

VERIFIED DIRECT TESTIMONY
OF
ANDREW BAILLIE
ON BEHALF OF
INDIANAPOLIS POWER & LIGHT COMPANY
D/B/A AES INDIANA

Cause No. 46258

VERIFIED DIRECT TESTIMONY OF ANDREW BAILLIE
ON BEHALF OF AES INDIANA

1. INTRODUCTION

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

A1. My name is Andrew Baillie. I am employed by AES Services, LLC, which is the service company that serves The AES Corporation. The Service Company is located at 4300 Wilson Blvd, Arlington, VA, 22203.

Q2. What is your position with AES Services, LLC?

A2. I am Program Director, Global Insurance for The AES Corporation.

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 Director, Global Insurance.

A4. As Program Director, Global Insurance, I support the delivery of Risk Management Services and the negotiation and procurement of insurance products by The AES Corporation and its global subsidiaries, while overseeing the budgeting, governance and reporting for the Corporate Insurance Department. This role involves the oversight of our Insurance Brokers and maintaining relationships with many of the Insurance Companies that provide coverage for the AES operations around the world across many product lines including property, casualty, financial lines and other insurance types. I am also involved as a subject matter expert for project work including project acquisitions and sales.

Q5. Please summarize your education and professional qualifications.

1 A5. I was educated in the United Kingdom, and have these professional qualifications from the
2 following three UK based professional organizations; Fellow of the Chartered Insurance
3 Institute, Fellow of the Institute of Risk Management, Associate Member of the
4 Association of Corporate Treasurers.

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

6 A6. I started my career in Glasgow, Scotland in 1984 and worked for various insurance
7 companies in the UK before moving into the Risk Management field in 1998. I have then
8 worked internationally managing complex international insurance programs while living
9 in Switzerland, Bermuda and here in the USA since 2007. In total, I have 40 years of varied
10 insurance and risk management experience and have been a regular speaker at conferences
11 and industry events and have also taught insurance subjects for a number of professional
12 qualifications and also undertake an annual Risk Manager in Residence program sponsored
13 by the Spencer Foundation where I teach undergraduate classes in Insurance and Risk
14 Management.

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

17 A7. No.

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

19 A8. My testimony supports forecasted property and casualty insurance expense.

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

21 A9. Yes. I sponsor or co-sponsor the following financial exhibits or attachments:

- AES Indiana Financial Exhibit AESI-OPER, Schedule OM24 –Property and Casualty Insurance Expense.

Q10. Did you submit any workpapers?

A10. Yes, workpapers are provided in electronic format that support the financial exhibit schedule that I sponsor.

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

A11. Yes.

Q12. For ease of reference, please summarize the key terms utilized in the Company's filing.

A12. Key terms as defined by AES Indiana witness Peters include the following.¹ First, the per books twelve months ended December 31, 2024 is the Historical Base Period. Second, the forecasted twelve months ending December 31, 2025 is the Linking Period. Next, the unadjusted forward-looking test year for twelve months ending December 31, 2026 is the Unadjusted Test Year. Finally, the adjusted forward-looking test year for the twelve months ending December 31, 2026 is the Adjusted Test Year.

2. PROPERTY AND CASUALTY INSURANCE EXPENSE

Q13. What is property and casualty insurance as it pertains to the Company?

¹ AES Indiana witness Peters, Q/A 13.

1 A13. AES Indiana's property insurance policy covers Harding Street, Eagle Valley, Petersburg,
2 Georgetown, Hoosier Wind, and AES Indiana distribution assets. Property Insurance
3 covers direct physical damage to AES Indiana facilities including generation stations,
4 service centers and offices and assets other than transmission lines and poles. By way of
5 explanation, the insurance market for power operators does not provide coverage for
6 Transmission and Distribution towers poles and lines but does cover the substation
7 equipment and buildings. The amounts insured for facilities are adjusted annually for
8 proper replacement cost values.

9 AES Indiana's casualty insurance program includes casualty coverage which includes
10 workers compensation, third party liability, and auto liability, some of which is self-
11 insured. In addition, AES Indiana also has financial lines coverage which includes cover
12 for Cyber Liability, Fiduciary and Fidelity Liability and Directors and Officers Liability.
13 Collectively, these are included here within the Casualty Insurance grouping. These
14 policies are currently arranged and renewed for recurring 12-month policy periods with
15 various renewal dates throughout the year for the various covers.

16 **Q14. What are the Historical Base Period and Adjusted Test Year values for property and**
17 **casualty insurance?**

18 A14. As shown on AES Indiana Financial Exhibit AESI-OPER, Schedule OM24 – WP2 the
19 Historical Base Period is \$19.8 million. As shown on AES Indiana Financial Exhibit AESI-
20 OPER, Schedule OM24 the Adjusted Test Year is \$21.2 million. Within these values,
21 Property Insurance is \$11.8 million and \$12.1 million in the Historical Base Period and
22 Adjusted Test Year respectively and Casualty Insurance is the balance of \$8.0 million and
23 \$9.1 million in those same periods.

1 **Q15. How was the Adjusted Test Year level of property and casualty insurance developed?**

2 A15. The Adjusted Test Year for Property and Casualty insurance cost was developed by using
3 actual costs incurred in the Historical Base Period and projecting forward for expected
4 changes in the premium levels for each line of coverage based on the insurance market
5 conditions, in discussion with our Brokers, and also reviewing expected industry trends in
6 areas such as market loss levels, occurrence of major natural catastrophe losses and also
7 legal trends for claim payments and oversized or nuclear verdicts on injury and third party
8 claims.

9 **Q16. Please explain the difference for the changes in property and casualty insurance from**
10 **the Historical Base Period to the Adjusted Test Year.**

11 A16. Only moderate inflationary increases are expected on Property Insurance after a high
12 period of growth in premiums over the last five years. For the casualty insurances, higher
13 increases are expected largely driven by concerns over high jury awards and costs in the
14 areas of legal liability (third party, auto and workers compensation). The outlook for the
15 financial lines cover is also relatively stable.

16 **Q17. Are the forecasted levels of property and casualty insurance reasonable and**
17 **necessary?**

18 A17. Yes, the recommendations made which are included in the Test Year data are provided
19 based on my best view of the market conditions and expected insurance costs for these
20 various essential covers. I believe the details to be accurate and fair based on today's market
21 and the industry view of short-term future changes in the cost and availability of cover.

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VERIFICATION

I, Andrew Baillie, Program Director, Global Insurance for AES Services, LLC, affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

A handwritten signature in black ink that reads "Andrew Baillie". The signature is written in a cursive style with a large, stylized "B".

Andrew Baillie

Dated: May 30, 2025