

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**PETITION OF INDIANAPOLIS POWER & LIGHT )  
COMPANY (“IPL”) FOR (1) AUTHORITY TO INCREASE )  
RATES AND CHARGES FOR ELECTRIC UTILITY )  
SERVICE, (2) APPROVAL OF REVISED DEPRECIATION )  
RATES, ACCOUNTING RELIEF, INCLUDING UPDATE OF )  
THE MAJOR STORM DAMAGE RESTORATION )  
RESERVE ACCOUNT, APPROVAL OF A VEGETATION )  
MANAGEMENT RESERVE ACCOUNT, INCLUSION IN ) **CAUSE NO. 45029**  
BASIC RATES AND CHARGES OF THE COSTS OF )  
CERTAIN PREVIOUSLY APPROVED PROJECTS, )  
INCLUDING THE EAGLE VALLEY COMBINED CYCLE )  
GAS TURBINE, THE NATIONAL POLLUTION )  
DISCHARGE ELIMINATION SYSTEM AND COAL )  
COMBUSTION RESIDUALS COMPLIANCE PROJECTS, )  
RATE ADJUSTMENT MECHANISM PROPOSALS, COST )  
DEFERRALS, AMORTIZATIONS, AND (3) APPROVAL OF )  
NEW SCHEDULES OF RATES, RULES AND )  
REGULATIONS FOR SERVICE. )**

**SUBMISSION OF STIPULATION AND SETTLEMENT AGREEMENT**

Petitioner, Indianapolis Power & Light Company (“IPL”, “Petitioner” or “Company”), by counsel and on behalf of itself and the following parties, the Indiana Office of Utility Consumer Counselor (“OUCC”), IPL Industrial Group (Allison Transmission, Inc., Cargill, Inc., Eli Lilly and Company, Indiana University Health, Ingredion, Inc., PepsiCo, Praxair Surface Technologies, Inc. and Vertellus Integrated Pyridines LLC.), (“Industrial Group”), The Kroger Co., (“Kroger”), Wal-Mart Stores East, LP and Sam’s East, Inc. (collectively “Walmart”), Rolls-Royce Corporation (“RRC”), University of Indianapolis (“University”), City of Lawrence, and Citizens Action Coalition of Indiana, Inc. (“CAC”), Indiana Coalition for Human Services, Indiana Community Action Association, Inc., and Sierra Club (“Joint Intervenor Group”) (collectively the “Settling Parties” and individually “Settling Party”), submits the

attached Stipulation and Settlement Agreement (“Settlement Agreement” or “Settlement”).

Respectfully submitted on behalf of the  
Settling Parties,



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Teresa Morton Nyhart (No. 14044-49)

Nicholas K. Kile (No. 15203-53)

Jeffrey M. Peabody (No. 28000-53)

Barnes & Thornburg LLP

11 S. Meridian Street

Indianapolis, IN 46204

Nyhart Phone: (317) 231-7716

Kile Phone: (317) 231-7768

Peabody Phone: (317) 231-6465

Fax: (317) 231-7433

Email: [tnyhart@btlaw.com](mailto:tnyhart@btlaw.com)

[nicholas.kile@btlaw.com](mailto:nicholas.kile@btlaw.com)

[jpeabody@btlaw.com](mailto:jpeabody@btlaw.com)

Attorneys for Petitioner INDIANAPOLIS  
POWER & LIGHT COMPANY

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the foregoing has been served, this 19th day of July, 2018, by electronic mail, hand-delivery, or U.S. Postal Service, First Class mail, to:

Randall C. Helmen  
Jeffrey M. Reed  
Scott Franson  
Indiana Office of Utility Consumer Counselor  
Suite 1500 South, 115 W. Washington St.  
Indianapolis, Indiana 46204  
infomgt@oucc.in.gov  
rhelmen@oucc.in.gov  
jreed@oucc.in.gov  
sfranson@oucc.in.gov

Jennifer A. Washburn  
Margo Tucker  
Citizens Action Coalition of Indiana, Inc.  
1915 W. 18th Street, Suite C  
Indianapolis, Indiana 46202  
jwashburn@citact.org  
mtucker@citact.org

Bette J. Dodd  
Joseph P. Rompala  
Anne E. Becker  
Tabitha L. Balzer  
Lewis & Kappes, P.C.  
One American Square, Suite 2500  
Indianapolis, Indiana 46282  
bdodd@lewis-kappes.com  
JRompala@lewis-kappes.com  
abecker@lewis-kappes.com  
TBalzer@lewis-kappes.com

Kurt J. Boehm, Esq.  
Jody Kyler Cohn, Esq.  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, Ohio 45202  
KBoehm@BKLawfirm.com  
JKylerCohn@BKLawfirm.com

John P. Cook, Esq.  
John P. Cook & Associates  
900 W. Jefferson Street  
Franklin, Indiana 46131  
john.cookassociates@earthlink.net

Courtesy copy to:  
ATyler@lewis-kappes.com  
ETennant@lewis-kappes.com

Kevin Higgins  
Energy Strategies, LLC  
Parkside Towers  
215 South State Street, Suite 200  
Salt Lake City, Utah 84111  
khiggins@energystrat.com

Eric E. Kinder  
Lara R. Brandfass  
SPILMAN THOMAS & BATTLE, PLLC  
300 Kanawha Boulevard, East  
P. O. Box 273  
Charleston, WV 25321  
ekinder@spilmanlaw.com  
lbrandfass@spilmanlaw.com

Nikki G. Shoultz  
Kristina Kern Wheeler  
Bose McKinney & Evans LLP  
111 Monument Circle, Suite 2700  
Indianapolis, Indiana 46204  
nshoultz@boselaw.com  
kwheeler@boselaw.com

Barry A. Naum  
SPILMAN THOMAS & BATTLE, PLLC  
1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, PA 17050  
bnaum@spilmanlaw.com

Brian C. Bosma  
Kevin D. Koons  
Ted W. Nolting  
Kroger Gardis & Regas, LLP  
111 Monument Circle Drive, Suite 900  
Indianapolis, IN 46204-5125  
bcb@kgrlaw.com  
kdk@kgrlaw.com  
tw@kgrlaw.com

Geoffrey S. Lohman  
FILLENWARTH DENNERLINE GROTH &  
TOWE, LLP  
429 E. Vermont St., Suite 200  
Indianapolis, IN 46202  
glohman@fdgtlaborlaw.com



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Jeffrey M. Peabody

Teresa Morton Nyhart (No. 14044-49)  
Nicholas K. Kile (No. 15203-53)  
Jeffrey M. Peabody (No. 28000-53)  
Barnes & Thornburg LLP  
11 S. Meridian Street  
Indianapolis, IN 46204  
Nyhart Phone: (317) 231-7716  
Kile Phone: (317) 231-7768  
Peabody Phone: (317) 231-6465  
Fax: (317) 231-7433  
Nyhart email: tnyhart@btlaw.com  
Kile email: nicholas.kile@btlaw.com  
Peabody email: jpeabody@btlaw.com

Attorneys for Petitioner  
INDIANAPOLIS POWER & LIGHT COMPANY

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STIPULATION AND SETTLEMENT AGREEMENT

Indianapolis Power & Light Company (“IPL” or “Company”), the Indiana Office of Utility Consumer Counselor (“OUCC”), IPL Industrial Group (Allison Transmission, Inc., Cargill, Inc., Eli Lilly and Company, Indiana University Health, Ingredion, Inc., PepsiCo, Praxair Surface Technologies, Inc. and Vertellus Integrated Pyridines LLC.), (“Industrial Group”), The Kroger Co., (“Kroger”), Wal-Mart Stores East, LP and Sam’s East, Inc. (collectively “Walmart”), Rolls-Royce Corporation (“RRC”), University of Indianapolis (“University”), City of Lawrence, and Citizens Action Coalition of Indiana, Inc. (“CAC”), Indiana Coalition for Human Services, Indiana Community Action Association, Inc., and Sierra Club (“Joint Intervenor Group”) (collectively the “Settling Parties” and individually “Settling Party”), solely for purposes of compromise and settlement and having been duly advised by their respective staff, experts and counsel, stipulate and agree that the terms and conditions set forth below represent a fair, just and reasonable resolution of the matters set forth below, subject to their incorporation by the Indiana Utility Regulatory Commission (“Commission”) into a final, non-appealable order (“Final Order”)<sup>1</sup> without modification or further condition that may be unacceptable to any Settling Party. If the Commission does not approve this Stipulation and Settlement Agreement (“Settlement Agreement”), in its entirety, the entire Settlement Agreement shall be null and void and deemed withdrawn, unless otherwise agreed to in writing by the Settling Parties.

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<sup>1</sup>“Final Order” as used herein means an order issued by the Commission as to which no person has filed a Notice of Appeal within the thirty-day period after the date of the Commission order.

**I. TERMS AND CONDITIONS.**

**A. REVENUE DEFICIENCY.**<sup>2</sup> The Settling Parties agree that IPL has a revenue deficiency of \$43.877 million as stated below:

**1. Agreed Revenue Deficiency Adjustments.**

- 1.1. Wages And Benefits. Based on the testimonies of OUCC Witnesses Eckert and Stull, as well as Industrial Group Witness Gorman, and the rebuttal testimony of IPL Witness Coklow, wages and benefits expenses (Schedule OM17) will be reduced by \$3.129 million as reflected in Schedule OM17-R.
- 1.2. Injuries And Damages. Based on the testimony of OUCC Witness Eckert and the rebuttal testimony of IPL Witness Forestal, injuries and damages expenses will be reduced by \$0.711 million as reflected in Schedule OM19-R.
- 1.3. Rate Case Expense Amortization. In response to testimony of OUCC Witness Ramaraj, as reflected by the rebuttal testimony of IPL Witness Forestal, amortization of rate case costs will be reduced by \$0.673 million as reflected in Schedule OM20-R.
- 1.4. NOx Emission Allowances. As proposed by OUCC Witness Armstrong, IPL's NOx emission allowance expense reflected in IPL's supplemental filing will be lowered by \$0.248 million (\$149,000 of this amount is already reflected in IPL's rebuttal schedules) as reflected in Schedule OM10-S (included herewith in Settlement Agreement Attachment A).
- 1.5. Outage Maintenance Costs (O&M Adjustment No. 7). In response to OUCC Witness Armstrong, IPL outage maintenance costs related to Harding Street Station Generating Units will be lowered by \$3.138 million. As a result of this agreed modification, IPL O&M Adjustment No. 7 totals \$7.074 million as reflected in Schedule OM7-S (included herewith in Settlement Agreement Attachment A).
- 1.6. Non-Outage Operating And Maintenance Costs For The MATS Equipment (O&M Adjustment No. 9). In response to the position of OUCC Witness Armstrong, non-outage operating and maintenance costs for the MATS equipment will be lowered by \$1.364 million as reflected in Schedule OM9-S (included herewith in Settlement Agreement Attachment A).

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<sup>2</sup> Settlement Agreement Attachment A updates IPL Financial Exhibit Schedules REVREQ1-R, RB2-R, CC3-T, OPINC-R, RB11, REV1-R, REV6, OM1-R, OM7, OM9, OM10-R, OM14, OM26R, OM27-R, DEPR-R, TX1-R, TX2-R, TX3-R, TX4-R, and TX6-R to reflect the Settlement Agreement. The schedules in Settlement Agreement Attachment A have a "-S" extension to indicate they were updated to reflect the Settlement Agreement.

- 1.7. Ongoing Non-Labor O&M Costs For Commission-Approved NPDES And NAAQS (DBA Systems) (O&M Adjustment No. 5). O&M Adjustment No. 5 will remain as proposed by IPL as reflected in Schedule OM5.
- 1.8. Depreciation Rates And Expense. IPL does not agree to the ALG methodology but does agree to reduce the Eagle Valley CCGT depreciation expense downward by \$3.441 million as reflected in Schedule DEPR-S (included herewith in Settlement Agreement Attachment A). The revised Eagle Valley CCGT rate will be approved. All remaining depreciation rates will remain as proposed by IPL. The depreciation rates requested to be approved under the Settlement Agreement are attached hereto as Settlement Agreement Attachment B.
- 1.9. Coal Combustion Product (“CCP”) O&M. O&M Adjustment No. 6 (CCP) will remain as proposed by IPL as reflected in Schedule OM6.

**2. Cost Of Capital.**

- 2.1. Fair Value Increment. IPL will remove the fair value increment from the calculation of its revenue requirement and will use original cost rate base for purposes of calculating its net operating income in this Cause.
- 2.2. Return On Equity (“ROE”). As a compromise of the Settling Parties’ positions, IPL’s ROE will be 9.99%.
- 2.3. Overall Return On Original Cost Rate Base. The changes in Sections 2.1 and 2.2 result in a 6.59% Rate of Return on IPL’s Original Cost Rate Base.
- 2.4. Prepaid Pension Asset. A Prepaid Pension Asset (Net of OPEB) of \$95.9 million will be included in the capital structure. The \$95.9 million represents the \$89.3 million reflected in the Industrial Group testimony modified to include the IPL supplemental employment retirement plan (“SERP”).

**3. Net Operating Income (“NOI”).** IPL’s authorized NOI will be \$220.076 million.

**4. Rate Base.** The Settling Parties agree to an IPL Original Cost Rate Base of \$3,339.565 million, which original cost is the fair value under Indiana Code § 8-1-2-6 for purposes of this Cause. The Original Cost Rate Base includes the following.

- 4.1. Eagle Valley Combined Cycle Gas Turbine (“CCGT”).
  - 4.1.1. Rate Base Amount. The construction cost of the CCGT at May 31, 2018, as reflected in IPL’s rebuttal is \$595.2 million, compared to \$612.7 million included in IPL’s case-in-chief. As shown on IPL Schedule RB4-R, the total cost of the CCGT in Utility Plant in Service which the Settling Parties agree to include in rate base is \$700.8 million. This total includes AFUDC of \$103.6 million and capitalized spare parts of \$2.0 million. As also shown on IPL Schedule RB4-R, the Settling Parties agree that the net pro forma addition to plant in service is \$676.7 million.

- 4.1.2. ECR Credit. IPL will include a total of \$35.9 million as a credit to customers in the form of a reduction in operating expenses reflected in the revenue requirements over IPL's next four semiannual ECR filings following a Final Order approving this Settlement Agreement.
- 4.1.3. Ongoing Review. The Settling Parties stipulate and agree that these agreed terms should be accepted and approved in this docket and in the ongoing review process as full resolution of the concerns regarding the delayed in service date of the Eagle Valley CCGT and related EPC contract matters.
- 4.2. Environmental Compliance Projects – Major Additions (Schedule RB5-R). IPL will include the amount of the Major Projects incurred as of May 31, 2018, net of accumulated depreciation, in rate base.
- 4.3. HSS Battery Energy Storage System (“BESS”). The BESS will be included in rate base at the full amount and related costs included in the pro forma test year are accepted.
- 4.4. Roll Forward Of Rate Base. The Industrial Group calculated additional accumulated depreciation of \$106.719 million to IPL's production plant from July 1, 2017 to April 30, 2018. IPL identified \$48.842 million of production plant additions over the same period. The Settling Parties agree that IPL's rate base in this Cause will be decreased by \$28.939 million, which is approximately one-half of the net amount, as reflected in Schedule RB11-S (included herewith in Settlement Agreement Attachment A).

**5. Tax Cuts And Jobs Act Of 2017 (“TCJA”).**

- 5.1. Pro Forma Federal Income Tax Expense.
  - 5.1.1. IPL's pro forma tax expense will be adjusted to reflect the TCJA as reflected in IPL's supplemental filing.
  - 5.1.2. This adjustment includes the change in the gross revenue conversion factor and reduces IPL's adjusted test year revenue deficiency by approximately \$16.1 million, exclusive of amortization of excess Accumulated Deferred Income Taxes (“ADIT”).
- 5.2. Excess ADIT.
  - 5.2.1. Pro Forma Normalized Excess ADIT. Normalized excess ADIT created by the TCJA will be amortized over the remaining life of the assets as required by statute using the average rate assumption method (“ARAM”). Until the ARAM calculation is determined, the amortization will be straight-line over 25 years as described in the testimony of IPL Witness Salatto.



- 5.2.2. Pro Forma Non-Normalized Excess ADIT. Non-normalized excess ADIT created by the TCJA will be amortized over approximately 7 years, which is a decrease from the 10 year amortization period proposed in IPL's update to its case-in-chief for the TCJA filed on February 16, 2018.
- 5.2.2.1. This reflects a compromise on the Settling Parties' positions and the decreased amortization period reduces IPL's test year revenue deficiency by approximately \$7.3 million compared to \$6.2 million included by IPL in its case-in-chief update on February 16, 2018.
- 5.2.3. Additional Credit For 2018 TCJA Excess ADIT.
- 5.2.3.1. IPL will provide a \$14.3 million credit to customers in IPL's ECR mechanism over a period of two years to reflect the amortization of excess ADIT in 2018, prior to when new rates go into effect. This credit reflects the 7 year amortization period for the non-normalized excess ADIT, per Section 5.2.2.
- 5.2.3.2. Any regulatory liability related to the 2018 TCJA impact will not be used to reduce rate base.
- 5.2.3.3. The deferred tax liability in IPL's capital structure will continue to reflect the amortization of the excess ADIT through June 30, 2018.
- 5.2.4. Cause No. 45032-S1. On July 6, 2018, IPL, the OUCC, and the Indiana Industrial Group submitted a Stipulation and Settlement Agreement in IPL's Phase 1 tax subdocket, Cause No. 45032 S1 ("Phase 1 Settlement"), which address the treatment of the TCJA change in the federal income tax rate from 35% to 21% for 2018 (the "2018 Tax Expense Issue"). The Phase 1 Settlement provides that IPL will issue a \$9.51 million credit to be flowed to customers using IPL's demand allocators via IPL's ECR-31 during the six month period commencing with the September 2018 billing cycle and ending with the February 2019 billing cycle with any variance due to usage to be reconciled in ECR-33. The Phase 1 Settlement also reflects agreement that new base rates in Cause No. 45029 will be placed into effect no earlier than December 5, 2018.
- 5.2.5. TCJA Estimates. The Settling Parties recognize that the TCJA impacts reflected in this Settlement Agreement are preliminary estimates and are subject to change. Final values will not be available until after IPL's 2017 tax return is filed. Amounts in the normalized and non-normalized categories may be revised to align with final accounting values and to avoid any normalization violations. To the extent that the actual annual amortization of the normalized excess ADIT differs from the estimated amount reflected in the Settlement Agreement, the amortization of the

non-normalized excess ADIT will be increased or decreased to ensure that the total annual amortization of normalized and non-normalized excess ADIT is equal to \$9.262 million.

- 5.2.6. Final Resolution. The Settling Parties agree that the Settlement Agreement, together with approval of the requested relief sought in the Phase 1 Settlement, fully incorporate all impacts of the TCJA and represent a complete and final settlement of all issues regarding the impact of the TCJA on IPL's rates.

## **6. Vegetation Management.**

- 6.1. Embedded Amount. IPL will embed \$11.0 million in base rates for vegetation management on its distribution facilities by outside contractors, as reflected in Schedule OM14-S (included herewith in Settlement Agreement Attachment A). Concerns raised by OUCC and Intervenor are further resolved as follows:

- 6.1.1. Cap Mechanism. IPL will establish a mechanism to defer any shortfall in annual expenditures for vegetation management costs on its distribution facilities relative to the amount embedded in basic rates per Section 6.1 above. This mechanism will serve as a cap and no amounts spent above the embedded amount on a cumulative basis will be deferred. At the time of the next basic rate case, the balance in this regulatory liability account will be amortized into cost of service.
- 6.1.2. Ongoing Reporting. IPL agrees to provide, within its annual vegetation management report, outage investigation information showing the number of outages caused by vegetation. In response to OUCC Witness Hand's testimony, IPL will include the text of 170 IAC 4-9 in future annual reports.

## **7. Off-System Sales ("OSS") Margins And Capacity Sales.**

- 7.1. OSS Embedded Amount. In response to University of Indianapolis Witness Holstein's testimony, IPL's embedded OSS margins will be increased by \$10.0 million to be a \$16.324 million credit to the retail revenue requirement, as reflected in Schedule REV1-S (included herewith in Settlement Agreement Attachment A).
- 7.2. OSS Rider. IPL will provide 100% of OSS margins to customers through its Off-System Sales Margin Adjustment mechanism, as proposed by IPL.
- 7.3. Capacity Sales Embedded Amount. The level of IPL's embedded capacity sales will be an \$11.288 million credit to the retail revenue requirement, as proposed in IPL's case-in-chief and as reflected in Schedule REV1-S (included herewith in Settlement Agreement Attachment A).

- 7.4. Capacity Sales Rider. IPL will provide 100% of its capacity sales revenues to customers through its Capacity Adjustment mechanism, as proposed by IPL.
8. **FAC.** With respect to IPL's FAC proceedings, the Settling Parties agree to the continuation of the agreement between IPL and the OUCC that allows the OUCC and intervenors to file their testimony and report not more than 35 days after IPL files its application and testimony.
9. **Other.** Any revenue requirement matters not addressed by this Settlement Agreement will be as proposed by IPL in its direct, supplemental and rebuttal case.

**B. COST OF SERVICE AND RATE DESIGN ISSUES.**

**1. Commercial & Industrial Customer Rate Design.**

- 1.1. Back-up, Maintenance, And Supplementary Power. With respect to Back-Up Power, Maintenance Power and Supplementary Power under Rate CGS, the Settling Parties agree as follows:
- 1.1.1. Back-up Power shall be provided under Standard Contract Rider No. 10. Maintenance Power shall be provided under Standard Contract Rider No. 11. Supplementary Power shall be provided under Standard Contract Rider No. 12. A customer must specify in its contract with the Company the customer's: (i) maximum back-up and maintenance power demand and (ii) maximum supplementary power demand.
- 1.1.2. Under the back-up power and maintenance power tariffs the customer pays the Company a zero-energy charge when the customer self generates its own energy. The energy charge will default to the applicable tariff rate in the case of use of back-up, maintenance, or supplementary power.
- 1.1.3. A customer may receive a cost-justified reduction in their demand charge by taking back-up power or maintenance power service on a curtailable load basis subject to a limit of 55 megawatts total curtailable load served directly by customer-owned generation under this provision. Any customer taking service while the 55 MW cap is in place will be grandfathered into to the terms of this Settlement Agreement with respect to their existing curtailable load so that such customer will have a right of first refusal in the event the cap is modified in the future.
- 1.1.4. For purposes of this Settlement Agreement "curtailments" occur only due to issues of system reliability and not economic interruption. The customer shall be subject to curtailment by the Company for system reliability just like a firm service customer. In addition, the customer must curtail its demand down to no more than its contracted maximum supplementary power demand when notified by the Company when a Maximum Generation Event has been declared for the Company's Local Balancing Authority Area and reached MISO Market Capacity Emergency

Maximum Generation Event Step 2d. The Company maintains the right to discontinue the supply of electric energy to the customer in excess of the maximum supplementary power demand of the customer, if Maximum Generation Event 2d has been reached, and the customer fails to curtail its demand to its maximum supplementary power demand as required.

- 1.1.5. If back-up power or maintenance power service is taken on a curtailable basis, the generation component of the demand charge will be identified and the generation component will be offered on a prorated daily basis with no associated demand ratchet. For purposes of this Settlement Agreement “pro-rated” means the customer’s demand charge divided by the number of days in the month. The pro-rated demand charge will apply only to the amount of demand taken from the Company during an outage, not any demand that remains self-supplied by the customer.
- 1.1.6. If back-up power or maintenance power service is taken on a curtailable basis, and if the Company does not already have facilities in place to curtail the customer, the customer will be responsible for installing and maintaining a control system that allows the Company to remotely curtail the load served by the generator and to do so without notification if the generator is not serving load. The Company shall not use such control system to curtail the load except during a MISO Market Capacity Emergency within the Company’s Local Balancing Authority Area that has reached Maximum Generation Event Step 5.
- 1.1.7. No interruptible Capacity Credit will apply to back-up power or maintenance power service demands.
- 1.1.8. The transmission and distribution portions of the demand charge and associated ratchet will continue to be imposed for transmission and distribution costs when the customer is taking back-up and maintenance service.
- 1.1.9. A customer may not simultaneously qualify for Rate CGS, Rate REP Renewable Energy Production, Standard Contract Rider No. 9 Net Metering, and Standard Contract Rider No. 8 for off-peak service. Back-up Power, Maintenance Power and Supplementary Power may also be provided by agreement with the Company under Rate CSC. Such agreements must be reflective of the cost of service for the service that is being provided.
- 1.1.10. The Settling Parties will work to incorporate the foregoing terms into IPL’s proposed tariff and IPL will present the revised tariffs with its settlement testimony.

- 1.1.11. Prior to filing its next basic rate case, IPL agrees to further evaluate this rate structure, including the T&D component of the demand charge, with the Industrial Group.
- 1.2. Low Load Factor Rate. For purposes of its next basic rate case, IPL will prepare two separate cost of service studies, one which separately allocates costs to low load factor customers as well as a proposed rate structure to recover those allocated costs, and one which does not separately allocate costs to low load factor customers. IPL will work with the Industrial Group, Kroger, Walmart and other interested parties to prepare the studies prior to filing, including seeking input on eligibility criteria for the low load factor rate and other related issues. The cost of service studies/rate design will be made available to the other parties and Commission in IPL's next rate case. While IPL has agreed to conduct the aforementioned analysis, the Settling Parties agree that IPL is not obligated to take a position in support of or against the rate structures, and IPL may present other cost of service models and rate design analysis as well in its next basic rate case. The Settling Parties further agree that all parties will have the opportunity to take any position with respect to the aforementioned cost of service/rate design studies as they deem appropriate in the next basic rate case and each reserves the right to present their own alternative cost of service/rate design proposals.
- 1.3. Kroger. Kroger and IPL agree to meet quarterly for the 18 months subsequent to this Settlement Agreement to review service levels and reliability. Should an outage occur at the Kroger Crossroads Farm Dairy or Indianapolis Bakery, IPL will meet with facility personnel to review and analyze the cause, upon request from Kroger. IPL is currently rebuilding the primary circuit from Ford Substation which serves the Kroger Crossroads Farm Dairy and Indianapolis Bakery, and agrees to use best efforts to complete this project by the end of 2018.
- 1.4. RRC. Rate SS provides a standard three year term and allows customers requiring in excess of 75 KW demand to be served under an agreement setting out the terms for the minimum monthly service charges. The current Rate SS Agreements between IPL and RRC extend to July 27, 2019. Neither IPL nor any other party in this Cause has sought to terminate these Agreements. IPL and RRC agree to amend and extend the terms of the two existing Rate SS Agreements between IPL and RRC for a standard three year term commencing on July 28, 2019. During the renewed term of these Agreements, IPL will meet with RRC to discuss any additional service needs RRC may have and explore options to address those needs.
- 1.5. University. IPL agrees to work with the University on a mutually-agreeable energy efficient street light conversion program for the University. As part of these discussions IPL will work with the University to identify any reductions in the ongoing cost of street lighting service that may stem from the conversion project and will seek to negotiate a mutually-agreeable treatment thereof in the rates charged to the University for street lighting service. The Company and the University will attempt to reach agreement on or before July 1, 2019. IPL and the

University will seek Commission approval of any such agreement as necessary or appropriate.

1.6. City of Lawrence.

1.6.1. Within 45 days after a final order approving this Settlement Agreement, and upon the execution of a mutually agreeable non-disclosure agreement, IPL will provide the City of Lawrence with GIS mapping data that identifies the location and type of fixture of all Company-owned streetlights located within the City of Lawrence provided that such data can be readily provided without disclosure of Critical Energy Infrastructure Information.

1.6.2. Within 45 days after a final order approving this Settlement Agreement, IPL and the City of Lawrence will work together to determine the feasibility of providing the City of Lawrence with consolidated billing and account information, including putting all streetlights onto a single consolidated bill.

1.6.3. In addition, IPL and the City of Lawrence will work together to determine the costs and feasibility of the City of Lawrence participating in the bulk purchasing savings generated from IPL’s LED conversion program with the City of Indianapolis LED Conversion Project. The Company and the City of Lawrence will seek Commission approval of any such agreement as necessary or appropriate.

2. **Residential Rate Design.**

2.1. Residential Customer Charge. The Settling Parties agree to the following IPL residential customer charges:

kWh/mo.	Settlement
≤ 325	\$12.50
> 325	\$17.00

2.2. Residential Declining Block Rate. With respect to IPL’s proposed declining block rates, the Settling Parties agree to a reduction in the second block differential of 25%, with no change to the differential to the third block applicable to RH and RC customers. With the agreed residential customer charge and this modification to the block structure, the residential energy charges will be calculated to recover the remaining residential revenue requirement. This is calculated to result in the following residential energy charges:

kWh	Settlement
First 500 kWh per month	\$0.106454
Over 500 kWh	\$0.090752
With electric heating and/or water heating over 1000 kWh	\$0.078149

### **3. Revenue Allocation.**

- 3.1. The Settling Parties agree that rates should be designed in order to allocate the revenue requirement to and among IPL's customer classes in a fair and reasonable manner. For settlement purposes, the Settling Parties agree that Settlement Agreement Attachment C specifies the revenue allocation agreed to by all Settling Parties. This revenue allocation is determined strictly for settlement purposes and is without reference to any particular, specific cost allocation methodology. The demand allocators for IPL's current rate adjustment mechanisms are set forth in Settlement Agreement Attachment D.
- 3.2. For purposes of allocating recovery of any future, approved, TDSIC expenditures and costs pursuant to Ind. Code § 8-1-39-9(a) prior to its next base rate case, the Settling Parties agree that Settlement Agreement Attachment E presents the "customer class revenue allocation factor[s] based on firm load," as that phrase is used in IC 8-1-39-9(a)(1) for recovery of transmission-related and distribution-related costs. The Settling Parties agree that all revenues and allocation factors on Settlement Agreement Attachment E have had interruptible load removed. The Settling Parties also agree that Settlement Agreement Attachment E reflects the percentage of distribution and transmission costs allocable to each individual Rate Code.
- 3.3. All other components of IPL's filed cost allocation and rate design shall be as IPL filed in its case-in-chief.

### **C. CONSUMER PROGRAMS.**

1. **Low Income Weatherization In IPL's Service Territory.** IPL will provide a \$150,000 contribution to the community action program network of Indiana Community Action Association to facilitate low-income weatherization in IPL's service territory targeted at high usage Energy Assistance Program customers. IPL's revenue deficiency in this Cause will not be adjusted to include the incremental costs of this contribution.
2. **Low Income Arrearage Forgiveness Program Pilot.** In response to Joint Intervenor Group Witness Olson, IPL will implement a three-year Low Income Arrearage Forgiveness Program Pilot that will provide an opportunity for low income customers to catch up on their bills. Non-administrative Pilot Program costs for arrearage forgiveness will not exceed \$650,000 over the life of the project. Once this limit is met, IPL will cease enrolling new participants for the Pilot Program. Estimated administrative costs for this program are approximately \$300,000 over the life of the pilot. IPL's revenue deficiency in this Cause will not be adjusted to include any incremental costs of this Pilot Program. To be eligible to participate, a customer must be a LIHEAP participant or a LIHEAP qualified customer who carries an overdue balance. Program details will be established in good faith through a collaborative process with IPL and interested stakeholders, which will commence no later than 90 days after a Final Order in this Cause. IPL will work in good faith to implement the program within 180 days after a

Final Order in Cause No. 45029. IPL will file with the Commission a report on the Low Income Arrearage Forgiveness Program Pilot which includes number of participants, amounts awarded to participants, and other information to be determined by the collaborative process.

3. **Roundup Program Pilot.** The Settling Parties agree to approval of IPL’s proposal in Cause No. 45029 to implement a “roundup” program pilot on a three-year pilot basis to address low income bill affordability. Program details will be established in good faith through a collaborative process with IPL and interested stakeholders, which will commence no later than 90 days after a Final Order in Cause No. 45029. IPL will work in good faith to implement the program within 180 days after a Final Order in Cause No. 45029. IPL will provide \$100,000 over the life of the pilot to help fund the “roundup” program pilot. IPL’s revenue deficiency in this Cause will not be adjusted to include this amount.
  
4. **Reporting.** IPL agrees to amend its ongoing Performance Metrics Collaborative annual report filed with the Commission pursuant to Cause No. 44576 to include, on a non-confidential basis, the following information by month, in readily accessible spreadsheet format:
  - a. **General Residential**
    1. Number of residential accounts.
    2. Total billed.
    3. Total receipts.
    4. Number of unpaid accounts 60-90 days after issuance of a bill.
    5. Dollar value of unpaid accounts 60-90 days after issuance of a bill.
    6. Number of unpaid accounts 90+ days after issuance of a bill.
    7. Dollar value of unpaid accounts 90+ days after issuance of a bill.
    8. Total number of unpaid accounts.
    9. Total dollar value of unpaid accounts.
    10. Number of accounts sent notice of disconnection for non- payment.
    11. Number of service disconnections for non-payment.
    12. Dollar value of accounts written off as uncollectible.
  
  - b. **Low Income Customers** (defined as participants known to be in LIHEAP or other means-tested benefit programs):
    1. Number of accounts.
    2. Total billed.
    3. Total receipts.
    4. Total receipts paid by LIHEAP.
    5. Total number of customers known to be receiving LIHEAP.
    6. Number of unpaid accounts 60-90 days after issuance of a bill.
    7. Dollar value of unpaid accounts 60-90 days after issuance of a bill.
    8. Number of unpaid accounts 90+ days after issuance of a bill.
    9. Dollar value of unpaid accounts 90+ days after issuance of a bill.
    10. Total number of unpaid accounts.
    11. Total dollar value of unpaid accounts.



12. Number of accounts sent notice of disconnection for non- payment
13. Number of service disconnections for non-payment.
14. Dollar value of accounts written off as uncollectible.

This reporting shall continue until the earlier of the filing of IPL's next basic rate case or December 31, 2021.

5. **Residential Bill Modification.** Within 60 days of a final order in Cause No. 45029, IPL will show the customer charge on residential customer bills.
6. **Community Solar.** IPL agrees to reconvene the Local Green Power Advisory Committee for a minimum of two meetings within six months of receiving a Final Order in Cause No 45029 approving this Settlement Agreement and will work in good faith with this Committee to develop a community solar pilot proposal within one year. The meetings with the Local Green Power Advisory Committee will be open to all interested stakeholders.
7. **Residential Customer Notice.** For IPL's next basic rate case, IPL shall provide its residential customers with notice and a description of any proposed change to the fixed customer charge.
- D. **REMAINING ISSUES.** Any matters not addressed by this Settlement Agreement will be adopted as proposed by IPL in its direct, supplemental and rebuttal case.

## II. PRESENTATION OF THE SETTLEMENT AGREEMENT TO THE COMMISSION.

A. The Settling Parties shall support this Settlement Agreement before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement so that IPL may complete the compliance filing process and place new rates into effect December 5, 2018.

B. The Settling Parties may file testimony specifically supporting the Settlement Agreement. The Settling Parties agree to provide each other with an opportunity to review drafts of testimony supporting the Settlement Agreement and to consider the input of the other Settling Parties. Such evidence, together with the evidence previously prefiled in this Cause, will be offered into evidence without objection and the Settling Parties hereby waive cross-examination of each other's witnesses. The Settling Parties propose to submit this Settlement Agreement and evidence conditionally, and that, if the Commission fails to approve this Settlement Agreement in its entirety without any change or with condition(s) unacceptable to any Settling Party, the Settlement and supporting evidence shall be withdrawn and the Commission will continue to hear Cause No. 45029 with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.

C. A Commission Order approving this Settlement Agreement shall be effective immediately, and the agreements contained herein shall be unconditional, effective and binding on all Settling Parties as an Order of the Commission.

### **III. EFFECT AND USE OF SETTLEMENT AGREEMENT.**

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

B. Neither the making of this Settlement Agreement (nor the execution of any of the other documents or pleadings required to effectuate the provisions of this Settlement Agreement), nor the provisions thereof, nor the entry by the Commission of a Final Order approving this Settlement Agreement, shall establish any principles or legal precedent applicable to Commission proceedings other than those resolved herein.

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

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

E. The evidence in support of this Settlement Agreement constitutes substantial evidence sufficient to support this Settlement Agreement and provides an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Settlement Agreement, as filed. The Settling Parties shall prepare and file an agreed proposed order with the Commission as soon as reasonably possible after the filing of this Settlement Agreement and the final evidentiary hearing.

F. The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be confidential, without prejudice to the position of any Settling Party, and are not to be used in any manner in connection with any other proceeding or otherwise. Sierra Club will only be liable for monetary damages resulting from a breach of this Section if it files, submits, or otherwise publishes confidential settlement material. If any Settling Party believes that Sierra Club has violated this Section in such a way, then such Settling Party shall provide Sierra Club with written notice of the violation and describe it with sufficient information to allow Sierra Club an opportunity to cure it, and such Settling Party shall allow Sierra Club fourteen (14) business days to cure the alleged violation. Notice shall be sent to undersigned counsel for Sierra Club and to Casey Roberts, Sierra Club Senior Attorney. The other Settling Parties shall not be entitled to monetary damages for a breach of this provision by Sierra Club involving filing, submission or publication of settlement material, that is cured according to the terms of this section. "Cure" as used in this section shall mean to formally withdraw any filed or submitted statement and to publish a retraction or disavowal of any published statement (via the same media outlet through which the statement was made).

G. The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their respective clients, and their successor and assigns, which will be bound thereby.

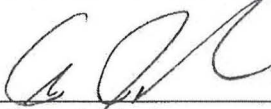
H. The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of the Commission Order approving this Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement). The Industrial Group, and any other party who wishes to join, reserve the right to seek appeal from any order denying the requested confidential treatment of certain workpapers submitted in support of the testimony of its witnesses. This includes any order denying the Joint Appeal to the Full Commission of the June 25, 2018 Docket Entry, filed with the Commission on July 2, 2018.

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

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

ACCEPTED and AGREED as of the 18th day of July, 2018.

INDIANAPOLIS POWER & LIGHT COMPANY



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Craig L. Jackson  
President and CEO of Indianapolis Power & Light Company  
Indianapolis Power & Light Company  
One Monument Circle  
Indianapolis, Indiana 46204

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

---

Randall C. Helmen  
Jeffrey M. Reed  
Scott Franson  
Indiana Office of Utility Consumer Counselor  
115 West Washington Street  
Suite 1500 South  
Indianapolis, Indiana 46204

IPL INDUSTRIAL GROUP

---

Bette J. Dodd  
Joseph P. Rompala  
Anne E. Becker  
Tabitha L. Balzer  
LEWIS & KAPPES, P.C.  
One American Square, Suite 2500  
Indianapolis, IN 46282

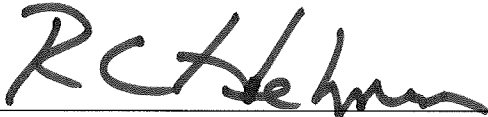
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One Monument Circle  
Indianapolis, Indiana 46204

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR



---

Randall C. Helmén  
Jeffrey M. Reed  
Scott Franson  
Indiana Office of Utility Consumer Counselor  
115 West Washington Street  
Suite 1500 South  
Indianapolis, Indiana 46204

IPL INDUSTRIAL GROUP

---

Bette J. Dodd  
Joseph P. Rompala  
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Tabitha L. Balzer  
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One American Square, Suite 2500  
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**ACCEPTED and AGREED as of the 18th day of July, 2018.**

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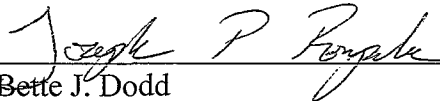
INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

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Randall C. Helmen  
Jeffrey M. Reed  
Scott Franson  
Indiana Office of Utility Consumer Counselor  
115 West Washington Street  
Suite 1500 South  
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Bette J. Dodd  
Joseph P. Rompala  
Anne E. Becker  
Tabitha L. Balzer  
LEWIS & KAPPES, P.C.  
One American Square, Suite 2500  
Indianapolis, IN 46282

THE KROGER CO.



---

John P. Cook  
John P. Cook & Associates  
900 W. Jefferson Street  
Franklin, Indiana 46131

Kurt J. Boehm  
Jody Kyler Cohn  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, Ohio 45202

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.

---

Eric E. Kinder  
SPILMAN THOMAS & BATTLE, PLLC  
300 Kanawha Boulevard, East  
P. O. Box 273  
Charleston, WV 25321

ROLLS-ROYCE CORPORATION

---

Nikki G. Shoultz  
Kristina Kern Wheeler  
Bose McKinney & Evans LLP  
111 Monument Circle, Suite 2700  
Indianapolis, Indiana 46204

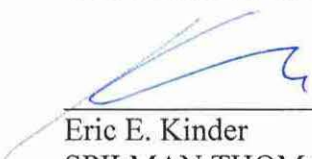
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111 Monument Circle, Suite 2700  
Indianapolis, Indiana 46204

UNIVERSITY OF INDIANAPOLIS



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Nikki G. Shultz  
Kristina Kern Wheeler  
Bose McKinney & Evans LLP  
111 Monument Circle, Suite 2700  
Indianapolis, Indiana 46204

CITY OF LAWRENCE, INDIANA

---

Brian C. Bosma  
Kevin D. Koons  
Ted W. Nolting  
Kroger Gardis & Regas, LLP  
111 Monument Circle Drive, Suite 900  
Indianapolis, IN 46204-5125

CITIZENS ACTION COALITION OF  
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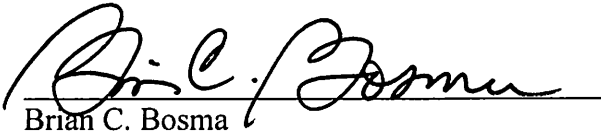
Jennifer A. Washburn  
Margo L. Tucker  
Citizens Action Coalition  
1915 W. 18th Street, Suite C  
Indianapolis, Indiana 46202

UNIVERSITY OF INDIANAPOLIS

---

Nikki G. Shoultz  
Kristina Kern Wheeler  
Bose McKinney & Evans LLP  
111 Monument Circle, Suite 2700  
Indianapolis, Indiana 46204

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Ted W. Nolting  
Kroger Gardis & Regas, LLP  
111 Monument Circle Drive, Suite 900  
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Indianapolis, Indiana 46202

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Allowable Electric Operating Income Requirement**  
(Thousands of Dollars)

<u>Line No.</u>	(Col. 1)	Supporting IPL Financial Exhibit Reference (Col. 2)	<u>Line No.</u>
1	Original cost rate base \$ 3,339,565	IPL-RB, Schedule RB2 Column 6, Line 10	1
2	Rate of return <u>6.59%</u>	IPL-CC, Schedule CC3	2
3	Allowable electric operating income 220,076	Line 1 multiplied by Line 2	3
4	Less: Electric operating income pro forma at present rates <u>188,093</u>	IPL-OPER, Schedule OPINC, Column 4, Line 13	4
5	Deficiency in electric operating income 31,983		5
6	Revenue conversion factor <u>0.728928</u>	IPL-REVREQ, Schedule REVREQ2, Line 30	6
7	Deficiency in electric operating revenue <u>\$ 43,877</u>	Line 5 divided by Line 6	7
8	Additional operating revenue produced by proposed rates <u>\$ 43,877</u>	IPL-OPER, Schedule OPINC, Column 5, Line 1	8

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Original Cost Electric Rate Base**  
**Per Books at June 30, 2017 and Pro Forma**  
**(Thousands of Dollars)**

Line No.	Description	Plant in Service (Col. 1)	Accumulated Depreciation And Amortization (Col. 2)	Materials and Supplies Inventory (Col. 3)	Fuel Stock Inventory (Col. 4)	Regulatory Assets (Col. 5)	Totals (Col. 6)	Line No.
1	Per books (Schedules RB3, RB8, RB9, RB10)	\$ 5,140,053	\$ (2,885,818)	\$ 72,168	\$ 34,276	\$ 55,370	\$ 2,416,049	1
2	Add combined cycle gas turbine (Schedule RB4) (1)	676,752	-	-	-	-	676,752	2
3	Add IURC approved environmental projects (Schedule RB5)	303,930	(8,200)	-	-	-	295,730	3
4	Remove non-jurisdictional MISO MTEP plant in service (Schedule RB6)	(16,409)	1,338	-	-	-	(15,071)	4
5	Remove net asset retirement cost (Schedule RB7)	(59,999)	18,389	-	-	-	(41,610)	5
6	Adjustment to materials & supplies inventory (Schedule RB8)	-	-	6,053	-	-	6,053	6
7	Adjustment to fuel stock inventory (Schedule RB9)	-	-	-	(1,462)	-	(1,462)	7
8	Adjustment to regulatory assets (Schedule RB10)	-	-	-	-	47,464	47,464	8
9	Miscellaneous rate base adjustments (Schedule RB11)	25,195	(69,536)	-	-	-	(44,340)	9
10	Pro forma original cost rate base (See Schedule RB1)	<u>\$ 6,069,522</u>	<u>\$ (2,943,827)</u>	<u>\$ 78,221</u>	<u>\$ 32,814</u>	<u>\$ 102,834</u>	<u>\$ 3,339,565</u>	10

(1) IPL made no reduction to pro forma rate base for Accumulated Depreciation, because IPL was granted authority to defer depreciation on the CCGT. Had IPL included the accumulated depreciation as of May 31, 2018 in accumulated depreciation, there would be an offsetting regulatory asset on RB10.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Weighted Average Cost of Capital**  
**(Thousands of Dollars)**

Line No.	Component of Capitalization	Balance at June 30, 2017 (Col. 1)	Percent of Total (Col. 2)	Return Rate (Col. 3)	Weighted Return Rate (Col. 4)	Line No.
1	Long-Term Debt	\$ 1,694,149	49.50%	5.03%	2.49%	1
2	Preferred Stock	59,784	1.75%	5.37%	0.09%	2
3	Common Equity	1,357,890	39.67%	9.99% (2)	3.96%	3
4	Customer Deposits	30,723	0.90%	6.00%	0.05%	4
5	Prepaid Pension Asset (net of OPEB liability)	(95,900) (1)	-2.80%	0.00%	0.00%	5
6	Deferred Income Taxes	374,402 (4)	10.94%	0.00%	0.00%	6
7	Post 1970 ITC	1,721	0.05%	7.20% (3)	0.00%	7
8	Totals	\$ 3,422,769	100.00%		6.59%	8

(1) Please see IPL Witness EJK Attachment 2

(2) Provided by IPL Witness McKenzie

(3) Computed as the weighted return on investor-supplied capital:

Long-Term Debt	\$ 1,694,149	54.44%	5.03%	2.74%
Preferred Stock	59,784	1.92%	5.37%	0.10%
Common Equity	1,357,890	43.64%	9.99%	4.36%
	<u>\$ 3,111,823</u>	<u>100.00%</u>		<u>7.20%</u>

(4) A reduction to deferred income taxes for the estimated amortization of excess deferred income taxes is calculated as follows:

Description	"Normalized"	"Non-Normalized"	Total
Excess Deferred Federal Income Taxes Recorded at December 31, 2017	\$ 98,978	\$ 37,120.00	\$ 144,305
Proposed Reversal Period (in years)	25	7	
Estimated Annual Reversal	3,959	5,303	9,262
Estimated Reversal January 1, 2018 through June 30, 2018			\$ (4,631)
Deferred income taxes included in capital structure before the TCJA			395,004
Reduction of DFIT related to reduction of Prepaid Pension Asset			(15,971)
Updated Deferred Income Taxes			<u>\$ 374,402</u>

Note: Detail of this exhibit has been filed as IPL Workpaper -- CC3.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Statements of Electric Operating Income for the Twelve Months Ended June 30, 2017**  
**Per Books and Jurisdictional Pro Forma at Present and Proposed Rates**  
**(Thousands of Dollars)**

Line No.	Adjustment Support Shown on IPL Financial Exhibit IPL-OPER (Col. 1)	Twelve Months Ended June 30, 2017 Per Books (Col. 2)	At Present Rates		At Proposed Rates		Line No.
			Adjustments (Col. 3)	Pro Forma (Col. 4)	Adjustments (Col. 5)	Pro Forma (Col. 6)	
1	Operating revenues	\$ 1,355,130	\$ 14,175	\$ 1,369,305	\$ 43,877	\$ 1,413,182	1
2	Operating expenses:						
3	Operation and maintenance expenses	845,115	29,781	874,896	216	875,112	2
4	Depreciation and amortization expense	210,680	28,719	239,399	-	239,399	3
5	Taxes-other than income taxes	44,560	5,328	49,888	612	50,500	4
5	Total operating expenses other than income taxes	1,100,355	63,828	1,164,183	828	1,165,011	5
6	Net operating income before income taxes	254,776	(49,653)	205,122	43,049	248,171	6
7	Income taxes:						
8	Federal income taxes - current	54,276	(32,415)	21,862	8,502	30,364	7
9	State income taxes - current	12,331	(2,091)	10,239	2,565	12,804	8
10	Federal income taxes - deferred	5,422	(16,697)	(11,275)	-	(11,275)	9
11	State income taxes - deferred	(989)	(1,383)	(2,372)	-	(2,372)	10
12	Income tax credit adjustments	(1,574)	149	(1,425)	-	(1,425)	11
12	Total income taxes	69,466	(52,437)	17,029	11,067	28,096	12
13	Net utility operating income	\$ 185,310	\$ 2,784	\$ 188,093	\$ 31,982	\$ 220,076	13



**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Miscellaneous Rate Base Adjustments**  
(Thousands of Dollars)

Line No.	Description	Additional Depreciation Through Dec. 31, 2018 (Col. 1)	Reduction for Temporary Rates (1) (Col. 2)	Pro Forma Adjustment (Col. 3)	Line No.
	<u>Additions to accumulated depreciation for deferred depreciation projected on RB10, lines 10 and 11</u>				
1	Depreciation of Eagle Valley CCGT deferred per May 14, 2014 IURC order in Cause No. 44339 (RB10, Line 10, columns 2 and 3, respectively)	\$ (16,960)	\$ 3,869	\$ (13,091)	1
2	Depreciation of Harding Street 5 & 6 refueling deferred per May 14, 2014 IURC order in Cause No. 44339 (RB10, Line 11, columns 2 and 3, respectively)	(3,470)	385	(3,085)	2
3	Net increase to accumulated depreciation (See RB2, Line 9, Column 2)	<u>\$ (20,430)</u>	<u>\$ 4,254</u>	<u>\$ (16,176)</u>	3
	<u>Other miscellaneous rate base adjustments</u>				
4	To remove a miscoded invoice from Plant in Service (2)			\$ (55)	4
5	To include capital maintenance MATS equipment (net of retirements) that was in service as of June 30, 2017, but not reflected in Utility Plant			829	5
6	<b>1/2 Production Plant Additions July 2017 - April 2018</b>			<b>24,421</b>	6
7	<b>1/2 Estimated Accumulated Depreciation Production Plant July 2017 - April 2018</b>			<b>(53,360)</b>	7
6	Net increase to utility plant (See RB2, Line 9, Column 1)			<u>\$ (28,164)</u>	8

(1) This reflects a reduction in projected accumulated deferred depreciation for Harding Street generating units 5 & 6 and the Eagle Valley CCGT that would be applicable if temporary rates were implemented.

(2) An invoice was erroneously miscoded to Utility Plant not Classified in June 2017.

Note: Detail of this exhibit has been filed as IPL Workpaper - RB11.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Summary of Electric Operating Revenue for the Twelve Months Ended June 30, 2017**  
**Per Books and Pro Forma at Present and Proposed Rates**  
**(Thousands of Dollars)**

Line No.	Description	Twelve Months Ended June 30, 2017 Per Books (Col. 1)	At Present Rates		At Proposed Rates		Line No.
			Adjustments (1) (Col. 2)	Pro Forma (Col. 3)	Adjustments (2) (Col. 4)	Pro Forma (Col. 5)	
1	Residential revenues	\$ 532,924	\$ 4,093	\$ 537,017	\$ 26,763	\$ 563,780	1
2	Small commercial & industrial revenues	203,345	146	203,491	4,043	207,534	2
3	Large commercial & industrial revenues	563,263	243	563,506	12,112	575,618	3
4	Lighting	16,641	181	16,822	959	17,781	4
5	Electric vehicle public charging stations	1	-	1	-	1	5
6	Off-system sales	16,390	(66)	16,324	-	16,324	6
7	Capacity sales	-	11,288	11,288	-	11,288	7
8	Total sales of electric energy	1,332,564	15,885	1,348,449	43,877	1,392,326	8
9	<u>Other Electric Revenues</u>						
	Rents	5,002	763	5,765	-	5,765	9
10	Other customer charges	9,353	-	9,353	-	9,353	10
11	Miscellaneous revenue	8,211	(2,473)	5,738	-	5,738	11
12	Total other electric revenues	22,566	(1,710)	20,856	-	20,856	12
13	Total electric operating revenues (See Exhibit IPL-OPER, Sch. OPINC, Line 1)	\$ 1,355,130	\$ 14,175	\$ 1,369,305	\$ 43,877	\$ 1,413,182	13

(1) Adjustments shown on IPL Financial Exhibit IPL-OPER, Schedule REV2

(2) Adjustments shown on IPL Financial Exhibit IPL-OPER, Schedule REV10

Note: Detail of this exhibit has been filed as IPL Workpaper -- REV1.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Summary of Off-System Sales ("OSS")**  
**Total Revenue Per Books and Pro Forma Net Margin at Present Rates**  
**for the Twelve Months Ended June 30, 2017**  
**(Thousands of Dollars)**

Line No.	Description	MISO Off-System Sales				Total (Col. 4)	Reclassifications		Reclassified Total Margins (Col. 7)	Line No.
		Not Attributed to LWP (1) (Col. 1)	Sales Attributed to LWP Production (Col. 2)	OSS Sales Sharing Adjustment (2) (Col. 3)	Total (Col. 4)		OM2 (Col. 5)	OM4 (Col. 6)		
1	OSS revenues	\$ 12,681	\$ 4,395	\$ -	\$ 17,076	\$ (12,239)	\$ (1,543)	\$ 3,294	1	
2	Fuel costs	9,011	3,228	-	12,239	\$ (12,239)	\$ -		2	
3	Production costs	1,075	468	-	1,543	-	(1,543)		3	
4	Total costs	10,086	3,696	-	13,782	\$ (12,239)	\$ (1,543)		4	
5	Total OSS margins	2,595	699	-	3,294			\$ 3,294	5	
6	LWP margins returned via FAC (1)	-	(699)	-	(699)			(699)	6	
7	OSS margins not attributed to LWP	\$ 2,595	\$ -	\$ -	\$ 2,595			\$ 2,595	7	
8	Pro forma adjustment to margins							13,729	8	
9	Pro forma margins for OSS to be embedded in retail rates							\$ 16,324	9	
10	Breakout of total pro forma adjustment								10	
11	Reclassify OSS fuel against revenues				\$ (12,239)				11	
12	Reclassify OSS production costs against revenues				(1,543)				12	
13	Reflect sharing of LWP margin via FAC				(699)				13	
14	Adjust OSS margin to pro forma level				13,729				14	
15	Pro forma adjustment reflects the wholesale margin embedded in retail rates (See Schedule REV2, Column 5, Line 6)				\$ (752)				15	

(1) LWP is an abbreviation for Lakefield Wind Production. In accordance with the IURC order in Cause No. 43740, IPL reduces the fuel costs charged to its jurisdictional retail customers by an amount equal to its estimated wholesale margin attributable to production from its Lakefield Wind Purchase Power Agreement.

(2) This column reflects the test year (over) or under collection of the OSS margin tracker as approved by the IURC order in Cause No. 44576. The amount for the test year was reclassified on Schedule REV-2, Column 1.

Note: Detail of this exhibit has been filed as IPL Workpaper -- REV6.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Summary of Pro Forma Adjustments to Electric Operation and**  
**Maintenance Expense for the Twelve Months Ended June 30, 2017**  
**(Thousands of Dollars)**

Line No.	Description	Exhibit IPL-OPER Adjustment Schedule Reference (Col. 1)	Pro Forma Adjustments		Line No.
			Total Electric At Present Rates (Col. 2)	Total Electric At Proposed Rates (Col. 3)	
1					1
2	Cost of fuel and purchased power	OM2	\$ (5,700)	\$ -	2
3	Capacity costs	OM3	(4,536)	-	3
4	Off-system sales power production costs	OM4	(1,543)	-	4
5	Operating and maintenance expense for environmental compliance projects	OM5	12,591	-	5
6	Coal combustion product (CCP) disposal costs	OM6	3,157	-	6
7	Outage maintenance costs	OM7	7,074	-	7
8	Non-outage operating and maintenance costs for IPL's Eagle Valley generating station, including the CCGT	OM8	4,792	-	8
9	Non-outage operating and maintenance costs for the IPL MATS equipment	OM9	1,364	-	9
10	Seasonal NOx emission allowance expense	OM10	-	-	10
11	Obsolete/damaged materials and supplies inventory write-offs expense	OM11	(668)	-	11
12	Non-jurisdictional MISO MTEP operating and maintenance expenses	OM12	(732)	-	12
13	Storm expenses	OM13	(387)	-	13
14	Vegetation management costs	OM14	6,896	-	14
15	MISO non-fuel costs	OM15	6,946	-	15
16	MISO deferred expense amortization	OM16	1,624	-	16
17	Wages and benefits of IPL and AES U.S. Services, LLC employees	OM17	1,833	-	17
18	Image-building advertising costs	OM18	(2,226)	-	18
19	Injuries and damages expense	OM19	525	-	19
20	Amortization of rate case expense	OM20	(818)	-	20
21	Miscellaneous expense adjustments	OM21	(946)	-	21
22	AES U.S. Services, LLC occupancy and non-labor costs	OM22	88	-	22
23	Cost Savings from the Transition of Finance Support to an AES Shared Service Center	OM23	(915)	-	23
24	Property insurance expense	OM24	1,237	-	24
25	Write off of preliminary survey and investigation charges	OM25	171	-	25
26	Uncollectable accounts expense	OM26	(383)	157	26
27	Public utility fee	OM27	338	59	27
28	Total pro forma adjustments (See Exhibit IPL-OPER, Schedule OPINC, Line 2, Columns 3 and 5, respectively)		<u>\$ 29,781</u>	<u>\$ 216</u>	28

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to**  
**Outage Maintenance Costs**  
**(Thousands of Dollars)**

The following pro forma adjustment is to normalize IPL's generating unit outage maintenance costs, excluding base labor and benefits.

<u>Line No.</u>	<u>Pro Forma O &amp; M Cost (Col. 1)</u>	<u>Generating Unit O &amp; M Cost Per Books for the Twelve Months Ended June 30, 2017 (Col. 2)</u>	<u>Pro Forma Adjustment (See Schedule OM1) (Col. 3)</u>	<u>Line No.</u>
<u>Outage maintenance costs, excluding base labor and benefits:</u>				
1	\$ 5,564	\$ 1,654	\$ 3,910	1
2	1,427	-	1,427	2
3	<u>2,195</u>	<u>458</u>	<u>1,737</u>	3
4	<u>\$ 9,186</u>	<u>\$ 2,112</u>	<u>\$ 7,074</u>	4

Note: Detail of exhibits OM5 through OM9 have been filed as IPL Workpaper OM5--OM9.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to**  
**Non-Outage Operating and Maintenance ("O&M") Costs**  
**For the IPL MATS Equipment**  
**(Thousands of Dollars)**

The following pro forma adjustment is to adjust MATS non-outage operating and maintenance costs (excluding base labor and benefits), to expected ongoing levels, and to remove the test year regulatory deferrals.

<u>Line No.</u>	<u>Per Books (Col. 1)</u>	<u>Totals (Col. 2)</u>	<u>Line No.</u>
1	Pro forma MATS non-outage O&M Costs	\$ 13,787	1
2	MATS actual non-outage O&M costs at IPL's Petersburg Generating Station	\$ 14,337	2
3	Add: Regulatory deferrals of MATS O&M (1)	<u>(1,914)</u>	3
4	Total per books MATS O&M	<u>12,423</u>	4
5	Pro Forma Adjustment (See Schedule OM1)	<u>\$ 1,364</u>	5

(1) Represents costs that were deferred as regulatory assets from before MATS was included in rates.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to**  
**Seasonal NOx Emission Allowance Expense**  
**(Thousands of Dollars, Except Per Allowance Pricing)**

The following adjustment represents the impact of expected changes to IPL's emission allowance expense for Environmental Protection Agency ("EPA") Seasonal NOx allowances. (1)

<u>Line No.</u>		(Col. 1)	<u>Line No.</u>
1	Projected tons of seasonal NOx emissions	3,445	1
2	Less: 2017 allowances allotted from EPA at no cost	<u>3,396</u>	2
3	Projected shortfall	49	3
4	Current market pricing for 2017 NOx emissions (in \$ per ton)	<u>\$ 150.00</u>	4
5	Projected seasonal NOx emission expense	7	5
6	Less: Per books expense for the twelve months ended June 30, 2017	<u>7</u>	6
7	Pro forma adjustment to seasonal NOx expense (See Schedule OM1)	<u><u>\$ -</u></u>	7

(1) Seasonal NOx emissions are emissions from May through September of each calendar year.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to Vegetation Management Costs**  
**For the Twelve Months Ended June 30, 2017**  
**(Thousands of Dollars)**

The following pro forma adjustment reflects expected pricing and scope changes to vegetation management costs.

<u>Line No.</u>	<u>Pro Forma Costs</u> (Col. 1)	<u>Twelve Months Ended June 30, 2017 Per Books</u> (Col. 2)	<u>Pro Forma Adjustment (See Schedule OM1)</u> (Col. 3)	<u>Line No.</u>
1	\$ 11,000	\$ 4,104	\$ 6,896	1

Note: Detail of this exhibit has been filed as IPL Workpaper -- OM14.



**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustments to Uncollectible Accounts Expense**  
 (Thousands of Dollars)

The following adjustments reflect the application of the experience rate to the respective pro forma electric revenues.

Line No.	Total Electric At Present Rates (Col. 1)	Total Electric At Proposed Rates (Col. 2)	Supporting IPL Financial Exhibit Reference (Col. 3)	Line No.	
1	Electric operating revenues for the twelve months ended June 30, 2017	\$ 1,369,305	\$ 1,413,182	IPL-OPER, Sch. OPINC, Line 1, Cols. 4 and 6	1
2	Less: Off-system sales	16,324	16,324	IPL-OPER, Sch. REV1, Line 6, Cols. 3 and 5	2
3	Less: Rents from electric property	5,765	5,765	IPL-OPER, Sch. REV1, Line 9, Cols. 3 and 5	3
4	Less: Capacity sales	11,288	11,288	IPL-OPER, Sch. REV1, Line 7, Cols. 3 and 5	4
5	Less: Miscellaneous electric revenue	5,738	5,738	IPL-OPER, Sch. REV1, Line 11, Cols. 3 and 5	5
6	Net	\$ 1,330,190	\$ 1,374,067		6
7	Uncollectible accounts experience rate	0.3562%			7
8	Pro forma uncollectible electric accounts expense	\$ 4,739	\$ 4,896		8
9	Amount charged to total electric operating expense for the twelve months ended June 30, 2017	5,122			9
10	Pro forma adjustment at present rates	\$ (383)		(See Exhibit IPL-OPER, Sch. OM1, Column 1)	10
11	Less: Pro forma electric at present rates expense		4,739		11
12	Pro forma adjustment at proposed rates		\$ 157	(See Exhibit IPL-OPER, Sch. OM1, Column 2)	12

Note: Detail of this exhibit has been filed as IPL Workpaper -- OM26.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustments to Public Utility Fee**  
**(Thousands of Dollars)**

The following adjustments reflect the application of the public utility fee, increased by the current billing factor, to the respective pro forma electric revenues.

Line No.	Description	Total Electric At Present Rates (Col. 1)	Total Electric At Proposed Rates (Col. 2)	Supporting IPL Financial Exhibit Reference (Col. 3)	Line No.
1	Electric operating revenues for the twelve months ended June 30, 2017	\$ 1,369,305	\$ 1,413,182	IPL-OPER, Sch. OPINC, Line 1, Cols. 4 and 6	1
2	Less : Capacity Sales	11,288	11,288	IPL-OPER, Sch. REV1, Line 7, Cols. 3 and 5	2
3	Less: Off-system sales	16,324	16,324	IPL-OPER, Sch. REV1, Line 6, Cols. 3 and 5	3
4	Less: Rents	5,765	5,765	IPL-OPER, Sch. REV1, Line 9, Cols. 3 and 5	4
5	Less: Other customer charges	9,353	9,353	IPL-OPER, Sch. REV1, Line 10, Cols. 3 and 5	5
6	Less: Miscellaneous electric revenues	5,738	5,738	IPL-OPER, Sch. REV1, Line 11, Cols. 3 and 5	6
7	Less: Uncollectible accounts expense	4,739	4,896	IPL-OPER, Sch. OM26, Line 8, Cols. 1 and 2	7
8	Net electric operating revenue subject to public utility fee	<u>\$ 1,316,098</u>	<u>\$ 1,359,818</u>		8
9	Effective public utility fee rate	<div style="border: 1px solid black; padding: 2px;">0.001330868</div>			9
10	Pro forma public utility fee	\$ 1,752	\$ 1,811		10
11	Fee charged to total electric operating expense during the twelve months ended June 30, 2017	<u>1,414</u>			11
12	Pro forma adjustment at present rates	<u>\$ 338</u>		(See Exhibit IPL-OPER, Sch. OM1, Column 1)	12
13	Less: Pro forma electric at present rates expense		<u>1,752</u>		13
14	Pro forma adjustment at proposed rates	<u>\$ 59</u>		(See Exhibit IPL-OPER, Sch. OM1, Column 2)	14

Note: Detail of this exhibit has been filed as IPL Workpaper -- OM27.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to Total Electric at Present Rates to Reflect the Annual Provision for Depreciation and Amortization Expense for the Twelve Month Period Ended June 30, 2017**  
**Applying Proposed Depreciation and Amortization Rates to Pro Forma Original Cost Rate Base**  
**(Thousands of Dollars)**

Line No.		Functional Classification						Total (Col. 7)	Line No.
		Intangible Plant (Col. 1)	Systems Software (Col. 2)	Production Plant (Col. 3)	Transmission Plant (Col. 4)	Distribution Plant (Col. 5)	General Plant (Col. 6)		
1	Total electric utility plant in service per books (1)	\$ 46	\$ 87,317	\$ 2,966,412	\$ 377,556	\$ 1,459,289	\$ 249,432	\$ 5,140,053	1
2	Less: Asset retirement obligation asset (2)	-	-	(59,041)	(30)	(235)	(693)	(59,999)	2
3	Less: Fully amortized system software	-	(68,582)	-	-	-	-	(68,582)	3
4	Less: Non-depreciable assets included above - land and other	(46)	-	(2,783)	(546)	(3,611)	(3,778)	(10,764)	4
5	Total depreciable assets in service per books at June 30, 2017	-	18,734	2,904,588	376,980	1,455,444	244,961	5,000,708	5
6	Less: Non-jurisdictional plant-in-service (3)	-	-	-	(16,409)	-	-	(16,409)	6
7	Less: Misc - AP invoice coding error	-	-	(55)	-	-	-	(55)	7
8	Add: MATS	-	-	829	-	-	-	829	8
9	Add: NPDES projects	-	-	255,281	-	-	50	255,331	9
10	Add: CCR (Pete Bottom Ash) (4)	-	-	46,429	-	-	31	46,460	10
11	Add: EV CCGT Plant (5)	-	-	642,691	32,050	-	-	674,741	11
11b	Less: EV CCGT Land	-	-	(1,065)	-	-	-	(1,065)	11
12	Add: EV CCGT Capital Spare Parts (6)	-	-	2,012	-	-	-	2,012	12
13	Total depreciable assets	\$ -	\$ 18,734	\$ 3,850,709	\$ 392,621	\$ 1,455,444	\$ 245,043	\$ 5,962,551	13
14	Pro forma depreciation and amortization	\$ -	\$ 3,747	\$ 166,157	\$ 9,617	\$ 33,721	\$ 19,161	\$ 232,403	14
15	Add: Plant acquisition adjustment amortization (7)	-	-	-	-	-	-	-	15
16	Add: Amortization of regulatory assets on Petitioner's Exhibit IPL-RB Schedule RB10 (8)	-	-	-	-	-	-	-	16
17	Add: Regulatory deferrals and amortization of regulatory assets not on Petitioner's Exhibit IPL-RB, Schedule RB10	-	-	-	-	-	-	-	17
18	Total pro forma depreciation and amortization expense	-	-	-	-	-	-	-	18
19	Less: Total depreciation and amortization expense charged to O & M expense for the twelve months ended June 30, 2017 (9)	-	-	-	-	-	-	-	19
20	Pro forma adjustment (See Petitioner's Exhibit IPL-OPER, Schedule OPINC, Line 3, Column 3)	-	-	-	-	-	-	-	20

**Petitioner's Exhibit IPL-OPER**  
**IPL 2017 Basic Rates Case**  
**Schedule DEPR-S**

- (1) See Petitioner's Exhibit IPL-RB, Schedule RB3, Line 9
- (2) See Petitioner's Exhibit IPL-RB, Schedule RB7, Line 7
- (3) See Petitioner's Exhibit IPL-RB, Schedule RB6, Line 4
- (4) See Petitioner's Exhibit IPL-RB, Schedule RB5, Line 11. The CCR addition here is lower than the addition on Schedule RB5 due to an asset retirement resulting from the CCR project. While the retirement does not impact net rate base, it does reduce the pro forma level of depreciable assets.
- (5) See Petitioner's Exhibit IPL-RB, Schedule RB4, Column 3, Line 7 plus Line 8
- (6) See Petitioner's Exhibit IPL-RB, Schedule RB4, Line 9
- (7) Reflects a 33-year amortization period, the estimated remaining useful life of the asset at the time of the acquisition.
- (8) See Petitioner's Exhibit IPL-RB, Schedule RB10, Page 2 of 3, Line 19
- (9) See Petitioner's Exhibit IPL-OPER, Schedule OPINC, Line 3, Column 2.

Note: Detail of this exhibit has been filed as a part of Petitioner's Exhibit IPL-OPER, Schedule DEPR workpapers.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Summary of Income Taxes for the Twelve Months Ended June 30, 2017**  
**Per Books and Pro Forma at Present and Proposed Rates**  
**(Thousands of Dollars)**

Line No.	Adjustment Shown on IPL Financial Exhibit (Col. 1)	Total Electric Per Books (Col. 2)	Total Electric At Present Rates (Col. 3)		Total Electric At Proposed Rates (Col. 5)		Line No.
			Adjustments	Pro Forma	Adjustments	Pro Forma	
1	Current - federal (See Schedule OPINC, Line 7)	\$ 54,276	\$ (32,415)	\$ 21,862	\$ 8,502	\$ 30,364	1
2	Current - state (See Schedule OPINC, Line 8)	12,331	(2,091)	10,239	2,565	12,804	2
3	Deferred - federal (See Schedule OPINC, Line 9)	5,422	(16,697)	(11,275)	-	(11,275)	3
4	Deferred - state (See Schedule OPINC Line 10)	(989)	(1,383)	(2,372)	-	(2,372)	4
5	Investment tax credit adjustments (See Schedule OPINC, Line 11)	(1,574)	149	(1,425)	-	(1,425)	5
6	Total income taxes (See Schedule OPINC, Line 12)	\$ 69,466	\$ (52,437)	\$ 17,029	\$ 11,067	\$ 28,096	6

Note: Detail of the TX exhibits have been filed as IPL Workpaper TX1-TX8.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to the Computation of**  
**Current Federal Income Tax Expense**  
**at Present Rates and at Proposed Rates**  
**(Thousands of Dollars)**

Line No.	Per Books at June 30, 2017 (Col. 1)	Pro Forma Adjustments at Present Rates (Col. 2)	Pro Forma Federal Income Tax at Present Rates (Col. 3)	Pro Forma Adjustments at Proposed Rates (Col. 4)	Pro Forma Federal Income Tax at Proposed Rates (Col. 5)	Line No.
1	\$ 1,355,130	\$ 14,175	\$ 1,369,305	\$ 43,877	\$ 1,413,182	1
Less:						
2	845,115	29,781	874,896	216	875,112	2
3	210,680	28,719	239,399	-	239,399	3
4	44,560	5,328	49,888	612	50,500	4
5	254,776	(49,653)	205,122	43,049	248,171	5
Permanent book/tax differences:						
6	(12,032)	12,032	-	-	-	6
7	-	-	-	-	-	7
8	-	-	-	-	-	8
9	376	(15)	360	-	360	9
10	(76)	-	(76)	-	(76)	10
11	(11,733)	12,017	284	-	284	11
Temporary book/tax differences:						
12	(524)	-	(524)	-	(524)	12
13	(4,613)	1,373	(3,239)	-	(3,239)	13
14	64	-	64	-	64	14
15	42	-	42	-	42	15
16	145	-	145	-	145	16
17	(1,667)	-	(1,667)	-	(1,667)	17
18	11,643	1,584	13,228	-	13,228	18
19	266	-	266	-	266	19

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to the Computation of**  
**Current Federal Income Tax Expense**  
**at Present Rates and at Proposed Rates**  
**(Thousands of Dollars)**

Line No.	Per Books at June 30, 2017 (Col. 1)	Pro Forma Adjustments at Present Rates (Col. 2)		Pro Forma Federal Income Tax at Present Rates (Col. 3)		Pro Forma Adjustments at Proposed Rates (Col. 4)		Pro Forma Federal Income Tax at Proposed Rates (Col. 5)		Line No.
		\$		\$		\$		\$		
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RSG  
FAC renewable energy credit costs  
Union lump sum  
Reserve for uncollectible accounts  
Accrued property tax  
Early retirement of debt  
Supplemental pension  
Accrued vacation  
Post-retirement benefits  
Long term compensation  
Performance bonus  
DSM  
Rate case expenses  
Electric vehicle sup equip  
NAAQS  
Accrued severance  
MATS  
NPDES  
CCGT/Harding Street 5&6  
Inventory  
Major storm damage  
Off system sales margin/capacity cost recovery  
Harding Street 7  
Asset retirement obligation  
Petersburg Unit No. 4 regulatory amortization

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to the Computation of**  
**Current Federal Income Tax Expense**  
**at Present Rates and at Proposed Rates**  
**(Thousands of Dollars)**

Line No.	Per Books at June 30, 2017 (Col. 1)	Pro Forma Adjustments at Present Rates (Col. 2)	Pro Forma Federal Income Tax at Present Rates (Col. 3)	Pro Forma Adjustments at Proposed Rates (Col. 4)	Pro Forma Federal Income Tax at Proposed Rates (Col. 5)	Line No.
	<i>(Continued from Page 2)</i>					
45	\$ (20,609)	\$ -	\$ (20,609)	\$ -	\$ (20,609)	45
46	40,011	-	40,011	-	40,011	46
47	3,000	-	3,000	-	3,000	47
48	(137,414)	(27,458)	(164,871)	-	(164,871)	48
49	(96,593)	84,727	(11,866)	-	(11,866)	49
50	214,751	17,666	232,417	-	232,417	50
51	(5,000)	(1,000)	(6,000)	-	(6,000)	51
52	(26,130)	1,434	(24,696)	-	(24,696)	52
53	(19,061)	79,374	60,314	-	60,314	53
	Interest					
54	62,962	20,193	83,155	-	83,155	54
55		24,115	24,115	-	24,115	55
56	161,020	(2,570)	158,450	43,049	201,499	56
57	11,739	(1,500)	10,239	2,565	12,804	57
58	-	-	-	-	-	58
59	\$ 149,281	\$ (1,070)	\$ 148,211	\$ 40,484	\$ 188,695	59
60	<span style="border: 1px solid black; padding: 2px;">35.0%</span>					60
61	\$ 52,248	\$ (375)	\$ 51,874	\$ 14,169	\$ 66,043	61
62	Adjust Fed income tax expense to 21% due to Tax Reform	(20,750)	31,124	8,502	39,626	62

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to the Computation of**  
**Current Federal Income Tax Expense**  
**at Present Rates and at Proposed Rates**  
**(Thousands of Dollars)**

Line No.	Per Books at June 30, 2017 (Col. 1)	Pro Forma Adjustments at Present Rates (Col. 2)	Pro Forma Federal Income Tax at Present Rates (Col. 3)	Pro Forma Adjustments at Proposed Rates (Col. 4)	Pro Forma Federal Income Tax at Proposed Rates (Col. 5)	Line No.
<i>(Continued from Page 3)</i>						
63		9,262	9,262	-	9,262	63
Less: Rev. of Excess Def Tax Due to Tax Reform						
64	54,276					64
Amount recorded on books for the twelve months ended June 30, 2017						
Out-of-period adjustments:						
65	(2,028)	(2,028)				65
Remove 2015 tax return adjustments						
66	\$ 52,248					66
Adjusted per books net federal income taxes for the twelve months ended June 30, 2017						
67		\$ (32,415)				67
Net pro forma adjustment at present rates (See Schedule TX1, Line 1, Column 3)						
68			\$ 21,862			68
Pro forma federal income tax at present rates						
69				\$ 8,502		69
Pro forma adjustment at proposed rates (See Schedule TX1, Line 1, Column 5)						
70					\$ 30,364	70
Pro forma federal income tax at proposed rates						

- (1) See Exhibit IPL-OPER, Schedule OPINC
- (2) See Exhibit IPL-OPER, Schedule TX6
- (3) See Exhibit IPL-OPER, Schedule TX7
- (4) See Exhibit IPL-OPER, Schedule TX3

(5) Tax Refrom Update - Sec. 199 no longer valid after 2017 tax year

Note: Detail of the TX exhibits have been filed as IPL Workpaper TX1-TX8.



**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to the Computation of Current State Income Tax Expense**  
**at Present Rates and at Proposed Rates**  
**(Thousands of Dollars)**

Line No.	Per Books at June 30, 2017 (Col. 1)	Pro Forma Adjustments at Present Rates (Col. 2)	Pro Forma State Income Tax at Present Rates (Col. 3)	Pro Forma Adjustments at Proposed Rates (Col. 4)	Pro Forma State Income Tax at Proposed Rates (Col. 5)	Line No.
1						1
2	\$ 161,020	\$ (2,570)	\$ 158,450	\$ 43,049	\$ 201,499	2
3	18,416	133	18,549	612	19,161	3
4	-	-	-	-	-	4
5	12,032	(12,032)	-	-	-	5
6	-	-	-	-	-	6
7	2,622	79	2,701	-	2,701	7
8	188,846	(14,548)	174,298	43,661	217,959	8
9	-	-	-	-	-	9
10	\$ 188,846	\$ (14,548)	\$ 174,298	\$ 43,661	\$ 217,959	10
11	6.2164%	5.8750%	5.8750%	5.8750%	5.8750%	11
12	\$ 11,739	(855)	\$ 10,240	\$ 2,565	\$ 12,805	12
13	\$ 12,331					13
14	(591)	(591)				14
15	\$ 11,739					15
16		\$ (2,091)				16
17			\$ 10,239			17
18				\$ 2,565		18
19					\$ 12,804	19

Note: Detail of the TX exhibits have been filed as IPL Workpaper TX1-TX8.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to Federal and State Deferred Income Tax Expense**  
**at Present Rates and at Proposed Rates for the Twelve Months Ended June 30, 2017**  
**(Thousands of Dollars)**

Calculations are based on pro forma electric utility plant in service at June 30, 2017, and reflect scheduled differences and their associated deferred taxes, as determined by IPL's application of comprehensive inter-period tax allocation and normalization principles.

Line No.	Federal Electric		State Electric		Total Electric		Federal Electric		State Electric		Total Electric	
	Deferred Income Tax Per Books (Col.1)	Deferred Income Tax Per Books (Col.2)	Deferred Income Tax Per Books (Col.2)	Deferred Income Tax Per Books (Col.2)	Deferred Income Tax Per Books (Col.3)	Deferred Income Tax Per Books (Col.3)	Deferred Tax Adjustment Pro Forma at Present Rates (Col.4)	Deferred Tax Adjustment Pro Forma at Present Rates (Col.4)	Deferred Tax Adjustment Pro Forma at Present Rates (Col.5)	Deferred Tax Adjustment Pro Forma at Present Rates (Col.5)	Deferred Tax Adjustment Pro Forma at Present Rates (Col.6)	Deferred Tax Adjustment Pro Forma at Present Rates (Col.6)
1	\$ 174	\$ 26	\$ 200	\$ 26	\$ 200	\$ 200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	1,714	(284)	1,430	(284)	1,430	(271)	(81)	(81)	(81)	(352)	(352)	(352)
3	(21)	(3)	(24)	(3)	(24)	-	-	-	-	-	-	-
4	(14)	(3)	(17)	(3)	(17)	-	-	-	-	-	-	-
5	(47)	(10)	(57)	(10)	(57)	-	-	-	-	-	-	-
6	551	93	644	93	644	-	-	-	-	-	-	-
7	(3,723)	(1,005)	(4,729)	(1,005)	(4,729)	(313)	(93)	(93)	(93)	(406)	(406)	(406)
8	(85)	(23)	(108)	(23)	(108)	-	-	-	-	-	-	-
9	0	0	0	0	0	(8)	(2)	(2)	(2)	(10)	(10)	(10)
10	6	1	7	1	7	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-	-	-	-
12	(16)	6	(10)	6	(10)	-	-	-	-	-	-	-
13	58	41	99	41	99	(13)	(4)	(4)	(4)	(17)	(17)	(17)
14	(427)	(140)	(567)	(140)	(567)	-	-	-	-	-	-	-
15	(3)	(7)	(10)	(7)	(10)	-	-	-	-	-	-	-
16	288	72	360	72	360	-	-	-	-	-	-	-
17	14	44	58	44	58	(185)	(55)	(55)	(55)	(240)	(240)	(240)
18	46	22	68	22	68	127	38	38	38	165	165	165
19	(152)	(7)	(159)	(7)	(159)	506	150	150	150	656	656	656
20	7	1	8	1	8	-	-	-	-	-	-	-
21	(521)	(91)	(612)	(91)	(612)	820	244	244	244	1,064	1,064	1,064
22	9	(2)	6	(2)	6	(21)	(6)	(6)	(6)	(27)	(27)	(27)
23	221	33	254	33	254	-	-	-	-	-	-	-
24	31	5	36	5	36	-	-	-	-	-	-	-
25	(248)	(92)	(340)	(92)	(340)	-	-	-	-	-	-	-
26	1,845	277	2,122	277	2,122	(276)	(82)	(82)	(82)	(358)	(358)	(358)
27	1,104	160	1,265	160	1,265	(466)	(138)	(138)	(138)	(604)	(604)	(604)

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to Federal and State Deferred Income Tax Expense**  
**at Present Rates and at Proposed Rates for the Twelve Months Ended June 30, 2017**  
**(Thousands of Dollars)**

Line No.	Federal Electric		State Electric		Total Electric		Federal Electric		State Electric		Total Electric	
	Deferred Income Tax Per Books	(Col. 1)	Deferred Income Tax Per Books	(Col. 2)	Deferred Income Tax Per Books	(Col. 3)	Deferred Tax Adjustment Pro Forma at Present Rates	(Col. 4)	Deferred Tax Adjustment Pro Forma at Present Rates	(Col. 5)	Deferred Tax Adjustment Pro Forma at Present Rates	(Col. 6)
	<i>(Continued from Page 1)</i>											
28	\$ (157)	\$ (26)	\$ (183)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	(91)	(15)	(106)	-	-	-	-	-	-	-	-	-
30	(1,209)	(205)	(1,414)	(22)	(6)	(28)	(688)	(204)	(893)	(28)	(893)	(28)
31	-	-	-	-	-	-	-	-	-	-	-	-
32	232	35	267	-	-	-	-	-	-	-	-	-
33	(1,467)	(346)	(1,812)	-	-	-	-	-	-	-	-	-
34	(220)	(25)	(245)	-	-	-	-	-	-	-	-	-
35	6,915	1,133	8,048	-	-	-	-	-	-	-	-	-
36	(13,274)	(2,084)	(15,359)	-	-	-	-	-	-	-	-	-
37	(1,119)	(214)	(1,333)	-	-	-	-	-	-	-	-	-
38	40,917	4,489	45,406	5,427	1,613	7,040	-	-	-	-	-	-
39	28,762	3,155	31,918	(16,747)	(4,978)	(21,725)	(16,747)	(4,978)	(21,725)	(4,978)	(21,725)	(21,725)
40	(63,946)	(7,015)	(70,961)	(3,492)	(1,038)	(4,530)	(3,492)	(1,038)	(4,530)	(3,492)	(4,530)	(4,530)
41	1,489	163	1,652	198	59	256	198	59	256	198	256	256
42	7,781	854	8,634	(283)	(84)	(368)	(283)	(84)	(368)	(283)	(368)	(368)
43	-	-	-	-	-	-	-	-	-	-	-	-
44				(15,708)	(4,669)	(20,377)	(15,708)	(4,669)	(20,377)	(15,708)	(4,669)	(20,377)
45				(989)	4,433							
46				963	626	626	(337)	963	626	626	626	626
47				2,324	4,478	4,478	2,155	2,324	2,324	2,324	2,324	4,478
48							(2,807)	-	-	-	(2,807)	(2,807)

Out-of-period adjustments:  
 Remove 2016 adjustment for IN rate change  
 Remove 2015 tax return adjustments  
 Def Tax adjustment on Per Books amounts due to Tax Reform

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Pro Forma Adjustment to Federal and State Deferred Income Tax Expense**  
**at Present Rates and at Proposed Rates for the Twelve Months Ended June 30, 2017**  
**(Thousands of Dollars)**

Line No.	Federal Electric Deferred Income Tax Per Books (Col. 1)	State Electric Deferred Income Tax Per Books (Col. 2)	Total Electric Deferred Income Tax Per Books (Col. 3)	Federal Electric Deferred Tax Adjustment Pro Forma at Present Rates (Col. 4)	State Electric Deferred Tax Adjustment Pro Forma at Present Rates (Col. 5)	Total Electric Deferred Tax Adjustment Pro Forma at Present Rates (Col. 6)	Line No.
49	\$ 7,240	\$ 2,297	\$ 9,537				49
<i>(Continued from Page 2)</i>							
50	Total pro forma adjustments to deferred federal and state income tax expense at present rates (See Schedule TX1, Column 3, Lines 3 and 4, respectively)						
	\$ (16,697)	\$ (1,383)	\$ (18,080)				50
51	Net operating loss adjustment at proposed rates						
	\$ -	\$ -	\$ -				51
52	Total pro forma adjustments to deferred federal and state income tax expense at proposed rates (See Schedule TX1, Column 5, Lines 3 and 4, respectively)						
	\$ -	\$ -	\$ -				52

Note: Detail of the TX exhibits have been filed as IPL Workpaper TX1-TX8.

**INDIANAPOLIS POWER & LIGHT COMPANY**  
**Determination of Interest Expense for Interest Synchronization**  
**(Thousands of Dollars)**

Line No.	Total Company Capitalization (Col. 1)	Percent of Total (Col. 2)	Cost (Col. 3)	Total Weighted Cost (Col. 4)	Original Cost Total Electric Rate Base (Col. 5)	Total Electric Synchronized Interest (Col. 6)	Line No.
1	\$ 1,694,149 (1)	49.50%	5.03% (1)	2.49%	\$ 3,339,565 (4)	\$ 83,155	1
2	59,784 (2)	1.75%					2
3	1,357,890 (3)	39.67%					3
4	(95,900) (3)	-2.80%					4
5	374,402 (3)	10.94%					5
6	1,721 (3)	0.05%					6
7	30,723 (3)	0.90%					7
8	<u>\$ 3,422,769</u>	<u>100.00%</u>				<u>\$ 83,155</u>	8

- (1) See IPL-CC, Schedule CC2
- (2) See IPL-CC, Schedule CC1
- (3) See IPL-CC, Schedule CC3
- (4) See IPL-RB, Schedule RB2, Column 6, Line 10

INDIANAPOLIS POWER & LIGHT COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF JUNE 30, 2017

ACCOUNT (1)	SURVIVOR CURVE (2)	NET SALVAGE PERCENT (3)	ORIGINAL COST (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ANNUAL ACCRUAL RATE (8)=(7)/(4)	COMPOSITE REMAINING LIFE (9)=(6)/(7)	
<b>ELECTRIC PLANT</b>									
<b>STEAM PRODUCTION PLANT</b>									
311	STRUCTURES AND IMPROVEMENTS HARDING STREET STATION EAGLE VALLEY STATION PETERSBURG STATION	80-R2.5 * 80-R2.5 * 80-R2.5 *	(25) (50) (15)	52,489,773.54 3,589,059.88 188,319,259.95	34,106,097 5,363,590 96,399,525	31,506,120 0 120,167,624	2,059,643 0 5,204,382	3.92 - 2.76	15.3 - 23.1
	<b>TOTAL ACCOUNT 311</b>		<b>244,398,093.37</b>	<b>135,889,212</b>	<b>151,673,744</b>	<b>7,264,025</b>	<b>2.97</b>	<b>20.9</b>	
311.01	STRUCTURES AND IMPROVEMENTS - MPP HARDING STREET STATION PETERSBURG STATION	18-SQ 18-SQ	(25) (15)	2,859,876.04 16,201,965.02	1,411,253 8,263,180	2,163,592 10,369,080	270,299 876,867	9.45 5.41	8.0 11.8
	<b>TOTAL ACCOUNT 311.01</b>		<b>19,061,841.06</b>	<b>9,674,433</b>	<b>12,532,672</b>	<b>1,147,166</b>	<b>6.02</b>	<b>10.9</b>	
312	BOILER PLANT EQUIPMENT HARDING STREET STATION EAGLE VALLEY STATION PETERSBURG STATION	62-R1 * 62-R1 * 62-R1 *	(25) (50) (15)	238,048,661.93 146,815.63 1,006,692,270.38	54,092,696 220,223 429,539,622	243,468,131 0 729,156,489	17,538,247 0 37,102,740	7.37 - 3.69	13.9 - 19.7
	<b>TOTAL ACCOUNT 312</b>		<b>1,244,887,747.94</b>	<b>482,852,541</b>	<b>972,624,620</b>	<b>54,640,987</b>	<b>4.39</b>	<b>17.8</b>	
312.01	BOILER PLANT EQUIPMENT - MPP HARDING STREET STATION PETERSBURG STATION	18-SQ 18-SQ	(25) (15)	88,547,777.84 252,891,151.55	50,049,766 108,982,022	60,634,956 181,842,802	8,847,176 23,472,971	9.99 9.28	6.9 7.7
	<b>TOTAL ACCOUNT 312.01</b>		<b>341,438,929.39</b>	<b>159,031,788</b>	<b>242,477,758</b>	<b>32,320,147</b>	<b>9.47</b>	<b>7.5</b>	
312.02	BOILER PLANT EQUIPMENT - MATS HARDING STREET STATION EAGLE VALLEY STATION PETERSBURG STATION	62-R1 * 62-R1 * 62-R1 *	(25) (50) (15)	9.50 437.45 431,976,244.83	1 656 48,834,782	11 0 447,937,900	1 0 22,403,765	10.53 - 5.19	11.0 - 20.0
	<b>TOTAL ACCOUNT 312.02</b>		<b>431,976,691.78</b>	<b>48,835,439</b>	<b>447,937,911</b>	<b>22,403,766</b>	<b>5.19</b>	<b>20.0</b>	
312.3	ASH AND COAL HANDLING EQUIPMENT HARDING STREET STATION EAGLE VALLEY STATION PETERSBURG STATION	52-R1 * 52-R1 * 52-R1 *	(25) (50) (15)	4,785,672.85 499,681.82 171,963,981.05	1,715,834 749,523 65,134,899	4,266,257 0 132,623,679	311,613 0 7,284,061	6.51 - 4.24	13.7 - 18.2
	<b>TOTAL ACCOUNT 312.3</b>		<b>177,249,335.72</b>	<b>67,600,256</b>	<b>136,889,936</b>	<b>7,595,674</b>	<b>4.29</b>	<b>18.0</b>	
312.31	ASH AND COAL HANDLING EQUIPMENT - MPP HARDING STREET STATION	18-SQ	(25)	229,659.39	287,074	0	0	-	-
	<b>TOTAL ACCOUNT 312.31</b>		<b>229,659.39</b>	<b>287,074</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	

INDIANAPOLIS POWER & LIGHT COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF JUNE 30, 2017

ACCOUNT (1)	SURVIVOR CURVE (2)	NET SALVAGE PERCENT (3)	ORIGINAL COST (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (9)=(6)/(7)	
						ACCRUAL AMOUNT (7)	ACCRUAL RATE (8)=(7)/(4)		
312.4	RAILROAD TRACK SYSTEM/CARS								
	EAGLE VALLEY STATION	50-S1 *	132,036.64	198,055	0	0	-	-	
	PETERSBURG STATION	50-S1 *	6,130,394.34	323,535	6,726,418	310,445	5.06	21.7	
	<b>TOTAL ACCOUNT 312.4</b>		<b>6,262,430.98</b>	<b>521,590</b>	<b>6,726,418</b>	<b>310,445</b>	<b>4.96</b>	<b>21.7</b>	
314	TURBOGENERATOR UNITS								
	HARDING STREET STATION	52-R1.5 *	62,974,992.26	44,626,691	34,092,049	2,448,754	3.89	13.9	
	EAGLE VALLEY STATION	52-R1.5 *	60,428.47	90,643	0	0	-	-	
	PETERSBURG STATION	52-R1.5 *	222,917,357.67	125,663,065	130,691,696	6,576,859	2.95	19.9	
	<b>TOTAL ACCOUNT 314</b>		<b>285,952,778.40</b>	<b>170,380,399</b>	<b>164,783,945</b>	<b>9,025,613</b>	<b>3.16</b>	<b>18.3</b>	
314.01	TURBOGENERATOR UNITS - MPP								
	HARDING STREET STATION	18-SQ	57,280.48	21,782	49,819	6,227	10.87	8.0	
	<b>TOTAL ACCOUNT 314.01</b>		<b>57,280.48</b>	<b>21,782</b>	<b>49,819</b>	<b>6,227</b>	<b>10.87</b>	<b>8.0</b>	
315	ACCESSORY ELECTRIC EQUIPMENT								
	HARDING STREET STATION	70-R2.5 *	20,759,242.25	14,277,973	11,671,080	779,912	3.76	15.0	
	EAGLE VALLEY STATION	70-R2.5 *	327,355.61	491,033	0	0	-	-	
	PETERSBURG STATION	70-R2.5 *	140,973,052.78	90,432,855	71,686,156	3,153,478	2.24	22.7	
	<b>TOTAL ACCOUNT 315</b>		<b>162,059,650.64</b>	<b>105,201,861</b>	<b>83,357,236</b>	<b>3,933,390</b>	<b>2.43</b>	<b>21.2</b>	
315.01	ACCESSORY ELECTRIC EQUIPMENT - MPP								
	HARDING STREET STATION	18-SQ	25,146,467.74	10,268,863	21,164,222	2,859,594	11.37	7.4	
	PETERSBURG STATION	18-SQ	27,280,147.69	19,661,592	11,710,578	1,169,794	4.29	10.0	
	<b>TOTAL ACCOUNT 315.01</b>		<b>52,426,615.43</b>	<b>29,930,455</b>	<b>32,874,800</b>	<b>4,029,388</b>	<b>7.69</b>	<b>8.2</b>	
316	MISCELLANEOUS POWER PLANT EQUIPMENT								
	HARDING STREET STATION	60-R1.5 *	7,370,697.54	3,343,775	5,869,597	406,344	5.51	14.4	
	EAGLE VALLEY STATION	60-R1.5 *	18,547.88	27,822	0	0	-	-	
	PETERSBURG STATION	60-R1.5 *	23,768,567.93	13,035,972	14,297,881	682,108	2.87	21.0	
	<b>TOTAL ACCOUNT 316</b>		<b>31,157,813.35</b>	<b>16,407,569</b>	<b>20,167,478</b>	<b>1,088,452</b>	<b>3.49</b>	<b>18.5</b>	
316.01	MISCELLANEOUS POWER PLANT EQUIPMENT - MPP								
	HARDING STREET STATION	18-SQ	1,875,598.65	538,801	1,805,697	234,748	12.52	7.7	
	PETERSBURG STATION	18-SQ	1,343,396.19	646,152	898,754	89,115	6.63	10.1	
	<b>TOTAL ACCOUNT 316.01</b>		<b>3,218,994.84</b>	<b>1,184,953</b>	<b>2,704,451</b>	<b>323,863</b>	<b>10.06</b>	<b>8.4</b>	
	<b>TOTAL STEAM PRODUCTION PLANT</b>		<b>3,000,377,862.77</b>	<b>1,227,819,352</b>	<b>2,274,800,788</b>	<b>144,089,143</b>	<b>4.80</b>		

INDIANAPOLIS POWER & LIGHT COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF JUNE 30, 2017

ACCOUNT (1)	SURVIVOR CURVE (2)	NET SALVAGE PERCENT (3)	ORIGINAL COST (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL		COMPOSITE REMAINING LIFE (9)=(6)/(7)
						ACCRUAL AMOUNT (7)	ACCRUAL RATE (8)=(7)/(4)	
<b>OTHER PRODUCTION PLANT</b>								
341	STRUCTURES AND IMPROVEMENTS							
	HARDING STREET STATION	55-R2.5 *	7,769,820.88	6,355,835	1,724,779	109,622	1.41	15.7
	GEORGETOWN STATION	55-R2.5 *	754,447.74	522,076	315,361	14,936	1.98	21.1
	<b>TOTAL ACCOUNT 341</b>		<b>8,524,268.62</b>	<b>6,877,911</b>	<b>2,040,140</b>	<b>124,558</b>	<b>1.46</b>	<b>16.4</b>
342	FUEL HOLDERS, PRODUCERS AND ACCESSORIES - HANDLING AND STORAGE							
	HARDING STREET STATION	55-R4 *	4,214,647.54	2,888,954	1,494,279	90,005	2.14	16.6
	GEORGETOWN STATION	55-R4 *	1,309,939.53	835,302	616,731	28,048	2.14	22.1
	<b>TOTAL ACCOUNT 342</b>		<b>5,524,587.07</b>	<b>3,724,256</b>	<b>2,113,010</b>	<b>118,053</b>	<b>2.14</b>	<b>17.9</b>
343	PRIME MOVERS							
	HARDING STREET STATION	50-S2.5 *	82,995,531.82	57,769,557	28,545,796	1,783,671	2.15	16.0
	GEORGETOWN STATION	50-S2.5 *	40,072,094.95	25,537,815	18,942,210	925,383	2.31	20.5
	<b>TOTAL ACCOUNT 343</b>		<b>123,067,626.77</b>	<b>83,307,372</b>	<b>47,488,006</b>	<b>2,709,054</b>	<b>2.20</b>	<b>17.5</b>
344	GENERATORS							
	HARDING STREET STATION	50-S1.5 *	27,098,812.46	23,824,804	4,258,161	265,198	0.98	16.1
	PETERSBURG STATION	50-S1.5 *	925,510.69	961,478	47,329	6,037	0.65	7.8
	GEORGETOWN STATION	50-S1.5 *	9,553,790.40	5,685,060	4,919,647	248,772	2.60	19.8
	<b>TOTAL ACCOUNT 344</b>		<b>37,578,113.55</b>	<b>30,571,142</b>	<b>9,225,137</b>	<b>520,007</b>	<b>1.38</b>	<b>17.7</b>
345	ACCESSORY ELECTRIC EQUIPMENT							
	HARDING STREET STATION	45-S2.5 *	12,798,811.06	9,940,874	3,369,890	223,001	1.74	15.1
	GEORGETOWN STATION	45-S2.5 *	6,302,671.61	3,923,445	3,072,520	157,428	2.50	19.5
	<b>TOTAL ACCOUNT 345</b>		<b>19,101,482.67</b>	<b>13,864,319</b>	<b>6,442,410</b>	<b>380,429</b>	<b>1.99</b>	<b>16.9</b>
346	MISCELLANEOUS POWER PLANT EQUIPMENT							
	HARDING STREET STATION	40-S2.5 *	1,701,199.96	1,247,627	521,621	35,722	2.10	14.6
	GEORGETOWN STATION	40-S2.5 *	242,043.49	116,092	152,576	7,894	3.26	19.3
	<b>TOTAL ACCOUNT 346</b>		<b>1,943,243.45</b>	<b>1,363,719</b>	<b>674,197</b>	<b>43,616</b>	<b>2.24</b>	<b>15.5</b>
	<b>TOTAL OTHER PRODUCTION PLANT</b>		<b>195,739,322.13</b>	<b>139,708,719</b>	<b>67,982,900</b>	<b>3,895,717</b>	<b>1.99</b>	
<b>TRANSMISSION PLANT</b>								
350.5	LAND RIGHTS	80-R4	17,948,582.82	8,447,958	9,500,625	249,485	1.39	38.1
351	ENERGY STORAGE EQUIPMENT	15-S1	14,088,049.12	1,105,504	13,886,948	1,281,549	9.10	10.7
352	STRUCTURES AND IMPROVEMENTS	60-R2.5	12,955,338.54	2,284,082	13,262,324	310,378	2.40	42.7
353	STATION EQUIPMENT	55-S0	180,531,575.71	56,455,973	142,128,760	4,569,632	2.53	31.1
353.01	STATION EQUIPMENT - MPP	18-SQ	732,477.36	303,031	502,694	48,994	6.69	10.3
354	TOWERS AND FIXTURES	75-R3	46,942,620.27	39,112,593	26,607,075	641,917	1.37	41.4
355	POLES AND FIXTURES	85-R2.5	54,260,153.31	13,158,984	68,231,246	1,585,201	2.92	43.0
355.01	POLES AND FIXTURES - MPP	18-SQ	298,029.13	178,740	149,092	18,636	6.25	8.0
356	OVERHEAD CONDUCTORS AND DEVICES	60-R2	49,222,907.62	44,293,518	19,696,262	589,314	1.20	33.4
357	UNDERGROUND CONDUIT	55-R3	372.68	18	355	7	1.88	50.7
	<b>TOTAL TRANSMISSION PLANT</b>		<b>376,980,106.46</b>	<b>165,340,401</b>	<b>293,765,381</b>	<b>9,295,113</b>	<b>2.47</b>	



INDIANAPOLIS POWER & LIGHT COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF JUNE 30, 2017

ACCOUNT (1)	SURVIVOR CURVE (2)	NET SALVAGE PERCENT (3)	ORIGINAL COST (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL		COMPOSITE REMAINING LIFE (9)=(6)/(7)	
						AMOUNT (7)	RATE (8)=(7)/(4)		
<b>DISTRIBUTION PLANT</b>									
360.5	LAND RIGHTS	75-R4	0	391,443.72	304,366	87,078	2,043	0.52	42.6
361	STRUCTURES AND IMPROVEMENTS	60-R2.5	(20)	11,404,896.08	9,447,510	4,238,365	106,838	0.94	39.7
362	STATION EQUIPMENT	55-R1.5	(10)	166,357,968.05	97,223,594	85,770,171	2,676,736	1.61	32.0
364	POLES, TOWERS AND FIXTURES	52-R3	(100)	153,142,294.76	188,252,643	118,031,947	3,149,648	2.06	37.5
365	OVERHEAD CONDUCTORS AND DEVICES	46-R3	(90)	205,300,901.98	230,112,350	159,959,364	4,821,087	2.35	33.2
366	UNDERGROUND CONDUIT	55-S0.5	(15)	114,917,196.51	36,654,926	95,499,850	3,015,603	2.62	31.7
367	UNDERGROUND CONDUCTORS AND DEVICES	37-S1.5	(15)	260,596,322.44	147,544,330	152,141,441	6,641,128	2.55	22.9
368	LINE TRANSFORMERS	46-S0	0	228,315,454.56	186,856,211	41,459,244	1,478,981	0.65	28.0
369	SERVICES	44-R4	(80)	132,155,678.32	115,532,885	122,347,336	4,286,593	3.24	28.5
370	METERS	29-S0	0	54,373,116.72	26,130,506	28,242,611	2,118,577	3.90	13.3
370.01	METERS - SMART METERS	7-L3	0	24,564,685.16	3,355,993	21,208,692	4,752,967	19.35	4.5
371	INSTALLATIONS ON CUSTOMERS' PREMISES	32-R3	(50)	39,869,113.95	56,192,578	3,611,093	140,220	0.35	25.8
373	STREET LIGHTING AND SIGNAL SYSTEMS	40-S1.5	(20)	64,054,784.26	62,533,300	14,332,441	516,595	0.81	27.7
<b>TOTAL DISTRIBUTION PLANT</b>				<b>1,455,443,856.51</b>	<b>1,160,141,192</b>	<b>846,929,633</b>	<b>33,707,016</b>	<b>2.32</b>	
<b>GENERAL PLANT</b>									
390	STRUCTURES AND IMPROVEMENTS								
	ELECTRICAL BUILDING	80-R0.5	(25)	38,473,975.50	5,018,151	43,074,318	1,639,985	4.26	26.3
	MORRIS STRET SERVICE CENTER	80-R0.5	(25)	38,535,421.19	13,631,930	34,537,346	1,590,856	4.13	21.7
	ARLINGTON SERVICE CENTER	80-R0.5	(25)	9,495,566.22	4,224,073	7,645,385	473,068	4.98	16.2
	CUSTOMER SERVICE CENTER	80-R0.5	(25)	3,072,995.37	1,149,814	2,691,430	126,077	4.10	21.3
	OTHER STRUCTURES	45-R3	(5)	2,820,642.25	697,520	2,264,154	96,067	3.41	23.6
<b>TOTAL ACCOUNT 390</b>				<b>92,398,600.53</b>	<b>24,721,488</b>	<b>90,212,633</b>	<b>3,926,053</b>	<b>4.25</b>	
391	OFFICE FURNITURE AND EQUIPMENT	21-SQ	0	11,851,547.87	3,878,685	7,972,663	639,181	5.39	12.5
391.6	OFFICE FURNITURE AND EQUIPMENT - COMPUTER EQUIPMENT	5-SQ	0	29,679,908.21	14,830,357	14,849,551	6,486,991	21.86	2.3
392	TRANSPORTATION EQUIPMENT	11-S1	15	42,208,193.59	11,528,724	24,348,241	4,638,902	10.99	5.2
393	STORES EQUIPMENT	27-SQ	0	1,576,638.04	462,009	1,114,629	60,365	3.83	18.5
394	TOOLS, SHOP AND GARAGE EQUIPMENT	25-SQ	0	8,951,810.17	2,856,961	6,094,849	364,015	4.07	16.7
395	LABORATORY EQUIPMENT	23-SQ	0	4,768,804.26	2,070,031	2,698,773	211,586	4.44	12.8
396	POWER OPERATED EQUIPMENT	16-SQ	0	1,282,453.18	399,717	883,736	112,821	8.80	7.8
397	COMMUNICATION EQUIPMENT	18-SQ	0	23,705,362.95	6,716,468	16,988,895	1,306,223	5.51	13.0
398	MISCELLANEOUS EQUIPMENT	27-SQ	0	1,715,260.81	477,535	1,237,726	63,844	3.72	19.4
<b>TOTAL AMORTIZED GENERAL PLANT</b>				<b>218,138,579.61</b>	<b>67,940,975</b>	<b>166,401,896</b>	<b>17,811,981</b>	<b>8.17</b>	
<b>PRE 1997 ASSETS</b>									
391.8	OFFICE FURNITURE AND EQUIPMENT - PRE 1997	21-SQ	0	8,101,369.74	8,101,370	0	0	-	-
393.8	STORES EQUIPMENT - PRE 1997	27-SQ	0	1,338,731.44	1,082,095	256,636	68,714	6.63	2.9
394.8	TOOLS, SHOP AND GARAGE EQUIPMENT - PRE 1997	25-SQ	0	8,835,799.83	7,411,852	1,224,148	812,108	9.40	1.5
395.8	LABORATORY EQUIPMENT - PRE 1997	23-SQ	0	5,321,154.95	4,977,160	343,995	282,870	5.32	1.2
396.8	POWER OPERATED EQUIPMENT - PRE 1997	16-SQ	0	1,400,531.68	1,400,532	0	0	-	-
398.8	MISCELLANEOUS EQUIPMENT - PRE 1997	27-SQ	0	2,068,326.33	1,543,982	524,344	156,340	7.56	3.4
<b>TOTAL PRE 1997 ASSETS</b>				<b>26,665,913.77</b>	<b>24,516,791</b>	<b>2,349,123</b>	<b>1,340,032</b>	<b>4.99</b>	
<b>TOTAL GENERAL PLANT</b>				<b>245,004,493.38</b>	<b>92,457,766</b>	<b>168,751,019</b>	<b>19,152,013</b>	<b>7.82</b>	
<b>TOTAL DEPRECIABLE PLANT</b>				<b>5,273,545,641.25</b>	<b>2,785,467,430</b>	<b>3,652,229,721</b>	<b>210,139,002</b>	<b>3.98</b>	

INDIANAPOLIS POWER & LIGHT COMPANY

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF JUNE 30, 2017

ACCOUNT (1)	SURVIVOR CURVE (2)	NET SALVAGE PERCENT (3)	ORIGINAL COST (4)	BOOK DEPRECIATION RESERVE (5)	FUTURE ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	ACCRUAL RATE (8)=(7)/(4)	COMPOSITE REMAINING LIFE (9)=(6)/(7)
<b>NONDEPRECIABLE PLANT AND PLANT NOT SUTDIED</b>								
301			46,415.06					
303			87,316,743.43					
310			2,298,219.75					
350			546,176.95					
360			3,610,913.45					
389			3,777,829.58					
<b>TOTAL NONDEPRECIABLE PLANT</b>			<b>97,596,298.22</b>					
<b>TOTAL ELECTRIC PLANT</b>			<b>5,371,141,939.47</b>	<b>2,785,467,430</b>	<b>3,652,229,721</b>	<b>210,139,002</b>		

\* LIFE SPAN PROCEDURE IS USED. CURVE SHOWN IS INTERIM SURVIVOR CURVE.

\*\* NEW ADDITIONS AS OF JULY 1, 2017 IN ACCOUNTS 371 AND 373 RELATED TO LED LIGHTING WILL UTILIZE AN ANNUAL ACCRUAL RATE OF 5.89% BASED ON A 25-L2.5 LIFE ESTIMATE AND (20) NET SALVAGE

NOTE: NEW ADDITIONS FOR EAGLE VALLEY CCGT WILL HAVE ACCRUAL RATES AS FOLLOWS.

ACCOUNT	RATE
311	2.66
312	2.83
314	2.89
315	2.77
316	2.81
341	2.67
343	2.78
344	2.76
345	2.72

**INDIANAPOLIS POWER AND LIGHT COMPANY**  
**Comparison of Current and Proposed Pro Forma Revenues**

Line No.	Rate Class	Rate Code	Current Revenue [1]	Unmitigated Proposed Revenue [1]	Mitigated Proposed Revenue [1]	Increase: Unmitigated - Current	Low Load Factor Rate Recovery	Increase: Mitigated [2]	Mitigated Proposed Revenue [3]	Increase: Mitigated [3]	Rebuttal Increase: Mitigated [3]	Difference: Settlement - Rebuttal
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
1	Residential Service (Rate RS) - Codes RS, RC, RH	RS	\$ 537,018,912	\$ 580,028,744	\$ 563,781,736	\$ 43,009,832	\$ -	\$ 26,762,824	<b>563,781,736</b>	<b>4.98%</b>	<b>9.46%</b>	<b>-4.48%</b>
2	Secondary Service (Small) (Rate SS)	SS	151,545,040	137,393,943	151,545,040	(14,151,097)	\$ 22,196	22,196	<b>151,567,236</b>	<b>0.01%</b>	<b>0.01%</b>	<b>0.00%</b>
3	Electric Space Conditioning-Secondary Service (Rate SH)	SH	50,304,631	57,324,964	54,310,694	7,020,333	\$ 9,486	4,015,548	<b>54,320,180</b>	<b>7.98%</b>	<b>11.93%</b>	<b>-3.95%</b>
4	Electric Space Conditioning-Schools (Rate SE)	SE	1,481,137	1,421,229	1,481,137	(59,908)	\$ 277	277	<b>1,481,414</b>	<b>0.02%</b>	<b>2.67%</b>	<b>-2.65%</b>
5	Water Heating-Controlled Service (Rate CB/CW)	CB	41,102	57,544	44,153	16,443	\$ 7	3,058	<b>44,160</b>	<b>7.44%</b>	<b>11.93%</b>	<b>-4.49%</b>
6	Water Heating-Uncontrolled Service (Rate UW)	UW	118,918	119,455	120,788	537	\$ 22	1,892	<b>120,810</b>	<b>1.59%</b>	<b>4.25%</b>	<b>-2.66%</b>
7	Secondary Service (Large) - (Rate SL)	SL	325,364,288	330,204,203	333,072,394	4,839,914	\$ 63,265	7,771,371	<b>333,135,660</b>	<b>2.39%</b>	<b>5.68%</b>	<b>-3.29%</b>
8	Primary Service (Large) - (Rate PL)	PL	95,867,672	97,049,628	97,973,842	1,181,955	\$ 20,428	2,126,597	<b>97,994,270</b>	<b>2.22%</b>	<b>5.78%</b>	<b>-3.57%</b>
9	Process Heating (Rate PH)	PH	3,305,536	3,351,178	3,382,028	45,643	\$ 643	77,134	<b>3,382,670</b>	<b>2.33%</b>	<b>5.62%</b>	<b>-3.29%</b>
10	High Load Factor (Rate HL-1) (Primary Distribution)	HL1	102,260,914	103,595,461	104,516,085	1,334,547	\$ 24,050	2,279,220	<b>104,540,135</b>	<b>2.23%</b>	<b>5.57%</b>	<b>-3.34%</b>
11	High Load Factor (Rate HL-2) (Sub transmission)	HL2	17,015,344	16,487,103	17,015,345	(528,241)	\$ 4,037	4,038	<b>17,019,382</b>	<b>0.02%</b>	<b>0.86%</b>	<b>-0.83%</b>
12	High Load Factor (Rate HL-3) (Transmission)	HL3	19,691,770	19,246,467	19,691,770	(445,303)	\$ (146,267)	(146,267)	<b>19,545,503</b>	<b>-0.74%</b>	<b>0.78%</b>	<b>-1.53%</b>
13	Automatic Protective Lighting (APL)	APL	7,453,299	8,179,032	7,884,715	725,734	\$ 808	432,224	<b>7,885,522</b>	<b>5.80%</b>	<b>7.58%</b>	<b>-1.79%</b>
14	Municipal Lighting (MU)	MU1	\$ 9,368,623	\$ 10,255,147	\$ 9,894,375	\$ 886,524	\$ 1,048	\$ 526,800	<b>9,895,423</b>	<b>5.62%</b>	<b>7.35%</b>	<b>-1.73%</b>
<b>15</b>	<b>TOTAL SYSTEM</b>		<b>\$ 1,320,837,188</b>	<b>\$ 1,364,714,100</b>	<b>\$ 1,364,714,100</b>	<b>\$ 43,876,912</b>	<b>\$ 0</b>	<b>\$ 43,876,912</b>	<b>\$ 1,364,714,100</b>	<b>3.32%</b>	<b>6.69%</b>	<b>-3.37%</b>

[1] From ACOSS.  
[2] Col. (E) - (C) + (G)  
[3] Includes Low Load Factor Rate Recovery.

Line No.	Rate Class	Current Revenue [1]	Unmitigated Proposed Revenue [1]	Mitigated Proposed Revenue [1]	Increase: Unmitigated - Current	Low Load Factor Rate Recovery	Increase: Mitigated [2]	Mitigated Proposed Revenue [3]
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1	Residential	537,018,912	580,028,744	563,781,736	\$ 43,009,832	-	\$ 26,762,824	<b>563,781,736</b>
2	Small C&I	203,490,829	196,317,136	207,501,811	\$ (7,173,693)	31,988	\$ 4,042,971	<b>207,533,799</b>
3	Large C&I	563,505,525	569,934,041	575,651,464	\$ 6,428,515	(33,844)	\$ 12,112,094	<b>575,617,619</b>
4	Lighting	16,821,922	18,434,180	17,779,090	\$ 1,612,258	1,856	\$ 959,024	<b>17,780,946</b>
<b>5</b>	<b>TOTAL SYSTEM</b>	<b>\$ 1,320,837,188</b>	<b>\$ 1,364,714,100</b>	<b>\$ 1,364,714,100</b>	<b>\$ 43,876,912</b>	<b>\$ 0</b>	<b>\$ 43,876,912</b>	<b>\$ 1,364,714,100</b>

[1] From ACOSS.  
[2] Col. (E) - (C) + (G)  
[3] Includes Low Load Factor Rate Recovery.

Indianapolis Power & Light Company  
**Demand Factors Used in Rate Adjustment Mechanisms**  
From IPL Witness JSG Workpaper 1.0C-T

ECR		
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Current Proposed Change

OSS, CAP, RTO		
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Current Proposed Change

Demand Allocation Factors based on 12 CP Generation in COSS

Residential	<b>42.26%</b>	<b>42.48%</b>	0.22%
Small C&I	<b>13.52%</b>	<b>14.10%</b>	0.58%
Large C&I - PL	<b>8.23%</b>		
Large C&I - HL	<b>11.01%</b>		
Large C&I - Primary	19.24%	<b>17.62%</b>	-1.62%
Large C&I - SL & PH	<b>24.75%</b>		
Large C&I - Secondary	24.75%	<b>25.39%</b>	0.64%
Large C&I - Total	<u>43.99%</u>	<u>43.01%</u>	<u>-0.98%</u>
Lighting	<b>0.23%</b>	<b>0.41%</b>	0.18%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>0.00%</u>

Demand Allocation Factors based on 12 CP Generation in COSS

Residential		<b>42.26%</b>	<b>42.48%</b>	0.22%
Small C&I		<b>13.52%</b>	<b>14.10%</b>	0.58%
Large C&I - PL	*	8.23%		
Large C&I - HL		<b>11.01%</b>		
Large C&I - Primary		19.24%	<b>17.62%</b>	-1.62%
Large C&I - SL & PH	*	24.75%		
Large C&I - Secondary		24.75%	<b>25.39%</b>	0.64%
Large C&I - Total		<u>43.99%</u>	<u>43.01%</u>	<u>-0.98%</u>
Lighting		<b>0.23%</b>	<b>0.41%</b>	0.18%
Total		<u>100.00%</u>	<u>100.00%</u>	<u>0.00%</u>
Large C&I - SL, PL, PH	*	<b>32.98%</b>		

**INDIANAPOLIS POWER AND LIGHT COMPANY**

Revenue Percentages  
Test Year Ended June 30, 2017

**TDSIC Allocation Factors**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Rate Class	Rate Code(s)	Total Revenue Requirement	Percent	Class Revenue Allocation - Transmission	Percent	Class Revenue Allocation - Distribution	Percent
Residential	RS, RC, RH	\$ 563,781,736	41.31%	\$ 34,616,249	40.50%	\$ 66,532,568	57.06%
Small C&I	SS, SH, SE, CB, UW	207,533,799	15.21%	13,000,671	15.21%	18,468,473	15.84%
Large C&I - Secondary	SL, PH	336,518,330	24.66%	22,092,383	25.85%	20,933,935	17.95%
Large C&I - Primary	PL, HL	239,099,290	17.52%	15,414,213	18.04%	9,656,712	8.28%
Lighting	APL, MU1	\$ 17,780,946	1.30%	\$ 340,597	0.40%	\$ 1,000,984	0.86%
<b>TOTAL SYSTEM</b>		<b>\$ 1,364,714,100</b>	<b>100.00%</b>	<b>\$ 85,464,114</b>	<b>100.00%</b>	<b>\$ 116,592,672</b>	<b>100.00%</b>

**Rate Code Allocations**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Rate Class	Rate Code	Total Revenue Requirement	Percent	Class Revenue Allocation - Transmission	Percent	Class Revenue Allocation - Distribution	Percent
Residential Service (Rate RS) - Codes RS, RC, RH	RS	\$ 563,781,736	41.31%	\$ 34,616,249	40.50%	\$ 66,532,568	57.06%
Secondary Service (Small) (Rate SS)	SS	151,567,236	11.11%	9,256,686	10.83%	14,192,323	12.17%
Electric Space Conditioning-Secondary Service (Rate SH)	SH	54,320,180	3.98%	3,638,403	4.26%	4,155,681	3.56%
Electric Space Conditioning-Schools (Rate SE)	SE	1,481,414	0.11%	98,817	0.12%	103,825	0.09%
Water Heating-Controlled Service (Rate CB/CW)	CB	44,160	0.00%	1,268	0.00%	5,545	0.00%
Water Heating-Uncontrolled Service (Rate UW)	UW	120,810	0.01%	5,496	0.01%	11,099	0.01%
Secondary Service (Large) - (Rate SL)	SL	333,135,660	24.41%	21,874,280	25.59%	20,668,597	17.73%
Primary Service (Large) - (Rate PL)	PL	97,994,270	7.18%	6,514,953	7.62%	4,834,150	4.15%
Process Heating (Rate PH)	PH	3,382,670	0.25%	218,103	0.26%	265,338	0.23%
High Load Factor (Rate HL-1) (Primary Distribution)	HL1	104,540,135	7.66%	6,499,381	7.60%	4,822,562	4.14%
High Load Factor (Rate HL-2) (Sub transmission)	HL2	17,019,382	1.25%	1,127,099	1.32%	-	0.00%
High Load Factor (Rate HL-3) (Transmission)	HL3	19,545,503	1.43%	1,272,780	1.49%	-	0.00%
Automatic Protective Lighting - APL	APL	7,885,522	0.58%	154,879	0.18%	460,159	0.39%
Municipal Lighting MU-1	MU1	\$ 9,895,423	0.73%	\$ 185,718	0.22%	\$ 540,825	0.46%
<b>TOTAL SYSTEM</b>		<b>\$ 1,364,714,100</b>	<b>100.00%</b>	<b>\$ 85,464,114</b>	<b>100.00%</b>	<b>\$ 116,592,672</b>	<b>100.00%</b>