that IPL's petition falls well outside the scope of the Commission's rule 170 IAC 4-1-27, otherwise known as the 30 month revenue test.

Mr. Olson then commented on Settlement term 2(b) which states: "The return on equity on carrying charges for IPL shall be 10.2%." He noted that the fact IPL agreed to a 10.2% return on equity ("ROE"), which is in line with the other four electric investor-owned utilities operating in Indiana, does little to nothing to make his consumer advocacy organization embrace the Settlement. He went onto note that this term also does little to nothing to change the fact that IPL and their shareholders have virtually no skin in this game. Mr. Olson suggested that in addition to a reduced ROE, if the Commission decides to approve the Settlement against CAC's recommendations, the Commission should at least include a requirement that IPL shareholders pick up at least 50% of the costs, which would reduce the burden on ratepayers. Mr. Olson noted that this most likely would have been offered as a suggested Settlement term by CAC, if CAC had been afforded the opportunity to negotiate Settlement terms.

Mr. Olson then commented on Settlement term 2(c) and (d), which state, respectively: "As provided in the Section 5.03(f) of the City-BlueIndy Agreement and Section 7(c)(ii) of the City-IPL Agreement (Exhibit KF-3), any Profit Share (as that term is defined by the City-BlueIndy Agreement) (Exhibit DR-2) provided by BlueIndy to IPL shall be utilized solely for rate mitigation to benefit IPL customers" and "Notwithstanding the provisions of Section 5.03 to the contrary,

[11] https://myweb.in.gov/IURC/eds/Modules/Ecms/Cases/Docketed_Cases/ViewDocument.aspx?DocID=0900b631801b2e96

[12] http://online.wsj.com/news/article_email/u-s-utilities-push-the-electric-car-1409336042-lMyQjAxMTA0MDIwOTEyNDkyWj

the City agrees to forego any Profit Share to which it would be entitled from BlueIndy and to direct such Profit Share to IPL, which IPL shall also utilize solely for rate mitigation to benefit IPL customers. After 125 percent of all Project costs incurred by ratepayers have been recovered, there shall be an equal split of the Profit Share between IPL (for the benefit of further rate mitigation) and the City." Mr. Olson first noted that profitability is not guaranteed and that no "business case" was put forward to support that this provision regarding profitability is indeed a benefit to ratepayers. Mr. Olson noted that uncomforting words such as "expect", "hopeful" and "may" are used to describe the potential profitability of the project in a document entitled *BlueIndy Response to OUCC Request for Informal Information IPL/Bolloré - EV Project* (attached as Exhibit KLO-4 to CAC Exhibit 3) and offer little assurances for ratepayers. Mr. Olson went on to note that BlueIndy is required to share money only when the project is profitable, despite having no obligation to serve the public, while IPL, on the other hand, is earning 10.2% on their investment, which is fully recoverable from ratepayers. Mr. Olson noted how ratepayers receive nothing on their forced investment above and beyond the original amount confiscated. Mr. Olson reiterated his request that if the Commission approves this request which CAC does not recommend, the Commission should include a requirement that IPL shareholders pick up at least 50% of the costs, thereby reducing the burden on ratepayers. Mr. Olson then observed that there is no timetable placed on how quickly BlueIndy must distribute funds to IPL nor are there stipulations placing dates certain on how quickly IPL shall reimburse ratepayers so that this purported benefit to ratepayers is actually realized by ratepayers. Mr. Olson noted how ratepayers have requirements to pay their bills within a certain timeframe or be threatened with disconnections, deposits or other fees and that it is only fair to require that these companies be required to return monies owed in an equally expedited fashion.

Mr. Olson then commented on Settlement term 2(e) regarding the report on annual basis to the IURC and OUCC on any Profit Share received and data gathered at each charging site for purposes of observing, on a generic basis, consumer behavior associated with EV infrastructure deployments and the impact of EVs on IPL's system and the grid in terms of operational effects and costs. He noted that ratepayers generally have 30 days to pay their bills or they face the potential penalties described above. He mentioned how not only is there no requirement as to how quickly IPL would distribute any profit back to ratepayers, if there is any, now they are required to merely report on the profitably only once every 365 days. Mr. Olson stated that this is insufficient.

Mr. Olson then commented on Settlement term 2(f) regarding the advisory board with membership of the City, IPL, BlueIndy, and OUCC to meet regularly to discuss the Project details, including implementation progress, IPL's Costs (as that term is defined in the City-BlueIndy Agreement), the City's costs incurred as its contribution to the Project, and Locations (as that term is defined in the City-BlueIndy Agreement). Mr. Olson attached to his testimony (as Exhibit KLO-5 in CAC Exhibit 3) both IPL's and the City's response to discovery regarding the Advisory Board. Mr. Olson noted how CAC is generally supportive of advisory boards, but that there exists no requirement for this particular board to hold public meetings or allow for public participation. He went onto say that no governance documents exist nor is there any requirement stipulating that additional interested parties will be added to the board. He stated that if one of the purported benefits of this project and this Settlement is the experience and knowledge gained, then these meetings and this information sharing should absolutely be open to the public, especially with

respect to items such as "Locations." He remarked that it is clear from the discovery responses from IPL and the City that details of the Advisory Board have not been discussed, so the benefit to the public of this term is unclear.

Mr. Olson then commented on Settlement term 2(g) which states that the City shall cause BlueIndy to provide IPL customers who sign up for an annual membership in the Blue Indy service within the first six (6) months after the Public Opening two (2) months of membership for free, which is estimated to be $26 value per customer. Mr. Olson noted first that this does nothing to change the fact that ratepayers of moderate means and low or fixed incomes will be unable to afford the service with or without any "free" months and that the term "free" is misleading. He stated that according to the City, ratepayers who choose to take advantage of this "free" offer are still obligated "to pay the monthly fee for ten months" or "BlueIndy will offer short periods for membership." (Exhibit KLO-5 which is City Response to CAC Data Request Q 2-4 attached to CAC Exhibit 3.) Mr. Olson remarked that this provision amounts to nothing more than a marketing gimmick "much like a gym membership or a cell phone contract" to use the words of the City. (*Id*.) Mr. Olson expected to see these types of marketing gimmicks such as this proposed with or without this Settlement. Mr. Olson went onto say that without knowing the precise cost of a membership because it is still just an estimate, it is difficult to ascertain whether or not this is an actual benefit to anyone. Lastly, he stated that it is difficult to see how this is a benefit to ratepayers when IPL, the company obligated to serve those ratepayers, currently has no plans to notify ratepayers of this benefit or even if that notification is "appropriate." (Tr., A-54, line 14—A-55, line 9.)

Mr. Olson then commented on Settlement term 2(i) regarding the $1.5 million Energy Efficient Streetlighting Program. Mr. Olson first expressed CAC's strong support of LED streetlighting and his disappointment that this type of program is not being proposed in IPL's latest DSM filing before the Commission, Cause Number 44497, nor has this type of program been proposed previously, to the best of his knowledge. In Mr. Olson's past experience and to the best of his knowledge, it is his understanding that streetlights are historically paid for by the municipalities responsible for providing the streetlighting; and, thus, Mr. Olson questioned the logic of having "all customer classes" responsible for funding this endeavor. While CAC agrees there can be tremendous public benefits to LED streetlighting, the short term impact of this program is another cost to ratepayers who may or may not be the appropriate funding source for this program. Mr. Olson also commented on the fact that IPL has not been awarded recovery of lost revenues for DSM programs; therefore, there is no benefit to ratepayers for IPL foregoing recovery of monies IPL is not authorized or entitled to recover.

Mr. Olson then commented on Settlement term 2(j) which called on IPL to work with its DSM Oversight Board to assess the ISO 50001 energy management system, or other similar strategic energy management programs; a recommendation by the OUCC that the City or K-12 schools in the IPL Service Territory be considered as the initial participating customers in such a pilot program; and that the Settling Parties acknowledge that while a pilot program may have potential, it must be further evaluated to determine whether it is in the best interest of IPL's customers. Mr. Olson pointed out that in IURC Cause Number 44495, Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren") and the OUCC came

to a settlement on Vectren's 2015 Electric DSM Plan which has not yet been decided on by the Commission. Their settlement included the following provision:

> The Parties agree that the Company shall work with the VOB to assess the International Organization for Standardization's ("ISO") 50001 energy management system, the Department of Energy's Better Buildings Initiative or other similar strategic energy management programs for commercial and industrial ("C&I") customers. Upon the completion of the analysis, Vectren South shall make a recommendation to the VOB for consideration of a cost-effective strategic energy management pilot program for its C&I customers.

Mr. Olson remarked that the Settlement term here in Cause Number 44478 does little to add to this discussion that is already taking place. It lacks specificity and tangible benefits to the ratepayers funding the EV project. It is unclear how this provision provides any benefit.

Mr. Olson also commented on the public's interest in this Settlement and the project itself. He noted that the consumer comments filed with the OUCC (attached as Exhibit KLO-6 and Exhibit KLO-7 in CAC Exhibit 3), as well as the comments made by the public at the field hearing, display a healthy public opposition to the imposition of this fee to fund this project. Mr. Olson noted that the public has had little opportunity or time to comment on the Settlement reached on August 22, 2014, nor has a field hearing been established to ascertain if the terms of the Settlement address the previous concerns expressed by members of the public. Mr. Olson respectfully requested the Commission consider these comments when deciding on this first-of-its-kind request and imposition on ratepayers. Mr. Olson also respectfully requested the Commission take note of the letter sent to his attention by State Representative Cherrish Pryor, articulating her strong opposition to the proposed Settlement (attached as Exhibit KLO-8 in CAC Exhibit 3). He noted that Representative Pryor's letter is co-signed by former State Representative and Chairman of Ways and Means Bill Crawford, Representative Robin Shackleford, Representative Greg Porter, Representative Dan Forestal, and City-County Councilors Zach Adamson, Joseph Simpson, Monroe Gray, and LeRoy Robinson. Mr. Olson then addressed several specific concerns raised by Representative Pryor in her correspondence. First, he noted that there is significant interest from State and City policy-makers in this proposed project and collectively the comments and letters demonstrate that this project and this Settlement are not in the public interest and thus the Settlement should be rejected. He also suggested that similar to one of the underlying arguments in justifying the passage of Senate Enrolled Act 340, perhaps a decision and discussion regarding this type of proposed project would be more appropriate for legislators, rather than for utility regulators. Furthermore, he reflected that the idea of an EV car sharing program to be paid for by ratepayers was not contemplated at the time the Alternative Regulation Statute was passed.

Mr. Olson also agreed with Representative Pryor that many low and fixed income ratepayers will be unable to utilize the program. Many of the individuals with low or fixed incomes do not have a major card, access to the proposed EV car sharing locations, and are simply unable to afford this program due to a lack of resources. He stated that these concerns center around the issue of ratepayer equity and offered that a certain class of customers should not be required to pay for a service they will never use or do not have access to. He said that this is especially true when that program has nothing to do with the provision of electricity. With Senate Enrolled Act 340,

the Indiana General Assembly made a policy decision that it was appropriate to allow only industrial customers the option to opt-out of certain utility programs that they may never use as they may be better equipped to provide those services with their own resources. Mr. Olson suggested that should the Commission decide to approve the Settlement against CAC's recommendation, the Commission should consider the context of this first-of-its-kind request, ratepayer fairness and equity issues, and using the underlying policy of Senate Enrolled Act 340 to protect the most vulnerable ratepayers that will not use this program in modifying the settlement to allow those low and fixed income ratepayers to opt-out of the proposed EV charges and tariff as they are likely to never utilize the program. He recommended a modification to the Settlement which would allow all households living at 200% of the Federal Poverty Level or below the option of opting out of any tariff established for this program. Mr. Olson chose 200% of the Federal Poverty Level or below, because 35% of American households are eligible for the Weatherization Assistance Program qualifying because they too are living at 200% of the Federal Poverty level or below. Additionally, 200% of the Federal Poverty Level is the threshold used for qualifying households for the Income Qualified Weatherization Core DSM program.

Mr. Olson additionally noted there has been some support for the program by members of the public, various businesses, organizations, and universities. Therefore, he suggested that should the Commission approve the Settlement against CAC's recommendation, in addition to the opt-out for low and fixed income households, a voluntary EV tariff should be established that would allow those that support the program and those who would utilize the program to show their support by signing up for this voluntary tariff to help mitigate the bill impact on all ratepayers. This proposal is similar to the request by Indiana Michigan Power in Cause No. 44511 for approval of a Green Power Rider to provide an opportunity for customers to voluntarily support solar projects.[13]

Mr. Olson then summarized his overall recommendation to the Commission, suggesting first that the Commission reject the Settlement in its entirety as the Settlement does not remedy the fact that this is an improper use of ratepayer funds. He said, however, should the Commission decide to approve the Settlement and grant this first-of-its-kind request against CAC's recommendation, the Commission should at least modify the Settlement requiring that:

- 50% of the total costs be allocated to IPL shareholders;
- An opt-out be created for at least those households living at 200% of the Federal Poverty Level or below; and
- A voluntary EV tariff be created so that supporters of the project could voluntarily sign up to help mitigate the rate impact on others.

8.9. Settling Parties' Rebuttal Testimony. Mr. Flora stated IPL and the City responded to the concerns raised in Mr. Olson's direct testimony through rebuttal and settlement testimony. He said IPL has not ignored the CAC – IPL simply disagrees with their position. Mr. Flora responded to Mr. Olson's concern that the amortization of the regulatory asset over ten years may actually increase total costs to ratepayers and that IPL should update Workpaper KB-1. He

[13] IURC Cause No. 44511, Indiana Michigan Power Company's Verified Application and Request for Administrative Notice, p. 1.

explained the approach reflected in the Settlement Agreement is a reasonable and accepted means of balancing the impact on customer rates with cost recovery. He said Workpaper KB-1 is a calculation of the carrying charges that, if approved, would occur while the BlueIndy system is deployed until the costs begin to be recovered in rates. He added that because the carrying charges would not be impacted by the extension of the amortization period from five to ten years, he said an updated Workpaper KB-1 is not necessary. Mr. Flora agreed that extending recovery over a longer period of time could increase the total cost to customers because of the return component that would be reflected in future rate cases, but said the actual impact to customers would depend on the timing of future rate cases and the amount of profit sharing received per the City-BlueIndy Agreement. He added that the potential for rate mitigation is further enhanced by the Settlement Agreement, which provides 100% of the profit share for rate mitigation until 125% of the costs are recovered.

Mr. Flora stated Mr. Olson's contention that 50% of the total project costs should be allocated to IPL is simply another way of asking the Commission to disallow cost recovery. He said this proposal is contrary to ratemaking policy and IPL cannot accept this modification to the Settlement Agreement. He said doing so would preclude IPL from recovering its cost of providing public utility service. He explained that IPL is in the business of providing retail electric service in compliance with state and federal regulation, the underlying public policy and the Commission's determinations as to the public interest. He said that he explained why IPL is involved with this Project in his settlement testimony and also discussed the regulatory policy issues in his direct and rebuttal testimony. He noted that Mr. Olson did not specifically respond to this testimony or otherwise attempt to reconcile his proposal with the well-established principle that the provider of a retail electric service is entitled to recover its cost of providing service, including carrying costs, through its retail rates.

Mr. Flora acknowledged Mr. Olson's reference to a recent article about the potential increase in EVs, but explained that both the City and IPL made this point in their direct, rebuttal and settlement testimony. He explained the development of EVs can impose challenges on the electric system as well as opportunities for economic development. He said when the community grows through economic development, IPL's customer base broadens and the costs incurred by IPL to provide service are spread over that broader customer base, which in turn maintains IPL's ability to provide reasonably adequate service and facilities efficiently and benefits customers by keeping rates lower than they would otherwise be. He said IPL must take a forward-looking view, meeting near term customer needs while also planning for the future. He said the work IPL has undertaken historically to keep the cost of providing service low places IPL in a good position to address EVSE and the other projects contemplated by the Settlement Agreement. He reiterated that IPL's rates are among the lowest investor-owned electric rates in Indiana and will remain comparatively low even with the costs of the ARP as modified by the Settlement Agreement.

Mr. Flora responded to Mr. Olson's statement that there is no timetable placed on how quickly profit sharing funds would flow through rates and his suggestion that this should happen on an expedited basis. He said Mr. Olson does not weigh the pros and cons or otherwise provide a detailed analysis demonstrating that the approach agreed to by the Settling Parties is unreasonable. He said rate adjustment mechanisms are an important ratemaking tool, but they are generally used for larger projects. He added that if a rate adjustment mechanism were used it should reasonably address the entire Project by providing for both timely cost recovery and timely profit sharing and

reflection of any grant or other funding. He stated if this approach were taken it would eliminate the need for carrying charges to be recorded and deferred, which would reduce the overall Project cost but would impose costs on IPL, the OUCC and the Commission to administer the rate adjustment mechanism. He said as a practical matter it is reasonable to expect the amount of any profit sharing would be small initially, and while it may build over time, it may remain lower than the level that usually warrants a tracking mechanism. He explained that it would be unduly burdensome to establish a process whereby rate adjustment mechanism filings must be made to process zero or a nominal level of profit sharing. Mr. Flora explained that even if the profit sharing is more substantial the approach reflected in the Settlement Agreement is reasonable because it avoids the need for another rate adjustment to be processed. He also stated that, as explained in his settlement testimony, under the approach proposed by IPL and reflected in the Settlement Agreement, IPL would record carrying charges on the regulatory liability, consistent with the request for carrying charges on the regulatory asset. He concluded the approach reflected in the Settlement Agreement reasonably balances the concerns raised by Mr. Olson by providing for the costs and profit sharing to be addressed in the context of a general rate case.

Mr. Flora also responded to Mr. Olson's concerns as to whether all customer classes should be responsible for funding the streetlighting provision of the Settlement Agreement and whether IPL's agreement not to be awarded lost revenues on this program is beneficial to customers. He said the Commission has previously recognized that modernizing streetlighting can enhance economic development by providing better visibility, improving aesthetics and focusing light where it is needed rather than dissipating light into unwanted areas. He stated that modern streetlighting can attract people to commercial areas and help revitalize blighted or deteriorated neighborhoods and enhance public safety. He explained this is not a new Commission policy, and quoted from an earlier IPL order wherein the Commission found it reasonable that the costs of rendering streetlighting service should be shared by all customers. He said IPL was mindful of the impact on customer rates during the negotiation of the Settlement Agreement and believes the other Settling Parties were too. He said the Energy Efficient Streetlighting Program is modest in size ($1.5 million) but can spark substantial customer benefits. With respect to IPL's agreement to forego recovery of lost revenues and shareholder incentives from this program until IPL's rates from its next general rate case are implemented, Mr. Flora noted that IPL has a request for recovery of lost revenues pending before the Commission in Cause No. 44497 and the Commission has allowed other utilities to recover lost revenues. He added that the Commission has previously allowed IPL (and other utilities) to earn a shareholder incentive on energy efficiency programs. He said while the Commission has not yet authorized IPL to recover lost revenues and IPL is not seeking their recovery in this proceeding, the fact remains that lost revenues and shareholder incentives reflect real costs to IPL and IPL would be entitled to seek recovery of these costs. He said IPL's agreement not to seek recovery of lost revenues and a shareholder incentive for the LED streetlighting program benefits IPL's customers.

Mr. Flora disagreed with Mr. Olson's assertion that the idea of this type of project was not contemplated at the time the AUR statute was enacted. As he explained in his previous testimony, the ARP is an energy infrastructure project and the Settlement Agreement supports the infrastructure project. He noted that in his settlement testimony he discussed language through the AUR statute addressed to the modernization of energy utility facilities in Indiana, and Mr. Olson did not specifically address this language. He said he did not know how the legislature thought technology might evolve when the AUR was enacted in 1995, but such speculation is beside the

point because the statute is not dependent on specific technology. Rather, the AUR statute refers to modernization and technological change without limitation and permits the Commission to have flexibility to address change as it evolves.

Mr. Flora next responded to Mr. Olson's proposal that the Commission modify the Settlement Agreement to allow certain low and fixed income customers to opt-out of the proposed EV charges and tariff. He said this recommendation rests on Mr. Olson's belief that these customers are likely never to use the program, which was refuted by the City's testimony. He said he previously explained the provisioning and economic development benefits to customers from this infrastructure project, which accrue to all customers, not just those who may use the EV sharing or EVSE. He explained this is similar to the benefit of energy efficiency programs. He explained that the cost of residential energy efficiency programs, including the income qualified weatherization program, is allocated to the residential customer class regardless of whether the customer participates in the program. In fact, the costs of the residential income qualified weatherization program are allocated to all residential customers even though this program is not expected to provide net benefits to all customers. However, at the hearing, Mr. Flora did admit that commercial customers would not pay for residential programs, and vice versa. (Tr., A-49, line 22—A-50, line 19.[14]) He noted non-participants cannot opt out of this weatherization program. More broadly, he explained that if a project is found to be in the public interest the cost is properly recoverable for ratemaking purposes. He said the accounting and ratemaking provisions in the Settlement Agreement reduce the anticipated cost impact of the Project to $0.28 per month beginning in 2018, or 0.28% per month for a typical residential customer, relative to rates currently in effect. He said the Settlement Agreement provides an opportunity for the rate impact to be further reduced via expanded profit sharing, grants and community support. He recommended the Commission reject Mr. Olson's proposed modification to the Settlement Agreement.

Mr. Flora also responded to Mr. Olson's recommendation that the Commission modify the Settlement Agreement to require the development of a voluntary EV tariff to help mitigate the rate impact on others. He explained the Settlement Agreement reduces the impact to customers, and this impact may be further reduced by the Settlement Agreement provisions regarding profit sharing and the City's agreement to attempt to reduce the cost impact by applying for grants and soliciting community support. He said from IPL's perspective, the Settlement Agreement structure is preferable because the City may be expected to produce a level of voluntary financial support that is more significant than what may be expected from a voluntary EV Tariff. He stated that proceeding with both the City's effort and a Rider may undermine the City's efforts and cause confusion. Mr. Flora explained that Mr. Olson fails to mention that IPL already has a voluntary

[14] Q Let's see, starting on Page 3. I do have another question, though, relating back to the streetlighting program. Are you aware of other demand side management programs where customer classes are funding other customer classes' DSM programs? So, for instance, a residential customer is being asked to pay for commercial DSM programs.
A I can't think of one at this time; although, I certainly believe that all – streetlighting is something that's a little bit different because I believe that the public in large benefits by having streetlighting, and the fact that it's energy efficient is very important as well, but all residents enjoy the benefits of streetlights.
Q But just to clarify, commercial ratepayers do not pay for residential programs generally, for instance?
A Yeah, generally, that is correct.
Q In fact, you can't think of a single example otherwise besides this request.
A I can't think of one, but, again, I don't spend a lot of my time on DSM programs these days.

Green Power Initiative ("GPI") and thus is familiar with the cost and benefits of this type of program. He explained that IPL's GPI has been available to customers, in some form, for more than a decade and is offered at among the lowest rates in the nation. Even so, only approximately 1% of customers participate in the voluntary program. He said based on this level of participation, under the current GPI rate, annual revenues would be less than $300,000. He said if IPL were required to provide such a voluntary EV tariff, the cost of administering it would be reflected in the ratemaking process, and the Commission and OUCC would be required to devote resources to its ongoing administration. He said experience from IPL's GPI suggests that the cost of administering a voluntary tariff as proposed by Mr. Olson and processing changes through Commission proceedings may outweigh the benefit. Therefore, the Commission should reject Mr. Olson's proposed modification and find the approach reflected in the Settlement Agreement reasonable.

Mr. Rosenberg explained that Mr. Olson raised several issues which were addressed in earlier pre-filed testimony, including his concern about the appropriateness of the Project because the ARP falls outside the scope of the 30 month revenue test, his contention that the installation of the charging stations has nothing to do with providing customers with electric service and that IPL's business opportunities should be funded by voluntary investors. He explained that the City and IPL offered ample evidence in their pre-filed cases-in-chief, rebuttal and settlement testimony in response to the various forms of this same argument, and the Settling Parties arrive at a different conclusion than the CAC. Similarly, he said Mr. Olson's concerns that profitability is not guaranteed were addressed in the City's case-in-chief testimony and in the City's rebuttal.

Mr. Rosenberg responded to Mr. Olson's assertion that the City should have identified a different funding stream for the Project. He explained that the City is already making significant contributions to the success of the Project, and the City thinks the request for IPL's customers to bear the costs of the installation of line extensions, charging stations, and kiosks is the most appropriate course. He said the City believes there are substantial benefits to the provision of public utility service that warrant some of the costs of the project being included in utility rates and thus IPL requested the Commission's approval of the ARP. He said the City is pleased that, since then, the parties were able to reach an agreement with the OUCC that includes a variety of enhancements to the original proposal.

Mr. Rosenberg responded to Mr. Olson's concerns relating to the advisory board's meetings. He said the City expressed to the CAC in discovery its intention for the advisory board to hold public meetings and to take public comment. In addition to the public meetings, the City expects that there may be *ad hoc* meetings of advisory board members and various personnel of the Settling Parties who communicate regularly to ensure a successful implementation of the BlueIndy service. He said this balanced approach is appropriate given the purpose of the advisory board, which is to help ensure the success of the program consistent with the terms of the Settlement Agreement.

With respect to Mr. Olson's comments that there is no governance document for the advisory board or requirement for additional parties to be added to the board, Mr. Rosenberg said such comments are premised on an incorrect understanding of the purpose of the advisory board. He said the advisory board is comprised of the organizations whose ongoing involvement benefits the successful implementation of the BlueIndy service. He explained that should the members of

the advisory board identify an organization whose ongoing involvement in the advisory board would benefit the implementation of the service, such additional members could be added by way of unanimous agreement of the City, IPL and the OUCC, as they are the parties to the Settlement Agreement. He added that any individual or entity not a member of the advisory board will be able to offer comment at the public meetings of the advisory board and communicate with the City, IPL, BlueIndy and the OUCC as they would whether there was an advisory board or not. He said the City has encouraged the CAC to attend those meetings and hopes they will. Mr. Rosenberg said that if the advisory board determines it needs something more formal, it is certainly within the capabilities of the City, IPL, BlueIndy and the OUCC to address that need when it presents itself. He reiterated that the advisory board is meant to address issues relating to the successful implementation of the BlueIndy service, not serve as a replacement for Commission oversight.

Mr. Rosenberg responded to Mr. Olson's comments about the two free months of membership when an IPL customer signs up for an annual membership. He stated this is more than a marketing gimmick, as Mr. Olson contends, as the incentive is a contractual obligation that requires the City to cause BlueIndy to offer two free months to IPL customers who sign up for an annual membership. He said it was a smart incentive to utilize the service in its infancy that is provided to IPL customers. He noted the more customers who use the service, the more successful it will be, which helps to facilitate the many benefits to be achieved from the Project.

Mr. Rosenberg stated Mr. Olson seems to incorporate various concerns from State Representative Pryor, though many of the issues have already been addressed in earlier pre-filed testimony. For example, Mayor Ballard's rebuttal testimony addressed the concerns about the affordability of the BlueIndy service. Mr. Rosenberg explained that the City's testimony detailed at length the fact that BlueIndy locations can be deployed through the IPL service territory, not just Marion County. Further, as Mr. Mitchell explained in his rebuttal testimony, the locations in Marion County are expected to be distributed throughout the county, not just in a few concentrated areas.

Mr. Rosenberg responded to the concern that people in lower income brackets might be precluded from using the service because BlueIndy requires a credit card. He said that if BlueIndy were required to accept other forms of payment, the price for the service would likely be higher due to the increased costs associated with different aspects that go into collection. He explained a customer who consents to keep their credit card on file can be easily charged for their usage of the service, and it is up to the credit card company to resolve actual collection from the customer. Thus, BlueIndy can keep prices lower than they otherwise would be by requiring a credit card on file. If this were not the case, it can be expected that a higher price for the service might keep a broader base of people from using the service.

Mr. Rosenberg added that the City respects the opinion of those who disagree with the proposal, but noted that many other people, including elected officials, major corporate employers, universities, transportation professionals, and visitor attraction professionals support this proposal. Further, he pointed to the many enhanced protections that were included as part of the Settlement Agreement that should address a variety of concerns of those originally more skeptical. He acknowledged that there may still be some dissent even despite the many improvements achieved in the Settlement Agreement and even after IPL's Harding Street announcement, but explained that this is to be expected when something transformational is underway; not everyone can agree.

He said that as Mayor Ballard testified in his direct testimony, some people initially said Unigov was illegal and others said the City's sports strategy was a fool's gamble, and yet, no one today would seriously question the impact of those efforts. He said those efforts positively and dramatically changed the trajectory of our community and our state, and he believes the BlueIndy project can too.

Mr. Rosenberg explained that for at least forty years, our country has been addicted to foreign oil and suffered enormous costs of life and treasure as a result. He said faced with continued foreign control of oil prices through OPEC (whether we produced more oil at home or not), refusing to relegate future generations to fighting wars to protect oil, and in light of the many technological advancements in the field of electric vehicles, the City has chosen to go down a different path to make electric vehicle technology readily available throughout our community. He said the City believes this path leads to a brighter future and that the costs to move down this path are relatively insignificant to the potential gains. Mr. Rosenberg stated this proceeding ultimately comes down to one question: do we sit and do more of the same and expect different results, or, do we commit ourselves to taking action down a path less travelled in pursuit for something much greater? He concluded that with the Settlement Agreement and its many improvements to the original proposal, the OUCC joins the City and IPL in requesting approval of the proposal, and the Settling Parties hope the Commission will find it appropriate to approve this proposal.

9.10. Commission Discussion and Findings.

A. *AUR Act*

This request and settlement is based on a proposal for an Alternative Regulation Plan. The AUR Act refers to traditional commission regulatory policies and practices, and that certain existing statutes are not adequately designed to deal with an increasingly competitive environment for energy services and that alternatives to traditional regulatory policies and practices may be less costly. Ind. Code 8-1-2.5-1(3). It relates to affording flexibility to an energy utility in the regulation of its retail energy services in the fact of "technological or operating conditions, competitive forces, or the extent of regulation by other state or federal regulatory bodies" that make the exercise of traditional IURC jurisdiction over an energy utility "unnecessary or wasteful." *See*, Ind. Code § 8-1-2.5(b)(1). As used in Ind. Code § 8-1-2.5, "retail energy service" is defined, in part, to mean "energy service furnished by an energy utility to a customer for ultimate consumption." Ind. Code § 8-1-2.5-3. Ind. Code § 8-1-2.5-6(e) allows the Commission to approve, reject, or modify an energy utility's proposed alternative regulatory plan if the Commission finds such action is consistent with the public interest. Assuming arguendo that the AUR Act indeed applies here, the Commission finds that the Alternative Regulation Plan ("ARP") Project is not in the public interest.

The Settlement Agreement provides for approval of Petitioner's ARP, as modified by the Settlement Agreement, pursuant to Ind. Code ch. 8-1-2.5, the AUR Act. Petitioner is an "Energy Utility" as defined in the AUR Act. Under Section 6(a)(1) of the AUR Act, the Commission may adopt alternative regulatory practices, procedures, and mechanisms and establish just and reasonable rates and charges that (a) are in the public interest and (b) enhance or maintain the value of an energy utility's energy services or properties, including practices, procedures and mechanisms focusing on the price, quality, reliability, and efficiency of the service provided by

the energy utility. In determining whether an ARP is in public interest, the AUR Act directs that the Commission shall consider the factors enumerated in Indiana Code § 8-1-2.5-5. These factors include giving consideration to 1) technological and operating conditions, competitive forces, or the extent of regulation by other state or federal regulatory bodies render the exercise, in whole or in part, of jurisdiction by the Commission unnecessary or wasteful; 2) whether the Commission's declining to exercise, in whole or in part, its jurisdiction will be beneficial for the energy utility, the energy utility's customers, or the state; 3) whether the Commission's declining to exercise its jurisdiction will promote energy utility efficiency; and 4) whether the exercise of Commission jurisdiction inhibits an energy utility from competing with other providers of functionally similar energy services or equipment. As further discussed below, IPL and the Settling Parties have not provided the Commission with substantial evidence supporting relief under Ind. Code § 8-1-2.5-6 and a finding that the ARP Project is in the public interest.

We will begin by addressing the factors enumerated in Ind. Code § 8-1-2.5-5. First of all, nothing inhibits IPL from the provisioning of its retail energy service to BlueIndy. There is no technological or operating condition that prevents IPL from provisioning line extension services to BlueIndy as it currently does for any other customer. As a monopoly electric utility in the State of Indiana, IPL faces no competition in providing such retail service to BlueIndy. There is no other state or federal regulatory body's regulation that would hinder IPL from provisioning these services to its customer, BlueIndy.

Secondly, there has been no showing that IPL's ratepayers as a whole, outside of an unknown number who may try BlueIndy's services, will reap any direct benefits as a result of the EV program based on the ongoing provisioning of "retail energy service" collectively to them by IPL for which they already pay a tariffed charge approved by the IURC. Rather, they would incur an unknown amount of additional costs on their bills without a showing of how they would actually benefit. IPL and the Settling Parties rebut this by saying that if the ARP Project is profitable, then ratepayers would benefit; however, no evidence was presented to show the likelihood of profit from this project or to demonstrate that this advancement would prove any more fruitful and would thus lower the cost in comparison to other ways that are available to advance such technology. This includes the fact that there were no business plans, marketing plans, or financial projections to support the claim that this ARP Project will provide profit to ratepayers. (Tr., B-57, lines 5-17; Tr., B-61, lines 9-12.) Regarding the benefit to the utility, IPL admitted that it would be a positive benefit to add load and bring in additional revenues (Tr., B-8, line 3–B-9, line 4.); however, the Commission must balance the interests of ratepayers with the interests of the utility. The lack of benefits to ratepayers weighs heavily in the Commission's decision rejecting the ARP here. Furthermore, approval of this ARP would give an undue or unreasonable preference or business opportunity to one customer, BlueIndy, that is otherwise not being offered to other IPL customers, which runs contrary to Ind. Code § 8-1-2-105(a). Regarding any claimed benefits of the ARP Project for the State, IPL and the Settling Parties have not made this showing, outside of the benefits that would be provided exclusively to the City of Indianapolis. And the fact that the City did not bring this proposal to its City-County Council raises concerns for the Commission with regard to the appearance of circumventing the tax payer process. Although the Settling Parties argued that the deployment of the infrastructure would provide a lower cost than otherwise possible, they have not met their burden of proof in supporting such a claim.

Thirdly, we do not believe any energy utility efficiency would be promoted in approving this ARP Project. IPL already has a tariff addressing the development of EV cars and has even received an award for leadership in EV. (Flora Direct, p. 15, lines 14-16.) IPL currently has 22 public chargers deployed across eight different sites and 140 chargers at customers' premises. (Flora Direct, p. 15, lines 9-12.) And, although IPL claims one benefit is that it can be involved in the placement and locations of the chargers, IPL has not made a showing that the customer is unwilling to involve IPL in these decisions. Petitioner's witness Flora explained why the BlueIndy Project does not readily fit the 30-month revenue test and therefore was presented as an ARP.[15] The parties' rebuttal and settlement testimony further discussed how the parties believed the ARP relates to a request for electric service from an IPL customer and is focused on EVSE infrastructure deployment and a path to the future. However, the record is devoid of probative or substantial evidence showing that if the Commission were to limit its authority to exercise its traditional jurisdiction, it is unlikely that the infrastructure modernization contemplated by this Project would go forward as planned. Commission jurisdiction is necessary and efficient in dealing with this request as traditional policy and practice can fairly and squarely cover this request. In fact, the record establishes that if the Commission were to decline to exercise its jurisdiction, energy utility efficiency and reliability may be hindered and, as noted above, customers and the State will be harmed. Furthermore, allowing BlueIndy to insert itself between the general public and the monopoly electric utility not only adds a middle man, it also raises interesting questions pertaining to the Service Area Rights Act that have not outright been addressed by the Petitioner, the City, or BlueIndy, which is discussed further below.

Fourthly, the Commission finds that the exercise of its jurisdiction will not inhibit IPL from competing with other providers of functionally similar energy services or equipment. As stated above, IPL has no direct competitors as a monopoly service territory electric utility. However, although BlueIndy has not explicitly asked to be a public utility as defined by Ind. Code § 8-1-2-1(a) and an electricity supplier as defined by Ind. Code § 8-1-2.3-2, BlueIndy is asking to deliver power and furnish retail electric service to the general public within IPL's exclusive service territory as provide to it in Ind. Code § 8-1-2.3-4. In *BP Products North America, Inc. v. Indiana Office of Utility Consumer Counselor*, 947 N.E.2d 471 (Ind. Ct. App. 2011), an oil refinery entered into private contracts to provide the excess utility services it created through its refinery process to adjacent property owners and/or providers of services within the refinery business. This occurred within the designated exclusive sales territory of NIPSCO. The Court of Appeals found that BP was not a "public utility" subject to jurisdiction of IURC, because the refinery served a defined, privileged, and limited group of companies which a special class of entities that did not make up the indefinite public and because it was engaged in a private activity, not the provision of services directly or indirectly to the public. This was compared to BP acting as a "public utility"

[15] The 30 month revenue test is found at 170 IAC 4-1-27. In pertinent part, this rule provides that "Each electric utility shall, upon proper applications for service from overhead and/or underground distribution facilities, provide necessary facilities for rendering adequate service, without charge for such facilities, when the estimated total revenue for a period of two and one half (2 1/2) years to be realized by the electric utility from permanent and continuing customers on such extension is at least equal to the estimated cost of such extension." The rule further provides that the utility "shall submit" certain requests for provisioning to the Commission for determination as to the public convenience and necessity of such extension. These situations include: a) a request where the estimated cost of such extension and the prospective revenue to be received from it is so meager as to make it doubtful whether the revenue from the extension would ever pay a fair return on the investment involved in such extension, and b) requests for an installation requiring extensive equipment with slight or irregular service.

when it sold low pressure raw service water to a city, which the city then treated and distributed to its customers. Thus, it was found that the refinery's contract with city that provided for the provision of water to an entity was a mere conduit to serve the undifferentiated public, at least indirectly. Here, BlueIndy wants to engage not in a private activity but in the provision of services directly or indirectly to the public within the service territory of IPL. However, because the Commission is denying the ARP Project and the Settlement, we need not go through any further analysis with regard to this jurisdictional question.

In their proposed order, the Settling Parties made the argument that the Commission should recognize that the public utility does not have the sole right to provide EVSE, just as the public utility does not have the sole right to provide energy efficiency services. The Commission rejects this comparison. Energy efficiency is a resource just like supply-side resources (see 170 IAC 4-7-8); while the ARP Project will actually be consuming energy. Although the Settlement Agreement states that IPL and the City shall collaborate with BlueIndy to determine the potential feasibility of using EVs as providers of energy back to the IPL grid as a demand response resource, there has been no or insufficient evidence for the Commission to make that determination here. Furthermore, the ARP Project has not been proven to safeguard the distribution system, benefit consumers, and the State, like energy efficiency does when it reduces congestion on the grid and provides system-wide benefits to all ratepayers regardless of whether a ratepayer actually installs a DSM measure or otherwise changes his or her behavior. Here, the ARP Project will or could add load to the grid, increase grid congestion and strain, add costs to future TDSIC filings, and will not provide any system-benefits to ratepayers but rather costs. (Tr., pp. A-43—A-44.) The ARP, as modified by the Settlement Agreement, increases the cost of the infrastructure by adding load to IPL's system and asking all ratepayers to pay for it. Thus, any comparison of this ARP Project to DSM is not applicable, relevant, or helpful.

We now turn to Ind. Code § 8-1-2.5-6(a)(1)(B). Petitioner and Settling Parties argue that the ARP Project will help enhance EV infrastructure deployment and a path to the future However, nothing has prohibited IPL and its shareholders from preparing for the potential future use of this technology as a distributed energy storage and demand response resource and from investing in this infrastructure. This ARP Project is not reasonably designed to enhance or maintain the value of IPL's services and property; rather, it will give preferential treatment to one customer and will introduce strain on IPL's system, which could mean greater costs to IPLs ratepayers when upgrades to the transmission, distribution, and infrastructure systems are needed. (Tr., pp. A-43—A-44.) The record is devoid of evidence to support Petitioner's and Settling Parties' contentions. The ARP Project has not been shown as a reasonable design to enhance or maintain the reliability, quality and efficiency of IPL's system and provision service to the existing stationary load.

Traditional utility regulation should govern the treatment of the ARP Project, rather than the AUR Act. The settlement at issue in this case addresses the City and IPL's agreement, which commits IPL to present to the IURC a proposed ARP for approval in order to recover from IPL's entire rate base (1) $12.3 Million in installation costs of customer-owned equipment (including upwards of 1,000 electric vehicle charging stations and other related equipment), and (2) line extension expenses of about $3.7 Million to make each of the EV locations operational. Traditional utility regulation calls for the approximate $12.3 Million needed to install the Bollore-owned charging stations and kiosks to be borne by the customer, BlueIndy, because the general rate base is not required to fund this customer owned and operated project. Traditional utility

regulation also calls for the use of IPL's existing tariff (IPL Rate SS) for the distribution line extensions needed for the BlueIndy-owned charging stations. If this tariff were applied as written, the $3 Million needed to bridge the installation costs and satisfy the 30 month revenue test would be borne by BlueIndy and not IPL's ratepayers. The AUR Act is not applicable here, because traditional utility regulation can and should apply to this customer project.

B. *Settlement*

Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). Any settlement agreement that is approved by the Commission "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406. Furthermore, any Commission decision, ruling, or order – including the approval of a settlement – must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). Before the Commission can approve the Settlement in this proceeding, we must determine whether the evidence in this Cause sufficiently supports a conclusion that the Settlement is reasonable, just and in the public interest. 170 IAC 1-1.1-17(c) allows the Commission to reject, in whole or in part, any proposed settlement if the Commission determines that the settlement is not in the public interest. If the Commission rejects a proposed settlement, in whole or in part, the Commission must state on the record or by written order the reasons for such rejection. As further discussed below, there is not sufficient evidence to support the Settlement.

"[T]he Commission indeed has broad authority to supervise settlement agreements . . .and to be proactive in protecting the public interest." *N. Indiana Pub. Serv. Co. v. Indiana Office of Util. Consumer Counselor*, 826 N.E.2d 112, 119 (Ind. Ct. App. 2005). *See Citizens Action Coalition v. NIPSCO,* 796 N.E.2d 1264, 1267–68 (Ind. Ct. App. 2003), *trans. denied*. This broad authority provides the Commission with more discretion than to merely approve or reject a settlement in total. *In re Access Charge Reform & Universal Serv. Reform*, 40785-S1, 2001 WL 797973 (Mar. 19, 2001). More specifically, "the Commission undoubtedly has the authority to modify or condition a settlement presented to it to serve the public interest prior to approving it," even when the settling parties explicitly request that the settlement be approved or rejected without modification. *Id*. This means that "[t]he Commission acts well within its authority when it modifies a contested settlement so that the contested terms will be consistent with Commission precedent or policy. If [petitioner] does not want to accept the settlement with the modifications that the Commission found were necessary to insure that the settlement was consistent with the public interest then [it] can reject the modified settlement and litigate the issues." *In re Access Charge Reform & Universal Serv. Reform*, 40785-S1, 2001 WL 797973 (Mar. 19, 2001), *quoting Eastern Shore Natural Gas Co*., 43 F.E.R.C. P 61, 489, at 62, 212 (1988).

Participation by the Office of Utility Consumer Counselor in a settlement agreement does not require the Commission to presume a settlement to be in the public interest. *Citizens Action*

Coal. of Indiana, Inc. v. PSI Energy, Inc., 664 N.E.2d 401, 405 (Ind. Ct. App. 1996); *Nextel W. Corp. v. Indiana Util. Regulatory Comm'n*, 831 N.E.2d 134, 156 (Ind. Ct. App. 2005). The OUCC is mandated by statute to "have charge of the interests of the ratepayers and consumers of the utility." Ind.Code § 8–1–1.1–5.1(e). Accordingly, the OUCC holds the statutory ability to "appear on behalf of ratepayers, consumers, and the public in ... hearings before the [C]ommission." Ind.Code § 8–1–1.1–4.1(a). But, this statutory role of the OUCC does not change the statutory responsibility of the Commission with respect to proposed settlements. As the Court of Appeals has stated, "Although we recognize the strong public policy favoring settlement agreements, we reject the notion that the commission must accept an agreement endorsed by the OUCC without determining whether the public interest will be served by the agreement." *CAC*, 664 N.E.2d at 405.[16]

The Settlement Agreement, compared to the Petitioner's and City's proposal before it entered into the Settlement Agreement, provides for less certainty and additional costs to ratepayers:

1. Settlement Term 2 (a) which addresses the costs being amortized by IPL over ten years could actually increase costs to ratepayers. (Flora, Settlement Rebuttal, p. 2, lines 12-14.) Thus, IPL ratepayers could actually get a worse arrangement than before the Settlement Agreement was reached.

2. Settlement Term 2 (b) provides that IPL's return on equity shall be 10.2%; however, IPL had already agreed to lower its ROE in its Rebuttal Testimony, which was filed before the Settlement was. (Flora, Rebuttal, p. 9, lines 3-18.) The Commission does not see how this is an added benefit to ratepayers, if IPL had already voluntarily agreed to this.

3. Settlement Terms 2 (c) and (d) address the Profit Share that may or may not result from the ARP Project. As CAC pointed out, profitability is not guaranteed and no business case was put forward to support that these provisions regarding profitability are indeed benefits to ratepayers. Also, BlueIndy is required to share money only when the project of profitable, despite having no obligation to serve the public. IPL, on the other hand, will still get to earn 10.2% on this investment, which is fully recoverable from ratepayers. Additionally, CAC is correct that there is no timetable placed on how quickly BlueIndy must distribute funds to IPL nor are there stipulations placing dates certain on how quickly IPL shall reimburse ratepayers so that this purported benefit to ratepayers is actually realized by ratepayers. The Settling Parties suggested in their Proposed Order that it was CAC who needed to provide "pros and cons or otherwise provide a detailed analysis demonstrating that the approach [regarding the timetable to distribute funds] agreed to by the Settling Parties is unreasonable." The Settling Parties forget, however, that this is not CAC's burden to carry. These settlement provisions do not balance the interests of ratepayers and the utility.

4. Settlement Term 2 (e) requires that the IPL report an annual basis to the IURC and OUCC on any Profit Share received and data gathered at each charging site. However, the Settling Parties have yet to determine the specific scope of the annual report.

[16] In this instance, it should be noted that the OUCC submitted over X consumer public comments that it received in opposition to the request which is substantively the same as proposed by the Settling Parties. Please see CAC (exhibits)

(Tr. A-52, lines 11-22.) It is unclear why this information would not already be provided as part of the proposal.

5. Settlement Term 2 (f) requires that the City create an advisory board with the other Settling Parties and BlueIndy to discuss the Project details. However, there is no requirement to hold public meetings or allow for public participation, no requirement stipulating that additional interested parties will be added to the board, no requirement regarding the frequency of meetings, and no governance document or other explanation exists of the rights of, responsibilities of, and remedies available to members of the advisory board if a problem is discovered. (Tr., A-52, line 23—A-53, line 22; Exhibit KLO 5 attached to CAC Exhibit 3.)

6. Settlement Term 2 (g) provides that the City shall cause BlueIndy to provide IPL customers two months of membership for free, if the customers sign up for an annual membership within the first six months after the Public Opening. The Commission agrees with CAC that the term "free" is misleading. An annual membership is estimated to cost approximately $150 minus $26 for the "free" two months equals $130. (Tr., B-67, lines 2-9.) It is not in the public interest to require IPL ratepayers to pay $130 to take advantage of this settlement provision. Furthermore, the concerns regarding the required use of a credit card are further elevated by this settlement provision. Without a credit card, ratepayers could not take advantage of this provision. (Tr., B-71, lines 10—B-72, line 5.)

7. Settlement Term 2 (h) requires the City to make all reasonable best efforts to apply for grants and reasonable efforts to secure other funding for rate mitigation. The parties provided little to no evidence regarding this settlement provision and no evidence that would ensure the City's fulfillment of this obligation. The City offered little assurances at the hearing. (Tr., B-68, line 19—B-71, line 8.)

8. Settlement Term 2(i) provides for IPL to collaborate with its OSB and design a program that will call on all of IPL's ratepayers to fund a $1.5 million LED Streetlighting Program, where only IPL's Rate MU1 customers can participate. First of all, the members on IPL's OSB are CAC, the OUCC, and IPL; however only, OUCC and IPL are voting members. (Tr., A-34, lines 5-11.) And, importantly, there is nothing forbidding any member of the Oversight Board from suggesting this program to IPL's Action Plan vendor so that it can be further evaluated and assessed and even coming to the Commission with a grievance should this program not be explored. (Tr., A-59, line 10—A-60, line 9.) If the OUCC and IPL would like to explore this program, there is nothing inhibiting their ability to do so. Secondly, the rate impact for this program has not been quantified in this case for the Commission to review. (Tr., A-32, lines 17-24.) There are also very important questions of ratepayer equity with regard to this provision and how only the MU1 class can participate but it will be funded by all customer classes, except those customers who are eligible to opt out of DSM programs. (Tr., A-48, line 9—A-49, line 7.) In fact, IPL witness Flora could not, to the best of his knowledge and recollection, think of any other DSM program where customer classes are funding other customer classes' DSM programs. (Tr., A-49, line 22—A-50, line 19.) Thirdly, the Company agreed that it normally produces certain evidence to the Commission when it is asking for approval and cost recovery of a DSM program and even did so in its pending and most recent 2015 DSM Plan filing, Cause Number 44497. (Tr., p. A-13, line 16—A-14, line 13.) Here, however, the Company agreed that it "made no evidentiary showing of cost effectiveness, Market Potential Studies, Action Plans, lists of measures, a breakdown itemization of the

$1.5 million, or any other detailed information, for the $1.5 million of additional costs that IPL will be asking from its ratepayers because of this settlement provision." (Tr., pp. A-46, line 25—A-47, line 9.) It also did not provide information about the amount of savings that would be allocated per program, which is normally an important part of the program request. (Tr. A-14, lines 3-7.) Whether or not there will be EM&V on this program has not even been determined. (Tr. A-57, lines 1-5.) The Settling Parties offered the Commission's recent TDSIC decision in *Re Northern Indiana Public Service Company*, Cause No. 44370 (IURC 2/17/2014) to support its settlement provision regarding the LED Streetlighting Program. However, in *Re NIPSCO* at 14, one party proposed using part of NIPSCO's proposed economic development budget for a municipal street lighting project and supported that proposal "provided *significant* evidence to demonstrate that replacing outdated, poorly illuminating high-pressure sodium street lighting with bright, light-emitting diode lights in the commercial and business areas of municipalities is an important component to economic development of nighttime business operations, public events and social events" (emphasis added). The Settling Parties have not offered such evidence here. Furthermore, CAC noted that IPL's agreement to forego lost revenues as provided for in the Settlement Agreement is really not a benefit, because IPL currently does not receive lost revenues and thus agreeing to forego something it does not have is not a benefit. IPL witness Flora stated at the hearing that IPL is currently requesting lost revenues in Cause Number 44497, and it is a very contested issue among the parties. (Tr., A-35, lines 5-9, 16-21.) This Settlement provision is not reasonable, provides added costs to customers, has not been supported by probative evidence, and is not in the public interest.

9. Settlement Term 2(j) provides for the IPL OSB to assess and evaluate the ISO 50001 energy management system or other similar strategic energy management programs. As discussed above, members of the IPL OSB already have the ability to do this and thus this provision provides no benefit. The OUCC's recommendation that the City or K-12 schools in the IPL Service Territory be considered as the initial participating customers in such a pilot can also be easily addressed without this settlement provision.

The Settlement Agreement also does not address the over-arching concern the ARP Project falls outside the scope of relief allowed under state utility law and should not be funded by ratepayers. The Settlement also did not address the fact that the City did not work with the Indianapolis City-Council to identify a more appropriate funding stream for the ARP Project.

In total, the Settlement Agreement is not a reasonable and accepted means of balancing the impact on customer rates with cost recovery. This is largely a business investment by IPL, and yet IPL's shareholders are not funding any of this venture.[17] IPL is in the business of providing

[17] IPL witness Flora answered cross-examination at the hearing regarding the amount of money contributed from IPL's shareholders to this Project:

Q So we have $35 million from BlueIndy/Bolloré, $16 million from ratepayers, and zero dollars that have been shown from IPL's shareholders; is that correct?

A It's correct that we haven't quantified that amount in our testimony.

Q You've not provided any evidence to that fact.

retail electric service in compliance with state and federal regulation, the underlying public policy, and the Commission's determinations as to the public interest. IPL and its shareholders are welcome and encouraged to pursue such ventures, but must do so on its own dime. Furthermore, the Settlement Agreement does nothing to provide any additional benefit to IPL's ratepayers. It includes rate mitigation provisions that may never come to realization or that may actually increase the impact of the Project on customer rates. Many of the provisions do not have any supporting documents or attention to detail that could offer assurances to the Commission that the interests and concerns of IPL's customers were addressed. We find the Settlement Agreement is not in the public interest, and we reject it in its entirety.

CAC proposed several modifications to the Settlement Agreement in an effort to mitigate ratepayer impact, including requiring that 50% of the total costs be allocated to IPL shareholders; an opt-out be created for at least those households living at 200% of the Federal Poverty Level or below; and a voluntary EV tariff be created so that supporters of the project could voluntarily sign up to help mitigate the rate impact on others. We need not address that here because we are rejecting this Settlement and the ARP in their entirety, but these suggestions could have helped mitigate ratepayer impact had we approved the ARP and Settlement Agreement.

In sum, we find that the Settlement Agreement is not reasonable, not in the public interest, and not supported by probative evidence. We further find that the proposed ARP, as modified by the Settlement Agreement, does not satisfy the requirements of Indiana Code ch. 8-1-2.5, is not supported by substantial evidence, and is not in the public interest. Accordingly, based upon the evidence presented in this Cause, we deny approval of the Settlement Agreement and Petitioner's proposed Alternative Regulation Plan, as modified by the Settlement Agreement.

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

1. The Settlement Agreement and Petitioner's proposed Alternative Regulation Plan, as modified by the Settlement Agreement, are denied in their entirety.

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

STEPHAN, HUSTON, MAYS-MEDLEY, WEBER AND ZIEGNER CONCUR: APPROVED:

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

A I'd like to believe the evidence is the project and the fact that it has good benefits for our customers. I think that's evidence that we've been working diligently on this for over a year, but we haven't quantified the cost of that.
Q So nothing with a dollar sign?
A That's correct.
(Tr., A-29, lines 2-16.)

_____

Brenda A. Howe,
Executive Secretary to the Commission

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY, AN INDIANA CORPORATION, FOR APPROVAL OF ALTERNATIVE REGULATION PLAN FOR EXTENSION OF DISTRIBUTION AND SERVICE LINES, INSTALLATION OF FACILITIES AND ACCOUNTING AND RATEMAKING OF COSTS THEREOF FOR PURPOSES OF THE CITY OF INDIANAPOLIS' AND BLUEINDY'S ELECTRIC VEHICLE SHARING PROGRAM PURSUANT TO IND. CODE § 8-1-2.5-1 *ET SEQ.*	)	**CAUSE NO. 44478**

SUBMISSION OF SETTLING PARTIES' PROPOSED ORDER

Petitioner, Indianapolis Power & Light Company, on behalf of all Settling Parties, hereby submits the attached proposed order.

Respectfully submitted,

By: _____

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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing was served this 8th day of October 2014, via hand delivery or electronic mail, on the following:

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY, AN INDIANA CORPORATION, FOR APPROVAL OF ALTERNATIVE REGULATION PLAN FOR EXTENSION OF DISTRIBUTION AND SERVICE LINES, INSTALLATION OF FACILITIES AND ACCOUNTING AND RATEMAKING OF COSTS THEREOF FOR PURPOSES OF THE CITY OF INDIANAPOLIS' AND BLUEINDY'S ELECTRIC VEHICLE SHARING PROGRAM PURSUANT TO IND. CODE § 8-1-2.5-1 *ET SEQ.*	)	**CAUSE NO. 44478**

ORDER OF THE COMMISSION

Presiding Officers:
Carolene Mays-Medley, Vice Chair
Jeffery A. Earl, Administrative Law Judge

On April 9, 2014, Indianapolis Power & Light Company ("Petitioner," "Company" or "IPL") filed a Petition with the Indiana Utility Regulatory Commission ("IURC" or "Commission") seeking approval of an alternative regulation plan ("ARP") for extension of distribution and service lines, installation of facilities and accounting and ratemaking of costs thereof for purposes of the City of Indianapolis' and BlueIndy's electric vehicle sharing program pursuant to Ind. Code § 8-1-2.5-1 *et seq*. On April 10, 2014, Petitioner filed its Case-in-Chief and workpapers.

Petitions to Intervene were filed by the City of Indianapolis, Indiana ("City") and the Citizens Action Coalition of Indiana, Inc. ("CAC"). Both of these petitions were granted without objection and the intervening entities were made Parties to this Cause. The Indiana Office of Utility Consumer Counselor ("OUCC") also participated as a Party.

On April 10, 2014, the City filed their Case-in-Chief. On May 7, 2014, the City, IPL and the OUCC filed a Stipulation and Agreement in Lieu of Prehearing Conference, which was approved in a Docket Entry dated May 13, 2014. On June 20, 2014, the OUCC and CAC filed their respective cases-in-chief. On July 11, 2014, IPL and the City filed their respective rebuttal testimony and exhibits. On August 13, 2014, the Commission conducted a public field hearing in Indianapolis, Indiana. On August 21, 2014, Petitioner, the City and the OUCC ("Settling Parties") filed a Joint Motion for Leave to Submit Settlement Agreement and for Modification of Procedural Schedule, which motion was granted.

Pursuant to the notice of hearing given as provided by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public evidentiary hearing in this Cause was convened on August 22, 2014 at 9:30 a.m. in Room 222 of the PNC

Center, 101 W. Washington Street, Indianapolis, Indiana, at which time a settlement procedural schedule was established and the hearing was continued to October 3, 2014. On August 26, 2014, the Settling Parties filed testimony in support of the Settlement Agreement. On September 17, 2014, CAC filed testimony in opposition to the Settlement Agreement, and on September 25, 2014, the Settling Parties filed rebuttal testimony. The Settlement hearing was convened on October 3, 2014, at which time the Settling Parties and Intervenor CAC presented their evidence and offered their witnesses for cross-examination.

The Commission, based upon the applicable law, the evidence herein, and being duly advised, now finds as follows:

1. Notice and Jurisdiction. Due legal and timely notice of the hearing in this Cause was given and published as required by law. Petitioner is a "public utility" as defined in Ind. Code § 8-1-2-1(a) and is an "energy utility" providing "retail energy service" as those terms are defined in Ind. Code §§ 8-1-2.5-2 and -3. By its Verified Petition, IPL elects to become subject to the provisions of Ind. Code §§ 8-1-2.5-5 and 8-1-2.5-6 for purposes of the relief sought herein. Thus, the Commission has jurisdiction over Petitioner and the subject matter of this Cause in the manner and to the extent provided by the laws of the State of Indiana.

2. Petitioner's Characteristics. IPL is a public utility corporation organized and existing under the laws of the State of Indiana with its principle office and place of business at One Monument Circle, Indianapolis, Indiana. IPL is engaged in rendering electric utility service to approximately 470,000 retail customers located principally in and around Marion County, Indiana. IPL owns, operates, manages and controls electric generating, transmission and distribution plant, property and equipment and related facilities, which are used and useful for the convenience of the public in the production, transmission, delivery and furnishing of electric energy, heat, light and power.

3. Requested Relief. Petitioner seeks approval of an ARP at the request of Mayor Gregory A. Ballard of the City of Indianapolis, pursuant to Ind. Code § 8-1-2.5-6 and in accordance with an agreement between the City and BlueIndy, Inc., an affiliate of Bolloré ("City-BlueIndy Agreement"), that provides for the extension of electric facilities and installation of customer-owned equipment for an electric vehicle ("EV") car sharing service for the general public in the Indianapolis metropolitan area ("BlueIndy Project") and associated accounting and ratemaking treatment.

Pursuant to the Settlement Agreement filed in this Cause, the Settling Parties further request the ARP, as modified by the Settlement Agreement, be approved and that:

(a) The costs of the Project shall be amortized by IPL over ten (10) years, with a return on and of the unamortized balance;

(b) The return on equity on carrying charges for IPL shall be 10.2%;

(c) As provided in the Section 5.03(f) of the City-Blueindy Agreement and Section 7(c)(ii) of the City-IPL Agreement (Exhibit KF-3), any Profit Share (as that term is defined by the City-Blueindy Agreement) (Exhibit DR-2) provided by Blueindy to IPL shall be utilized solely for rate mitigation to benefit IPL customers;

(d) Notwithstanding the provisions of Section 5.03 to the contrary, the City agrees to forego any Profit Share to which it would be entitled from Bluelndy and to direct such Profit Share to IPL, which IPL shall also utilize solely for rate mitigation to benefit IPL customers. After 125 percent of all Project costs incurred by ratepayers have been recovered, there shall be an equal split of the Profit Share between IPL (for the benefit of further rate mitigation) and the City;

(e) IPL shall report on an annual basis to the IURC and OUCC on (1) any Profit Share received and (2) data gathered at each charging site for purposes of observing, on a generic basis, consumer behavior associated with EV infrastructure deployments and the impact of EVs on IPL's system and the grid in terms of operational effects and costs;

(f) The City shall create an advisory board with membership of the City, IPL, Bluelndy, and OUCC to meet regularly to discuss the Project details, including implementation progress, IPL's Costs (as that term is defined in the City-Bluelndy Agreement), the City's costs incurred as its contribution to the Project, and Locations (as that term is defined in the City-Bluelndy Agreement);

(g) The City shall cause Bluelndy to provide IPL customers who sign up for an annual membership in the Bluelndy service within the first six (6) months after the Public Opening two (2) months of membership for free, which is estimated to be $26 value per customer;

(h) The City shall make all reasonable best efforts to apply for grant funding for rate mitigation. The City shall also make reasonable efforts to secure other funding, particularly from corporate citizens, for rate mitigation; provided however, that the City shall not cause Bluelndy to provide a Location to any person in exchange for such funding. Any grants or other funding secured by the City pursuant to this paragraph 2(h) will be directed to IPL, which shall account appropriately for those funds and use them solely purpose of rate mitigation. Bluelndy or the City may separately apply for grants related to services provided by Bluelndy. The City will provide periodic updates to the OUCC on its efforts in this regard;

(i) For purposes of enhancing energy efficiency, public safety and providing other public benefits within IPL's Service Territory, IPL will collaborate with its DSM Oversight Board to develop an Energy Efficient Streetlighting Program whereby a total of up to $1.5 million shall be designated for IPL's Rate MUI customers.[1] The Energy Efficient Streetlighting Program will be available for the conversion of existing streetlighting to modem LED lights or for upgrading an expansion of a streetlighting system to LED lights. IPL will collaborate with its DSM/EE Oversight Board: (1) to develop program guidelines that offset upfront costs of new or replacement LED lighting through program participant incentives and program participant bill savings resulting from the use of the efficient lighting; (2) to devise and implement a process in order to select which interested customers receive these allocations based on the merits of their proposals; and (3) within six months of a final Commission order approving this Settlement Agreement, to report to the Commission on the program design and implementation plan by filing

[1] IPL's Tariffed Rate MU-1 (Municipal Lighting and Other Devices) is available for Street Lighting "of public streets, parkways, improved alleys, boulevards, drives, bridges, parking areas, or other public places by Cities or Towns or by individuals, groups of individuals, associations and other than incorporated municipalities; and lighting of public parks, drives, bridges, parking areas or other public places by only Cities or Towns where there is a prospect that the capital expenditure is warranted."

a separate petition with the Commission for approval of the plan. The cost of the Energy Efficient Streetlighting Program shall be reasonably allocated to all customer classes and recovered through IPL's DSM Rider No. 22. Notwithstanding the foregoing, IPL agrees to forego recovery of lost revenues and shareholder incentives on the Energy Efficient Streetlighting Program until IPL's rates from its next general base rate case are implemented. Nothing herein shall foreclose IPL from receiving lost revenue recovery and a shareholder incentive for any future Energy Efficient Streetlighting Program that may be implemented once new rates in a general base rate case are established;

(j) IPL shall work with its DSM Oversight Board to assess the ISO 50001 energy management system, or other similar strategic energy management programs. The OUCC recommends that the City or K-12 schools in the IPL Service Territory be considered as the initial participating customers in such a pilot program. The parties acknowledge that while a pilot program may have potential, it must be further evaluated to determine whether it is in the best interest of IPL' s customers.

(k) IPL and the City shall collaborate with Blueindy to determine the potential feasibility of using the Blueindy electric vehicles as providers of energy back to the IPL grid as a demand response resource and whether a Vehicle to Grid (V2G) pilot would be viable. IPL will provide a report to the OUCC and to the Commission on its efforts in this regard within a year of the Public Opening (as that term is defined in the City-Blueindy Agreement). If a pilot program is proposed by IPL and approved by the Commission, any net benefits material enough to attempt to quantify and realized as a result of a V2G pilot will be used for rate mitigation to benefit IPL customers.

4.1. IPL's Direct Evidence. IPL supported its request with the testimonies and exhibits of Ken Flora, Director, Regulatory Affairs; Joan Soller, Manager, Transmission Operations; and Kim Aliff,[2] Research Analyst, Regulatory Affairs. Mr. Flora discussed the City-IPL Agreement and explained the ARP created by the parties to facilitate the BlueIndy Project.

Mr. Flora provided an overview of the ARP, and discussed the agreement between IPL and the City entered into to facilitate the BlueIndy infrastructure Project. He said the City-IPL Agreement and IPL's Case-in-Chief constitute the ARP. Mr. Flora set forth its terms in his direct testimony (pp. 6-7) and explained that the ARP provides for the extension of electric facilities to the BlueIndy Project, installation of customer-owned electric vehicle supply equipment ("EVSE") and associated accounting and ratemaking treatment.

Mr. Flora explained that subject to Commission approval of the ARP, the City-IPL Agreement provides for extension of distribution and service lines and the installation of approximately 200 new charging locations, each of which will include customer-owned EV car chargers and kiosks, to serve the City's BlueIndy Project. Mr. Flora discussed the significant public, economic development and market transformation benefits through the introduction and accelerated deployment of EV technology and infrastructure.

[2] Mrs. Aliff was formerly known as Kim Berry.

He explained the ARP was created because the BlueIndy Project does not readily fit within the traditional regulatory framework in that the Project does not meet the 30-month revenue test for the extension of distribution and service lines.

Mr. Flora described how the ARP and its proposed ratemaking and accounting are designed to promote efficiency in the rendering of retail energy services and how approval of the ARP serves the public interest. He explained the ARP is necessary for the BlueIndy Project to become a reality and discussed the significant economic development, market transformation and other benefits to be achieved. He said approval of the ARP furthers the continuing goal of the Commission in the provision of safe, adequate, efficient and economic retail energy services and should be approved.

Ms. Soller discussed the estimated costs and project management processes associated with the ARP. She explained that IPL facilities are close to the proposed BlueIndy locations but require electrical line extensions to connect new services. She described the process used by IPL to estimate the costs of extending electrical facilities to BlueIndy locations and provided a summary of estimated costs. She said the costs to install the proposed equipment at approximately two hundred locations are estimated at $12.3 million. These costs coupled with the line extensions total approximately $16 million, excluding carrying costs. She said additional locations will be installed to the extent funds remain within the $16 million total. Ms. Soller stated that BlueIndy will be served under IPL Rate SS and described how IPL estimated the total revenues expected from BlueIndy of $700,000 over thirty months. She also explained how IPL will work with a competitively-selected electrical contractor as its installation vendor.

Ms. Aliff described the proposed ARP accounting and ratemaking treatment, including the creation and subsequent recovery through retail rates of a regulatory asset including associated carrying costs at IPL's weighted average cost of capital (City-IPL Agreement, subsection 7(c)(i)), and rate impact mitigation. *Id.,* subsection 7(c)(ii). She explained that the ARP provides for the full recovery of the regulatory asset and ongoing carrying costs in IPL's subsequent rate cases through amortization of the regulatory asset as a recoverable expense for ratemaking purposes over a period of five (5) years and inclusion of the unamortized portion of the regulatory asset in IPL's rate base upon which IPL is permitted to earn a return. City-IPL Agreement, subsection 7(c)(iii). She noted that the prudence of IPL's Costs and cost recovery authorized in the Alternative Regulation Plan would not be subject to any further review for any reason, including the termination of the City-BlueIndy Agreement prior to or at the end of its Initial Term. City-IPL Agreement, subsection 7(c)(iv). She explained that the regulatory asset would be allocated on a reasonable basis to all IPL customer classes subject to subsection 7(c)(ix) of the City-IPL Agreement. City-IPL Agreement, subsection 7(c)(v). Mr. Flora explained that the ARP would be approved for a Fixed Term of Years and the accounting and ratemaking would continue until full cost recovery is completed. City-IPL Agreement, subsection 7(c)(vi). Mr. Flora added that in accordance with Ind. Code § 8-1-2.5-7, the ARP shall be subject to termination or revision by the Commission prior to the expiration of the Fixed Term of Years only if material and irreparable harm to IPL, IPL's customers, the state or the safety of IPL's workforce has been established. City-IPL Agreement, subsection 7(c)(vii). He added that in the event the ARP is terminated in whole or in part by the Commission before the end of the Fixed Term of Years, any such change shall operate prospectively and shall not prohibit the full recovery through the ratemaking process of IPL's Costs. *Id.* subsection 7(c)(viii). Ms. Aliff also calculated the anticipated rate impact of the requested accounting and ratemaking treatment for installing these facilities for BlueIndy for a

typical residential customer using 1,000 kWh per month, which would be approximately $0.44 per month beginning in 2018.

5.2. City's Direct Evidence. The City filed the testimony and exhibits of Gregory A. Ballard, Mayor of the City of Indianapolis, Indiana; David Rosenberg, the City's Director of Enterprise Development; Hervé Muller, President of BlueIndy, LLC, and Paul Mitchell, President and CEO of Energy Systems Network ("ESN").

Mayor Ballard explained how the EV sharing program has become the "linchpin" in the City's broader strategy to help the Indianapolis community, our state, our country, and other countries move away from their reliance on foreign oil and provide other public benefits.

The Mayor—himself a former Marine—explained that the United States' current transportation energy model, driven by oil, exacts an enormous financial cost to individuals across the United States, limits the strategic leverage of the United States, and leads to the loss of life as our country buys foreign oil from counties that then fund terror cells that buy weapons used to kill servicemen and women who serve to protect the flow of oil through the worldwide oil infrastructure. He testified that development and diversification of viable American energy sources is required to break what he calls a 40-year "addiction" to foreign oil. Mayor Ballard cited Governor Pence, former Senator Lugar, President Barack Obama, and former President George W. Bush as other public leaders who agree that our country must implement an "all-of-the-above" strategy to develop alternative sources of energy.

Mayor Ballard explained the City's broader strategy to move away from foreign oil and discussed the economic development and broader public benefits of the BlueIndy Project, which is a first of its kind project in the United States. He also discussed the overwhelmingly positive response from the corporate and university community regarding the EV sharing announcement. The Mayor also noted that IPL, which he stated has some of the lowest EV charging rates in the country and has been recognized for its efforts in the area of EV technologies, has the experience, corporate commitment, and ability to help ensure the program is successful. He discussed the City's contributions to the Project, including the removal of parking meters, the use of city-controlled rights of way and associated curb cuts, sidewalk improvements and signage.

Mr. Rosenberg explained the nature of the agreement between the City and BlueIndy and how the City calculates its investment in the proposed EV sharing program. He explained that the program will be rolled out in phases, with full deployment anticipated by June 30, 2016. Mr. Rosenberg discussed how the City and BlueIndy arrived at the minimum numbers for EVs, charging stations and locations, explaining that these numbers were designed to protect against oversaturation while ensuring that there are minimum performance requirements to ensure that the substantial direct benefits that this program should deliver will be delivered. He also discussed the termination and profit-sharing provisions of the City-BlueIndy Agreement.

Mr. Muller described the Bolloré Group, its EV activities and described the Autolib project in Paris, the Bolloré Group's successful car sharing program in France. Mr. Muller also discussed the BlueIndy Project for Indianapolis and explained how it works. Mr. Muller discussed the demand for EV sharing in the United States and the Bolloré Group's experience in managing projects in North America. Mr. Muller discussed the financial and operational strengths which the

Bolloré Group brings to the Project, highlighted the unique aspects of the BlueIndy Project and discussed the benefits for the Indianapolis community.

Mr. Mitchell explained ESN's role in the Project and provided background on the Project and explained why he believes the program will be a success. Mr. Mitchell testified that the deployment of the electric infrastructure necessary to support electric vehicles serves the public interest, as it will permit a good understanding of electric vehicle demand for electricity, which in turn can facilitate utility planning and management of such demand. He noted that if this happened outside the control of the utility and Commission, the electric vehicle demand might be added to the network in a way that could create a burden for the utility and stress its infrastructure. He added that Indiana has historically been a leader in the development of EV technology and there are economic development and environmental benefits associated with the Project. He stated that in the future, electric vehicle technology could offer a real opportunity for demand response because we will effectively have a distributed storage system where electric vehicles with batteries are plugged into the grid.

6.3. OUCC's Evidence. Stacie Gruca, Senior Utility Analyst, recommended two changes to IPL's proposed accounting and ratemaking treatment. First, she ~~proposed~~pointed out that the majority of the BlueIndy Project costs relate to IPL paying for the installation of customer-owned electrical equipment, including BlueIndy charging stations. She stated that through the ARP, IPL seeks a guaranteed return of and return on the costs to install customer-owned equipment, as well as recovery of costs related to extending IPL's distribution lines to serve BlueIndy. Ms. Gruca noted that the costs associated with installing the customer-owned equipment is over three times greater than the cost of IPL's distribution line extensions to serve BlueIndy.

She noted that IPL's ARP is designed to provide a very high level of assurance for recovery of BlueIndy Project costs; and, consequently, IPL's risk is exceptionally low, and this lack of risk should be considered by the Commission ~~require~~when establishing an appropriate carrying charge rate. She stated how the majority of IPL's regulatory asset is costs for the installation of customer-owned equipment rather than investment in electric utility plant and that IPL practically eliminated any risk of recovery through the design of its proposed ARP. Therefore, any carrying charge rate approved by the Commission should more reasonably reflect the exceptionally low risk inherent in IPL's ARP. She offered that IPL's proposed 12.1% ROE compares to recent 10-year U.S. Treasury bond yields of approximately 2.6% and that U.S. Treasury bond yields are often used as a proxy for the return on risk free investments. The OUCC proposed the Commission order IPL to use its current cost of long-term debt ~~rate, currently 5.8%,~~ as the carrying charge ~~on the~~ rate for Petitioner's regulatory asset ~~resulting from~~, but the OUCC stated that it would not object to periodic or quarterly revisions of this rate, as long as it is limited to the ~~BlueIndy Project. Alternatively, she recommended the Commission require IPL to~~ use ~~a return on equity ("ROE") of no more than 10.2%~~of IPL's costs of long-term debt, which is 5.80% as of March 31, 2014. She stated that if IPL's ~~overall weighted average cost of capital is used in the~~ proposed ARP in this Cause is approved, then IPL will be guaranteed 100% of its BlueIndy Project costs. The use of a 5.80% carrying charge rate would more reasonably reflect the low risk inherent in IPL's ARP, but would still provide a substantial premium over current risk free rates. She said that if the Commission decides to approve a carrying charge rate based on IPL's WACC, then IPL's ROE should be adjusted downward from IPL's proposed 12.1% to 10.2% or less in its calculation of

carrying charges. She mentioned the Commission's Order in Cause No. 44242, which indicated that the Commission agreed with the OUCC's and Industrial Group's concern that "the 12.1 percent ROE used by IPL no longer reflects current capital costs." She further quoted the Commission's order which stated in part that: "Each of Indiana's four other investor-owned electric utilities have undergone base rate cases since IPL's rate case in Cause. No. ~~Second,~~39938." In Cause No. 44242, the Commission approved a lower equity return and on the recognition that IPL's 12.1% ROE no longer reflects current capital costs, the Commission decided to increase a credit to ratepayers. She also cited to Cause No. 44339, where the Commission required IPL to utilize a cost of equity of 10.2% in its AFUDC calculation for construction approved in that Order. She quoted the Commission in that Order as follows: "Allowing IPL to use a 12.1% ROE would mean, for example, that the amount of AFUDC that eventually becomes part of rate base would be higher. Deferral of a larger dollar amount would effectively cause ratepayers to pay higher rates for the life of the asset. We do not find this to be a reasonable circumstance based on the prevailing authorized ROE of other Indiana electric investor owned utilities ("IOUs")."

Ms. Gruca noted Petitioner's proposal to amortize its proposed regulatory asset, which includes carrying charges, over a five year period once a rate order reflects the regulatory asset in rate base. The OUCC recommended ~~Ms. Gruca recommended that the Commission determine the~~ amortization ~~period for IPL's regulatory asset resulting from the BlueIndy Project, in~~ of Petitioner's proposed regulatory asset over a longer period of time, 10 to 20 years, stating that five years is unreasonably short. She stated that the OUCC recognizes that the majority of IPL's BlueIndy Project costs relate to installing customer-owned electrical equipment rather than electric utility plant for the delivery of electric service to customers; nevertheless, the approximate 20-year life of the distribution line extensions for BlueIndy should receive significant weight when considering the proper amortization period.

Finally, she stated that the Commission does not need to make a determination regarding the amortization period of IPL's proposed regulatory asset for its BlueIndy costs in this Cause. Rather, a final determination of the amortization period could wait until Petitioner's next base rate case so that it can be done within the context of a comprehensive review~~, in IPL's next rate case. She added that~~ of all of Petitioner's revenues, expenses, investments, and cost of capital. She stated that the OUCC is concerned about the impact of all of IPL's regulatory assets on its ratepayers, including the BlueIndy Project Costs. She noted the testimony of OUCC Witness Michael D. Eckert in Cause No. 38703 FAC-103, who reported that IPL already has accumulated regulatory assets of nearly $100 million not related to the BlueIndy Project. This large accumulation stems in part from IPL's decision to avoid a base rate case for two decades. She stated that the amortization period for any BlueIndy regulatory asset could be considered as part of a comprehensive review of IPL's cost of service in a future rate case; however, if the Commission determines an amortization period in this proceeding, then the OUCC recommends the Commission require IPL to amortize the regulatory asset over a 10 to 20 year period.

7.~~4~~. CAC's Evidence. Kerwin Olson, Executive Director of CAC, recommended the Commission deny the request for cost recovery for this project, stating that it is simply an improper use of ratepayer funds. Mr. Olson applauded the Mayor for his strong desire to move ~~Indy~~Indianapolis beyond oil and to improve Indianapolis' environment; however, Mr. Olson stated that CAC would like to see the Mayor's initiative expanded to include not just oil, but also all fossil fuels as Indianapolis has two fossil-fuel power plants permanently fixed to the City's skyline.

Mr. ~~. Nevertheless, he raised~~Olson stated that CAC opposes forcing IPL's captive ratepayers to subsidize a ~~concern about the cost of the Project~~program and assume risk for a project that has absolutely nothing to do with IPL's obligation to ratepayers to provide affordable and reliable electric service. IPL's and the City's request falls outside of the normal scope of a utility's obligation to provide that service.

Mr. ~~recommended that the Commission deny the request for cost recovery as an improper use of~~ Olson pointed out IPL witness Flora's testimony regarding the Commission's rules for the extension of distribution and service lines, which is referred to as the "30 month revenue test." Normally, a customer would be obligated to pay the difference between the estimated total revenue for a period of two and one half years (30 months) to be realized by the electric utility from the customers on such an extension and the estimated cost of such extension. The extension of electric facilities for the EV sharing project does not come even close to meeting the 30 month revenue test. Mr. ~~funds. Mr.~~ Olson expressed concern over IPL and the City asking the Commission to disregard and work around the Commission's rule in 170 IAC 4-1-27 by filing their request as an Alternative Regulatory Plan. Furthermore, in the City of Indianapolis' Response to OUCC Data Request Q-1-1 (attached as "Exhibit 1" to CAC Exhibit 2), the City was unable to provide an example of Bolloré developing a similar EV sharing project in which utility ratepayers are required to fund the facilities necessary to provide power to charging stations for an EV sharing project.

Mr. Olson also expressed concerns regarding the City's lack of effort in seeking other funding options. The City never even brought the proposal to the Indianapolis City-County Council. (See City of Indianapolis' Responses to OUCC Data Request Q-1-8, Q-4-6 & Q-4-7, attached as "Exhibit 1" to CAC Exhibit 2.) Beyond asking Bolloré to fund the project in its entirety, the City did not explore any alternative funding mechanisms in any meaningful way.

Mr. Olson stated that this proposal by the City and IPL are matters of ratepayer fairness and equity. He explained that it is unfair for the low income ratepayers within IPL's service territory to be asked to fund this project, even though they may never participate in the program. Mr. Olson cited to a letter that State Representative Cherrish Pryor sent to the OUCC articulating this issue which stated that "annual household incomes in Indianapolis have declined nearly $7,000 since 2005 and are continuing to decline. (http://www.deptofnumbers.com/income/indiana/indianapolis/)." He further explained that the project is supported by many private entities that stand to directly benefit from it—several of which have earnings and/or revenues in the billions of dollars. Mr. Olson mentioned how Bolloré is investing approximately $35 million for this project, but that Bolloré's investment is voluntary, which is exactly how private investments should work. Mr. Olson stated that the problem here is that IPL ratepayers' "investment" is involuntary. IPL ratepayers are subject to monopoly service, meaning that they cannot choose another electric service provider within IPL's service territory. Mr. Olson also stated CAC's disapproval of the fact that Bolloré and its investors will be made whole even before captive IPL ratepayers. Furthermore, Mr. Olson pointed out how Bolloré describes its company as financially strong (City Exhibit HM-1, p. 9), which is a description that certainly does not apply to the average IPL ratepayer who is being forced to involuntarily invest in this risky and speculative venture.

Mr. ~~over whether~~Olson also commented on how the profit sharing mechanism ~~would offer~~has no certainty of any benefits to ~~IPL's customers~~IPL ratepayers and ~~help~~might not ever

mitigate ~~the~~ IPL ratepayers' overall rate impacts. He stated that in his opinion as an advocate for residential and low-income ratepayers, IPL ratepayers should not be asked to assume any risk for a project that will provide the average ratepayer with little, if any, benefit. He noted that even the City of Indianapolis' witness Rosenberg stated as much that "there is no guarantee that the program will be profitable" and that "the amount of profit share contributed to IPL for rate mitigation is unknown." (City Exhibit DR-1, A.26.) Mr. Olson added the fact that the project will actually add load to IPL's system which comes with associated costs for adding that load.

Mr. ~~impact of the BlueIndy Project. He also questioned whether~~Olson also commented on CAC's skepticism that this project will actually benefit the everyday, working class IPL ratepayer, noting that the initial site locations appear to be for the benefit of the City, private corporations, public and private universities, and primarily tourists. (City of Indianapolis Response to OUCC Data Request Q 1-6, which is attached as "Exhibit 1" to CAC Exhibit 2.) Mr. Olson noted that after examining the map for the first 50 proposed locations, he saw little to nothing proposed in working class and low-income neighborhoods that would benefit those residents. There appears to be no sites proposed for Mars Hill, Camby, Acton, Beech Grove, Wanamaker, the southwest side of Indianapolis, or the southeast side of Indianapolis. There also appears to be nothing proposed other than one at the Speedway for the areas of Eagledale, Ben David, Chapel Hill and the West Side of Indianapolis. There also appears to be nothing outside of the one in Irvington for Martindale-Brightwood, The Meadows, the majority of Lawrence, and the eastside of Indianapolis. Mr. ~~will benefit~~Olson commented that this does not appear to be a project designed to benefit the working class and low income residents of Indianapolis and the struggles they face in getting around town due to Indianapolis' lacking mass transit.

Mr. Olson also stated how CAC remains highly skeptical that the everyday working class resident in Indianapolis would even be able to afford the service. He noted that there will be a membership fee established of approximately $150 per year of about $13 per month to even use the BlueIndy EV sharing program. (City of Indianapolis Responses to OUCC Data Request Q-1-5 and Q-3-3, which is attached as "Exhibit 1" to CAC Exhibit 2.) Additionally, annual members would have to pay a flat fee of $5 for the first 20 minutes, with per minute charging after that up to $15 per hour, although these rates are subject to change by BlueIndy. (City of Indianapolis Responses to OUCC Data Request Q-3-3, which is attached as "Exhibit 1" to CAC Exhibit 2.) Mr. Olson stated that this is a lot of money for those individuals on fixed incomes and is a hefty fee for college students with the expenses involved in higher education, concluding that the target population for this project must not be for the everyday working class Indianapolis resident, but rather for tourists and employees of the City or large private businesses. Mr. ~~. Finally, he expressed~~Olson concluded that the pricing scheme for this project is outrageous in the context of IPL asking its ratepayers to pay for such a program when it seems like the intent of the pricing schemes is to attract only the higher class residents of Indianapolis.

CAC stated its support for electric vehicles in general, but noted its concerns in the past that ~~EVs~~electric vehicles may lead to increased generation from coal-fired power plants, particularly in Indiana, and that EVs could be used as a tool to increase load on a utility system. Mr. Olson noted that Indiana remains over 80% reliant on coal-fired power with no policy in place to change that paradigm and that this proposal to hook up to Indiana's grid in order to go "beyond oil" as desired by the City and the Mayor is a classic example of "robbing Peter to pay Paul."

Mr. ~~and suggested that~~ Olson noted that a better path forward would be the deployment of solar-powered charging stations that are either integrated into the utility grid or solar powered charging stations that are not tied into the grid, but instead powered entirely by clean, renewable solar energy. Mr. Olson provided an example of such an endeavor highlighted in a recent article in the New Haven Register.[3] He noted one of the widely accepted primary benefits of solar power is that it performs exceptionally well during peak hours, which happens to coincide with when the vast majority of people are at work, shopping and/or at school. This would integrate nicely with solar-powered charging stations, most notably at the dozens of downtown parking garages and facilities with available roof space to install these systems, as well as the vast parking lots at our shopping malls and available roof tops and open spaces at our college and university campuses. Mr. ~~would help~~Olson noted the fact that both of CAC's concerns relative to EVs generally were mentioned in pre-filed testimony. With respect to increasing load, Mr. Olson noted this excerpt in IPL witness Flora's testimony: "Furthermore, **increasing the use of electricity as a power source** for automobiles provides the significant market transformation, economic development and other benefits discussed by Mayor Ballard and City Witness Mitchell." [emphasis added](IPL Exhibit KF-1, p.14, lines 7-9.) While City of Indianapolis witness Muller stated: "The BEV [Battery Electric Vehicle] **will consume electricity which comes largely from IPL coal-fired plants** that I understand to be fitted with air pollution control devices that reduce emissions." [emphasis added](City Exhibit HM-1. P.6, lines 14-16.) Mr. Olson responded to the fact that City witness Paul Mitchell addresses concerns relative to EVs powered by coal-fired electricity versus gasoline powered engines. He noted that City witness Mitchell mentions some U.S. Department of Energy studies in his testimony, while not actually providing them, which support the idea that EVs are a better environmental choice than gasoline powered vehicles. (City Exhibit PM-1, page 31.) However, Mr. Olson noted that the reality is that as long as the grid in Indiana is primarily powered by coal, charging EVs from the grid will in fact increase electricity from coal-fired power plants. Mr. Olson said that if the City wants to truly be innovative, there are other options and opportunities. Mr. Olson went onto state that there is disagreement to the extent that EVs reduce greenhouse gas emissions and other pollutants. He providing an example of a recent study by North Carolina State University, which concluded that "Electric Drive Vehicles Have Little Impact on U.S. Pollutant Emissions,"[4] while a report from 2012 completed by the Union of Concerned Scientists ("UCS") concluded that EVs do in fact result in reduced emissions,[5] although the report notes the reductions may be marginal in areas of the country heavily reliant on coal for their electricity. Mr. ~~,~~Olson pointed out that this notion was highlighted in a New York Times article regarding the UCS study,[6] which states:

> The U.C.S. report, which takes into account the full cycle of energy production, often called a well-to-wheels analysis, demonstrates that in areas where the electric utility relies on natural gas, nuclear, hydroelectric or renewable sources to power its generators, the potential for electric cars and plug-in hybrids to reduce carbon dioxide emissions is great. **But where generators are powered by burning a high percentage of coal, electric cars**

[3] http://www.nhregister.com/general-news/20140604/madison-officials-unveil-electric-car-charging-station

[4] http://news.ncsu.edu/releases/wms-decarolis-edv2014/

[5] http://www.ucsusa.org/clean_vehicles/smart-transportation-solutions/advanced-vehicle-technologies/electric-cars/emissions-and-charging-costs-electric-cars.html

[6] http://www.nytimes.com/2012/04/15/automobiles/how-green-are-electric-cars-depends-on-where-you-plug-in.html?pagewanted=all&_r=0

> **may not be even as good as the latest gasoline models — and far short of the thriftiest hybrids**.

[emphasis added]. Mr. Olson also offered two additional studies, one completed by EPRI and the NRDC in 2007 and one study by the University of Vermont in 2010, which suggest the profile of the generation fleet is an important consideration when evaluating the emission reductions that may be achieved through saturation of electric vehicles. The EPRI study titled "Environmental Assessment of Plug-In Hybrid Electric Vehicles"[7] states: "…it is clear that the **carbon intensity of the generation technology plays a significant role** in the total GHG emissions from PHEVs." (emphasis added). Mr. Olson also highlighted this EPRI statement:

> The preceding examples **show the strong dependence of PHEV [Plug-In Hybrid Electric Vehicles] GHG emissions on the source of electricity**. In reality, PHEVs will not be drawing power solely from individual generating technologies but rather from a mix of resources that include fossil, nuclear, hydroelectric and renewable technologies. Total system emissions from a given level of PHEV use will be determined by a combination of the vehicle type (PHEV with a 0, 20 or 40 miles of electric range), annual vehicle miles traveled by vehicle type, and **the types of generating resources that are built and dispatched to serve the electrical load from grid-connected PHEVs**.

(emphasis added). And, Mr. Olson noted that the University of Vermont study[8] showed on page 6 that:

> While PHEVs reduce GHG emissions at the tailpipe, **drawing power from the electrical grid requires additional electricity generation and additional GHG emissions** from the electrical sector… The balance of emissions avoided and produced depends upon a number of factors, **most importantly the GHG intensity of the electricity used to charge the PHEV,** the utility factor of the PHEV, and the fuel efficiency of the vehicle that the PHEV replaces. GHG intensity is a measure of the quantity of GHG emitted to generate a unit of electricity and is determined primarily by the fuel type and plant technology [17]. **Recent studies have reached a range of conclusions about the GHG implications of PHEVs** depending on the assumptions that they make about each of these factors.

(emphasis added). Mr. Olson discussed the brief mention of carbon emissions in both Mayor Ballard and City witness Mitchell's testimony, but noted that there was no mention of carbon emissions in any of IPL's testimony. However, none of the IPL or City witnesses discussed climate change at all. Mr. Olson found this alarming in the wake of the pending § 111(d) rule of the U.S. E.P.A.'s Clean Air Act and the requirement that Indiana reduce, not increase, its carbon footprint resulting from Indiana's generation of electricity. Mr. Olson recommended the Commission evaluate the impact that this project may have with Indiana complying with the requirements of the § 111(d) rule before approving or denying this petition. Mr. Olson then concluded by reiterating its recommendation that the Commission deny this first-of-its-kind request as it is an improper use of ratepayer funds.

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[7] http://energy.gov/sites/prod/files/oeprod/DocumentsandMedia/EPRI-NRDC_PHEV_GHG_report.pdf
[8] http://www.uvm.edu/~transctr/pdf/PHEV-Final-Report-April2010.pdf

8.5. IPL's Rebuttal. Mr. Flora explained that public policy underpins the provisioning of retail electric service and thus the cost of that service. He noted Indiana energy policy supports an "all of the above" energy strategy for Indiana, including support for renewable energy, energy efficiency, clean coal technology, smart grid technology, and economic development. He stated that the costs of projects undertaken to further those objectives are reflected in utility rates.

Mr. Flora explained the nexus between EVs, EVSE and the provision of electric service and discussed the potential benefits of the development of EVSE infrastructure. Mr. Flora discussed how technological developments have changed the roles of utilities and customers, and the role EVs can play in reducing overall emissions of greenhouse gases and providing long term utility system benefits. Mr. Flora views the ARP as an EVSE infrastructure program and path to the future. Mr. Flora explained that the Project provides a means to address the need for an extensive public charging network necessary to address range anxiety in a meaningful way at a fraction of what it would otherwise cost. He explained that the nexus between electric service provisioning and the BlueIndy Project is analogous to Indiana's utility regulatory policy support for renewable energy, economic development and energy efficiency.

Mr. Flora said the Project cost is reasonable and the Commission's line extension rule contemplates the presentation of certain infrastructure deployment projects to the Commission where necessary or appropriate to give consideration to the public or community benefits of a project. He acknowledged that the BlueIndy Project infrastructure goes beyond line extensions because it includes the cost to install the EVSE, which is why IPL worked with the City to develop the ARP.

In response to Ms. Gruca's testimony, Mr. Flora said that IPL is willing to use, subject to Commission approval, an ROE of 10.2% in the calculation of the carrying charges to be recorded on the BlueIndy Project unless and until a new ROE is established in a future base rate case. He said use of the weighted average cost of capital recognizes that IPL will fund the project with a mix of debt, equity and internally generated cash. He said that while IPL proposed to amortize the regulatory asset over a period of five years after it is included in rate base, an amortization period of ten years would also be reasonable given IPL's proposal to include the unamortized balance in rate base and earn a return on and of the balance at each rate case until the balance is fully amortized. He calculated that these adjustments would result in a customer impact of $0.28 per month beginning in 2018 for a typical Residential customer using 1,000 kWh per month.

Responding to the CAC's concerns, Mr. Flora said that IPL does not expect to have a significant increase in electricity sales from the proposed BlueIndy Project and thus it should not have a material impact on generating costs and emissions. He said Mr. Olson's recommendation that the Commission evaluate the impact of the BlueIndy Project on Indiana complying with the EPA's proposed Section 111(d) rule was premature and should be rejected.

9.6. City's Rebuttal. Mayor Ballard thanked the CAC for their praise of the Project and reiterated that the BlueIndy Project serves the public interest. He explained the Project benefits the utility customer and system in addition to other benefits to energy security, economic development, talent attraction, mass transit and the environment. He noted that in the past, public interest pay phones were paid for by everyone, whether they used them or not. Today, utilities provide energy

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efficiency programs, the costs of which are reflected in rates paid by electric service customers whether they directly participate in the programs or not.

In response to Mr. Olson's concerns about the affordability of the car sharing service, he noted that the costs of the BlueIndy program are far less expensive than the costs of typical car ownership or rental car options, even if you add the estimated costs that the average residential electric service customer would pay in rates to support the installation costs of the line extensions, charging stations and kiosks. He stated it is better to shift to energy options produced here at home, which cost less and are subject to regulation, than to continue to rely on foreign sources of energy.

Mr. Rosenberg stated that the substantial benefits of the Project warrant some of the costs being included in utility rates. He clarified that every single cent that IPL receives from BlueIndy from the profit share will be dedicated to the sole purpose of rate mitigation. He explained that the proposed agreement reflects best efforts to balance a multitude of considerations, mitigate risks and incentivize success. He added that the agreements must be taken as a whole, and, as a whole, represent a transformational, unique opportunity to reduce our addiction to foreign oil and achieve the many additional benefits discussed throughout the City's testimony.

Mr. Mitchell responded to Mr. Olson's concerns about the potential BlueIndy locations and explained that these concerns appear to reflect a mistaken view of a map provided in the discovery process. He states that the map was meant to be illustrative of some of the locations, not what the distribution is anticipated to look like at full deployment. He testified that the parties to the agreement all expect 200 locations to be deployed throughout the IPL service territory, which essentially includes all of Marion County and parts of surrounding counties, over time through a process of phased implementation. He said many different areas of Marion County are expected to be served by the program, including locations in each of the nine townships.

10.7. Overview of Settlement Agreement and Supporting Testimony. The Settlement Agreement entered into by and among IPL, the City and the OUCC ("Settling Parties") is attached hereto and incorporated herein by reference. The Settlement Agreement is not unanimous, as CAC ~~has~~was not ~~joined.~~approached by the Settling Parties and thus did not join. (CAC Exhibit 3, p. 2, lines 6-8.)

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Paragraph 1 of the Settlement Agreement provides for Commission approval of the ARP as modified by the provisions of Paragraph 2 of the Settlement Agreement. Mr. Flora explained that Paragraphs 2(a) and 2(b) of the Settlement Agreement incorporate the accounting and ratemaking concessions IPL offered as part of its rebuttal testimony to reduce the impact of the Project on retail electric rates. He said these provisions provide that the costs of the Project proposed in the ARP shall be amortized by IPL over ten years, with a return on and of the unamortized balance, and that the ROE on carrying charges for IPL shall be 10.2%. Mr. Flora explained that with this modified accounting and ratemaking treatment, the anticipated impact on a typical residential customer using 1,000 kWh per month is $0.28 per month beginning in 2018, or 0.28% of the customer's bill relative to rates currently in effect. He said this estimated rate impact would not occur until after the project installation is completed and a general rate case is conducted. This rate estimate also does not reflect Profit Sharing and other terms of the Settlement Agreement negotiated to mitigate the impact of the Project on rates for electric service.

Mr. Flora stated Paragraph 2(c) memorializes IPL's proposal to flow any Profit Sharing, per the City-BlueIndy Agreement, through to customers even after the cost of the initial investment is recouped. He explained that IPL will establish a regulatory liability for any Profit Sharing received after the regulatory asset established for this Project has been fully amortized. The regulatory liability, and associated carrying charges, will be amortized to reduce IPL's revenue requirement in subsequent rate case(s) until it is eliminated.

Mr. Flora described the annual reporting contemplated by Paragraph 2(e) of the Settlement Agreement. He stated the annual report would be filed in this docket and served on the parties, and would address data gathered at each charging site for purposes of observing consumer behavior associated with EV infrastructure deployment and the impact of EVs on IPL's system and the grid in terms of operational effects and costs. He stated this information would be provided on a generic basis so as to not invade customer privacy, similar to what was done with IPL's previous EVSE pilot.

Mr. Flora explained Paragraphs 2(i) and 2(j) of the Settlement Agreement focus on energy efficiency and recognize that EV/EVSE is one component that can further Indiana's "all of the above energy" policy and economic development policy but it is not the only component. He said that while IPL has long engaged in demand-side management ("DSM") and energy efficiency, the Settling Parties negotiated two additional means of further energy efficiency and economic development in IPL's service territory. More specifically, Paragraph 2(i) provides that IPL will collaborate with its DSM Oversight Board to develop an Energy Efficient Streetlighting Program, which will make a total of up to $1.5 million available for IPL's Rate MU-1 customers for the conversion of existing streetlighting to modern LED lights or for upgrading an expansion of a streetlighting system to LED lights. Paragraph 2(j) also focuses on energy efficiency and provides that IPL shall work with its Oversight Board to assess the ISO 50001 energy management system, or other similar strategic energy management programs. Mr. Flora explained that this standard establishes a framework for large and small organizations, including commercial, institutional, governmental and industrial facilities, to manage energy use and consumption. He said the Settlement Agreement reflects the OUCC's recommendation that the City or K-12 schools in the IPL service territory be considered as the initial participating customers in a possible pilot program.

Mr. Flora testified that Paragraph 2(k) provides that IPL and the City shall collaborate with BlueIndy to determine the feasibility of using the BlueIndy electric vehicles as providers of energy back to the IPL grid as a demand response resource and whether a Vehicle to Grid ("V2G") pilot is viable. He said IPL will provide a report to the OUCC and to the Commission on its efforts in this regard within a year of the Public Opening. Mr. Flora added that if a pilot program is proposed by IPL and approved by the Commission, the Settlement Agreement provides that any net benefits material enough to attempt to quantify and realized as a result of a V2G pilot will be used for rate mitigation to benefit IPL customers.

Mr. Flora explained why IPL is involved with this Project and the Settlement Agreement. He stated that the Project is a catalyst for making EV and EVSE technology readily available throughout the community, which provides potential benefits to the electric distribution system. He explained that as the provider of public utility service, IPL works with the customer to meet its needs and assists the customer in sorting through the applicable regulatory framework. He said the cost of providing service is necessarily recognized in the ratemaking process and public policy

underpins that cost. Mr. Flora stated that here, the request for electric provisioning assistance came from the largest municipality in the state. Given that the Commission's traditional facilities extension rule contemplates that certain matters may need to be presented to the Commission for consideration of whether the extension of the requested facilities is in the public interest, Mr. Flora explained that IPL worked to structure the Project consistent with the public interest for presentation to the Commission.

Mr. Flora described how IPL worked with the OUCC and the City to improve the structure of the ARP, resulting in the Settlement Agreement. He said IPL has provided considerable technical and commercial expertise to BlueIndy and the City to this Project and IPL maintains project execution risk. He explained that the ARP, as modified by the Settlement Agreement, is consistent with other initiatives approved by the Commission and the energy policy discussed in his direct and rebuttal testimony.

Mr. Flora explained that the ARP, as modified by the Settlement Agreement is consistent with other initiatives approved by the Commission. Mr. Flora testified that the Settlement Agreement is the result of serious negotiations and bargaining, with the Settling Parties considering various options and evaluating the issues. He said the Settlement Agreement avoids potentially protracted litigation, permits a more efficient process and increases the benefits to customers. He explained why it was reasonable that some of the infrastructure that IPL will install if the Settlement Agreement is approved will be owned by BlueIndy. He stated that while IPL does not generally install or own equipment dedicated to the needs of an individual customer, that line gets blurred where projects have broader public interest or provide benefits to the broader customer base. He noted that IPL's energy efficiency programs reflect the cost of installing customer-owned energy efficiency measures as well as some or all of the cost of the measure itself, and that technological change can alter the way we traditionally view infrastructure and cost allocation. For example, he pointed out the OUCC has previously remarked that the adoption of smart meter technology by a customer base potentially produces benefits for all customers, even those who may not have the same equipment, but enjoy the benefits of lower costs through system-wide changes such as the shifting of usage to non-peak periods.

Mr. Flora stated the Settlement Agreement reflects consideration of the concerns raised by the CAC as well as concerns voiced at the field hearing. He said IPL heard much support for the Project at the field hearing, which echoed the Project support identified in the written public comments filed by the OUCC and the public support noted in the City's evidence. That said, he recognized that the CAC and others have expressed concerns about the ARP and the Project, including concerns about the rate impact, the locations of the EVSE, the benefits to the average residential customer and the overall public interest. He explained that the direct and rebuttal testimony, as well as his settlement testimony, addresses the economic development, market transformation, talent attraction and utility system benefits anticipated with approval of the BlueIndy Project. He said these improvements benefit all electric customers by expanding the base across which the cost of providing electric service is necessarily spread. The Settlement Agreement reduces the rate impact of the ARP and the energy efficiency components of the Settlement Agreement expand the ARP to provide additional direct benefits to the broader community. He said the Settlement Agreement also reasonably addresses location issues and provides additional direct benefits to customers.

Mr. Flora testified that the ARP, as modified by the Settlement Agreement, and the BlueIndy Project are reasonably designed to provide low cost electric service provisioning modernization and other benefits while also addressing transportation, economic development and other challenges within IPL's service area. Mr. Flora stated that IPL is committed to maintaining its record as a reliable and one of the lowest cost providers of electricity in Indiana. He explained that subsequent to the filing of CAC's testimony and the conduct of the field hearing, IPL announced that it will file plans with the Commission to repower Harding Street Station Unit 7 to operate on natural gas. If the plan is approved, coal burning will be eliminated from Harding Street Station in 2016. He said with this proposed change to Unit 7, the IPL generation portfolio in 2017 is forecast to be 45 percent natural gas, 44 percent coal, 10 percent wind and solar and 1 percent oil, as compared to 79 percent coal in 2007. He stated that IPL understands that any rate increase can be challenging for its customers, particularly low income customers and senior citizens. He noted that through this regulatory process and settlement negotiations, IPL has been able to reduce the monthly impact of the Project on typical residential customer rates to less than one third of a percent, relative to rates currently in effect, while enhancing the potential benefits from the BlueIndy Project to the electric system and consumers.

Mr. Flora stated the terms of the Settlement Agreement are reasonable and serve the public interest. He said the direct and rebuttal testimony offered by IPL and the City clarified the ARP, addressed the OUCC's and CAC's concerns, and explained why the ARP is in the public interest. He said the Settlement Agreement improves the ARP by reducing the impact on customer rates and expanding the plan benefits. He said the Alternative Utility Regulation ("AUR") statute recognizes that the public interest is served by an environment in which Indiana consumers will have available state-of-the-art energy services at economical and reasonable costs. He said that from IPL's perspective, the statutory factors in the AUR statute inform consideration of the public interest as articulated in the AUR statute, as well as consideration of whether the ARP enhances efficiency and reliability and otherwise satisfies Ind. Code § 8-1-2.5-6.

Mr. Flora explained in detail why he believes Commission approval of the Settlement Agreement is in the public interest. Among other things, Mr. Flora testified the deployment of EVSE infrastructure contemplated by the ARP and the Settlement Agreement modernizes infrastructure and provides a unique way to address the need for extensive charging infrastructure at a lower cost than otherwise possible. He said that as the number of EVs in Indiana grows over time, the impact of EV charging practices on the electric distribution system has the potential to raise significant challenges for electric utilities. He explained that if EV charging practices are not managed in a way that maintains the efficiency and reliability of the electric distribution grid, all customers – not just EV owners – will be forced to bear these additional and avoidable costs. Mr. Flora testified that the development of EVSE can lead to the potential use of EV and EVSE as a distributed energy storage and demand response resource. He said this deployment of state of the art technology can further economic development within IPL's service area and this too benefits customers as well as the State.

Mr. Flora explained that the City is an IPL customer and by far the largest municipality in IPL's service area. He said there is no other similarly situated customer within IPL's service area. As such, the City has a broad stakeholder interest in the short and long term community development. He stated that EVSE is essential to facilitate EV adoption in our area. He added that

because the City is the largest city in Indiana it is well suited to deploy and receive the energy benefits of the BlueIndy EVSE.

Mr. Flora said the Settlement Agreement addresses certain accounting and ratemaking concerns while recognizing IPL's operational needs, including the need to recover the full cost of responding to a request to modernize infrastructure and provision electric service. He said IPL's rates are among the lowest investor-owned electric rates in Indiana and will remain comparatively low even with the costs of the ARP as modified by the Settlement Agreement. He explained the Settlement Agreement permits electric service rates to remain low while the City assumes a leadership position in deployment of EVSE and other initiatives consistent with Indiana's "all of the above" energy strategy.

Mr. Flora explained that the ARP as modified by the Settlement Agreement 1) provides IPL the opportunity for input into the deployment of the EVSE in a manner that maintains the efficiency and reliability of the electric distribution grid and better utilizes the distribution assets; 2) benefits the environment by reducing overall greenhouse gases compared to the average fossil-fuel fired automobile sold today; 3) reduces range anxiety, a barrier in the adoption of EVs; and 4) allows for the potential future use of the EVSE as a distributed energy storage and demand response resource. As such the ARP as modified by the Settlement Agreement is reasonably designed to enhance or maintain the value of IPL's services and property. It is also reasonably designed to enhance or maintain the reliability and efficiency of IPL's system and provision service.

Mr. Flora concluded that the Settlement Agreement presents a balanced and comprehensive resolution of the issues in this case and reflects the compromise that occurs in the negotiation process. Therefore, he said, the Commission should find that the Settlement Agreement is reasonable and in the public interest and promptly enter an order approving the Settlement Agreement in its entirety.

Mr. Rosenberg explained that Paragraph 2(d) changes the distribution of the Profit Share to allow the costs relating to the Project incurred by customers to be mitigated more quickly than originally proposed. Paragraph 2(d) dedicates all of the Profit Share to IPL, to be used solely for rate mitigation to benefit IPL customers, until 125% of all Project costs incurred by customers have been recovered. At that point there is an equal 50-50 split of the Profit Share between IPL, for the benefit of further rate mitigation, and the City. He said this result is especially positive for customers because it can further reduce the impact of the Project costs on the rates for electric service.

Mr. Rosenberg stated Paragraph 2(f) provides for an advisory board with membership of the City, IPL, BlueIndy and the OUCC to meet regularly to discuss Project details, including implementation progress, IPL's Costs (as that term is defined in the City-BlueIndy Agreement), the City's costs incurred as its contribution to the Project, and Locations. He said the City believes this will be a useful way to keep the Settling Parties and BlueIndy in regular communication about the various aspects of the Project.

Mr. Rosenberg explained Paragraph 2(g) of the Settlement Agreement incentivizes new customers by providing IPL customers who sign up for an annual membership in the BlueIndy

service within the first six months after the Public Opening to receive two months of membership for free.

Mr. Rosenberg stated Paragraph 2(h) contractually commits the City to make all reasonable best efforts to apply for grant funding for rate mitigation and make reasonable efforts to secure other funding, particularly from corporate citizens, for rate mitigation. He noted that the Settlement Agreement makes it clear that BlueIndy Locations would not be "traded" for such contributions, as it is critical that sites be selected by BlueIndy based on market-driven factors, and that the funds secured through the City's efforts will be utilized for rate mitigation only. The City also agreed to provide periodic updates to the OUCC on its efforts to secure funding.

Mr. Rosenberg testified that Commission approval of the Settlement Agreement would be in the public interest as it would permit the Project to proceed and the many anticipated benefits to begin to be realized. He said the Project results in several public benefits because it should result in making EV technology readily available throughout our community at a scale not otherwise possible. He also stated the Project will reduce our reliance on foreign oil and is expected to lead to increased demand for EVs and related technology, with a variety of economic development, mass transit and talent attraction-related benefits.

Beyond the benefits of the Project, Mr. Rosenberg stated that the Settlement Agreement is in the public interest because it provides substantially more Profit Share for mitigating the costs of the Project, provides for ongoing OUCC collaboration with the City, IPL, and BlueIndy through an advisory board, and provides a significant discount to incentivize customers to subscribe to BlueIndy. He added that the Project is even better because of IPL's recent announcement that its electric generation facilities in Indianapolis will transition from coal to natural gas by 2016. He said if that proposal is approved by the Commission, the Project will rely on even cleaner energy, which was a significant concern raised by the CAC and others prior to IPL's announcement. Mr. Rosenberg concluded that the Settlement Agreement is in the public interest and should be expeditiously approved by the Commission.

Ms. Smith testified the OUCC continues to generally support electric vehicles, and the concerns expressed in the OUCC's case-in-chief were not directed at the project's concept, economic development or technical merit but rather challenged whether the ratemaking requested by IPL in its proposal was in the public interest. She said that having taken into account the risks inherent in any litigation and the concessions the OUCC was able to obtain from the City and IPL, the OUCC believes the Settlement Agreement is in the public interest due to enhanced customer protections.

Ms. Smith explained that the OUCC was initially concerned that under the City-BlueIndy Agreement's profit sharing provision IPL customers would not receive any rate mitigation or other customer benefits until BlueIndy achieves profitability and those funds were to be shared with the City, delaying the offset to customer charges. She explained how Paragraph 2(d) of the Settlement Agreement alters Section 5.02 of the City-BlueIndy Agreement to enhance IPL customer rate mitigation. She explained the City agrees to forego any profit share until 125% of the project costs are refunded to customers, and thereafter the profit share will be split evenly between the City and IPL customers for additional rate mitigation. Ms. Smith testified at the hearing that the OUCC's previous concerns included the fact that "neither the City, IPL, nor BlueIndy provided any business

plan, marketing plan, or financial projections for the Project that allow the OUCC to assess whether the profit sharing priority allowances provided to IPL could ever be achieved" (Tr., C-14, lines 5-18) and that although the OUCC requested marketing plans, business plans, financial projections and even financial information for the AutoLib…project in Paris through OUCC data requests, and neither IPL, the City, nor BlueIndy provided marketing or business plans to date. Data that shows the economic viability of the Project in the Indianapolis market is critical to determine if IPL ratepayers will ever realize any rate mitigation." (Tr., C-16, line 16—C-17, line 2.) On cross examination, Ms. Smith admitted that even though the OUCC reached a settlement, they were never provided with that information. (Tr., C-17, line 8.) Ms. Smith also testified at the hearing that the OUCC's previous concerns included the fact that "There is no clear connection between this EV program and IPL's provisioning of electric services to its ratepayers who are expected to fund the program." (Tr., C-21, line 25—C-22, line 4.) She conceded that even with the Settlement Agreement, IPL ratepayers are still expected to fund the program. (Tr., C-22, lines 5-8.)

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Ms. Smith testified that Paragraph 2(h) was built into the Settlement Agreement to address the OUCC's concerns that neither the City nor IPL had approached the businesses described as being supportive of the project for assistance to finance the BlueIndy project and that the City had not pursued possible grant funding to be used to help offset the rate impact. Pursuant to Paragraph 2(e), IPL has agreed to report on an annual basis to the Commission and OUCC on these matters. In addition, Paragraph 2(f) of the Settlement Agreement requires the City to establish an advisory board with membership consisting of representatives of the City, IPL, BlueIndy and the OUCC. She said that in order to keep the OUCC duly apprised of the project's progress the advisory board will meet regularly to discuss project details as well as IPL's and the City's costs incurred.

Ms. Smith also described other customer benefits of the Settlement Agreement, including Paragraphs 2(i), 2(j) and 2(k). With respect to the streetlighting provisions in Paragraph 2(i), she stated that public safety is a principal concern for any municipality, and the OUCC worked with the other Settling Parties to develop this "outside the box" benefit that not only promotes energy efficiency but also enhances public safety and provides other public benefits. She said it results in a truly "win-win" proposition for both the City and IPL's customers. Ms. Smith stated that IPL is willing to forego both lost revenue and shareholder incentives for developing this program until new rates resulting from its next rate case go into effect. Ms. Smith explained that Paragraph 2(j) does not require IPL to implement an energy management system, but it does provide that IPL will work with its DSM Oversight Board to assess the viability of an ISO 50001 energy management system and, after careful analysis and information sharing, a decision will be made whether a pilot program is in IPL's customers' best interest. Ms. Smith stated the V2G provision in Paragraph 2(k) requires IPL, the City and BlueIndy to collaborate and determine the potential feasibility of using the BlueIndy electric vehicles as providers to the IPL grid as a demand response resource. She stated that Paragraph 2(k) specifically states that any benefits realized as a result of any V2G pilot must be used for rate mitigation to benefit IPL customers.

Ms. Smith discussed the OUCC position on the applicability of the AUR statute and explained that because of the overarching scope and expansive nature of Ind. Code § 8-1-2.5, one could anticipate different positions being taken in regard to the relief sought by IPL. She stated that settlement negotiation includes assessing the risk of the tribunal finding the other side's case more compelling. She said that given the agreement reached on the customer benefits as outlined in the Settlement Agreement and explained in her settlement testimony, the OUCC believes the

Settling Parties struck a fair resolution of the divergent positions initially taken by the Settling Parties. She added that the OUCC therefore believes the Settlement Agreement is supported by substantial evidence, is in the public interest and should therefore be approved.

Ms. Smith further elaborated on why the Settlement Agreement is in the public interest. She explained that due to the OUCC's advocacy, IPL agreed to a reduced ROE and a longer amortization period, which results in a 45% monthly reduction to the customer charge. She said the Settlement Agreement also provides for a number of other customer benefits, including the consideration of an ISO 50001 pilot program, review of the potential for V2G technology and potential rate mitigation, a discount to IPL customers who sign up for the BlueIndy project, and the creation of a streetlighting initiative that will promote public safety that would be most beneficial in areas of IPL's service territory. Ms. Smith said these customer benefits promote energy efficiency and provide advantages to IPL customers that would not have been otherwise realized as a result of litigation. She said it is for these reasons that she believed the Settlement Agreement is in the public interest and should be approved in its entirety.

11.8. CAC Responsive Testimony.

Mr. Olson ~~recommended the Commission reject the Settlement Agreement because, in his view, it did not~~ began by noting that the Settlement does nothing to address the concerns raised by CAC in its direct testimony before the Settlement was filed in that it does not remedy the fact that the request to fund the City of Indianapolis' electric vehicle sharing project through the petition of IPL is simply an improper request and use of ratepayer funds. Mr. Olson also noted that CAC was not invited to settlement negotiations, input from CAC was not sought, and CAC was not made aware that settlement negotiations were taking place. Mr. Olson noted that the Settlement reached by the City, IPL, and the OUCC does not provide sufficient protection to IPL ratepayers, because the Settlement does not address the over-arching concern that this is an ~~improper use of customer funds. Mr. Olson stated that Paragraph 2(a) of the Settlement Agreement, which provides that the~~inappropriate use of ratepayer dollars. Mr. Olson noted how Consumer Counselor Stippler was quoted as such in an Associated Press article titled "State agency fights utility rates for electric cars" (attached as Exhibit KLO-1 to CAC Exhibit 3) which was published on June 20, 2014 in the Indianapolis Business Journal and other newspapers statewide. Specifically, the article said:

> Indiana Utility Consumer Counselor David Stippler said that while the community would benefit from BlueIndy, **"*we believe that the requested rate increase does not fall within the scope of relief allowed under state utility law*."** That relief, the agency said, is limited to costs related to providing electrical service to all of IPL's customers.[9]

(emphasis added). Mr. Olson noted how the Settlement does not change the fact that the City did not work with the Indianapolis City-Council at all to identify a more appropriate funding stream for the project and still does not require the involvement of the City-County Council. An IBJ article published on June 28, 2014 titled "Agency opposes hike for electric cars" (attached as Exhibit KLO-2 to CAC Exhibit 3) articulated the previously stated concerns of the OUCC regarding the City-County Council. Specifically, that news article stated:

[9] http://www.ibj.com/state-agency-fights-utility-rates-for-electric-cars/PARAMS/article/48256

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"The IURC is not an appropriate surrogate for the Indianapolis City-County Council in regard to the city seeking financial support for its project," Stippler said. "If this project is approved as proposed, it would tempt any municipality (or any other local unit of government) to pursue ratepayer financing when it finds itself financially strapped to provide essential services to its citizens/taxpayers."[10]

Mr. Olson noted how the Settlement does not resolve those concerns articulated in the article.

Mr. Olson then commented on Settlement term 2(a), which states "The costs of the Project shall be amortized by IPL over ten (10) years, ~~does not change the fact that customers~~with a return on and of the unamortized balance." Mr. Olson noted how this allegedly reduces the monthly bill impact to $0.28, rather than $0.44; however, this term does nothing to change the fact that ratepayers should not fund what ~~he saw as~~is largely a business investment by IPL ~~that~~and has nothing to do with providing ~~customers~~ratepayers with electric service. ~~He explained~~ Mr. Olson also raised the concern that ~~he was not a ratemaking expert witness and therefore did not know for certain whether~~ spreading ~~out~~ the amortization ~~period would~~out actually ~~reduce~~may increase total costs~~.~~ to ratepayers with additional carrying costs. He noted that ~~IPL has not provided an updated workpaper showing~~, to the ~~rate impact~~best of ~~the~~ his knowledge in his capacity as a policy witness, IPL had yet to update its Workpaper KB-1[11] which was filed on April 10, 2014 or to file any type of explanation to break down this Settlement ~~Agreement provisions~~term for the Commission and ~~hoped that IPL would do so in its settlement rebuttal testimony.~~for IPL's ratepayers.

Mr. Olson then explained his statement that this project is largely a business investment by IPL and has nothing to do with providing ratepayers with electric service. He stated that it is no secret that the electric utility industry is struggling with stagnant electric sales across the country, are actively seeking additional kWh sales, and that electric vehicles are now being viewed as a way to add load to increase sales and revenues. He noted that this fact was articulated in a Wall Street Journal article dated August 29, 2014 and titled "U.S. Utilities Push the Electric Car: Power Companies Desperate to Sell More Kilowatts Want Americans to Adopt Electric Cars" (attached as Exhibit KLO-3 to CAC Exhibit 3), which included a mention of this proposed project. According to the WSJ news article: "The Edison Electric Institute, an industry trade group, last month encouraged U.S. utilities to use electric vehicles to entice more consumers to embrace the cars."[12] Mr. Olson mentioned how CAC has no issue with IPL or any other utility seeking new business and economic development opportunities; however, those opportunities should be funded by voluntary investors, not captive ratepayers. Mr. Olson also said that both he and IPL witness Flora discussed in direct testimony that the Commission has rules in place for the extension of distribution and transmission lines and that the Settlement does not alleviate the concerns that IPL's petition falls well outside the scope of the Commission's rule 170 IAC 4-1-27, otherwise known as the 30 month revenue test.

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Mr. Olson then commented on Settlement term 2(b) which states: "The return on equity on carrying charges for IPL shall be 10.2%." He noted that the fact IPL agreed to a 10.2% return on equity ("ROE"), which is in line with the other four electric investor-owned utilities operating in Indiana, does little to nothing to make his consumer advocacy organization embrace the Settlement. He went onto note that this term also does little to nothing to change the fact that IPL and their shareholders have virtually no skin in this game. Mr. Olson suggested that in addition to a reduced ROE, if the Commission decides to approve the Settlement against CAC's recommendations, the Commission should at least include a requirement that IPL shareholders pick up at least 50% of the costs, which would reduce the burden on ratepayers. Mr. Olson noted that this most likely would have been offered as a suggested Settlement term by CAC, if CAC had been afforded the opportunity to negotiate Settlement terms.

Mr. Olson then commented on Settlement term 2(c) and (d), which state, respectively: "As provided in the Section 5.03(f) of the City-BlueIndy Agreement and Section 7(c)(ii) of the City-IPL Agreement (Exhibit KF-3), any Profit Share (as that term is defined by the City-BlueIndy Agreement) (Exhibit DR-2) provided by BlueIndy to IPL shall be utilized solely for rate mitigation to benefit IPL customers" and "Notwithstanding the provisions of Section 5.03 to the contrary, the City agrees to forego any Profit Share to which it would be entitled from BlueIndy and to direct such Profit Share to IPL, which IPL shall also utilize solely for rate mitigation to benefit IPL customers. After 125 percent of all Project costs incurred by ratepayers have been recovered, there shall be an equal split of the Profit Share between IPL (for the benefit of further rate mitigation) and the City." Mr. Olson first noted that profitability is not guaranteed and that no "business case" was put forward to support that this provision regarding profitability is indeed a benefit to ratepayers. Mr. Olson noted that uncomforting words such as "expect", "hopeful" and "may" are used to describe the potential profitability of the project in a document entitled *BlueIndy Response to OUCC Request for Informal Information IPL/Bolloré - EV Project* (attached as Exhibit KLO-4 to CAC Exhibit 3) and offer little assurances for ratepayers. Mr. Olson went on to note that BlueIndy is required to share money only when the project is profitable, despite having no obligation to serve the public, while IPL, on the other hand, is earning 10.2% on their investment, which is fully recoverable from ratepayers. Mr. Olson noted how ratepayers receive nothing on their forced investment above and beyond the original amount confiscated. Mr. Olson reiterated his request that if the Commission approves this request which CAC does not recommend, the Commission should include a requirement that IPL shareholders pick up at least 50% of the costs, thereby reducing the burden on ratepayers. Mr. Olson then observed that there is no timetable placed on how quickly BlueIndy must distribute funds to IPL nor are there stipulations placing dates certain on how quickly IPL shall reimburse ratepayers so that this purported benefit to ratepayers is actually realized by ratepayers. Mr. Olson noted how ratepayers have requirements to pay their bills within a certain timeframe or be threatened with disconnections, deposits or other fees and that it is only fair to require that these companies be required to return monies owed in an equally expedited fashion.

Mr. Olson then commented on Settlement term 2(e) regarding the report on annual basis to the IURC and OUCC on any Profit Share received and data gathered at each charging site for purposes of observing, on a generic basis, consumer behavior associated with EV infrastructure deployments and the impact of EVs on IPL's system and the grid in terms of operational effects and costs. He noted that ratepayers generally have 30 days to pay their bills or they face the

potential penalties described above. He mentioned how not only is there no requirement as to how quickly IPL would distribute any profit back to ratepayers, if there is any, now they are required to merely report on the profitably only once every 365 days. Mr. Olson stated that this is insufficient.

Mr. Olson then commented on Settlement term 2(f) regarding the advisory board with membership of the City, IPL, BlueIndy, and OUCC to meet regularly to discuss the Project details, including implementation progress, IPL's Costs (as that term is defined in the City-BlueIndy Agreement), the City's costs incurred as its contribution to the Project, and Locations (as that term is defined in the City-BlueIndy Agreement). Mr. Olson attached to his testimony (as Exhibit KLO-5 in CAC Exhibit 3) both IPL's and the City's response to discovery regarding the Advisory Board. Mr. Olson noted how ~~Mr. Olson continued to express concern as to whether the profit sharing provisions of the ARP and Settlement Agreement would help mitigate the rate impact of the BlueIndy Project. He acknowledged that the Settlement Agreement provides for a reduced ROE of 10.2% on carrying charges for IPL, but argued that IPL and their shareholders have no skin in this game.~~

~~Mr. Olson stated the~~ CAC is generally supportive of advisory boards, but that there ~~was a lack of detail on how the advisory board would operate to make~~ exists no requirement for this particular board to hold public meetings or allow for public participation. He went onto say that no governance documents exist nor is there any requirement stipulating that additional interested parties will be added to the board. He stated that if one of the purported benefits of this project and this Settlement is the experience and knowledge gained, then these meetings and this information sharing should absolutely be open to the public, especially with respect to items such as "Locations." He remarked that it is clear from the discovery responses from IPL and the City that details of the Advisory Board have not been discussed, so the benefit to the public ~~from~~of this term ~~of the~~ is unclear.

Mr. Olson then commented on Settlement ~~Agreement.~~term 2(g) which states that the City shall cause BlueIndy to provide IPL customers who sign up for an annual membership in the Blue Indy service within the first six (6) months after the Public Opening two (2) months of membership for free, which is estimated to be $26 value per customer. Mr. Olson noted first that this does nothing to change the fact that ratepayers of moderate means and low or fixed incomes will be unable to afford the service with or without any "free" months and that the term "free" is misleading. He ~~also questioned~~stated that according to the City, ratepayers who choose to take advantage of this "free" offer are still obligated "to pay the monthly fee for ten months" or "BlueIndy will offer short periods for membership." (Exhibit KLO-5 which is City Response to CAC Data Request Q 2-4 attached to CAC Exhibit 3.) Mr. Olson remarked that this provision amounts to nothing more than a marketing gimmick "much like a gym membership or a cell phone contract" to use the words of the City. (*Id.*) Mr. Olson expected to see these types of marketing gimmicks such as this proposed with or without this Settlement. Mr. Olson went onto say that without knowing the precise cost of a membership because it is still just an estimate, it is difficult to ascertain whether or not ~~the two months of free membership~~ this is an actual benefit to anyone. Lastly, he stated that it is difficult to see how this is a benefit to ratepayers when IPL, the company obligated to serve those ratepayers, currently has no plans to notify ratepayers of this benefit or even if that notification is "appropriate." (Tr., A-54, line 14—A-55, line 9.)

Mr. Olson then commented on Settlement term 2(i) regarding the $1.5 million Energy Efficient Streetlighting Program. Mr. Olson first expressed CAC's strong support of~~Mr. Olson stated the CAC strongly supports~~ LED streetlighting~~, but expressed~~ and his disappointment that this type of program is not being proposed in IPL's latest DSM filing before the Commission~~. He explained that while~~, Cause Number 44497, nor has this type of program been proposed previously, to the best of his knowledge. In Mr. Olson's past experience and to the best of his knowledge, it is his understanding that streetlights are historically paid for by the municipalities responsible for providing the streetlighting; and, thus, Mr. Olson questioned the logic of having "all customer classes" responsible for funding this endeavor. While CAC agrees there can be tremendous public benefits to LED streetlighting, the short term impact of this program is another cost ~~for customers~~to ratepayers who may or may not be the appropriate funding source for this program. Mr. Olson ~~argued~~also commented on the fact that ~~IPL's agreement to forego certain~~IPL has not been awarded recovery of lost revenues for ~~this program~~DSM programs; therefore, there is ~~of~~ no benefit to ratepayers~~. He also questioned the customer benefits of the~~ for IPL foregoing recovery of monies IPL is not authorized or entitled to recover.

Mr. Olson then commented on Settlement ~~provision regarding consideration of~~term 2(j) which called on IPL to work with its DSM Oversight Board to assess the ISO 50001 energy management system~~.~~, or other similar strategic energy management programs; a recommendation by the OUCC that the City or K-12 schools in the IPL Service Territory be considered as the initial participating customers in such a pilot program; and that the Settling Parties acknowledge that while a pilot program may have potential, it must be further evaluated to determine whether it is in the best interest of IPL's customers. Mr. Olson pointed out that in IURC Cause Number 44495, Southern Indiana Gas and Electric Company d/b/a Vectren Energy Delivery of Indiana, Inc. ("Vectren") and the OUCC came to a settlement on Vectren's 2015 Electric DSM Plan which has not yet been decided on by the Commission. Their settlement included the following provision:

> The Parties agree that the Company shall work with the VOB to assess the International Organization for Standardization's ("ISO") 50001 energy management system, the Department of Energy's Better Buildings Initiative or other similar strategic energy management programs for commercial~~Mr. Olson discussed consumer comments regarding the Project~~ and ~~recommended two additional modifications to~~ industrial ("C&I") customers. Upon the completion of the analysis, Vectren South shall make a recommendation to the VOB for consideration of a cost-effective strategic energy management pilot program for its C&I customers.

Mr. Olson remarked that the Settlement ~~Agreement should~~ term here in Cause Number 44478 does little to add to this discussion that is already taking place. It lacks specificity and tangible benefits to the ratepayers funding the EV project. It is unclear how this provision provides any benefit.

Mr. Olson also commented on the public's interest in this Settlement and the project itself. He noted that the consumer comments filed with the OUCC (attached as Exhibit KLO-6 and Exhibit KLO-7 in CAC Exhibit 3), as well as the comments made by the public at the field hearing, display a healthy public opposition to the imposition of this fee to fund this project. Mr. Olson noted that the public has had little opportunity or time to comment on the Settlement reached on August 22, 2014, nor has a field hearing been established to ascertain if the terms of the Settlement

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address the previous concerns expressed by members of the public. Mr. Olson respectfully requested the Commission ~~approve it. First, he proposed~~ consider these comments when deciding on this first-of-its-kind request and imposition on ratepayers. Mr. Olson also respectfully requested the Commission ~~modify the Settlement Agreement to require 50% of the total costs be allocated to IPL shareholders. Second, he~~ take note of the letter sent to his attention by State Representative Cherrish Pryor, articulating her strong opposition to the proposed Settlement (attached as Exhibit KLO-8 in CAC Exhibit 3). He noted that Representative Pryor's letter is co-signed by former State Representative and Chairman of Ways and Means Bill Crawford, Representative Robin Shackleford, Representative Greg Porter, Representative Dan Forestal, and City-County Councilors Zach Adamson, Joseph Simpson, Monroe Gray, and LeRoy Robinson. Mr. Olson then addressed several specific concerns raised by Representative Pryor in her correspondence. First, he noted that there is significant interest from State and City policy-makers in this proposed ~~an opt out be created that~~ project and collectively the comments and letters demonstrate that this project and this Settlement are not in the public interest and thus the Settlement should be rejected. He also suggested that similar to one of the underlying arguments in justifying the passage of Senate Enrolled Act 340, perhaps a decision and discussion regarding this type of proposed project would be more appropriate for legislators, rather than for utility regulators. Furthermore, he reflected that the idea of an EV car sharing program to be paid for by ratepayers was not contemplated at the time the Alternative Regulation Statute was passed.

Mr. Olson also agreed with Representative Pryor that many low and fixed income ratepayers will be unable to utilize the program. Many of the individuals with low or fixed incomes do not have a major card, access to the proposed EV car sharing locations, and are simply unable to afford this program due to a lack of resources. He stated that these concerns center around the issue of ratepayer equity and offered that a certain class of customers should not be required to pay for a service they will never use or do not have access to. He said that this is especially true when that program has nothing to do with the provision of electricity. With Senate Enrolled Act 340, the Indiana General Assembly made a policy decision that it was appropriate to allow ~~at least~~ only industrial customers the option to opt-out of certain utility programs that they may never use as they may be better equipped to provide those services with their own resources. Mr. Olson suggested that should the Commission decide to approve the Settlement against CAC's recommendation, the Commission should consider the context of this first-of-its-kind request, ratepayer fairness and equity issues, and using the underlying policy of Senate Enrolled Act 340 to protect the most vulnerable ratepayers that will not use this program in modifying the settlement to allow those low and fixed income ratepayers to opt-out of the proposed EV charges and tariff as they are likely to never utilize the program. He recommended a modification to the Settlement which would allow all households living at 200% of the ~~federal poverty level~~Federal Poverty Level or below the option of opting out of any tariff established for this program. ~~Third~~ Mr. Olson chose 200% of the Federal Poverty Level or below, because 35% of American households are eligible for the Weatherization Assistance Program qualifying because they too are living at 200% of the Federal Poverty level or below. Additionally, 200% of the Federal Poverty Level is the threshold used for qualifying households for the Income Qualified Weatherization Core DSM program.

Mr. Olson additionally noted there has been some support for the program by members of the public, various businesses, organizations, and universities. Therefore, he ~~recommended that~~ suggested that should the Commission approve the Settlement against CAC's recommendation, in

addition to the opt-out for low and fixed income households, a voluntary EV tariff should be established that would allow those that support the program and those who would utilize the program to show their support by signing up for this voluntary tariff to help mitigate the bill impact on all ~~customers.~~ ratepayers. This proposal is similar to the request by Indiana Michigan Power in Cause No. 44511 for approval of a Green Power Rider to provide an opportunity for customers to voluntarily support solar projects.[13]

Mr. Olson then summarized his overall recommendation to the Commission, suggesting first that the Commission reject the Settlement in its entirety as the Settlement does not remedy the fact that this is an improper use of ratepayer funds. He said, however, should the Commission decide to approve the Settlement and grant this first-of-its-kind request against CAC's recommendation, the Commission should at least modify the Settlement requiring that:

- 50% of the total costs be allocated to IPL shareholders;
- An opt-out be created for at least those households living at 200% of the Federal Poverty Level or below; and
- A voluntary EV tariff be created so that supporters of the project could voluntarily sign up to help mitigate the rate impact on others.

12.9. Settling Parties' Rebuttal Testimony. Mr. Flora stated IPL and the City responded to the concerns raised in Mr. Olson's direct testimony through rebuttal and settlement testimony. He said IPL has not ignored the CAC – IPL simply disagrees with their position. Mr. Flora responded to Mr. Olson's concern that the amortization of the regulatory asset over ten years may actually increase total costs to ratepayers and that IPL should update Workpaper KB-1. He explained the approach reflected in the Settlement Agreement is a reasonable and accepted means of balancing the impact on customer rates with cost recovery. He said Workpaper KB-1 is a calculation of the carrying charges that, if approved, would occur while the BlueIndy system is deployed until the costs begin to be recovered in rates. He added that because the carrying charges would not be impacted by the extension of the amortization period from five to ten years, he said an updated Workpaper KB-1 is not necessary. Mr. Flora agreed that extending recovery over a longer period of time could increase the total cost to customers because of the return component that would be reflected in future rate cases, but said the actual impact to customers would depend on the timing of future rate cases and the amount of profit sharing received per the City-BlueIndy Agreement. He added that the potential for rate mitigation is further enhanced by the Settlement Agreement, which provides 100% of the profit share for rate mitigation until 125% of the costs are recovered.

Mr. Flora stated Mr. Olson's contention that 50% of the total project costs should be allocated to IPL is simply another way of asking the Commission to disallow cost recovery. He said this proposal is contrary to ratemaking policy and IPL cannot accept this modification to the Settlement Agreement. He said doing so would preclude IPL from recovering its cost of providing public utility service. He explained that IPL is in the business of providing retail electric service in compliance with state and federal regulation, the underlying public policy and the Commission's

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[13] IURC Cause No. 44511, Indiana Michigan Power Company's Verified Application and Request for Administrative Notice, p. 1.

determinations as to the public interest. He said that he explained why IPL is involved with this Project in his settlement testimony and also discussed the regulatory policy issues in his direct and rebuttal testimony. He noted that Mr. Olson did not specifically respond to this testimony or otherwise attempt to reconcile his proposal with the well-established principle that the provider of a retail electric service is entitled to recover its cost of providing service, including carrying costs, through its retail rates.

Mr. Flora acknowledged Mr. Olson's reference to a recent article about the potential increase in EVs, but explained that both the City and IPL made this point in their direct, rebuttal and settlement testimony. He explained the development of EVs can impose challenges on the electric system as well as opportunities for economic development. He said when the community grows through economic development, IPL's customer base broadens and the costs incurred by IPL to provide service are spread over that broader customer base, which in turn maintains IPL's ability to provide reasonably adequate service and facilities efficiently and benefits customers by keeping rates lower than they would otherwise be. He said IPL must take a forward-looking view, meeting near term customer needs while also planning for the future. He said the work IPL has undertaken historically to keep the cost of providing service low places IPL in a good position to address EVSE and the other projects contemplated by the Settlement Agreement. He reiterated that IPL's rates are among the lowest investor-owned electric rates in Indiana and will remain comparatively low even with the costs of the ARP as modified by the Settlement Agreement.

Mr. Flora responded to Mr. Olson's statement that there is no timetable placed on how quickly profit sharing funds would flow through rates and his suggestion that this should happen on an expedited basis. He said Mr. Olson does not weigh the pros and cons or otherwise provide a detailed analysis demonstrating that the approach agreed to by the Settling Parties is unreasonable. He said rate adjustment mechanisms are an important ratemaking tool, but they are generally used for larger projects. He added that if a rate adjustment mechanism were used it should reasonably address the entire Project by providing for both timely cost recovery and timely profit sharing and reflection of any grant or other funding. He stated if this approach were taken it would eliminate the need for carrying charges to be recorded and deferred, which would reduce the overall Project cost but would impose costs on IPL, the OUCC and the Commission to administer the rate adjustment mechanism. He said as a practical matter it is reasonable to expect the amount of any profit sharing would be small initially, and while it may build over time, it may remain lower than the level that usually warrants a tracking mechanism. He explained that it would be unduly burdensome to establish a process whereby rate adjustment mechanism filings must be made to process zero or a nominal level of profit sharing. Mr. Flora explained that even if the profit sharing is more substantial the approach reflected in the Settlement Agreement is reasonable because it avoids the need for another rate adjustment to be processed. He also stated that, as explained in his settlement testimony, under the approach proposed by IPL and reflected in the Settlement Agreement, IPL would record carrying charges on the regulatory liability, consistent with the request for carrying charges on the regulatory asset. He concluded the approach reflected in the Settlement Agreement reasonably balances the concerns raised by Mr. Olson by providing for the costs and profit sharing to be addressed in the context of a general rate case.

Mr. Flora also responded to Mr. Olson's concerns as to whether all customer classes should be responsible for funding the streetlighting provision of the Settlement Agreement and whether IPL's agreement not to be awarded lost revenues on this program is beneficial to customers. He

said the Commission has previously recognized that modernizing streetlighting can enhance economic development by providing better visibility, improving aesthetics and focusing light where it is needed rather than dissipating light into unwanted areas. He stated that modern streetlighting can attract people to commercial areas and help revitalize blighted or deteriorated neighborhoods and enhance public safety. He explained this is not a new Commission policy, and quoted from an earlier IPL order wherein the Commission found it reasonable that the costs of rendering streetlighting service should be shared by all customers. He said IPL was mindful of the impact on customer rates during the negotiation of the Settlement Agreement and believes the other Settling Parties were too. He said the Energy Efficient Streetlighting Program is modest in size ($1.5 million) but can spark substantial customer benefits. With respect to IPL's agreement to forego recovery of lost revenues and shareholder incentives from this program until IPL's rates from its next general rate case are implemented, Mr. Flora noted that IPL has a request for recovery of lost revenues pending before the Commission in Cause No. ~~44496~~44497 and the Commission has allowed other utilities to recover lost revenues. He added that the Commission has previously allowed IPL (and other utilities) to earn a shareholder incentive on energy efficiency programs. He said while the Commission has not yet authorized IPL to recover lost revenues and IPL is not seeking their recovery in this proceeding, the fact remains that lost revenues and shareholder incentives reflect real costs to IPL and IPL would be entitled to seek recovery of these costs. He said IPL's agreement not to seek recovery of lost revenues and a shareholder incentive for the LED streetlighting program benefits IPL's customers.

Mr. Flora disagreed with Mr. Olson's assertion that the idea of this type of project was not contemplated at the time the AUR statute was enacted. As he explained in his previous testimony, the ARP is an energy infrastructure project and the Settlement Agreement supports the infrastructure project. He noted that in his settlement testimony he discussed language through the AUR statute addressed to the modernization of energy utility facilities in Indiana, and Mr. Olson did not specifically address this language. He said he did not know how the legislature thought technology might evolve when the AUR was enacted in 1995, but such speculation is beside the point because the statute is not dependent on specific technology. Rather, the AUR statute refers to modernization and technological change without limitation and permits the Commission to have flexibility to address change as it evolves.

Mr. Flora next responded to Mr. Olson's proposal that the Commission modify the Settlement Agreement to allow certain low and fixed income customers to opt-out of the proposed EV charges and tariff. He said this recommendation rests on Mr. Olson's belief that these customers are likely never to use the program, which was refuted by the City's testimony. He said he previously explained the provisioning and economic development benefits to customers from this infrastructure project, which accrue to all customers, not just those who may use the EV sharing or EVSE. He explained this is similar to the benefit of energy efficiency programs. He explained that the cost of residential energy efficiency programs, including the income qualified weatherization program, is allocated to the residential customer class regardless of whether the customer participates in the program. In fact, the costs of the residential income qualified weatherization program are allocated to all residential customers even though this program is not expected to provide net benefits to all customers. However, at the hearing, Mr. Flora did admit that commercial customers would not pay for residential programs, and vice versa. (Tr., A-49, line

22—A-50, line 19.[14]) He noted non-participants cannot opt out of this weatherization program. More broadly, he explained that if a project is found to be in the public interest the cost is properly recoverable for ratemaking purposes. He said the accounting and ratemaking provisions in the Settlement Agreement reduce the anticipated cost impact of the Project to $0.28 per month beginning in 2018, or 0.28% per month for a typical residential customer, relative to rates currently in effect. He said the Settlement Agreement provides an opportunity for the rate impact to be further reduced via expanded profit sharing, grants and community support. He recommended the Commission reject Mr. Olson's proposed modification to the Settlement Agreement.

Mr. Flora also responded to Mr. Olson's recommendation that the Commission modify the Settlement Agreement to require the development of a voluntary EV tariff to help mitigate the rate impact on others. He explained the Settlement Agreement reduces the impact to customers, and this impact may be further reduced by the Settlement Agreement provisions regarding profit sharing and the City's agreement to attempt to reduce the cost impact by applying for grants and soliciting community support. He said from IPL's perspective, the Settlement Agreement structure is preferable because the City may be expected to produce a level of voluntary financial support that is more significant than what may be expected from a voluntary EV Tariff. He stated that proceeding with both the City's effort and a Rider may undermine the City's efforts and cause confusion. Mr. Flora explained that Mr. Olson fails to mention that IPL already has a voluntary Green Power Initiative ("GPI") and thus is familiar with the cost and benefits of this type of program. He explained that IPL's GPI has been available to customers, in some form, for more than a decade and is offered at among the lowest rates in the nation. Even so, only approximately 1% of customers participate in the voluntary program. He said based on this level of participation, under the current GPI rate, annual revenues would be less than $300,000. He said if IPL were required to provide such a voluntary EV tariff, the cost of administering it would be reflected in the ratemaking process, and the Commission and OUCC would be required to devote resources to its ongoing administration. He said experience from IPL's GPI suggests that the cost of administering a voluntary tariff as proposed by Mr. Olson and processing changes through Commission proceedings may outweigh the benefit. Therefore, the Commission should reject Mr. Olson's proposed modification and find the approach reflected in the Settlement Agreement reasonable.

Mr. Rosenberg explained that Mr. Olson raised several issues which were addressed in earlier pre-filed testimony, including his concern about the appropriateness of the Project because the ARP falls outside the scope of the 30 month revenue test, his contention that the installation of the charging stations has nothing to do with providing customers with electric service and that

[14] Q Let's see, starting on Page 3. I do have another question, though, relating back to the streetlighting program. Are you aware of other demand side management programs where customer classes are funding other customer classes' DSM programs? So, for instance, a residential customer is being asked to pay for commercial DSM programs.
A I can't think of one at this time; although, I certainly believe that all – streetlighting is something that's a little bit different because I believe that the public in large benefits by having streetlighting, and the fact that it's energy efficient is very important as well, but all residents enjoy the benefits of streetlights.
Q But just to clarify, commercial ratepayers do not pay for residential programs generally, for instance?
A Yeah, generally, that is correct.
Q In fact, you can't think of a single example otherwise besides this request.
A I can't think of one, but, again, I don't spend a lot of my time on DSM programs these days.

IPL's business opportunities should be funded by voluntary investors. He explained that the City and IPL offered ample evidence in their pre-filed cases-in-chief, rebuttal and settlement testimony in response to the various forms of this same argument, and the Settling Parties arrive at a different conclusion than the CAC. Similarly, he said Mr. Olson's concerns that profitability is not guaranteed were addressed in the City's case-in-chief testimony and in the City's rebuttal.

Mr. Rosenberg responded to Mr. Olson's assertion that the City should have identified a different funding stream for the Project. He explained that the City is already making significant contributions to the success of the Project, and the City thinks the request for IPL's customers to bear the costs of the installation of line extensions, charging stations, and kiosks is the most appropriate course. He said the City believes there are substantial benefits to the provision of public utility service that warrant some of the costs of the project being included in utility rates and thus IPL requested the Commission's approval of the ARP. He said the City is pleased that, since then, the parties were able to reach an agreement with the OUCC that includes a variety of enhancements to the original proposal.

Mr. Rosenberg responded to Mr. Olson's concerns relating to the advisory board's meetings. He said the City expressed to the CAC in discovery its intention for the advisory board to hold public meetings and to take public comment. In addition to the public meetings, the City expects that there may be *ad hoc* meetings of advisory board members and various personnel of the Settling Parties who communicate regularly to ensure a successful implementation of the BlueIndy service. He said this balanced approach is appropriate given the purpose of the advisory board, which is to help ensure the success of the program consistent with the terms of the Settlement Agreement.

With respect to Mr. Olson's comments that there is no governance document for the advisory board or requirement for additional parties to be added to the board, Mr. Rosenberg said such comments are premised on an incorrect understanding of the purpose of the advisory board. He said the advisory board is comprised of the organizations whose ongoing involvement benefits the successful implementation of the BlueIndy service. He explained that should the members of the advisory board identify an organization whose ongoing involvement in the advisory board would benefit the implementation of the service, such additional members could be added by way of unanimous agreement of the City, IPL and the OUCC, as they are the parties to the Settlement Agreement. He added that any individual or entity not a member of the advisory board will be able to offer comment at the public meetings of the advisory board and communicate with the City, IPL, BlueIndy and the OUCC as they would whether there was an advisory board or not. He said the City has encouraged the CAC to attend those meetings and hopes they will. Mr. Rosenberg said that if the advisory board determines it needs something more formal, it is certainly within the capabilities of the City, IPL, BlueIndy and the OUCC to address that need when it presents itself. He reiterated that the advisory board is meant to address issues relating to the successful implementation of the BlueIndy service, not serve as a replacement for Commission oversight.

Mr. Rosenberg responded to Mr. Olson's comments about the two free months of membership when an IPL customer signs up for an annual membership. He stated this is more than a marketing gimmick, as Mr. Olson contends, as the incentive is a contractual obligation that requires the City to cause BlueIndy to offer two free months to IPL customers who sign up for an annual membership. He said it was a smart incentive to utilize the service in its infancy that is

provided to IPL customers. He noted the more customers who use the service, the more successful it will be, which helps to facilitate the many benefits to be achieved from the Project.

Mr. Rosenberg stated Mr. Olson seems to incorporate various concerns from State Representative Pryor, though many of the issues have already been addressed in earlier pre-filed testimony. For example, Mayor Ballard's rebuttal testimony addressed the concerns about the affordability of the BlueIndy service. Mr. Rosenberg explained that the City's testimony detailed at length the fact that BlueIndy locations can be deployed through the IPL service territory, not just Marion County. Further, as Mr. Mitchell explained in his rebuttal testimony, the locations in Marion County are expected to be distributed throughout the county, not just in a few concentrated areas.

Mr. Rosenberg responded to the concern that people in lower income brackets might be precluded from using the service because BlueIndy requires a credit card. He said that if BlueIndy were required to accept other forms of payment, the price for the service would likely be higher due to the increased costs associated with different aspects that go into collection. He explained a customer who consents to keep their credit card on file can be easily charged for their usage of the service, and it is up to the credit card company to resolve actual collection from the customer. Thus, BlueIndy can keep prices lower than they otherwise would be by requiring a credit card on file. If this were not the case, it can be expected that a higher price for the service might keep a broader base of people from using the service.

Mr. Rosenberg added that the City respects the opinion of those who disagree with the proposal, but noted that many other people, including elected officials, major corporate employers, universities, transportation professionals, and visitor attraction professionals support this proposal. Further, he pointed to the many enhanced protections that were included as part of the Settlement Agreement that should address a variety of concerns of those originally more skeptical. He acknowledged that there may still be some dissent even despite the many improvements achieved in the Settlement Agreement and even after IPL's Harding Street announcement, but explained that this is to be expected when something transformational is underway; not everyone can agree. He said that as Mayor Ballard testified in his direct testimony, some people initially said Unigov was illegal and others said the City's sports strategy was a fool's gamble, and yet, no one today would seriously question the impact of those efforts. He said those efforts positively and dramatically changed the trajectory of our community and our state, and he believes the BlueIndy project can too.

Mr. Rosenberg explained that for at least forty years, our country has been addicted to foreign oil and suffered enormous costs of life and treasure as a result. He said faced with continued foreign control of oil prices through OPEC (whether we produced more oil at home or not), refusing to relegate future generations to fighting wars to protect oil, and in light of the many technological advancements in the field of electric vehicles, the City has chosen to go down a different path to make electric vehicle technology readily available throughout our community. He said the City believes this path leads to a brighter future and that the costs to move down this path are relatively insignificant to the potential gains. Mr. Rosenberg stated this proceeding ultimately comes down to one question: do we sit and do more of the same and expect different results, or, do we commit ourselves to taking action down a path less travelled in pursuit for something much greater? He concluded that with the Settlement Agreement and its many improvements to the

original proposal, the OUCC joins the City and IPL in requesting approval of the proposal, and the Settling Parties hope the Commission will find it appropriate to approve this proposal.

13.10. Commission Discussion and Findings. ~~Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406. Any Commission decision, ruling, or order – including the approval of a settlement – must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)).~~

A. *AUR Act*

This request and settlement is based on a proposal for an Alternative Regulation Plan. The AUR Act refers to traditional commission regulatory policies and practices, and that certain existing statutes are not adequately designed to deal with an increasingly competitive environment for energy services and that alternatives to traditional regulatory policies and practices may be less costly. Ind. Code 8-1-2.5-1(3). It relates to affording flexibility to an energy utility in the regulation of its retail energy services in the fact of "technological or operating conditions, competitive forces, or the extent of regulation by other state or federal regulatory bodies" that make the exercise of traditional IURC jurisdiction over an energy utility "unnecessary or wasteful." *See*, Ind. Code § 8-1-2.5(b)(1). As used in Ind. Code § 8-1-2.5, "retail energy service" is defined, in part, to mean "energy service furnished by an energy utility to a customer for ultimate consumption." Ind. Code § 8-1-2.5-3. Ind. ~~The Commission's own procedural rules require that settlements be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the Settlement, we must determine whether the evidence in this Cause sufficiently supports the conclusions that the Settlement is reasonable, just and in the public interest.~~

~~In this case, the Commission is reviewing a Settlement Agreement entered into by IPL, the City and the OUCC (which is the statutory representative of the Company's customers and the public generally). One party, CAC, has not joined the settlement. CAC asks the Commission to reject or modify the Settlement Agreement. As more fully explained below, we decline to do so. In the public utilities field, as in other contexts, the law favors settlements precisely because they help advance matters with far greater speed and certainty, and far less drain on public and private resources, than litigation or other adversarial proceedings. Parties enter into settlement agreements based on the same incentives but they will not do so if their incentives are eliminated. Of those incentives, certainty about the terms and conditions to which they have agreed is among the most critical. Without such certainty, settlements will simply not be reached.~~

~~"Settlements in regulatory matters will often not be agreed to by all the parties." *Re Indiana Bell*, Cause~~ Code § 8-1-2.5-6(e) allows the Commission to approve, reject, or modify an energy utility's proposed alternative regulatory plan if the Commission finds such action is consistent with

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the public interest. Assuming arguendo that the AUR Act indeed applies here, the Commission finds that the Alternative Regulation Plan ("ARP") Project is not in the public interest.

~~No. 42405 (IURC 6/30/2004), at 20. The Commission's rule expressly allows settlement agreements "by some or all of the parties." 170 IAC 1-1.1-17. "If, on examination, a settlement agreement is found equitable by the Commission, then the settlement agreement should be approved and its terms form the substance of a binding Commission order.[15]" *Re Indiana Bell*, Cause No. 42405 (IURC 6/30/2004), at 20. The strong policies favoring such settlements "are further enhanced when, as here, one of the parties proposing the settlement is the OUCC, because the OUCC is mandated by statute to 'have charge of the interests of the ratepayers and consumers of the utility . . . .' Ind. Code § 8-1-1.1-5.1(e)." *Id.* Here, the Settlement Agreement was not signed until after the prefiling schedule and the pre-hearing discovery was complete and the field hearing concluded. The public comments and testimony at the field hearing reflect both support for as well as opposition to the ARP. The positions of all parties, including CAC, as well as the commenting general public were well known before the Settlement Agreement was executed because the parties had prefiled their evidence, conducted discovery and prepared for the evidentiary hearing. As a result, the Settling Parties were able to consider and evaluate all of the issues and reach a settlement that was comprehensive, balanced and in the public interest.~~

~~The Commission has substantial experience in reviewing and resolving complex issues. The evaluation of the public interest is broader and more difficult than just determining whether every participant got its own proposal adopted as part of the settlement agreement. The Commission must take a broader and more expansive view, recognizing that the public interest changes from time to time, is not necessarily represented by any one party's view, and must assess the settlement agreement to reach a resolution that benefits the customers, the Company, and the State, to the extent the State's interests may be more comprehensive and take a longer range view than any of the individual parties' interests. As discussed below, we find substantial evidence demonstrates that the Settlement Agreement is the result of substantial negotiations, reflects consideration of all parties' concerns, is a reasonable resolution of the disputed issues in this Cause and therefore is in the public interest.~~

The Settlement Agreement provides for approval of Petitioner's ARP, as modified by the Settlement Agreement, pursuant to Ind. Code ch. 8-1-2.5, the AUR Act. Petitioner is an "Energy Utility" as defined in the AUR Act. Under Section 6(a)(1) of the AUR Act, the Commission may adopt alternative regulatory practices, procedures, and mechanisms and establish just and reasonable rates and charges that (a) are in the public interest and (b) enhance or maintain the value of an energy utility's energy services or properties, including practices, procedures and mechanisms focusing on the price, quality, reliability, and efficiency of the service provided by the energy utility.

In determining whether an ARP is in public interest, the AUR Act directs that the Commission shall consider the factors enumerated in Indiana Code § 8-1-2.5-5. These factors include giving

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~~[15] *Pennsylvania Gas & Water Co. v. Federal Power Comm'n*, 463 F.2d 1242, 1246 (D.C. Cir. 1972), quoted with approval in *Re Public Serv. Co. of Ind., Inc.*, 74 PUR4th 660, 683 (Ind. Pub. Serv. Comm'n 1986), 1986 Ind. PUC LEXIS 419 at *55.~~

consideration to 1) ~~to~~ technological and operating conditions, competitive forces, or the extent of regulation by other state or federal regulatory bodies render the exercise, in whole or in part, of jurisdiction by the Commission unnecessary or wasteful; 2) ~~to~~ whether the Commission's declining to exercise ~~of~~, in whole or in part, its ~~authority under the AUR~~jurisdiction will ~~benefit~~be beneficial for the energy utility, the energy utility's customers, or the state; ~~and~~ 3) ~~to~~ whether the Commission's declining to exercise ~~of~~ its ~~authority under the AUR~~jurisdiction will promote energy utility efficiency~~. In Indiana~~; and 4) whether the exercise of Commission jurisdiction inhibits an energy utility from competing with other providers of functionally similar energy services or equipment. As further discussed below, IPL and the Settling Parties have not provided the Commission with substantial evidence supporting relief under Ind. Code § 8-1-2.5-~~1 the General Assembly declared the reasons for the AUR Act. This declaration acknowledges~~6 and a finding that the ARP Project is in the public interest ~~is served by an environment in which Indiana consumers will have available state-of-the-art energy services at economical and reasonable costs. The AUR Act directs the Commission to report annually to the General Assembly's regulatory flexibility committee on the status of modernization of energy utility facilities in Indiana, the incentives required to further enhance this infrastructure and the effects of this modernization on economic development. Ind. Code § 8-1-2.5-9(c). The AUR Act is not limited to specific technology. Rather, the Act refers to modernization and technological change without limitation. We also note that while the statute requires the Commission to consider the factors enumerated in the statute, it does not require an ARP to fulfill all of the enumerated factors. Nor does the statute expressly require the Commission to make specific findings on each factor.~~

~~While supportive of the program generally, the OUCC initially raised concerns about the connection between the ARP and IPL's provision of electric retail service. The CAC similarly questioned whether the ARP was appropriate. Through discussions with the Settling Parties, the OUCC subsequently reached a settlement that resolved the OUCC's concerns and provided a number of other customer benefits, as discussed above.~~

~~The Settling Parties, through their respective pre-filed testimony and exhibits, have provided the Commission with substantial evidence supporting relief under Ind. Code § 8-1-2.5-6. The rebuttal and settlement evidence clarified the ARP and explained how the Settling Parties addressed and resolved the OUCC's concerns therein. Substantial evidence demonstrates that the Commission has previously authorized utility deployment of EVSE and that these utility facilities are beneficial. Substantial evidence demonstrates that the deployment of EVSE infrastructure contemplated by the ARP modernizes infrastructure and provides a unique way to address the need for extensive charging infrastructure at a lower cost than otherwise possible. We note that EVs represent a mobile load; the historical electric grid was developed based on a stationary load. While IPL does not expect electricity usage from this Project to be significant, especially in the first few years, as the number of EVs in Indiana grows over time, the impact of EV charging practices on the electric distribution system has the potential to raise significant challenges for electric utilities. If EV charging practices are not managed in a way that maintains the efficiency and reliability of the electric distribution grid, all customers – not just EV owners – will be forced to bear these additional and avoidable costs. Additionally, the development of EVSE can lead to the potential use of EV and EVSE as a distributed energy storage and demand response resource. Substantial evidence also demonstrates that this deployment of this state-of-the-art technology can further~~

~~economic development within IPL's service area and this too benefits customers as well as the state.[16]~~

~~The record establishes that the ARP, as modified by the Settlement Agreement, 1) provides IPL the opportunity for input into the deployment of the EVSE in a manner that maintains the efficiency and reliability of the electric distribution grid and better utilize the distribution assets; 2) benefits the environment by reducing overall greenhouse gases compared to the average fossil-fuel fired automobile sold today; 3) reduces range anxiety, a barrier in the adoption of EVs; and 4) allows for the potential future use of this technology as a distributed energy storage and demand response resource. As such, the ARP is reasonably designed to enhance or maintain the value of IPL's services and property. The ARP is also reasonably designed to enhance or maintain the reliability, quality and efficiency of IPL's system and provision service to the existing stationary load as well as to this developing mobile load. Further, the Settlement Agreement enumerates a number of additional customer benefits reached by the Settling Parties, including rate mitigation provisions that reduce the impact of the Project on customer rates.~~

We will begin by addressing the factors enumerated in Ind. Code § 8-1-2.5-5. First of all, nothing inhibits IPL from the provisioning of its retail energy service to BlueIndy. There is no technological or operating condition that prevents IPL from provisioning line extension services to BlueIndy as it currently does for any other customer. As a monopoly electric utility in the State of Indiana, IPL faces no competition in providing such retail service to BlueIndy. There is no other state or federal regulatory body's regulation that would hinder IPL from provisioning these services to its customer, BlueIndy.

Secondly, there has been no showing that IPL's ratepayers as a whole, outside of an unknown number who may try BlueIndy's services, will reap any direct benefits as a result of the EV program based on the ongoing provisioning of "retail energy service" collectively to them by IPL for which they already pay a tariffed charge approved by the IURC. Rather, they would incur an unknown amount of additional costs on their bills without a showing of how they would actually benefit. IPL and the Settling Parties rebut this by saying that if the ARP Project is profitable, then ratepayers would benefit; however, no evidence was presented to show the likelihood of profit from this project or to demonstrate that this advancement would prove any more fruitful and would thus lower the cost in comparison to other ways that are available to advance such technology. This includes the fact that there were no business plans, marketing plans, or financial projections to support the claim that this ARP Project will provide profit to ratepayers. (Tr., B-57, lines 5-17; Tr., B-61, lines 9-12.) Regarding the benefit to the utility, IPL admitted that it would be a positive benefit to add load and bring in additional revenues (Tr., B-8, line 3–B-9, line 4.); however, the Commission must balance the interests of ratepayers with the interests of the utility. The lack of benefits to ratepayers weighs heavily in the Commission's decision rejecting the ARP here. Furthermore, approval of this ARP would give an undue or unreasonable preference or business opportunity to one customer, BlueIndy, that is otherwise not being offered to other IPL customers,

~~[16] In his direct testimony (p. 15) Mr. Flora testified that the cost of this Project will not be included in basic rates until IPL incurs the costs and subsequently files a general rate case. At that time the revenues from the EV charging associated with this Project will be reflected in IPL's revenue requirement. Mr. Flora stated that IPL estimated the revenues from the Blue Indy Project would not be significant. Flora Direct ($700,000 over thirty months).~~

which runs contrary to Ind. Code § 8-1-2-105(a). Regarding any claimed benefits of the ARP Project for the State, IPL and the Settling Parties have not made this showing, outside of the benefits that would be provided exclusively to the City of Indianapolis. And the fact that the City did not bring this proposal to its City-County Council raises concerns for the Commission with regard to the appearance of circumventing the tax payer process. Although the Settling Parties argued that the deployment of the infrastructure would provide a lower cost than otherwise possible, they have not met their burden of proof in supporting such a claim.

Thirdly, we do not believe any energy utility efficiency would be promoted in approving this ARP Project. IPL already has a tariff addressing the development of EV cars and has even received an award for leadership in EV. (Flora Direct, p. 15, lines 14-16.) IPL currently has 22 public chargers deployed across eight different sites and 140 chargers at customers' premises. (Flora Direct, p. 15, lines 9-12.) And, although IPL claims one benefit is that it can be involved in the placement and locations of the chargers, IPL has not made a showing that the customer is unwilling to involve IPL in these decisions. Petitioner's witness Flora explained why the BlueIndy Project does not readily fit the 30-month revenue test and therefore was presented as an ARP.[17] The parties' rebuttal and settlement testimony further ~~clarified that~~discussed how the parties believed the ARP relates to a request for electric service from an IPL customer and is focused on EVSE infrastructure deployment and a path to the future. ~~Substantial~~However, the record is devoid of probative or substantial evidence ~~shows~~showing that if the Commission were to limit its authority to exercise its traditional jurisdiction, it is unlikely that the infrastructure modernization contemplated by this Project would go forward as planned. ~~Put another way, in light of the technology and the associated operating conditions it would be wasteful for the~~ Commission ~~to limit its purview to the exercise of its~~ jurisdiction is necessary and efficient in dealing with this request as traditional ~~regulatory powers. The~~ policy and practice can fairly and squarely cover this request. In fact, the record establishes that if the Commission ~~exercises its alternative regulatory authority~~were to decline to exercise its jurisdiction, energy utility efficiency and reliability ~~will~~may be ~~promoted~~hindered and, as noted above, customers ~~as well as~~and the State will be harmed. Furthermore, allowing BlueIndy to insert itself between the general public and the monopoly electric utility not only adds a middle man, it also raises interesting questions pertaining to the ~~state will benefit~~Service Area Rights Act that have not outright been addressed by the Petitioner, the City, or BlueIndy, which is discussed further below.

~~Having considered the factors enumerated in Section 6(a)(1)(B) and Section 5(b)(1)-(3), we now turn to whether~~ Fourthly, the Commission finds that the exercise of ~~the Commission's~~ its jurisdiction ~~inhibits an energy utility~~will not inhibit IPL from competing with other providers of

[17] The 30 month revenue test is found at 170 IAC 4-1-27. In pertinent part, this rule provides that "Each electric utility shall, upon proper applications for service from overhead and/or underground distribution facilities, provide necessary facilities for rendering adequate service, without charge for such facilities, when the estimated total revenue for a period of two and one half (2 1/2) years to be realized by the electric utility from permanent and continuing customers on such extension is at least equal to the estimated cost of such extension." The rule further provides that the utility "shall submit" certain requests for provisioning to the Commission for determination as to the public convenience and necessity of such extension. These situations include: a) a request where the estimated cost of such extension and the prospective revenue to be received from it is so meager as to make it doubtful whether the revenue from the extension would ever pay a fair return on the investment involved in such extension, and b) requests for an installation requiring extensive equipment with slight or irregular service. ~~Where provisioning requests concern technological change, such as EVSE, or special operating conditions, such as mobile load, the AUR statute provides an opportunity for a utility to make a proposal to meet the need for service.~~

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functionally similar energy services or equipment. ~~This criterion~~ As stated above, IPL has no direct competitors as a monopoly service territory electric utility. However, although BlueIndy has not explicitly asked to be a public utility as defined by Ind. Code § 8-1-2-1(a) and an electricity supplier as defined by Ind. Code § 8-1-2.3-2, BlueIndy is ~~set forth in the section of the statute that addresses declination of jurisdiction but the ARP provisions direct the Commission~~ asking to ~~consider it nevertheless. We recognize that IPL has the sole right to provide~~ deliver power and furnish retail electric service to the ~~public within its assigned service area. We do not conclude, however, that this means the ARP should be rejected~~ general public within IPL's exclusive service territory as provide to it in Ind. Code § 8-1-2.3-4. In *BP Products North America, Inc. v. Indiana Office of Utility Consumer Counselor*, 947 N.E.2d 471 (Ind. Ct. App. 2011), an oil refinery entered into private contracts to provide the excess utility services it created through its refinery process to adjacent property owners and/or providers of services within the refinery business. This occurred within the designated exclusive sales territory of NIPSCO. The Court of Appeals found that BP was not a "public utility" subject to jurisdiction of IURC, because the ~~ARP is not required to fulfill all statutory considerations. Additionally, as noted above,~~ refinery served a defined, privileged, and limited group of companies which a special class of entities that did not make up the indefinite public and because it was engaged in a private activity, not the provision of services directly or indirectly to the public. This was compared to BP acting as a "public utility" when it sold low pressure raw service water to a city, which the city then treated and distributed to its customers. Thus, it was found that the refinery's contract with city that provided for the provision of water to an entity was a mere conduit to serve the undifferentiated public, at least indirectly. Here, BlueIndy wants to engage not in a private activity but in the provision of services directly or indirectly to the public within the service territory of IPL. However, because the Commission ~~has authorized IPL and other utilities to deploy EVSE but we~~is denying the ARP Project and the Settlement, we need not go through any further analysis with regard to this jurisdictional question.

In their proposed order, the Settling Parties made the argument that the Commission should recognize that the public utility does not have the sole right to provide EVSE, just as the public utility does not have the sole right to provide energy efficiency services. ~~Like~~ The Commission rejects this comparison. Energy efficiency is a resource just like supply-side resources (see 170 IAC 4-7-8); while the ARP Project will actually be consuming energy. Although the Settlement Agreement states that IPL and the City shall collaborate with BlueIndy to determine the potential feasibility of using EVs as providers of energy ~~efficiency, this project is proposed to support this evolving mobile load in a way that safeguards~~back to the IPL grid as a demand response resource, there has been no or insufficient evidence for the Commission to make that determination here. Furthermore, the ARP Project has not been proven to safeguard the distribution system, ~~looks to the~~benefit consumers, and the State, like energy efficiency does when it reduces congestion on the grid and provides system-wide benefits to all ratepayers regardless of whether a ratepayer actually installs a DSM measure or otherwise changes his or her behavior. Here, the ARP Project will or could add load to the grid, increase grid congestion and strain, add costs to future ~~and otherwise benefits consumers, the utility and the state.~~TDSIC filings, and will not provide any system-benefits to ratepayers but rather costs. (Tr., pp. A-43—A-44.) The ARP, as modified by the Settlement Agreement, ~~reduces~~increases the cost of the infrastructure ~~benefits~~ by ~~leveraging the private sector investment being made by BlueIndy~~adding load to IPL's system and asking all ratepayers to pay for it. Thus, any comparison of this ARP Project to DSM is not applicable, relevant, or helpful.

We now turn to Ind. Code § 8-1-2.5-6(a)(1)(B). Petitioner and Settling Parties argue that the ARP Project will help enhance EV infrastructure deployment and a path to the future However, nothing has prohibited IPL and its shareholders from preparing for the potential future use of this technology as a distributed energy storage and demand response resource and from investing in this infrastructure. This ARP Project is not reasonably designed to enhance or maintain the value of IPL's services and property; rather, it will give preferential treatment to one customer and will introduce strain on IPL's system, which could mean greater costs to IPLs ratepayers when upgrades to the transmission, distribution, and infrastructure systems are needed. (Tr., pp. A-43—A-44.) The record is devoid of evidence to support Petitioner's and Settling Parties' contentions. The ARP Project has not been shown as a reasonable design to enhance or maintain the reliability, quality and efficiency of IPL's system and provision service to the existing stationary load.

Traditional utility regulation should govern the treatment of the ARP Project, rather than the AUR Act. The settlement at issue in this case addresses the City and IPL's agreement, which commits IPL to present to the IURC a proposed ARP for approval in order to recover from IPL's entire rate base (1) $12.3 Million in installation costs of customer-owned equipment (including upwards of 1,000 electric vehicle charging stations and other related equipment), and (2) line extension expenses of about $3.7 Million to make each of the EV locations operational. Traditional utility regulation calls for the approximate $12.3 Million needed to install the Bollore-owned charging stations and kiosks to be borne by the customer, BlueIndy, because the general rate base is not required to fund this customer owned and operated project. Traditional utility regulation also calls for the use of IPL's existing tariff (IPL Rate SS) for the distribution line extensions needed for the BlueIndy-owned charging stations. If this tariff were applied as written, the $3 Million needed to bridge the installation costs and satisfy the 30 month revenue test would be borne by BlueIndy and not IPL's ratepayers. The AUR Act is not applicable here, because traditional utility regulation can and should apply to this customer project.

B. *Settlement*

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Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). Any settlement agreement that is approved by the Commission "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664 N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406. Furthermore, any Commission decision, ruling, or order – including the approval of a settlement – must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). ~~The CAC questioned the reasonableness of the Project's costs and the profit sharing provisions of the ARP. The CAC asked the Commission to modify the Settlement Agreement by allocating 50% of the project costs to IPL's shareholders and providing an opt-out for certain low and fixed income customers. We decline to modify the Settlement Agreement as requested by CAC. The provisioning and economic development benefits to customers from this infrastructure project accrue to all customers, not just those who may use the EV sharing or EVSE. The costs that may be incurred for this Project are limited by the ARP and~~

~~the Settlement Agreement. The impact of the Project on rates is mitigated through the use of an ROE of 10.2% in the calculation of carrying charges to be recorded on the BlueIndy Project unless and until a new ROE is established in a future base rate case and the use of a ten-year, rather than five-year, amortization period for the regulatory asset.~~ Before the Commission can approve the Settlement in this proceeding, we must determine whether the evidence in this Cause sufficiently supports a conclusion that the Settlement is reasonable, just and in the public interest. 170 IAC 1-1.1-17(c) allows the Commission to reject, in whole or in part, any proposed settlement if the Commission determines that the settlement is not in the public interest. If the Commission rejects a proposed settlement, in whole or in part, the Commission must state on the record or by written order the reasons for such rejection. As further discussed below, there is not sufficient evidence to support the Settlement.

"[T]he Commission indeed has broad authority to supervise settlement agreements . . .and to be proactive in protecting the public interest." *N. Indiana Pub. Serv. Co. v. Indiana Office of Util. Consumer Counselor*, 826 N.E.2d 112, 119 (Ind. Ct. App. 2005). *See Citizens Action Coalition v. NIPSCO*, 796 N.E.2d 1264, 1267–68 (Ind. Ct. App. 2003), *trans. denied*. This broad authority provides the Commission with more discretion than to merely approve or reject a settlement in total. *In re Access Charge Reform & Universal Serv. Reform*, 40785-S1, 2001 WL 797973 (Mar. 19, 2001). More specifically, "the Commission undoubtedly has the authority to modify or condition a settlement presented to it to serve the public interest prior to approving it," even when the settling parties explicitly request that the settlement be approved or rejected without modification. *Id*. This means that "[t]he Commission acts well within its authority when it modifies a contested settlement so that the contested terms will be consistent with Commission precedent or policy. If [petitioner] does not want to accept the settlement with the modifications that the Commission found were necessary to insure that the settlement was consistent with the public interest then [it] can reject the modified settlement and litigate the issues." *In re Access Charge Reform & Universal Serv. Reform*, 40785-S1, 2001 WL 797973 (Mar. 19, 2001), *quoting Eastern Shore Natural Gas Co.*, 43 F.E.R.C. P 61, 489, at 62, 212 (1988).

Participation by the Office of Utility Consumer Counselor in a settlement agreement does not require the Commission to presume a settlement to be in the public interest. *Citizens Action Coal. of Indiana, Inc. v. PSI Energy, Inc.*, 664 N.E.2d 401, 405 (Ind. Ct. App. 1996); *Nextel W. Corp. v. Indiana Util. Regulatory Comm'n*, 831 N.E.2d 134, 156 (Ind. Ct. App. 2005). The OUCC is mandated by statute to "have charge of the interests of the ratepayers and consumers of the utility." Ind.Code § 8–1–1.1–5.1(e). Accordingly, the OUCC holds the statutory ability to "appear on behalf of ratepayers, consumers, and the public in ... hearings before the [C]ommission." Ind.Code § 8–1–1.1–4.1(a). But, this statutory role of the OUCC does not change the statutory responsibility of the Commission with respect to proposed settlements. As the Court of Appeals has stated, "Although we recognize the strong public policy favoring settlement agreements, we reject the notion that the commission must accept an agreement endorsed by the OUCC without determining whether the public interest will be served by the agreement." *CAC*, 664 N.E.2d at 405.[18]

[18] In this instance, it should be noted that the OUCC submitted over X consumer public comments that it received in opposition to the request which is substantively the same as proposed by the Settling Parties. Please see CAC (exhibits)

The Settlement Agreement, compared to the Petitioner's and City's proposal before it entered into the Settlement Agreement, provides for less certainty and additional costs to ratepayers:

1. Settlement Term 2 (a) which addresses the costs being amortized by IPL over ten years could actually increase costs to ratepayers. (Flora, Settlement Rebuttal, p. 2, lines 12-14.) Thus, IPL ratepayers could actually get a worse arrangement than before the Settlement Agreement was reached.

2. Settlement Term 2 (b) provides that IPL's return on equity shall be 10.2%; however, IPL had already agreed to lower its ROE in its Rebuttal Testimony, which was filed before the Settlement was. (Flora, Rebuttal, p. 9, lines 3-18.) The Commission does not see how this is an added benefit to ratepayers, if IPL had already voluntarily agreed to this.

3. Settlement Terms 2 (c) and (d) address the Profit Share that may or may not result from the ARP Project. As CAC pointed out, profitability is not guaranteed and no business case was put forward to support that these provisions regarding profitability are indeed benefits to ratepayers. Also, BlueIndy is required to share money only when the project of profitable, despite having no obligation to serve the public. IPL, on the other hand, will still get to earn 10.2% on this investment, which is fully recoverable from ratepayers. Additionally, CAC is correct that there is no timetable placed on how quickly BlueIndy must distribute funds to IPL nor are there stipulations placing dates certain on how quickly IPL shall reimburse ratepayers so that this purported benefit to ratepayers is actually realized by ratepayers. The Settling Parties suggested in their Proposed Order that it was CAC who needed to provide "pros and cons or otherwise provide a detailed analysis demonstrating that the approach [regarding the timetable to distribute funds] agreed to by the Settling Parties is unreasonable." The Settling Parties forget, however, that this is not CAC's burden to carry. These settlement provisions do not balance the interests of ratepayers and the utility.

4. Settlement Term 2 (e) requires that the IPL report an annual basis to the IURC and OUCC on any Profit Share received and data gathered at each charging site. However, the Settling Parties have yet to determine the specific scope of the annual report. (Tr. A-52, lines 11-22.) It is unclear why this information would not already be provided as part of the proposal.

5. Settlement Term 2 (f) requires that the City create an advisory board with the other Settling Parties and BlueIndy to discuss the Project details. However, there is no requirement to hold public meetings or allow for public participation, no requirement stipulating that additional interested parties will be added to the board, no requirement regarding the frequency of meetings, and no governance document or other explanation exists of the rights of, responsibilities of, and remedies available to members of the advisory board if a problem is discovered. (Tr., A-52, line 23—A-53, line 22; Exhibit KLO 5 attached to CAC Exhibit 3.)

6. Settlement Term 2 (g) provides that the City shall cause BlueIndy to provide IPL customers two months of membership for free, if the customers sign up for an annual membership within the first six months after the Public Opening. The Commission agrees with CAC that the term "free" is misleading. An annual membership is estimated to cost approximately $150 minus $26 for the "free" two months equals $130. (Tr., B-67, lines 2-9.) It is not in the public interest to require IPL ratepayers to pay $130 to take

advantage of this settlement provision. Furthermore, the concerns regarding the required use of a credit card are further elevated by this settlement provision. Without a credit card, ratepayers could not take advantage of this provision. (Tr., B-71, lines 10—B-72, line 5.)

7. Settlement Term 2 (h) requires the City to make all reasonable best efforts to apply for grants and reasonable efforts to secure other funding for rate mitigation. The parties provided little to no evidence regarding this settlement provision and no evidence that would ensure the City's fulfillment of this obligation. The City offered little assurances at the hearing. (Tr., B-68, line 19—B-71, line 8.)

8. Settlement Term 2(i) provides for IPL to collaborate with its OSB and design a program that will call on all of IPL's ratepayers to fund a $1.5 million LED Streetlighting Program, where only IPL's Rate MU1 customers can participate. First of all, the members on IPL's OSB are CAC, the OUCC, and IPL; however only, OUCC and IPL are voting members. (Tr., A-34, lines 5-11.) And, importantly, there is nothing forbidding any member of the Oversight Board from suggesting this program to IPL's Action Plan vendor so that it can be further evaluated and assessed and even coming to the Commission with a grievance should this program not be explored. (Tr., A-59, line 10—A-60, line 9.) If the OUCC and IPL would like to explore this program, there is nothing inhibiting their ability to do so. Secondly, the rate impact for this program has not been quantified in this case for the Commission to review. (Tr., A-32, lines 17-24.) There are also very important questions of ratepayer equity with regard to this provision and how only the MU1 class can participate but it will be funded by all customer classes, except those customers who are eligible to opt out of DSM programs. (Tr., A-48, line 9—A-49, line 7.) In fact, IPL witness Flora could not, to the best of his knowledge and recollection, think of any other DSM program where customer classes are funding other customer classes' DSM programs. (Tr., A-49, line 22—A-50, line 19.) Thirdly, the Company agreed that it normally produces certain evidence to the Commission when it is asking for approval and cost recovery of a DSM program and even did so in its pending and most recent 2015 DSM Plan filing, Cause Number 44497. (Tr., p. A-13, line 16—A-14, line 13.) Here, however, the Company agreed that it "made no evidentiary showing of cost effectiveness, Market Potential Studies, Action Plans, lists of measures, a breakdown itemization of the $1.5 million, or any other detailed information, for the $1.5 million of additional costs that IPL will be asking from its ratepayers because of this settlement provision." (Tr., pp. A-46, line 25—A-47, line 9.) It also did not provide information about the amount of savings that would be allocated per program, which is normally an important part of the program request. (Tr. A-14, lines 3-7.) Whether or not there will be EM&V on this program has not even been determined. (Tr. A-57, lines 1-5.) The Settling Parties offered the Commission's recent TDSIC decision in *Re Northern Indiana Public Service Company*, Cause No. 44370 (IURC 2/17/2014) to support its settlement provision regarding the LED Streetlighting Program. However, in *Re NIPSCO* at 14, one party proposed using part of NIPSCO's proposed economic development budget for a municipal street lighting project and supported that proposal "provided *significant* evidence to demonstrate that replacing outdated, poorly illuminating high-pressure sodium street lighting with bright, light-emitting diode lights in the commercial and business areas of municipalities is an important component to economic development of nighttime business operations, public events and social events" (emphasis added). The Settling Parties have not offered such evidence here. Furthermore, CAC noted that IPL's agreement to forego lost revenues as provided for in

the Settlement Agreement is really not a benefit, because IPL currently does not receive lost revenues and thus agreeing to forego something it does not have is not a benefit. IPL witness Flora stated at the hearing that IPL is currently requesting lost revenues in Cause Number 44497, and it is a very contested issue among the parties. (Tr., A-35, lines 5-9, 16-21.) This Settlement provision is not reasonable, provides added costs to customers, has not been supported by probative evidence, and is not in the public interest.

~~Mr. Olson admitted that he is not a ratemaking expert witness but questioned whether spreading the amortization out may increase total costs. Mr. Flora, who is an accounting and ratemaking expert, explained Workpaper KB-1 is a calculation of the carrying charges that, if approved, would occur while the BlueIndy system is deployed until the costs begin to be recovered in rates. He testified that the carrying charges would not be impacted by the extension of the amortization period from five to ten years and an updated Workpaper KB-1 is therefore not necessary as requested by Mr. Olson. Mr. Flora agreed that extending recovery over a longer period of time could increase the total cost to customers because of the return component that would be reflected in future rate cases. He clarified that the actual impact to customers would depend on the timing of future rate cases and the amount of profit sharing received per the City-BlueIndy Agreement. He said the potential for rate mitigation is further enhanced by the Settlement Agreement, which provides 100% of the profit share for rate mitigation until 125% of the costs are recovered. We agree with Mr. Flora that the approach reflected in the Settlement Agreement is a reasonable and accepted means of balancing the impact on customer rates with cost recovery. Mr. Olson argues that this is "largely a business investment by IPL" but he did not attempt to reconcile this contention with IPL's position as the provider of retail energy services or otherwise specifically address the record evidence on this issue. IPL is in the business of providing retail electric service in compliance with state and federal regulation, the underlying public policy and the Commission's determinations as to the public interest. Carrying charges are a cost of providing service. The Settling Parties have negotiated a comprehensive resolution, wherein IPL has agreed to reduce the carrying costs, forego certain lost revenues and shareholder incentive on the Energy Efficient Streetlighting Program, and undertake various other actions. The Settling Parties have agreed that the negotiated resolution is reasonable and that the cost of the Project, including the carrying charges, are appropriately recognized for ratemaking purposes. We find the Settlement Agreement's cost recovery provisions reflect the well-established principle that the provider of a retail electric service is entitled to recover its cost of providing service, including carrying costs, through its retail rates.[19]~~

~~Mr. Olson points to a recent article about the potential increase in EVs, but both the City and IPL made this point in their direct, rebuttal and settlement testimony. The development of EVs can impose challenges on the electric system as well as opportunities for economic development. When the community grows through economic development, IPL's customer base broadens and the costs incurred by the Company to provide service are spread over that broader customer base.~~

~~[19] *See also* IAC 4-1-27 (mandating submission to Commission where it is doubtful that an extension of facilities would ever pay a fair return on the investment involved in such extension); Ind. Code § 8-1-2.5-6 (adopt alternative practices that enhance or maintain the value of the energy utility's retail energy services or property).~~

This in turn maintains the Company's ability to provide reasonably adequate service and facilities efficiently and benefits customers by keeping rates lower than they would be otherwise.[20]

The record reflects that the profit sharing provisions were negotiated at arms-length between the parties and were structured to provide an opportunity for cost mitigation to IPL's customers. IPL's entire share of the profit share will be dedicated for the sole purpose of rate mitigation, and will continue to flow to customers even after the cost of the initial investment is recouped. In addition, the Settlement Agreement provides that the City will forego any Profit Share to which it would be entitled from BlueIndy and direct such Profit Share to IPL, which IPL shall also utilize solely for rate mitigation to benefit IPL customers. After 125 percent of all Project costs incurred by customers have been recovered, there shall be an equal split of the Profit Share between IPL (for the benefit of further rate mitigation) and the City. Further, the City-BlueIndy Agreement includes a $4 million liquidated damages provision that, if triggered by early termination by BlueIndy, goes entirely to IPL for rate mitigation. Any resulting regulatory liability (and accompanying carrying charges) will serve to reduce IPL's revenue requirement in subsequent rate case(s). The City's witnesses explained why a profit, rather than revenue, sharing approach was best for ensuring the success of the Project. With this modified accounting and ratemaking treatment, the anticipated impact on a typical residential customer using 1,000 kWh per month is $0.28 per month beginning in 2018, or less than 0.28% per month. Based on the record, we find the accounting and ratemaking provisions provided for in the Settlement Agreement are reasonable, appropriate and designed to promote efficiency in the rendering of retail energy services.

The CAC argued that there is no timetable placed on how quickly BlueIndy must distribute funds to IPL and there are no dates certain on how quickly these funds would flow through rates. CAC suggested that this happen on an expedited basis. In making this proposal, Mr. Olson did not expressly weigh the pros and cons or otherwise provide a detailed analysis demonstrating that the approach agreed to by the Settling Parties is unreasonable. We recognize that rate adjustment mechanisms are an important ratemaking tool but they are generally used for larger projects. Mr. Flora explained why, as a practical matter, it could be unduly burdensome to establish a rate adjustment mechanism solely to process the profit sharing received from the Project. Such a mechanism would impose costs on IPL, the OUCC and the Commission to administer the rate adjustment mechanism, and the amount of profit sharing in a given period may remain lower than the level that usually warrants a tracking mechanism. Mr. Flora testified that if a rate adjustment mechanism were used it should reasonably address the entire Project by providing for both timely cost recovery and timely profit sharing and reflection of any grant or other funding. If this approach were taken it would eliminate the need for carrying charges to be recorded and deferred. Mr. Flora explained that this would reduce the overall Project cost but it would also impose costs on IPL, the OUCC and the Commission to administer the rate adjustment mechanism. Mr. Flora also explained that under the approach proposed by IPL and reflected in the Settlement Agreement, IPL would record carrying charges on the regulatory liability. This proposed treatment is consistent with the request for carrying charges on the regulatory asset. This structure treats customers fairly while providing for an efficient administrative and ratemaking process. We find and conclude that the

[20] While an increase in revenues provides a larger base over which to spread fixed costs, it does not necessarily lead to an increase in the utility's bottom line. As noted above, the revenue expected from this Project is comparatively small.

approach reflected in the Settlement Agreement reasonably balances the CAC's concerns by providing for the costs and profit sharing to be addressed in the context of a general rate case.

The CAC also proposed the Commission modify the Settlement Agreement to require the creation of a voluntary EV tariff. Substantial evidence demonstrates that doing so would undermine the cost mitigation provisions of the Settlement Agreement and may cause confusion. Mr. Flora demonstrated that the cost of administering a voluntary tariff as proposed by Mr. Olson and processing changes through Commission proceedings may outweigh the benefit. In addition to the rate mitigation provisions of the ARP, the Settlement Agreement provides that the City shall make all reasonable best efforts to apply for grant funding for rate mitigation, and make reasonable efforts to secure other funding, particularly from corporate citizens, for rate mitigation. The Settlement Agreement makes it clear that the City shall not cause BlueIndy to provide a Location to any person in exchange for such funding, and that any grants or other funding secured by the City pursuant to this provision will be directed to IPL and used solely for rate mitigation. The City has also agreed to provide periodic updates to the OUCC on its efforts in this regard. Substantial evidence demonstrates and we find that the approach to voluntary community support provided in the Settlement Agreement is reasonable.

Mr. Olson questioned the Energy Efficient Streetlighting Program provided in the Settlement Agreement, including whether all customer classes should be responsible for funding this endeavor. The Commission recently recognized the community and economic development benefits of modern LED streetlighting in *Re Northern Indiana Public Service Company*, Cause No. 44370 (IURC 2/17/2014). The Commission has also recognized that streetlighting service is not for the exclusive or separate benefit of the municipal authorities but it is really for the benefit of the travelling public. *Re IPL*, Cause No. 33735 (PSCI 4/1/1975), at 12. The Energy Efficient Streetlighting Program provided in the Settlement Agreement is modest in size (up to $1.5 million) but can spark substantial customer benefits. While Mr. Olson raised a concern about the lack of details regarding this Program, the details are expected to be known when the program is presented to the Commission for review and thus may be considered at that time. Mr. Olson argued that IPL's agreement to forego lost revenues as provided in the Settlement Agreement is not a benefit but we disagree. The Commission has allowed other utilities to recover lost revenues for implementation of DSM programs. (*See* 170 IAC 4-8-6). The Commission has also previously allowed IPL (and other utilities) to earn a shareholder incentive on energy efficiency programs. (*See* 170 IAC 4-8-7). While the Commission has not yet authorized IPL to recover lost revenues and IPL is not seeking their recovery in this proceeding, the fact remains that lost revenues and shareholder incentives reflect real costs to IPL and IPL would be otherwise entitled to seek recovery of these costs. We find the fact that IPL has agreed not to seek recovery of lost revenues and a shareholder incentive for the LED streetlighting program benefits customers.

9. Mr. Olson argues that Settlement termTerm 2(j), which) provides an assessment offor the IPL OSB to assess and evaluate the ISO 50001 energy management system or other similar strategic energy management programs, does little to add to the discussion, because Vectren has also agreed to explore this standard. Mr. Olson contends this provision lacks specificity. We disagree. Vectren and IPL serve different areas of the State. The Settlement Agreement specifically identifies what will be assessed (ISO 50001 or similar program), by whom (the DSM Oversight Board) and for what purpose (a potential pilot). The Settlement Agreement also sets forth the. As discussed above,

members of the IPL OSB already have the ability to do this and thus this provision provides no benefit. The OUCC's recommendation that the City or K-12 schools in the IPL Service Territory be considered as the initial participating customers in such a pilot. can also be easily addressed without ~~Mr. Olson argues that it is unclear how~~ this settlement provision ~~provides~~.

The Settlement Agreement also does not address the over-arching concern the ARP Project falls outside the scope of relief allowed under state utility law and should not be funded by ratepayers. The Settlement also did not address the fact that the City did not work with the Indianapolis City-Council to identify a more appropriate funding stream for the ARP Project.

In total, the Settlement Agreement is not a reasonable and accepted means of balancing the impact on customer rates with cost recovery. This is largely a business investment by IPL, and yet IPL's shareholders are not funding any ~~benefit but~~of this ~~argument is circular. As a generally matter, assessments~~venture.[21] IPL is in the business of providing retail electric service in compliance with state and federal regulation, the underlying public policy, and the Commission's determinations as to the public interest. IPL and its shareholders are ~~undertaken to determine whether benefits exists. The Settlement Agreement states the Settling Parties "acknowledge that while a pilot program may have potential, it must be further evaluated to determine whether it is in the best interest of~~welcome and encouraged to pursue such ventures, but must do so on its own dime. Furthermore, the Settlement Agreement does nothing to provide any additional benefit to IPL's ~~customers." There is benefit in doing the assessment because such efforts can lead to additional benefits, which could~~ ratepayers. It includes rate mitigation provisions that may never come to realization or that may actually increase the impact of the Project on customer rates. Many of the provisions do not have any supporting documents or attention to detail that could offer assurances to the Commission that the interests and concerns of IPL's customers were addressed. We find the Settlement Agreement is not in the public interest, and we reject it in its entirety.

CAC proposed several modifications to the Settlement Agreement in an effort to mitigate ratepayer impact, including requiring that 50% of the total costs be allocated to IPL shareholders; an opt-out be ~~implemented with Commission approval.~~created for at least those households living at 200% of the Federal Poverty Level or below; and a voluntary EV tariff be created so that supporters of the project could voluntarily sign up to help mitigate the rate impact on others. We

[21] IPL witness Flora answered cross-examination at the hearing regarding the amount of money contributed from IPL's shareholders to this Project:

> Q So we have $35 million from BlueIndy/Bolloré, $16 million from ratepayers, and zero dollars that have been shown from IPL's shareholders; is that correct?
> A It's correct that we haven't quantified that amount in our testimony.
> Q You've not provided any evidence to that fact.
> A I'd like to believe the evidence is the project and the fact that it has good benefits for our customers. I think that's evidence that we've been working diligently on this for over a year, but we haven't quantified the cost of that.
> Q So nothing with a dollar sign?
> A That's correct.

(Tr., A-29, lines 2-16.)

need not address that here because we are rejecting this Settlement and the ARP in their entirety, but these suggestions could have helped mitigate ratepayer impact had we approved the ARP and Settlement Agreement.

~~We~~ In sum, we find ~~and conclude~~ that the ~~costs of the BlueIndy Project are~~Settlement Agreement is not reasonable~~ and the terms of the ARP (as modified by the Settlement Agreement) are in the public interest. We note that the rate mitigation provisions of the ARP and Settlement Agreement potentially reduce the impact of the Project on customer rates. Regardless of the extent to which rate mitigation is ultimately achieved, the record establishes that the ARP and Settlement Agreement provide significant benefits to IPL's customers and the state.~~

~~The Commission has previously recognized the benefits that EVs and EVSE can provide to all electric service customers and the community in general:~~

> ~~The evidence reflects a number of benefits from facilitating the availability of [plug-in hybrid electric vehicles] PHEVs and [battery electric vehicles] BEVs, including reductions in dependence on foreign oil, greenhouse gas emissions, and transportation fuel costs for customers. The availability of infrastructure, such as EVSE, is a consideration when manufacturers evaluate where geographically to offer PHEVs and BEVs. Unfortunately, the availability of EVSE is also driven by demand for the infrastructure from customers who operate PHEVs and BEVs. This symbiosis creates a barrier to EV deployment in IPL's service territory.~~

~~*Re Indianapolis Power & Light Co.*, Cause No. 43960, at 42-43 (IURC 11/22/2011). The record in this proceeding identified, in addition to the benefits noted in our earlier order, the economic development, market transformation, talent attraction and utility system benefits anticipated with approval of the BlueIndy Project. The~~ , not in the public interest, and not supported by probative evidence.~~*Settlement*~~ Agreement builds upon these benefits by offering additional rate mitigation opportunities, annual reporting, exploration of potential energy efficiency and demand response programs, and other direct benefits to customers. We are also mindful of the declaration by the general assembly that "an environment in which Indiana consumers will have available state-of-the-art energy services at economical and reasonable costs will be furthered by flexibility in the regulation of energy services." Ind. Code § 8-1-2.5-1(4). While the CAC expressed concerns regarding the locations of the EVSE and the benefits to the average residential customer, these concerns were adequately addressed in the parties' rebuttal testimony and the Settlement Agreement. Mr. Mitchell's rebuttal testimony shows that the parties contemplate upwards of 200 locations to be deployed throughout the IPL service territory, which essentially includes all of Marion County and parts of surrounding counties, over time through a process of phased implementation. He explained that this phased approach was taken based on conversations with the OUCC prior to execution of the City BlueIndy Agreement that suggested to the City that flexibility in the number of locations to be deployed was best. The Settlement Agreement provides for the creation of an Advisory Board with membership of the City, IPL, BlueIndy, and OUCC to meet regularly to discuss the Project details, including implementation progress, IPL's Costs, the City's costs, and Locations.~~

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Finally, the CAC raised concerns regarding increased carbon emissions and electric load from the Project. The CAC further argued that the Commission should delay approval of the ARP until it has evaluated the potential impact of the ARP on Indiana's compliance with the U.S. Environmental Protection Agency's ("EPA") proposed Section 111(d) Rule. As explained by Mr. Flora, the ARP is not anticipated to materially affect IPL's load, and thus should not significantly impact emissions or increase costs. He noted that one advantage of IPL's participation in the Project is IPL's opportunity to participate in the selection of sites for the charging stations. He further noted that IPL is moving to a more balanced generating portfolio, which will decrease emissions due to electricity generation. In particular, Mr. Flora explained in his settlement testimony that subsequent to the filing of the CAC's testimony and the conduct of the field hearing, IPL announced that it will file plans with the Commission to repower Harding Street Station Unit 7 to operate on natural gas. If the plan is approved, coal burning will be eliminated from Harding Street Station in 2016. Given these developments, we find the CAC's concerns regarding increased load and emissions do not warrant rejection of the ARP as modified by the Settlement Agreement. We further agree with Petitioner that delaying approval of the BlueIndy Project based upon potential impacts from an EPA proposal only recently announced is not realistic and should be rejected.

In sum, we find the objections lodged by CAC do not warrant the rejection or modification of the Settlement Agreement. The Settlement Agreement presents a balanced and comprehensive resolution of the issues in this case and reflects the compromise that occurs in the negotiation process. We further find that the proposed ARP, as modified by the Settlement Agreement, satisfiesdoes not satisfy the requirements of Indiana Code ch. 8-1-2.5. We find that approval of the ARP and the Settlement Agreement is in the public interest and further find that approval of the ARP will enhance or maintain the value of IPL's services or property consistent with 8-1-2.5, is not supported by substantial evidence, and is not in the public interest. Accordingly, based upon the evidence presented in this Cause, we deny approval of the Settlement Agreement and Petitioner's proposed Alternative Regulation Plan, as modified by the Settlement Agreement. Ind. Code § 8-1-2.5-6(a)(1)(B) and promote efficiency, quality and reliability in rendering retail energy services consistent with Ind. Code § 8-1-2.5-6(a)(2)(B). Accordingly, based upon the evidence presented in this Cause and upon our review of the Settlement Agreement, the Commission further finds and concludes that the Settlement Agreement is reasonable, just, and in the public interest and should be approved without change. The parties agree that the Settlement Agreement should not be used as precedent in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce its terms. Consequently, with regard to future citation of the Settlement Agreement, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434 (IURC 3/19/1997).

14. Reporting Requirements. In his direct and rebuttal testimony, Mr. Rosenberg suggested that if the ARP is approved the City would be willing to report to the Commission and OUCC on the data gathered regarding usage of the EV infrastructure and the impact of EVs on IPL's system and the grid in terms of operational effects and costs. The Settlement Agreement provides that IPL shall report on an annual basis to the Commission and OUCC on (1) any Profit Share received and (2) data gathered at each charging site for purposes of observing, on a generic basis, consumer behavior associated with EV infrastructure deployments and the impact of EVs on IPL's system and the grid in terms of operational effects and costs. The Settlement Agreement further provides that IPL will provide a report to the OUCC and to the Commission on its efforts with respect to a V2G pilot within a year of the Public Opening (defined as the official opening of

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~~the BlueIndy Services to the public). Accordingly, we direct the City and IPL to file an annual report in this docket on or before December 31, 2015 and to serve copies of the report on the other parties. We further direct IPL to file a report in this docket within one year of the Public Opening addressing IPL's efforts with respect to a V2G pilot.~~

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

1. The Settlement Agreement and Petitioner's proposed Alternative Regulation Plan, as modified by the Settlement Agreement, are ~~approved~~denied in their entirety.

~~2. Petitioner is authorized to defer IPL's Costs, including carrying costs based upon IPL's weighted average cost of capital using a return on equity of 10.2%, until such costs are recognized in IPL's subsequent rate cases through amortization of the regulatory asset as a recoverable expense for ratemaking purposes over a period of ten (10) years and inclusion of the unamortized portion of the regulatory asset in IPL's rate base upon which IPL is permitted to earn a return.~~

~~3. Petitioner is directed to use its Profit Share and any Early Termination Payment that IPL receives under the City-BlueIndy Agreement to offset the regulatory asset as provided in the Settlement Agreement.~~

~~4. The prudence of IPL's Costs and cost recovery authorized in the Alternative Regulation Plan shall not be subject to any further review for any reason, including the termination of the City-BlueIndy Agreement prior to or at the end of its Initial Term.~~

~~5. The City of Indianapolis and IPL are directed to file annual reports in this docket as set forth in Paragraph 14. IPL shall further provide a report on its V2G pilot efforts within one year of the Public Opening.~~

~~6.~~**2.** This Order shall be effective on and after the date of its approval.

STEPHAN, HUSTON, MAYS-MEDLEY, WEBER AND ZIEGNER CONCUR: APPROVED:

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

_____
Brenda A. Howe,
Executive Secretary to the Commission

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