

**FILED**  
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**INDIANA UTILITY  
REGULATORY COMMISSION**

**VERIFIED DIRECT TESTIMONY**  
**OF**  
**JIM STATON**  
**ON BEHALF OF**  
**INDIANAPOLIS POWER & LIGHT COMPANY**  
**D/B/A AES INDIANA**  
  
Cause No. 45911

**VERIFIED DIRECT TESTIMONY OF JIM STATON**  
**ON BEHALF OF AES INDIANA**

**1. INTRODUCTION**

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

A1. My name is Jim Staton. I am employed by AES US Services, LLC, (“AES Services”, also “Service Company”), which is the service company that serves Indianapolis Power & Light Company d/b/a AES Indiana (“AES Indiana”, “IPL”, or “the Company”). The Service Company is located at One Monument Circle, Indianapolis, Indiana 46204.

**Q2. What is your position with AES Services?**

A2. I am Economic Development Lead for AES US Services, LLC.

**Q3. On whose behalf are you submitting this direct testimony?**

A3. I am submitting this testimony on behalf of AES Indiana.

**Q4. Please describe your duties as Economic Development Lead.**

A4. As Economic Development Lead, I create and implement strategies to help attract, grow, and retain commercial and industrial customers in our service territories in Indiana and Ohio. Within these strategies I collaborate with local, regional, and state economic development teams to create an environment conducive to doing business in their respective jurisdictions. Elements of this collaborative effort involve participating in recruiting missions throughout the country to educate prospective businesses and site selection consultants on the benefits of locating in AES Indiana’s service territory, meeting with existing customers to discuss their growth plans and how we can best serve their

1 requirements, assisting our economic development partners with responses to requests for  
2 information (“RFI’s”) of companies considering growth in AES Indiana’s service territory,  
3 and working and communicating with various stakeholders to inform them of the benefits  
4 of economic development.

5 **Q5. Please summarize your education and professional qualifications.**

6 A5. I have dual degrees in Environmental Design, and Urban Planning and Development from  
7 Ball State University. For the past 33+ years I have worked in the field of economic  
8 development in various capacities in the public sector at the local, regional, and state levels,  
9 as well as in the private sector for a utility and a consulting firm. I have twice been, in 2016  
10 and 2022, recognized by Consultant Connect, a nationally recognized economic  
11 development networking firm, as one of the “top 50 Economic Developers in North  
12 America”. Also in 2016, I received the Luminary Award for Economic Development  
13 Leadership from the Northern Indiana Public Service Company. In July of 2021 Governor  
14 Holcomb conferred a Citation of Achievement in appreciation of my service as the Interim  
15 Secretary of Commerce for Indiana.

16 **Q6. Please summarize your prior work experience.**

17 A6. I began my career in economic development in 1988 as a planning intern with Woolpert  
18 Consultants in Dayton, Ohio. While serving two stints at Woolpert, I developed an  
19 affordable housing report and completed several sections of master plans for Tinker Air  
20 Force Base and the Fort Wayne Air National Guard Base. In 1990 I started work as an  
21 Economic Development Planner and Grant Administrator with the Kankakee Regional  
22 Planning Commission (“KIRPC”), serving the residents of rural northwest Indiana by  
23 helping communities secure much needed state and federal grant funding to support their

1           respective growth plans. In 1993, I began my 12-year tenure as President of the Jasper  
2           County Industrial Foundation (“JCIF”), headquartered in Rensselaer, Indiana. During my  
3           tenure JCIF was directly involved in the development of five industrial parks, the attraction  
4           of thirteen major employers and over twenty expansion projects for existing companies.  
5           Total investment and job creation for these projects exceeded \$300 million and 1,700 jobs.  
6           While working at JCIF, I also served the Demotte community as town councilman, street  
7           commissioner, police commissioner, and plan commission and Board of Zoning Appeals  
8           member. I joined the Indiana Economic Development Corporation (“IEDC”) in 2005 as  
9           Director of the Northwest Indiana Regional Office. During my tenure at IEDC, I held roles  
10          including Senior Vice President and Chief Defense Development Officer, overseeing the  
11          organization’s domestic and international business expansion and attraction efforts, and  
12          leading the team through back-to-back-to-back record-breaking years for economic  
13          development. In the years I led the business development team, the IEDC achieved annual  
14          record highs for the number of new jobs committed, new payroll committed, annual  
15          average wage of committed jobs, and planned capital investment. Prior to being selected  
16          to lead global business development activity in 2018, I served in several economic  
17          development-focused roles at the IEDC, including vice president of business development,  
18          director of business development for the central and northwest Indiana regions, and as  
19          business recruitment director for North America. In April 2022, I joined AES Services as  
20          Economic Development Lead, which was a newly created role to provide a full-time focus  
21          on economic development.

22       **Q7. Have you testified previously before the Indiana Utility Regulatory Commission**  
23       **(“Commission”) or any other regulatory agency?**

1 A7. No.

2 **Q8. What is the purpose of your testimony in this proceeding?**

3 A8. My testimony supports proposed Rider 27 - Economic Development Rider (“EDR”). I  
4 describe the need for and benefits of the EDR for the participating customers, non-  
5 participating customers, and public generally.

6 **Q9. Are you sponsoring or co-sponsoring any financial exhibits or attachments?**

7 A9. Yes. I co-sponsor with AES Indiana witness Baker proposed Rider 27 – EDR. The  
8 proposed EDR is included with the proposed tariff presented by AES Indiana witness Baker  
9 and included as an attachment to his testimony AES Indiana Attachments AJB-1 (clean  
10 tariff) and AJB-2 (redline tariff).

11 **Q10. Did you submit any workpapers?**

12 A10. No.

13 **Q11. Were these attachments, or portions thereof, that you are sponsoring or co-  
14 sponsoring prepared or assembled by you or under your direction and supervision?**

15 A11. Yes.

16 **2. EDR**

17 **Q12. Does AES Indiana currently work to support economic development in its service  
18 area?**

19 A12. Yes. The Company collaborates with state, regional, and local economic development  
20 partners to attract and retain economic development opportunities in our Central Indiana  
21 service territory. This work is important and the tools we currently use to support these

1 efforts need to be updated. AES Indiana is the only investor-owned utility in the state  
2 without an EDR which creates a disadvantage when competing for economic development  
3 projects. In addition to being more competitive with utilities within the state, AES Indiana's  
4 ability to offer potential customers an EDR could assist in winning deals that may  
5 otherwise choose not to locate in Indiana or in AES Indiana's service territory. Creating a  
6 more modern, competitive EDR will also align with the IEDC's performance-based  
7 programs, because participating customers must deliver on their commitment to receive  
8 the incentive.

9 In this case, the Company seeks Commission approval of the EDR, which will expand the  
10 tools we use to help our communities. As discussed below, this work improves the quality  
11 of life in our community for the benefit of all AES Indiana customers. The increased load  
12 produced through economic development benefits all AES Indiana customers by providing  
13 a larger customer base over which to spread the fixed costs of service and ultimately  
14 lowering customer rates compared to what they would be otherwise.

15 **Q13. What is the Company's proposal for an EDR in this proceeding?**

16 A13. As indicated above, AES Indiana is proposing Rider 27 - EDR. The proposed EDR seeks  
17 to improve AES Indiana's competitiveness in supporting economic development and  
18 encouraging growth in the communities we serve. AES Indiana witness Baker presents the  
19 EDR terms.<sup>1</sup>

20 **Q14. Please elaborate on the need for the EDR.**

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<sup>1</sup> AES Indiana witness Baker Direct Testimony, Q/As 32-39.

1 A14. The EDR is proposed to improve AES Indiana's ability to assist our communities in  
2 competing for new economic development opportunities. While AES Indiana currently  
3 engages in economic development opportunities using the Rate CSC (Customer Specific  
4 Contracts), the EDR will broaden the Company's ability to support economic development.  
5 Under Rate CSC, the Company can engage in good-faith negotiations with current or  
6 potential customers to meet non-standard or specialized requests for electric service and/or  
7 meet competitive forces in the energy service markets in a manner that satisfies the needs  
8 of the participating customer while balancing the interests of the participating customer,  
9 the non-participating customers, and the public generally.

10 Rate CSC is an effective tool to encourage customers with incremental load of at least  
11 2,000 kW. This is a high threshold compared to what is available in the market in other  
12 areas in Indiana. Under the new Rider 27, the minimum incremental new demand must be  
13 at least 500 kW. While these customers are less energy intensive compared to Rate CSC,  
14 their addition or expansion can bring economic benefits to our communities and AES  
15 Indiana's customers.

16 Additionally, Rate CSC provides no parameters for potential incentives or other  
17 requirements. While this may be suited for large loads, the absence of such details may be  
18 an obstacle for customers and consultants looking to explore opportunities by researching  
19 tariffs. There is intense competition between states to attract and retain businesses and  
20 speed to market is the critical driver. With this in mind, AES Indiana and our economic  
21 development partners must be able to respond quickly when economic development  
22 opportunities arise. The ability to rapidly respond is critical to present the most competitive  
23 business case for a company. Providing prospective employers and site selection

1 consultants an immediate rate estimate is a key to Indiana remaining in the competition for  
2 the opportunity. Having an EDR allows AES Indiana to demonstrate we are ready to  
3 support the State of Indiana, and the communities we serve, in attracting new economic  
4 development.

5 As discussed below, proposed Rider 27 sets forth a graduated incentive structure, new jobs  
6 or capital investment requirements, and specifies the minimum term the customer must  
7 stay in the area. The new full time equivalent (“FTE”) jobs or minimum capital investment  
8 addresses jobs and investment in addition to load growth. Setting forth these requirements  
9 will better position business and economic development organizations to understand the  
10 benefit of locating in our service area. Furthermore, the inclusion of such detail is  
11 consistent with other tariff offerings.

12 By offering the EDR, AES Indiana will have another, more nimble option for commercial  
13 and industrial customers who are looking to move or expand their business in the AES  
14 Indiana service territory. The proposed EDR aligns with the State’s economic development  
15 efforts because it helps make Indiana’s cost of doing business more competitive and attracts  
16 new jobs and capital investment. The IEDC touts they “operate at the speed of business”  
17 and the EDR will allow AES Indiana to be a better partner by keeping pace.

18 **Q15. Does the proposed EDR incentive structure provide a reasonable offering to attract**  
19 **new or expanded customer load?**

20 A15. Yes, the EDR incentive structure will provide a reasonable offering to attract new or  
21 expanded customer load. The graduated offering is reasonable, in that it is structured to  
22 help new and expanding business offset early up-front/startup costs. Most new and  
23 expanding businesses are at their greatest risk during the first few years of operation due



1 to high startup costs and lower productivity during ramp up. Structuring the EDR to address  
2 pain points as the company navigates those first few years is intended to provide flexibility  
3 while maintaining provisions that protect existing customers. A declining incentive  
4 structure will also ease a customer's transition to full tariff rates. The minimum eight-year  
5 contract term requirement will ensure the AES Indiana EDR is incentivizing investments  
6 that provide sustainable economic benefits.

7 **Q16. How will the incentives for each eligible customer be determined?**

8 A16. When determining a customer's individual incentive, AES Indiana will develop an internal  
9 policy guide to inform decisions, on a case-by-case basis, to determine the incentive  
10 amount appropriate for each interested and eligible customer. The Company will use the  
11 following criteria in this policy guide:

- 12 • Peak monthly demand.
- 13 • Average monthly load factor.
- 14 • Interruptible characteristics.
- 15 • The Customer locates in a qualified "brownfield" redevelopment area as defined by  
16 Indiana or federal law located adjacent to an electric transmission or distribution  
17 line of company that is adequate and suitable for supplying the service requested.
- 18 • Hosting location capacity to serve.
- 19 • Cost to serve.
- 20 • New full-time equivalent employees.
- 21 • New average wage versus county average wage.
- 22 • New capital investment.
- 23 • County unemployment rate.



1 must exceed the incremental cost to serve and make a contribution to fixed costs.<sup>2</sup> Thus,  
2 as customers enter or expand in the market, the fixed costs of providing utility service are  
3 spread over a larger base, which ultimately reduces rates relative to the absence of the new  
4 load. This effect benefits all customers.

5 **Q20. How does economic development benefit the public generally?**

6 A20. The overall goal of economic development is to improve the standard of living for the  
7 people in the communities we serve. Strengthening the state and local economies through  
8 growing their respective bases by attracting new, and growing and retaining existing  
9 customers, provides improved opportunities for people to pursue a higher standard of  
10 living, and new revenues to state and local governments to provide the amenities to enhance  
11 the quality of life for everyone. To that end, AES Indiana supports, and is engaged in, both  
12 economic and community development in the communities we serve, as well as supporting  
13 the efforts of the IEDC in, as Governor Holcomb says, “[a]s governor, I want to take  
14 Indiana to the world, and bring the world to Indiana”.<sup>3</sup>

15 **4. SUMMARY AND RECOMMENDATIONS**

16 **Q21. Please summarize your testimony and recommendations.**

17 A21. Strengthening business and commerce in the communities AES Indiana serves provides  
18 substantial benefit from a utility regulatory and broader public interest perspective.  
19 Attracting new or expanded business expands electric load, and benefits state and local  
20 economies by enhancing economic activity and creating jobs. The proposed EDR is

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<sup>2</sup> AES Indiana witness Baker Direct Testimony, Q/A 33.

<sup>3</sup> <https://www.in.gov/gov/governors-office/economic-development-trips/>


1 practicable, advantageous and reasonably designed to benefit all stakeholders by attracting  
2 new or expanded business to the AES Indiana service area. The proposed EDR incentive  
3 structure requires pricing to exceed the incremental cost to the Company from performance  
4 under the contract and thus these agreements will provide a contribution to the recovery of  
5 AES Indiana's fixed costs. Maintaining or expanding the base over which the public  
6 utility's fixed costs are spread benefits all customers. The proposed EDR contains  
7 provisions to protect existing customers, while providing a flexible incentive structure to  
8 competitively meet the needs of the new or expanding customer in a rapidly changing and  
9 accelerating market. The proposed EDR is reasonably designed to meet competitive forces  
10 in the energy services markets in a manner that satisfies the needs of participating  
11 customers while balancing the interests of the participating customer, the non-participating  
12 customers, and the Company. Therefore, the proposed EDR is a reasonable and effective  
13 tool to facilitate economic development in the Company's service area and should be  
14 approved.

15 **Q22. Does this conclude your verified pre-filed direct testimony?**

16 A22. Yes.

## VERIFICATION

I, Jim Staton, Economic Development Lead for AES US Services, LLC affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.



Jim Staton  
Dated: June 28, 2023