FILED
June 23, 2021
INDIANA UTILITY
REGULATORY COMMISSION

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY D/B/A AES INDIANA PURSUANT TO IND. CODE § 8-1-39-9 FOR: (1) APPROVAL OF AN ADJUSTMENT TO ITS ELECTRIC SERVICE RATES THROUGH ITS TRANSMISSION, DISTRIBUTION, AND STORAGE SYSTEM IMPROVEMENT CHARGE ("TDSIC") RATE SCHEDULE, STANDARD CONTRACT RIDER NO. 3; AND (2) AUTHORITY TO DEFER 20% OF THE APPROVED CAPITAL EXPENDITURES AND TDSIC COSTS FOR RECOVERY IN PETITIONER'S NEXT GENERAL RATE CASE.	)	**CAUSE NO. 45264 TDSIC 3**

PETITIONER'S SUBMISSION OF DIRECT TESTIMONY OF
<u>NATALIE HERR COKLOW</u>

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

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 23rd day of June, 2021, by email transmission, hand delivery or United States Mail, first class, postage prepaid to:

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ATTORNEYS FOR PETITIONER
INDIANAPOLIS POWER & LIGHT COMPANY
D/B/A AES INDIANA

VERIFIED DIRECT TESTIMONY

OF

NATALIE HERR COKLOW

ON BEHALF OF

INDIANAPOLIS POWER & LIGHT COMPANY D/B/A AES INDIANA

<u>SPONSORING AES INDIANA ATTACHMENTS NHC-1 – NHC-12</u>

VERIFIED DIRECT TESTIMONY OF NATALIE H. COKLOW
ON BEHALF OF AES INDIANA

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

A1. My name is Natalie Herr Coklow. I am employed by AES U.S. Services, LLC ("the Service Company"), which is a wholly owned subsidiary of the AES Corporation. The Service Company is located at the headquarters of Indianapolis Power & Light Company d/b/a AES Indiana ("AES Indiana", "IPL" or the "Applicant") at One Monument Circle, Indianapolis, Indiana 46204. The Service Company provides accounting, finance, legal, human resources, information technology, and other corporate services to the businesses owned by AES Corporation in the United States of America, including AES Indiana.

Q2. What is your position with the Service Company?

A2. I am a Manager in the Regulatory Accounting Department.

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

A3. I began employment with the Service Company in July 2013. During my tenure with the Service Company, I have worked in Regulatory Accounting on various AES Indiana and Dayton Power & Light Company d/b/a AES Ohio regulatory filings and the associated accounting entries for both companies. I am responsible for the various general ledger entries, the reconciliation of regulatory asset and liability accounts, the computation and tracking of various costs for regulatory filings, and the preparation of supporting schedules for these filings. These regulatory filings for AES Indiana have included filings related to the Fuel Adjustment Clause ("FAC") (Cause No. 38703-FAC XX), AES Indiana's recent basic rate cases (Cause Nos. 44576 and 45029), the Environmental Compliance Cost

Recovery ("ECCRA") Adjustment (Cause No. 42170-ECR XX) and the Transmission, Distribution, and Storage System Improvement Charge ("TDSIC") (Cause No. 45264-TDSIC XX).

Q4. Please summarize your prior work experience.

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

Q5. Please summarize your educational qualifications.

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

Q6. Have you previously testified before this Commission?

A6. Yes. I have submitted testimony on behalf of AES Indiana in FAC, ECCRA and TDSIC proceedings. I also submitted testimony in AES Indiana's basic rates case, Cause No. 45029.

Q7. What is the purpose of your testimony in this proceeding?

A7. My testimony explains and supports the TDSIC revenue requirement for costs incurred under the seven-year Plan approved in Cause 45264 ("TDSIC Plan") through March 31, 2021. I discuss how the revenue requirement calculated are allocated between jurisdictional and non-jurisdictional customers, and then further explain the allocations of the resulting jurisdictional revenue requirement between retail customer classes. I support AES Indiana's application of Section 9 of the TDSIC Statute[1] which provides for timely recovery of 80% of the revenue requirement of the TDSIC Plan and deferral of the remaining 20% for recovery in a future basic rate case. I also explain how Plan development costs and depreciation and property tax expenses are treated in the calculation of the revenue requirement. Furthermore, I discuss the evaluation of the change in the TDSIC revenue requirement compared to the two percent (2%) of total annual revenues cap, as required by TDSIC Statute. Lastly, I discuss the impact of the TDSIC adjustment factors proposed in this filing and present the tariff pages.

Q8. Are you sponsoring any attachments?

A8. Yes. I sponsor <u>AES Indiana Attachments NHC-1 through NHC-12</u>.

Q9. Were these attachments prepared or assembled by you or under your direction and supervision?

A9. Yes.

Q10. Did you submit any workpapers?

A10. Yes. I am submitting the following workpapers in their native format that are the same as or support the attachments included with my testimony. These workpapers are part of the electronic spreadsheets and were prepared or assembled by me or under my direction and supervision.

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[1] Ind. Code ch. 8-1-39.

- AES Indiana Witness NHC Workpapers 1 – 13: electronic spreadsheets supporting TDSIC carrying charges, plan development costs, property taxes, depreciation expense, and depreciation credits included on AES Indiana Attachments NHC-6.
- AES Indiana Witness NHC Workpaper 14: Attachment E from AES Indiana's last base rate case showing the TDSIC allocation factors approved and used in this filing.
- AES Indiana Witness NHC Workpaper 15: TDSIC 1 schedules calculating the credit included on AES Indiana Attachment NHC-7, which is described further in my testimony.
- AES Indiana Witness NHC Workpaper 16: Electronic spreadsheet copy of AES Indiana Attachments NHC-1 through NHC-11.

1. ACCOUNTING & RATEMAKING TREATMENT

Q11. Are you familiar with AES Indiana's books and records including its TDSIC Plan projects reflected in this filing?

A11. Yes. I have worked with AES Indiana's business leaders in coordinating its associated regulatory filings.

Q12. Are you familiar with the Uniform System of Accounts ("USOA") as adopted by this Commission and the Federal Energy Regulatory Commission ("FERC")?

A12. Yes.

Q13. Are AES Indiana's books and records kept in accordance with the USOA?

A13. Yes.

Q14. Please generally explain how the TDSIC revenue requirement was calculated in this filing.

A14. As noted above, Section 9 of the TDSIC Statute authorized timely recovery of 80% of the approved capital expenditure and TDSIC Costs (as defined in Section 7 of the TDSIC Statute). The Company proposes to implement this timely recovery through the Company's TDSIC Rider. Section 9 authorizes the creation of a regulatory asset for the remaining 20% of the approved capital expenditures and TDSIC Costs with carrying charges until such costs are reflected in the Company's retail electric rates.

AES Indiana calculated a distinct revenue requirement for distribution and transmission TDSIC costs incurred through March 31, 2021. Filing schedules are included in AES Indiana Attachments NHC-1 through NHC-12. The revenue requirement is shown on AES Indiana Attachment NHC-6 (page 1 for distribution projects and page 2 for transmission projects). As shown on this attachment, the revenue requirement includes the return on TDSIC capital improvements, regulatory assets for carrying charges, deferred depreciation and accumulated depreciation, as well as the recovery of the forecasted expense and amortization of costs recorded through March 31, 2021 for carrying charges, Plan development costs, depreciation, and property taxes. AES Indiana has multiplied the transmission and distribution annual revenue requirement by 80% to calculate the recoverable portion of the revenue requirement in the TDSIC Rider rate filing. As described later in my testimony, the recoverable portions were then utilized to derive the annual TDSIC rates and charges based on billing determinants and previously approved customer class allocation factors.

Q15. To what extent has AES Indiana accrued allowance for funds used during construction ("AFUDC") on its TDSIC projects construction costs?

A15. AES Indiana accrues AFUDC on construction expenditures for each project until the sooner of it being in service or the CWIP costs being included in the TDSIC adjustment factors. AES Indiana has established accounting procedures and maintains its records to reflect the discontinuance of AFUDC on the TDSIC projects, or portions of the projects, once they are included in TDSIC Rider rates. See <u>AES Indiana Attachment NHC 6, Page 1 and Page 2, Line 5</u>.

Q16. What is AFUDC?

A16. AFUDC reflects the cost of funds used to finance utility plant during the construction phase of a project. These costs are recorded and capitalized as part of the total cost of the project. AFUDC is defined in the USOA, which has a specific formula for calculating and determining the AFUDC rate.

Q17. How often does AES Indiana revise its AFUDC rate?

A17. AES Indiana calculates an annual AFUDC rate in January of each year and that rate is used to calculate the dollars of AFUDC applicable to each construction project. During the year, the AFUDC rate is recalculated on a quarterly basis. However, the beginning of the year AFUDC rate remains in use unless a quarterly recalculation reveals a +-25 basis-point or more variation from the original rate. If such a variation occurs, then the new rate is used. This same rate is used to calculate post-in-service AFUDC (carrying charges), which is discussed further below.

Q18. Are AES Indiana's accounting procedures for accrual of AFUDC costs consistent with the USOA and this Commission's prior practices?

A18. Yes. The Commission has adopted USOA (170 § I.A.C. 4-2-1.1), which allows for the capitalization of accumulated AFUDC up to the time a project is placed in-service. The AFUDC accumulated during the construction period is included in utility plant for rate base purposes and for calculating depreciation. AES Indiana's accumulation of AFUDC is consistent with accounting procedures previously approved by the Commission.

Q19. Is AES Indiana including recovery of post-in-service AFUDC in this filing?

A19. Yes. AES Indiana is including recovery of post-in-service AFUDC (carrying charges) on investments placed in service but not yet included for recovery in a previous TDSIC Rider rate filing. This treatment reflects the accounting and ratemaking methodology accepted in the Commission's June 18, 2020 Order in AES Indiana's TDSIC 1 filing ("TDSIC 1") at p. 15 and is consistent with the Commission's March 4, 2020 Order in Cause No. 45264 ("AES Indiana TDSIC Plan Order") at p. 25. These costs will be amortized over the average lives of the projects included in the TDSIC Plan, which is 36.3 years or 436 months. Post-in-service AFUDC will cease on the capex amount included in a TDSIC Rider rate filing effective with the date that TDSIC Rider filing is in rates.

Q20. Please describe the construction costs for which AES Indiana is requesting recovery in this filing.

A20. The construction costs for which AES Indiana is requesting recovery in this filing are for TDSIC Plan projects, including both in-service and construction work in process ("CWIP"). AES Indiana Witness Shields further explains in his testimony the specific projects included in this filing. The TDSIC projects reflected in this filing total approximately $127.3 million and $30.4 million for distribution and transmission projects, respectively. These amounts represent actual balances as of March 31, 2021, inclusive of AFUDC and net of removal costs. TDSIC projects are segregated by work breakdown structure numbers ("WBS") in AES Indiana's accounting and fixed asset software. Total incurred project costs are reported by the WBS number throughout the life cycle of the project.

Q21. Please describe how in-service assets are reflected in this filing.

A21. Capital costs and AFUDC costs as of March 31, 2021 for in-service projects are included in AES Indiana Attachment NHC-6, Pages 1 and 2, Column A, Line 1. Post in-service carrying charges on the portion of construction costs (including AFUDC) were calculated through March 2021 and are also included in this filing in AES Indiana Attachment NHC-6, Pages 1 and 2, Column C, Line 1.

Q22. Are projects in CWIP included in this filing?

A22. Yes. TDSIC projects that are still under construction are included in this filing in AES Indiana's Attachment NHC-6, Pages 1 and 2, Column B. The projects balances included are as of the cut-off date for this filing, which is March 31, 2021.

Q23. Please describe the recovery of depreciation expense in the proposed revenue requirement.

A23. AES Indiana has included forecasted depreciation expenses for the billing period of November 2021 through October 2022 in AES Indiana Attachment NHC-6, Pages 1 and 2, Column G, Line 4 for projects that were in-service by March 31, 2021. The amount of estimated depreciation expense for the billing period of November 2021 through October

2022 is $0.9 million for distribution projects and $94 thousand for transmission projects (including amortization of previously deferred depreciation and a credit for depreciation expense on original equipment retired).

Any differences from these estimates will be reconciled in a future TDSIC Plan update filing. The depreciation rates utilized were approved in AES Indiana's 2018 Rate Order (IURC Cause No. 45029).

Q24. Please describe the treatment of property tax expenses in the proposed revenue requirement.

A24. Forecasted property tax expenses for the billing period of November 2021 through October 2022 have been included in <u>AES Indiana Attachment NHC-6, Pages 1 and 2, Column F, Line 4</u> for projects that were in-service by March 31, 2021. Annual property tax assessments are based on property in-service by December 31st. The accrual of this expense then begins in January of the following year and is deferred until costs are included in rates. The amount of estimated property tax expense for the billing period of November 2021 through October 2022 is $1.3 million for distribution and $213 thousand for transmission (including amortization of previously deferred costs). Any differences from these estimates will be reconciled in a future TDSIC Rider rate filing.

Q25. How are the initial depreciation and property taxes handled for in-service projects?

A25. Prior to the assets being in rates, the initial depreciation and property taxes for the period were deferred. The depreciation is being amortized over the average lives of the projects included in the TDSIC Plan, which is 36.3 years or 436 months as discussed previously and property taxes are being amortized over twelve (12) months.

Q26. Please describe how the Plan development costs are reflected in this filing.

A26. Amortization of Plan development costs have been included in this filing in AES Indiana Attachment NHC-6, Pages 1 and 2, Column E, Line 4. Costs deferred totaled $2.4 million and are being amortized over a period of three years. Plan development costs are allocated between distribution and transmission using the allocation between FERC accounts of the total costs included in the original TDSIC Plan filing. Authority to recover these costs and amortization over a three-year period was granted in IURC Cause No. 45264. (TDSIC Plan Order, pp. 24-25).

Q27. Please describe how the timely recovery of 80% of the TDSIC project's revenue requirement and the 20% regulatory deferral are reflected in this filing.

A27. AES Indiana Attachment NHC-6, Pages 1 and 2, Line 13 show the TDSIC 12-month revenue requirement for the distribution and transmission TDSIC projects. The 20% deferral to a regulatory asset is reflected on Line 14 and the net of 80% for timely recovery is reflected on Line 15. The 80% is carried over to AES Indiana Attachment NHC-1 and is included in the jurisdictional revenue requirement. The 20% deferral is further segregated in Footnote 6 on AES Indiana Attachment NHC-6, Pages 1 and 2 between the tax gross-up portion of the 20% deferral and the remainder of the 20% deferral. This bifurcation is the result of the AES Indiana TDSIC Plan Order (p. 25) whereby AES Indiana was required to remove the tax gross up on the 20% from future filings. AES Indiana Attachment NHC-10 shows the 20% amount deferred (broken out between tax gross-up and non-tax gross-up) in the previous TDSIC Rider rate filing and in this period.

Q28. Please describe AES Indiana Attachment NHC-1 (Jurisdictional Revenue Requirement).

A28. AES Indiana Attachment NHC-6, Pages 1 and 2 calculates the revenue requirement for distribution and transmission projects before the allocations to jurisdictional and non-jurisdictional customers. As I described previously, 80% of the total revenue requirement is then transferred to AES Indiana Attachment NHC-1 and allocated between jurisdictional and non-jurisdictional customers. The retail allocation factor is based on the retail jurisdictional share of the twelve-monthly average system peaks used to allocate production plant, operating expenses, and depreciation expenses, respectively, from the Applicant's cost of service study as used in AES Indiana's most recent basic rate case (IURC Cause No. 45029). The use of this methodology is consistent with AES Indiana's Environmental Compliance Cost Recovery Adjustment rider. There are no non-jurisdictional customers based upon the cost of service study in IURC Cause No. 45029, which is why jurisdictional retail allocation percentages are 100%. This same percentage was accepted in TDSIC 1.

Q29. Please describe AES Indiana Attachment NHC-2 (Jurisdictional Revenue Requirement Allocated by Class).

A29. AES Indiana Attachment NHC-2 is the allocation of jurisdictional revenue requirement as calculated in AES Indiana Attachment NHC-1 to each individual rate class. The rate class allocation factors are separate for distribution and transmission projects and use the customer class revenue allocation factors based on firm load agreed to and approved in the Applicant's most recent basic rate order in Cause No. 45029 (Settling Parties Joint Exhibit 1 Settlement Agreement Attachment E). This is the same methodolgy that was approved in AES Indiana's TDSIC 1 Order (p. 7-8).

Q30. Please describe <u>AES Indiana Attachment NHC-3</u> (jurisdictional revenue requirement for reconciled expenses) and <u>AES Indiana Attachment NHC-4</u> (jurisdictional revenue requirement allocated by class of reconciled expenses).

A30. These schedules will be used in future TDSIC Rider rate filings to allocate the reconciled depreciation and property tax expense variances between jurisdictional and non-jurisdictional customers as well as to allocate the jurisdictional portion of the reconciled variances between each individual rate class. Allocations will be performed in the same manner as the revenue requirement on <u>AES Indiana Attachment NHC-1 and NHC-2</u> as discussed previously. The reconciled variances will be calculated on <u>AES Indiana Attachment NHC-9</u>. Reconciled variances will be reflected in future TDSIC Rider rate filings. Per AES Indiana Witness Rogers's Direct Testimony in TDSIC 1 (p. 8, Q/A 19), reconciliations for TDSIC 1 (rate period of November 2020-October 2021) will be included in TDSIC 5.

Q31. Please describe <u>AES Indiana Attachment NHC-5</u> (revenue conversion factor and rate of return).

A31. Page 1 of <u>AES Indiana Attachment NHC-5</u> reflects the calculation of Petitioner's Gross Revenue Conversion Factors which is utilized to calculate the revenue requirement on <u>AES Indiana Attachment NHC-6, Pages 1 and 2</u>. This schedule reflects the current state and federal income tax rates.

Page 2 of <u>AES Indiana Attachment NHC-5</u> will reflect the calculation of Petitioner's Gross Revenue Conversion Factors for the reconciliation period in the filing and will show the applicable state and federal tax rates for the reconciliation period. The schedule does not include any amounts for the TDSIC 3 Rider rate filing as there are not yet any variances to include. Variances will be included in future TDSIC Rider rate filings as discussed previously.

Both pages 1 and 2 of AES Indiana Attachment NHC-5 include a reduction of the current revenue requirement for the tax-deductibility of the debt portion of the capital cost.

Page 3 of AES Indiana Attachment NHC-5 reflects AES Indiana's cost of capital calculation for the period ending March 31, 2021, which is used to determine the return on the TDSIC projects included in AES Indiana's revenue requirement. The schedule reflects AES Indiana's capital structure, including actual cost rates for AES Indiana's long-term debt and preferred stock and AES Indiana's cost of common equity determined in AES Indiana's more recent basic rate case.

Q32. Please describe AES Indiana Attachment NHC-6 (revenue requirement).

A32. AES Indiana Attachment NHC-6, Pages 1 and 2 calculates distinct revenue requirements for the distribution and transmission TDSIC projects. The revenue requirement reflects the TDSIC projects approved in the TDSIC Order and use the sum of the project construction costs, including AFUDC as of March 31, 2021, and the unamortized balance of carrying charges, plus the unamortized balance of deferred depreciation, less accumulated depreciation, multiplied by the allowed return on TDSIC utility plant (taken from AES Indiana Attachment NHC-5, Page 3) to calculate the revenue needed to include a return on the TDSIC projects (Line 11). This Attachment also calculates the revenue needed to include a return of TDSIC projects which includes amortization of carrying charges, amortization of plan development costs, depreciation, and property taxes. The return on amount and each component of the return of amounts are then multiplied by the appropriate revenue conversion factors derived from AES Indiana Attachment NHC-5, Page 1. On

Line 15, 80% of the resulting amounts were used to calculate the total amount applicable to jurisdictional retail customers, which was carried forwarded to AES Indiana Attachment NHC-1, as more fully described previously.

Q33. Please describe AES Indiana Attachment NHC-7 (TDSIC adjustment factors).

A33. AES Indiana Attachment NHC-7 calculates the TDSIC adjustment factors. This calculation combines the amounts from AES Indiana Attachment NHC-2 with variances from the reconciliation worksheets (AES Indiana Attachments NHC-8 and NHC-4), and divides those totals by the forecasted retail sales for each customer class for the twelve-month period commencing with the first billing cycle for November 2021 billing month (Regular Billing District 41 and Special Billing District 01). As provided in the TDSIC Statute (I.C. § 8-1-39-9(a)(1)), the forecasted sales excludes sales for non-firm load. The total amount to be reconciled in this proceeding for revenue and expenses is $0 (Lines 3 and 4) and the TDSIC 3 costs to be recognized in customer rates, including the reconciled amounts and other adjustments, is $12.8 million (Line 7).

Q34. Are there any other adjustments included on AES Indiana Attachment NHC-7?

A34. Yes. There is a true-up for TDSIC 1 included on AES Indiana Attachment NHC-7, Line 5 to reflect a credit of $67 thousand related to the cost of capital calculation included in the TDSIC 1 filing. The cost of capital calculation inadvertently overstated the amount on the common equity line which caused the resulting allowed rate of return to be too high. Correcting this rate of return results in a credit of $67 thousand. See AES Indiana Workpaper NHC-15, Pages 1 through 3 for the calculation of this credit. These workpapers contain the schedules that would have changed in the TDSIC 1 filing (Pages 1 and 2) and the original IPL Attachment NHC-7 from TDSIC 1 (Page 3).

Q35. What is the basis for the forecasted retail sales?

A35. The basis is the load forecast for calendar year 2021. AES Indiana's Resource Planning Group adjusted the 2021 load forecast used in this TDSIC rate filing for the estimated impacts of COVID-19 in the near-term with full economic recovery anticipated by the end of 2021. Any variance between forecast and actual revenues will be reconciled in future TDSIC filings.

Q36. Please describe AES Indiana Attachment NHC-8 (reconciliation of billed revenues).

A36. AES Indiana Attachment NHC-8 will be used in future TDSIC Rider rate filings to reflect a reconciliation of the estimated and actual billed revenues from a previous TDSIC Rider rate filing. The Attachment will compare the total of monthly billed revenues for the reconciliation period to the total forecasted revenues from a previous TDSIC Rider rate filing. There are no reconciliations in the current filing as discussed previously in my testimony. TDSIC 1 reconciliations will be included in TDSIC 5 and TDSIC 3 reconciliations will be included in TDSIC 7. When there is a reconciliation, the total variance will be included in the calculation of the TDSIC adjustment factor in AES Indiana Attachment NHC-7.

Q37. Please describe AES Indiana Attachment NHC-9 (reconciliation of expenses).

A37. AES Indiana Attachment NHC-9 will be used in future TDSIC Rider rate filings to reflect a reconciliation of the estimated and actual deprecation and property tax expenses from a previous TDSIC Rider rate filing. There are no reconciliations in the current filing as discussed previously in my testimony. TDSIC 1 reconciliations will be included in TDSIC 5 and TDSIC 3 reconciliations will be included in TDSIC 7. 80% of the total variance after applying the revenue conversion factor will be included in the calculation of the TDSIC adjustment factor in AES Indiana Attachment NHC-4. The remaining 20% will be included in the 20% regulatory asset deferral on AES Indiana Attachment NHC-10.

Q38. Please describe AES Indiana Attachment NHC-10 (regulatory asset 20% deferral).

A38. AES Indiana Attachment NHC-10 summarizes the regulatory asset balances, including carrying costs on the balance, for 20% of the capital, Plan development costs, property tax, depreciation, tax, and financing charges associated with the TDSIC distribution and transmission projects (revenue requirement as discussed above). It also includes 20% of the expense reconciliation from IPL Attachment NHC-9. As shown in Footnote 6 of IPL Attachment NHC 6, Pages 1 and 2, the tax gross-up portion of the 20% regulatory asset is reflected separately on IPL Attachment NHC-10. Total carrying costs included were recorded as of March 31, 2021.

Q39. Please describe AES Indiana Attachment NHC-12.

A39. AES Indiana Attachment NHC-12 is a copy of the TDSIC rider tariff sheets and related tariff cross references filed in this proceeding.

2. ANNUAL RETAIL REVENUE CAP TEST

Q40. Did AES Indiana calculate the average aggregate increase in its total retail revenue attributable to the TDSIC to determine whether the TDSIC results in an average aggregate increase of more than 2% in a twelve-month period?

A40. Yes. As defined in the TDSIC Statute "the Commission may not approve a TDSIC that would result in an average aggregate increase in a public utility's total retail revenues of more than two percent (2%) in a twelve (12) month period" (I.C. § 8-1-39-14(a)). As shown on AES Indiana Attachment NHC-11, the TDSIC 1 filing results in an average aggregate increase of 0.65% in total retail revenues.

3. TDSIC ADJUSTMENT FACTORS

Q41. For what period will the TDSIC adjustment factors, when approved, remain in effect?

A41. AES Indiana anticipates the TDSIC adjustment factors approved in this filing will be effective for all bills rendered for electric service beginning with the first billing cycles for the November 2021 billing month (Regular Billing District 41 and Special Billing District 01), which begins October 29, 2021. The approved TDSIC adjustment factors will remain in effect until replaced by different TDSIC adjustment factors approved in a subsequent rate filing or until the date new rates are effective pursuant to a proceeding that involves the establishment of new basic rates and charges, which included the TDSIC projects. AES Indiana filings for approval of TDSIC rates will be made annually (semi-annual TDSIC filings include the Plan update). As such, AES Indiana anticipates TDSIC adjustment factors approved in this filing would be effective for the billing periods of November 2021 through October 2022.

Q42. What are the proposed TDSIC adjustment factors?

A42. Per the information shown on AES Indiana Attachment NHC-7 and shown on the proposed tariff (AES Indiana Attachment NHC-12), the proposed TDSIC adjustment factors are:

Rate per kWh	Rate Class – Rate(s)
$0.001326	Residential Service-RS, CW, and EVX (associated with RS)
$0.001119	Small Commercial & Industrial services - SS, SH, OES, UW, CW, and EVX (associated with SS)
$0.000457	Large Commercial & Industrial service- PL, HL
$0.000704	Large Commercial & Industrial service- SL, PH, and EVX (associated with SL)
$0.001305	Lighting Services- APL, MU-1

Q43. What effect would the proposed TDSIC adjustment factor have on an average residential customer using 1,000 kWh per month?

A43. An average residential customer using 1,000 kWh per month will experience an increase of $0.89 or 0.76% of such bill, relative to the basic rates and charges approved in AES Indiana's last general rate proceeding (Cause No. 45029) and the TDSIC adjustment factor currently approved of $0.000440.

4. <u>CONCLUSION</u>

Q44. Does this conclude your verified prefiled direct testimony?

A44. Yes.

Verification

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

Dated this June 23, 2021.

Natalie Herr Coklow

Natalie Herr Coklow

Jurisdictional Revenue Requirement
TDSIC 3

Per Books for the Period Ended March 31, 2021

Line No.	Column	Total Electric ($ x 1000) (A)	Allocation Percentages (B)	Applicable to Jurisdictional Retail Customers ($ x 1000) (C)	Reference	Line No.
		Distribution				
1	Return On Distribution Property	8,249	100.00%	8,249	Attachment NHC-6 Distribution Page 1, L. 15; Col (A)	1
2	Amortization of Carrying Charges	42	100.00%	42	Attachment NHC-6 Distribution Page 1, L. 15; Col (D)	2
3	Plan Development Cost Amortization	528	100.00%	528	Attachment NHC-6 Distribution Page 1, L. 15; Col (E)	3
4	Property Tax Expense In-Service Distribution Property	1,054	100.00%	1,054	Attachment NHC-6 Distribution Page 1, L. 15; Col (F)	4
5	Depreciation Expense In-Service Distribution Property	698	100.00%	698	Attachment NHC-6 Distribution Page 1, L. 15; Col (G)	5
6	Total Costs Applicable to TDSIC 3 Distribution Property			10,571		6
		Transmission				
7	Return On Distribution Property	1,954	100.00%	1,954	Attachment NHC-6 Transmission Page 2, L. 15; Col (A)	7
8	Amortization of Carrying Charges	2	100.00%	2	Attachment NHC-6 Transmission Page 2, L. 15; Col (D)	8
9	Plan Development Cost Amortization	112	100.00%	112	Attachment NHC-6 Transmission Page 2, L. 15; Col (E)	9
10	Property Tax Expense In-Service Transmission Property	174	100.00%	174	Attachment NHC-6 Transmission Page 2, L. 15; Col (F)	10
11	Depreciation Expense In-Service Transmission Property	77	100.00%	77	Attachment NHC-6 Transmission Page 2, L. 15; Col (G)	11
12	Total Costs Applicable to TDSIC 3 Transmission Property			2,319		12

Jurisdictional Revenue Requirement Allocated By Class
TDSIC 3

Line No.		Per Books for the Period Ended March 31, 2021: % Of Responsibility Allocation Percentages [1]	Per Books for the Period Ended March 31, 2021: Applicable to Jurisdictional Retail Customers ($ x 1000)	Reference	Line No.
	Column	(A)	(B)		
		Distribution			
1	Total Revenue Requirements Applicable to TDSIC 3		10,571	Attachment NHC-1, L 6	1
2	Residential	57.06%	6,032		2
3	Small Commercial & Industrial	15.84%	1,674		3
4	Large Commercial & Industrial Primary Rate (PL, HL)	8.28%	875		4
5	Large Commercial & Industrial Secondary Rate (Other)	17.95%	1,897		5
6	Lighting	0.86%	93		6
		Transmission			
7	Total Revenue Requirements Applicable to TDSIC 3		2,319	Attachment NHC-1, L 12	7
8	Residential	40.50%	939		8
9	Small Commercial & Industrial	15.21%	353		9
10	Large Commercial & Industrial Primary Rate (PL, HL)	18.04%	418		10
11	Large Commercial & Industrial Secondary Rate (Other)	25.85%	599		11
12	Lighting	0.40%	10		12
		Total			
13	Total Revenue Requirements Applicable to TDSIC 3		12,890	Column B, Line 1 + Line 7	13
14	Residential		6,971		14
15	Small Commercial & Industrial		2,027		15
16	Large Commercial & Industrial Primary Rate (PL, HL)		1,293		16
17	Large Commercial & Industrial Secondary Rate (Other)		2,496		17
18	Lighting		103		18

(1) Allocation percentages are from IPL's most recent general rate case, Cause No. 45029, as approved by the Commission on October 24, 2018.

Jurisdictional Revenue Requirement
of Reconciled Expenses

Per Books for the Period Ended

Line No.		Distribution	Transmission	Total	Allocation Percentages	Applicable to Jurisdictional Retail Customers	Reference	Line No.
	Column	(C)	(D)	(E)	(F)	(G)		
1	Property Tax Expenses In-Service TDSIC Property-TDSIC-X	-	-	-	100.00%	-	Attachment NHC-9 Distribution, L 25 Attachment NHC-9 Transmission, L 25	1
2	Depreciation Expense In-Service TDSIC Property-TDSIC-X	-	-	-	100.00%	-	Attachment NHC-9 Distribution, L 30 Attachment NHC-9 Transmission, L 30	2
3	Total Reconciled TDSIC X Expenses	-	-	-		-	Line 1 + Line 2	3

Jurisdictional Revenue Requirement Allocated By Class of Reconciled Expenses

For The Twelve Month Period Beginning

Line No.		% Of Responsibility Allocation Percentages Distribution	% Of Responsibility Allocation Percentages Transmission	Applicable to Jurisdictional Retail Customers	Reference	Line No.
	Column	(A)	(B)	(C)		
1	Revenue Requirements Applicable to TDSIC 3	-	-	-	Attachment NHC-3, L 3	1
2	Residential	57.06%	40.50%	-	Col (A), Line 1 x Line 2 + Col (B), Line 1 x Line 2	2
3	Small Commercial & Industrial	15.84%	15.21%	-	Col (A), Line 1 x Line 3 + Col (B), Line 1 x Line 3	3
4	Large Commercial & Industrial Primary Rate (PL & HL)	8.28%	18.04%	-	Col (A), Line 1 x Line 4 + Col (B), Line 1 x Line 4	
5	Large Commercial & Industrial Secondary Rate (Other)	17.95%	25.85%	-	Col (A), Line 1 x Line 5 + Col (B), Line 1 x Line 5	5
6	Lighting	0.86%	0.40%	-	Col (A), Line 1 x Line 6 + Col (B), Line 1 x Line 6	6

Reference: Allocation percentages are from IPL's most recent general rate case, Cause No. 45029, as approved by the Commission on October 24, 2018.

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Revenue Conversion Factor

Line No.		Description						Line No.
1		Calculated Rate of Return from page 3 of this exhibit					6.49%	1
2		Gross Rate for Borrowed Funds [1]					2.42%	2
3		Gross Rate for Other Funds (Line 1 - Line 2)					4.07%	3
4		Debt and Equity Revenue Conversion Factors						
			For Debt & Expense		**For Equity**			
			Statutory Rate	Effective Rate	Statutory Rate	Effective Rate		
	4a	Utility Receipts Tax	1.4000%	1.3950%	1.4000%	1.3950%		4a
	4b	Public Utility Fee	0.1274%	0.1274%	0.1274%	0.1274%		4b
	4c	Uncollectibles	0.3562%	0.3562%	0.3562%	0.3562%		4c
	4d	State Income Tax	4.9290%	0.0723%	4.9290%	4.9052%		4d
	4e	Federal Income Tax	21.0000%	0.0000%	21.0000%	19.5754%		4e
	4f	Effective Rate		1.9509%		26.3591%		4f
	4g	Complement (1-Line 4f)		98.0491%		73.6409%		4g
	4h	Revenue Conversion Factor for Debt & Expense		1.01990				4h
	4i	Revenue Conversion Factor for Equity				1.35794		4i
5		Revenue Conversion Factor for Capital [((Line 2 x Line 4h) + (Line 3 x Line 4i))/ Line 1]					1.23189	5

[1] Interest Synchronization rate which is weighted cost of Long-Term Debt from Capital Structure excluding Post-1970 Investment Tax Credit.

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Revenue Conversion Factor for Reconciliation Months

Line No.	Description					Line No.
1	Calculated Rate of Return from page 3 of this exhibit				6.49%	1
2	Gross Rate for Borrowed Funds [1]				2.42%	2
3	Gross Rate for Other Funds (Line 1 - Line 2)				4.07%	3
4	Debt and Equity Revenue Conversion Factors					

		For Debt & Expense		**For Debt & Expense**		
		Statutory Rate	Effective Rate	Statutory Rate	Effective Rate	
4a	Utility Receipts Tax		0.0000%		0.0000%	4a
4b	Public Utility Fee		0.0000%		0.0000%	4b
4c	Uncollectibles		0.0000%		0.0000%	4c
4d	State Income Tax		0.0000%		0.0000%	4d
4e	Federal Income Tax		0.0000%		0.0000%	4e
4f	Effective Rate		0.0000%		0.0000%	4f
4g	Complement (1-Line 4f)		100.0000%		100.0000%	4g
4h	Revenue Conversion Factor for Debt & Expense					4h

[1] Interest Synchronization rate which is weighted cost of Long-Term Debt from Capital Structure excluding Post-1970 Investment Tax Credit.

AES INDIANA
Weighted Average Cost of Capital
March 31, 2021
(Thousands of Dollars)

Line No.		Total Company Capitalization	Capitalization Ratio	Total Cost of Capital	Weighted Cost of Capital
1	Long-Term Debt	1,801,879	49.39%	4.90%	2.42%
2	Preferred Equity	59,784	1.64%	5.37%	0.09%
3	Common Equity	1,438,082	39.42%	9.99%	3.94%
4	Post-1970 Investment Tax Credit	24	0.00%	7.13%	0.00%
5	Prepaid Pension Asset	(64,301)	-1.76%	0.00%	0.00%
6	Deferred Income Taxes	386,007	10.57%	0.00%	0.00%
7	Customer Deposits	26,685	0.73%	6.00%	0.04%
8	Total	3,648,160	99.99%		6.49%

AES Indiana

Distribution Utility Plant And Associated Expenses To Be Reflected
In The Transmission, Distribution, And System Improvement Charge (TDSIC) Tracker ($ x 1000)
For the period ending 31-March-21

Line No.		TDSIC Distribution Utility Plant In-Service (5) (A)	TDSIC Distribution Utility Plant CWIP (5) (B)	Carrying Charges at AFUDC Rate (1) (C)	Amortization of Carrying Charges (D)	Amortization of Plan Development Costs (2) (E)	Property Tax Expense (F)	Depreciation Expense (G)	Total	Line No.
		Current Tracker Balances And Revenue Requirements After Approval For Rate Making Purposes - TDSIC 3								
		Rate Base Items			Income Statement Items					
1	Distribution Plant	80,272	47,005	1,875			962	1,234		1
2	Credit for Depreciation Expense of Original Equipment							(410)		2
3	Amortization of Deferrals				52	647	329	32		3
4	Totals	80,272	47,005	1,875	52	647	1,291	856		4
5	TDISIC Distribution CAPEX including AFUDC Inception to Date (A + B)	127,277								5
6	Carrying Charges at AFUDC Rate (C)	1,875								6
7	Deferred Depreciation Balance, net of Amortization through March 31, 2021	685								7
8	Less: Accumulated Depreciation through March 31, 2021	(866)								8
9	Total TDSIC Distribution Utility Plant to be reflected in TDSIC 3	128,971								9
10	Allowed Rate of Return on TDSIC Utility Plant (3)	6.49%								10
11	Allowed Return on TDSIC Utility Plant	8,370								11
12	Revenue Conversion Factors (4)	1.23189			1.01990	1.01990	1.01990	1.01990		12
13	Adjusted For Revenue Conversion Factor - Annual Revenue Requirement	10,311			53	660	1,317	873	13,214	13
14	Less: 20% Deferral to Regulatory Asset (6)	(2,062)			(11)	(132)	(263)	(175)	(2,643)	14
15	Twelve Month Distribution Revenue Requirement Recovered through TDSIC	8,249			42	528	1,054	698	10,571	15

(1) Total unamortized portion of carrying charges thru TDSIC 3

(2) Amortization of regulatory asset (TDSIC plan development costs) were authorized in Cause No. 45029 over a three (3) year period. Allocation between distribution and transmission was based on estimated capital spend per Cause No. 45264- Petitioner's Attachment BJB-2, Appendix 8.7.

(3) See NHC-5, Page 2, Line 1

(4) See NHC-5, Page 1

(5) Agree to IPL's Attachment JS-1

(6) The order in Cause No. 45029 required that IPL remove the gross up for taxes associated with the 20% deferred regulatory asset from future filings .
This will be done by breaking out the tax gross-up on the allowed return for the 20% TDSIC property separately and reflecting two separate regulatory asset on NHC-10.
Tax gross-up on 20% deferral: gross-up factor for capital of 1.23699 - gross-up of expense of 1.01990 = tax gross-up of 0.21709 (see NHC-5, page 1).

Allowed return on 20% TDSIC property (Ln 11 above)	8,370	X 20% =	1,674
Tax gross-up on allowed return on 20% TDSIC property	1,674	X 0.21709 =	355
20% Deferral to Regulatory Asset	2,643	(355)	2,288
Total (Ln 14 above)			2,643

Note: See Workpapers NHC-1 - NHC-13 for detail supporting these figures, including regulatory asset balances, amortization calculations, and forecast of expenses.

AES Indiana

Transmission Utility Plant And Associated Expenses To Be Reflected
In The Transmission, Distribution, And System Improvement Charge (TDSIC) Tracker ($ x 1000)
For the period ending 31-March-21

Line No.		TDSIC Transmission Utility Plant In-Service (5)	TDSIC Transmission Utility Plant CWIP (5)	Carrying Charges at AFUDC Rate (1)	Amortization of Carrying Charges	Amortization of Plan Development Costs (2)	Property Tax Expense	Depreciation Expense	Total	Line No.
		Current Tracker Balances And Revenue Requirements After Approval For Rate Making Purposes - TDSIC 3								
		Rate Base Items			Income Statement Items					
	Column	(A)	(B)	(C)	(D)	(E)	(F)	(G)		
1	Transmission Plant	13,772	16,654	118			151	91		1
2	Credit for Depreciation Expense of Original Equipment							-		2
3	Amortization of Deferrals				3	137	62	2		3
4	Totals	13,772	16,654	118	3	137	213	94		4
5	TDISIC Transmission CAPEX including AFUDC Inception to Date (A + B)	30,426								5
6	Carrying Charges at AFUDC Rate (C)	118								6
7	Deferred Deprecation Balance, net of Amortization through March 31, 2021	28								7
8	Less: Accumulated Depreciation through March 31, 2021	(28)								8
9	Total TDSIC Transmission Utility Plant to be reflected in TDSIC 3	30,544								9
10	Allowed Rate of Return on TDSIC Utility Plant (3)	6.49%								10
11	Allowed Return on TDSIC Utility Plant	1,982								11
12	Revenue Conversion Factors (4)	1.23189			1.01990	1.01990	1.01990	1.01990		12
13	Adjusted For Revenue Conversion Factor - Annual Revenue Requirement	2,442			3	140	217	96	2,898	13
14	Less: 20% Deferral to Regulatory Asset	(488)			(1)	(28)	(43)	(19)	(579)	14
15	Twelve Month Transmission Revenue Requirement Recovered through TDSIC	1,954			2	112	174	77	2,319	15

(1) Total unamortized portion of carrying charges thru TDSIC 3

(2) Amortization of regulatory asset (TDSIC plan development costs) were authorized in Cause No. 45029 over a three (3) year period. Allocation between distribution and transmission was based on estimated capital spend per Cause No. 45264- Petitioner's Attachment BJB-2, Appendix 8.7.

(3) See NHC-5, Page 2, Line 1

(4) See NHC-5, Page 1

(5) Agree to IPL's Attachment JS-1

(6) The order in Cause No. 45029 required that IPL remove the gross up for taxes associated with the 20% deferred regulatory asset from future filings .
This will be done by breaking out the tax gross-up on the allowed return for the 20% TDSIC property separately and reflecting two separate regulatory asset on NHC-10.
Tax gross-up on 20% deferral: gross-up factor for capital of 1.23699 - gross-up of expense of 1.01990 = tax gross-up of 0.21709 (see NHC-5, page 1).

Allowed return on 20% TDSIC property (Ln 11 above)	1,982	X 20% =		396
Tax gross-up on allowed return on 20% TDSIC property	396	X 0.21709 =		84
20% Deferral to Regulatory Asset	579		(84)	495
Total (Ln 14 above)				579

Note: See Workpaper NHC-1 - NHC-13 for detail supporting these figures, including regulatory asset balances, amortization calculations, and forecast of expenses.

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Determination of TDSIC 3 Adjustment factor
for Billing Period of November, 2021 Through October, 2022

Line No.	Description	Rate Class: Residential	Small C & I	Large C & I PL, HL (3)	Large C & I SL,PH	Lighting		Total	Reference	Line No.
	(A)	(B)	(C)	(F)	(G)	(H)		(I)		
1	Estimated Retail Sales Subject to Clause Adjustment Months of:									1
1a	November, 2021	397,979	129,390	202,970	250,957	8,232		989,528		1a
1b	December, 2021	542,298	159,115	221,701	275,353	8,957		1,207,424		1b
1c	January, 2022	618,324	178,303	223,126	277,161	8,778		1,305,692		1c
1d	February, 2022	512,534	156,796	209,443	272,826	7,169		1,158,768		1d
1e	March, 2022	403,243	142,116	214,497	278,629	7,038		1,045,523		1e
1d	April, 2022	311,501	125,434	219,667	270,416	5,517		932,535		1d
1e	May, 2022	331,456	134,528	233,933	289,774	5,010		994,701		1e
1f	June, 2022	432,851	157,083	257,532	313,737	4,363		1,165,566		1f
1g	July, 2022	512,961	176,445	281,399	349,374	4,742		1,324,921		1g
1h	August, 2022	486,612	170,882	268,363	353,880	5,455		1,285,192		1h
1i	September, 2022	349,167	140,747	248,764	307,541	6,042		1,052,261		1i
1j	October, 2022	332,717	130,855	229,610	289,348	7,605		990,135		1j
1k	Total (MWH)	5,231,643	1,801,694	2,811,005	3,528,996	78,908		13,452,246		1k
2	Calculated TDSIC 3 Costs for Billing Period	6,971,000	2,027,000	1,293,000	2,496,000	103,000	$	12,890,000	Attachment NHC-2 Lines 14, 15, 16, 17, 18	2
3	Reconciliation of Revenue for TDSIC X	-	-	-	-	-		-	Attachment NHC-8, Line 15	
4	Reconciliation of Expenses for TDSIC X	-	-	-	-	-		-	Attachment NHC-4 Lines 2,3,4,5,6	4
5	TDSC 1 True-Up for Cost of Capital Calculation in TDSIC 1	(36,000)	(11,000)	(7,000)	(13,000)	-		(67,000)	Workpaper NHC-10	
6	Total Reconciliation for TDSIC 3 (Lines 3, 4)	(36,000)	(11,000)	(7,000)	(13,000)	-		(67,000)		6
7	Total TDSIC 3 Costs To Collect (Lines 2, 5)	6,935,000	2,016,000	1,286,000	2,483,000	103,000	$	12,823,000		7
8	TDSIC 3 Adjustment Factors (Mills per KWH) (Line 6 divided by Line 1k)	1.326	1.119	0.457	0.704	1.305				8

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Reconciliation of Estimated & Actual TDSIC X Billed

For the Months of: through

Line No.	Description	Residential (A)	Small C & I (B)	Large C & I Rate PL, HL (C)	Large C & I Rate Other (E)	Lighting (F)	Total (G)	Line No.
	Billed Revenue							
1		$ -	$ -	$ -	$ -	$ -	$ -	1
2		-	-	-	-	-	-	2
3		-	-	-	-	-	-	3
4		-	-	-	-	-	-	4
5		-	-	-	-	-	-	5
6		-	-	-	-	-	-	6
7		-	-	-	-	-	-	7
8		-	-	-	-	-	-	8
9		-	-	-	-	-	-	9
10		-	-	-	-	-	-	10
11		-	-	-	-	-	-	11
12		-	-	-	-	-	-	12
13	TDSIC X Billed Revenue	$ -	$ -	$ -	$ -	$ -	$ -	13
14	TDSIC X Forecast Revenue	-	-	-	-	-	$ -	14
15	TDSIC X Variance (Line 14 - Line 13)	$ -	$ -	$ -	$ -	$ -	$ -	15

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IURC Cause No. 45264-TDSIC 3
AES Indiana Attachment NHC-9

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Reconciliation of Estimated & Actual TDSIC X Expenses

For the Months of:

Line No.	Description (A)	TDSIC- Distribution 100% (L)	TDSIC- Distribution Less 20% (M)	TDSIC- Distribution 80% (N)	TDSIC- Transmission 100% (O)	TDSIC- Transmission Less 20% (P)	TDSIC- Transmission 80% (Q)	Line No.
	For the Months of: Month 1 - Month 2 (1)							
1	TDSIC X Estimated Property Tax Expense	$ -			$ -			1
2	TDSIC X Actual Property Expense	-			-			2
3	Total TDSIC X Property Tax Expense Variance	-	-	-	-	-	-	3
4	Revenue Conversion Factors							4
5	Adjusted For Revenue Conversion Factor	-	-	-	-	-	-	5
6	TDSIC X Estimated Depreciation Expense	-			-			6
7	TDSIC X Actual Depreciation Expense	-			-			7
8	Total TDSIC X Depreciation Expense Variance	-	-	-	-	-	-	8
9	Revenue Conversion Factors							9
10	Adjusted For Revenue Conversion Factor	-	-	-	-	-	-	10
	For the Months of: Month 3 - Month 12							
11	Estimated Property Tax Expense	$ -			$ -			11
12	Actual Property Tax Expense	-			-			12
13	Total Property Tax Expense Variance	-	-	-	-	-	-	13
14	Revenue Conversion Factors							14
15	Adjusted For Revenue Conversion Factor	-	-	-	-	-	-	15
16	Estimated Depreciation Expense	$ -			$ -			16
17	Actual Depreciation Expense	-			-			17
18	Total Depreciation Expense Variance	-	-	-	-	-	-	18
19	Revenue Conversion Factors							19
20	Adjusted For Revenue Conversion Factor	-	-	-	-	-	-	20
	Total For the Months of:							
21	Estimated Property Tax Expense	$ -			$ -			21
22	Actual Property Tax Expense	-			-			22
23	Total Property Tax Expense Variance	-	-	-	-	-	-	23
24	Revenue Conversion Factors							24
25	Adjusted For Revenue Conversion Factor	-	-	-	-	-	-	25
26	Estimated Depreciation Expense	$ -			$ -	-		26
27	Actual Depreciation Expense	-			-	-		27
28	Total Depreciation Expense Variance	-	-	-	-	-	-	28
29	Revenue Conversion Factors							29
30	Adjusted For Revenue Conversion Factor	-	-	-	-	-	-	30

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Regulatory Asset 20% Deferral
March 31, 2021

Line No.		20% Deferral	TDSIC Prop. Tax Variance	TDSIC Deprec. Variance	Total	Line No.
TDSIC-Distribution		NHC-6 Distribution, Footnote 6	NHC-9, Ln 25	NHC-9 Ln 30		
1	TDSIC 3	2,288,000	-	-	2,288,000	1
2	TDSIC 1	766,000	-	-	766,000	2
3	Total 20 % Deferral				$ 3,054,000	3
4	Carrying Charges as of March 31, 2020				4,936	4
5	Total Regulatory Asset				$ 3,058,936	5
TDSIC-Distribution Tax Gross-Up		NHC-6 Distribution, Footnote 6				
1	TDSIC 3	355,000			355,000	1
2	TDSIC 1	112,000			112,000	2
3	Total 20 % Deferral				$ 467,000	3
4	Carrying Charges as of March 31, 2020				723	4
5	Total Regulatory Asset				$ 467,723	5
TDSIC-Transmission		NHC-6 Transmission, Footnote 6	NHC-9, Ln 25	NHC-9 Ln 30		
1	TDSIC 3	495,000	-	-	495,000	1
2	TDSIC 1	137,000	-	-	137,000	2
3	Total 20 % Deferral				$ 632,000	3
4	Carrying Charges as of March 31, 2020				884	4
5	Total Regulatory Asset				$ 632,884	5
TDSIC-Transmission Tax Gross-Up		NHC-6 Transmission, Footnote 6				
1	TDSIC 3	84,000			84,000	1
2	TDSIC 1	23,000			23,000	2
3	Total 20 % Deferral				$ 107,000	3
4	Carrying Charges as of March 31, 2020				148	4
5	Total Regulatory Asset				$ 107,148	5

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Transmission, Distribution and Storage System Improvement Charge (TDSIC)

2% TDSIC Annual Retail Revenue Cap Test

Line No.	Description	Total Amount	Reference	Line No.
1	Current TDSIC Recoverable-Distribution	10,571,000	NHC-6, Page 1, Line 15	1
2	Current TDSIC Recoverable-Transmission	2,319,000	NHC-6, Page 2, Line 15	2
3	Total Current TDSIC Recoverable	12,890,000		3
4	Prior TDSIC Recoverable	4,153,000	TDSIC 1, Schedule 11, Line 3	4
5	Increase in TDSIC Recoverable	8,737,000	Line 3 - Line 4	5
6	12 Month Total Retail Revenues	1,353,400,000	Per Most Recent FAC Filing *	6
7	TDSIC Cap	2%	[Ind. Code 8-1-39-14(a)]	7
8	TDSIC Cap - 2% Retail Revenues	27,068,000		8
9	Percent Increase Attributable to TDSIC	0.65%		
10	Does Increase in TDSIC Exceed 2% Cap?	No	If Line 5 > Line 8, Yes; If not, No	10
	If Yes:			
11	TDSIC Cap - 2% of Retail Revenues	N/A	If Yes - Line 8; If No, $0	11
12	Plus: Prior TDSIC Recoverable	N/A	If Yes - Line 4; If No, $0	12
13	Total TDSIC Recoverable	N/A	Line 10 + Line 11	13
14	Current TDSIC Recoverable	N/A	If Yes - Line 3; If No, $0	14
15	TDSIC Deferred in Excess of 2% Cap	N/A	Line 13 - Line 12	15
	If No:			
16	Current TDSIC Recoverable	12,890,000	If No, Line 3; If Yes, $0	16

* IPL used Attachment NHC-2 from the most recent FAC filing made at the time these schedules were prepared.

Indianapolis Power & Light Company I.U.R.C. No. E-18 ~~1st~~ 2nd Revised No. 153
d/b/a AES Indiana Superseding
One Monument Circle, Indianapolis, Indiana ~~Original~~ 1st Revised No. 153

STANDARD CONTRACT RIDER NO. 3
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE
(Applicable to Rates RS, UW, CW, SS, SH, OES, SL, PL, PH, HL, CSC, MU-1, APL, and EVX)

In addition to the rates and charges set forth in the above mentioned Rates, a Transmission, Distribution and Storage System Improvement Charge (TDSIC) Adjustment, applicable for approximately twelve (12) months or until superseded by a subsequent factor, shall be made in accordance with the following provisions:

A. The TDSIC adjustment shall be calculated by multiplying the firm KWH billed by an Adjustment Factor per KWH established according to the following formula:

TDSIC = ((Rd x Ad) + (Rt x At)) / S (For each rate class)

where:

1. "TDSIC" is the annual adjustment factor beginning with the Month of November ~~2020~~ 2021 and consisting of the following costs:
2. "Rd" equals the twelve (12) month revenue requirement based upon the distribution project costs approved by the Commission in a TDSIC adjustment proceeding.
3. "Rt" equals the twelve (12) month revenue requirement based upon the transmission project costs approved by the Commission in a TDSIC adjustment proceeding.
4. "Ad" represents the applicable distribution allocation percentage(s) for each rate class.
5. "At" represents the applicable transmission allocation percentage(s) for each rate class.
6. "S" is the estimated kilowatt-hour sales for the same estimated period set forth in "TDSIC", consisting of the net sum in kilowatt-hours of:
   (a) Net Generation
   (b) Purchases and
   (c) Interchange-in, less
   (d) Inter-system Sales,
   (e) Energy Losses and Company Use.

B. Costs shall be allocated to the rate classes based on the percentages approved in Cause No. 45029.

C. The TDSIC Adjustment Factor as computed above shall be further modified to allow the recovery of Utility Receipts taxes and other similar revenue-based tax charges occasioned by the TDSIC Adjustment revenues.

D. The TDSIC Adjustment Factor may be further modified to reflect the difference between the actual and estimated TDSIC Adjustment revenues.

E. The Adjustment Factor to be effective for all bills beginning with the date below will be:

$~~0.000440~~0.001326 per KWH for Rates RS, CW, and EVX (with associated Rate RS service)

$~~0.000365~~0.001119 per KWH for Rates SS, SH, OES, UW, CW, and EVX (with associated Rate SS service)

$~~0.000146~~0.000457 per KWH for Rate PL, HL

$~~0.000226~~0.000704 per KWH for Rates SL, PH, and EVX (with associated Rate SL service)

$~~0.000362~~0.001305 per KWH for Rates MU-1, APL

Effective ~~April 7~~ October 29, 2021

STANDARD CONTRACT RIDER NO. 3
TRANSMISSION, DISTRIBUTION AND STORAGE SYSTEM IMPROVEMENT CHARGE
(Applicable to Rates RS, UW, CW, SS, SH, OES, SL, PL, PH, HL, CSC, MU-1, APL, and EVX)

In addition to the rates and charges set forth in the above mentioned Rates, a Transmission, Distribution and Storage System Improvement Charge (TDSIC) Adjustment, applicable for approximately twelve (12) months or until superseded by a subsequent factor, shall be made in accordance with the following provisions:

A. The TDSIC adjustment shall be calculated by multiplying the firm KWH billed by an Adjustment Factor per KWH established according to the following formula:

TDSIC = ((Rd x Ad) + (Rt x At)) / S (For each rate class)

where:

1. "TDSIC" is the annual adjustment factor beginning with the Month of November 2021 and consisting of the following costs:
2. "Rd" equals the twelve (12) month revenue requirement based upon the distribution project costs approved by the Commission in a TDSIC adjustment proceeding.
3. "Rt" equals the twelve (12) month revenue requirement based upon the transmission project costs approved by the Commission in a TDSIC adjustment proceeding.
4. "Ad" represents the applicable distribution allocation percentage(s) for each rate class.
5. "At" represents the applicable transmission allocation percentage(s) for each rate class.
6. "S" is the estimated kilowatt-hour sales for the same estimated period set forth in "TDSIC", consisting of the net sum in kilowatt-hours of:
   (a) Net Generation
   (b) Purchases and
   (c) Interchange-in, less
   (d) Inter-system Sales,
   (e) Energy Losses and Company Use.

B. Costs shall be allocated to the rate classes based on the percentages approved in Cause No. 45029.

C. The TDSIC Adjustment Factor as computed above shall be further modified to allow the recovery of Utility Receipts taxes and other similar revenue-based tax charges occasioned by the TDSIC Adjustment revenues.

D. The TDSIC Adjustment Factor may be further modified to reflect the difference between the actual and estimated TDSIC Adjustment revenues.

E. The Adjustment Factor to be effective for all bills beginning with the date below will be:

$0.001326 per KWH for Rates RS, CW, and EVX (with associated Rate RS service)

$0.001119 per KWH for Rates SS, SH, OES, UW, CW, and EVX (with associated Rate SS service)

$0.000457 per KWH for Rate PL, HL

$0.000704 per KWH for Rates SL, PH, and EVX (with associated Rate SL service)

$0.001305 per KWH for Rates MU-1, APL

Effective October 29, 2021