

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS)
POWER & LIGHT COMPANY FOR)
APPROVAL OF REGIONAL TRANSMISSION)
ORGANIZATION ("RTO") ADJUSTMENT) CAUSE NO. 44808 RTO-4
FACTORS FOR ELECTRIC SERVICE FOR)
THE BILLING MONTHS OF OCTOBER 2020)
THROUGH SEPTEMBER 2021.)

PETITIONER'S SUBMISSION OF DIRECT TESTIMONY OF
KIMBERLY ALIFF

Indianapolis Power & Light Company ("IPL" or "Petitioner"), by counsel, hereby
submits the direct testimony of Kimberly Aliff.

Respectfully submitted,



Teresa Morton Nyhart (No. 14044-49)
Jeffrey M. Peabody (No. 28000-53)
Barnes & Thornburg LLP
11 South Meridian Street
Indianapolis, Indiana 46204
Nyhart Telephone: (317) 231-7716
Peabody Telephone: (317) 231-6465
Facsimile: (317) 231-7433
Nyhart Email: tnyhart@btlaw.com
Peabody Email: jpeabody@btlaw.com

ATTORNEYS FOR PETITIONER
INDIANAPOLIS POWER & LIGHT COMPANY

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 30th day of June, 2020, by email transmission, hand delivery or United States Mail, first class, postage prepaid to:

Lorraine Hitz-Bradley
Office of Utility Consumer Counselor
115 W. Washington Street, Suite 1500 South
Indianapolis, Indiana 46204
infomgt@oucc.in.gov
lhitzbradley@oucc.in.gov



Jeffrey M. Peabody

Teresa Morton Nyhart (No. 14044-49)
Jeffrey M. Peabody (No. 28000-53)
Barnes & Thornburg LLP
11 South Meridian Street
Indianapolis, Indiana 46204
Nyhart Telephone: (317) 231-7716
Peabody Telephone: (317) 231-6465
Facsimile: (317) 231-7433
Nyhart Email: tnyhart@btlaw.com
Peabody Email: jpeabody@btlaw.com

ATTORNEYS FOR PETITIONER
INDIANAPOLIS POWER & LIGHT COMPANY

**VERIFIED DIRECT TESTIMONY OF KIMBERLY ALIFF
SENIOR REGULATORY ANALYST IN REGULATORY AFFAIRS
CAUSE NO. 44808 RTO-4**

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

A1. My name is Kimberly Aliff. I am employed by Indianapolis Power & Light Company (“IPL” or “Company”), whose business address is One Monument Circle, Indianapolis, Indiana 46204.

Q2. What is your position with IPL?

A2. I am a Senior Regulatory Analyst in Regulatory Affairs.

Q3. Please describe your duties as Senior Regulatory Analyst.

A3. I am involved with the planning, development and analysis of Demand Side Management (“DSM”) programs, as well as tracking and reporting program results. I am a representative member of IPL’s DSM Oversight Board. I am also responsible for directing the filings supporting changes in the DSM cost recovery factors, the fuel cost adjustment factors and other rate recovery mechanisms.

Q4. Please summarize your educational and professional qualifications.

A4. I hold a Bachelor of Science Degree in Accounting and Computer Information Systems from Indiana University and a Master of Business Administration from the University of Indianapolis. I have also attended workshops, seminars, and conferences pertaining to planning, implementation, and evaluation of DSM programs.

Q5. What is your previous work experience?

1 A5. I have been an employee of IPL since April 25, 2005, initially as a Senior Accountant
2 responsible for filings to the Securities and Exchange Commission as well as other
3 monthly accounting duties.

4 From August 2003 to April 2005 I was employed by Bradford Scott Data Corp. as the
5 Controller. In that position I was responsible for all financial and accounting aspects of
6 the company.

7 From April 1992 to June 2001 I was employed by USA Group, Inc. in various accounting
8 roles of increasing responsibility.

9 **Q6. Have you previously testified before the Indiana Utility Regulatory Commission**
10 **(“Commission”)?**

11 A6. Yes, I have previously testified before the Commission regarding accounting and
12 ratemaking treatment for IPL’s Electric Vehicle Sharing Program in Cause No. 44478. I
13 have also testified regarding cost recovery and cost allocation for several of IPL’s DSM
14 Plans including the 2014 DSM Plan in Cause No. 44328, the 2015-2016 DSM Plan in
15 Cause No. 44497, in Cause No. 44792 extending IPL’s 2015-2016 DSM Programs
16 through 2017, the 2018-2020 DSM Plan in Cause No. 44945 and most recently the 2021-
17 2023 DSM Plan pending in Cause No. 45370. I have been a witness in the Company’s
18 prior Demand Side Management Adjustment (Cause No. 43623-DSM-XX) proceedings,
19 beginning with DSM-10.

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

21 A7. The purpose of my testimony is to discuss IPL’s Standard Contract Rider No. 26, called
22 the RTO Adjustment, which was initially approved by the Commission in its March 16,

1 2016 Order in Cause No. 44576 (the “44576 Order”) and the Order approving a
2 Settlement Agreement in Cause No. 45029 (the “45029 Order”). I will also identify the
3 non-fuel costs and credits (“NFC”) and revenues from the Midcontinent Independent
4 System Operator, Inc. (“MISO”) to be recovered in this filing.

5 **Q8. Are you sponsoring any attachments?**

6 A8. No. My testimony supports the forecasted incremental MISO NFC and revenues for the
7 period October 2020 to September 2021 to be recovered in this filing, which are included
8 in Attachment AMA-1 Schedules 2 and 3 sponsored by IPL Witness Abram. My
9 testimony also supports the actual incremental MISO NFC and revenues for the
10 reconciliation period, which in this filing consists of the period from May 2019 to April
11 2020 and are included in Attachment AMA-1 Schedules 5 and 6 sponsored by IPL
12 Witness Abram.

13 **Q9. Did you provide any workpapers to be included in the audit package discussed by**
14 **Witness Abram?**

15 A9. Yes. I am providing workpapers in the audit package regarding the budget / forecast and
16 Contestable Revenue Sufficiency Guarantee (“RSG”) charges.

17 **Q10. Please describe the RTO Adjustment approved in the 44576 Order.**

18 A10. In Cause No. 44576, the Commission approved the RTO Adjustment to timely recover
19 the excess (or deficit) of an estimate of the MISO NFC, net of revenues, to be billed by
20 MISO compared to the amount of such net NFC approved to be included in the
21 determination of basic rates and charges for service in that proceeding. The approved
22 tariff identified the existing MISO charge types and revenues for the RTO Adjustment,

including but not limited to transmission expansion costs, Schedule 2 & 11 MISO transmission expense and MISO FERC fees, and the jurisdictional MISO transmission revenue. It also reflected that a true-up of the estimate to actual would occur in a subsequent annual filing, that the net NFC would be allocated to each rate class based upon the demand allocators developed in the cost of service study in that proceeding, and would be recovered from customers based on kWh billed. The 44576 Order also approved IPL's proposal to treat the Petersburg Autotransformers project and future projects subject to MISO regional cost allocation as non-jurisdictional and to recover all the allocated Schedule 26 or 26-A charges through the RTO Adjustment rider.

Q11. Please describe the RTO Adjustment approved in the 45029 Order.

A11. In Cause No. 45029, the Commission approved changing the base amount of MISO Non-fuel costs and revenues used to calculate the RTO charge or credit on the tariff to \$35.424 million and \$4.645 million, respectively. The 45029 Order also established one factor for those Large C&I customers taking service at secondary voltage [Rates SL and PH] and another for those taking service at primary voltage or higher [Rates PL and HL], instead of one factor calculated for Rate HL and another for the remaining Large C&I rates.

Q12. Please identify the net non-fuel charges included in the RTO Adjustment mechanism.

A12. As indicated on tariff sheet 179.9, the RTO Adjustment mechanism includes MISO NFC (net of revenues). Recoverable MISO NFC include but are not limited to the following:

	FERC Account
(a) Schedule 10 – ISO Cost Recovery Adder and Schedule 10-	565

FERC Annual Charges Recovery, or any successor provisions, of the Open Access Transmission and Energy Markets Tariff for the MISO (“MISO TEMT”) or any successor tariff;	
(b) Schedule 16 – Financial Transmission Rights Administrative Service Cost Recovery Adder, or successor provision, of the MISO TEMT or any successor tariff;	575.3
(c) Schedule 17 – Energy and Operating Reserve Markets Market Support Administrative Cost Recovery Adder, or successor provision, of the MISO TEMT or any successor tariff;	575.2
(d) Schedule 24 – Control Area Operator Cost Recovery, or successor provision, of the MISO TEMT or any successor tariff;	561.2
(e) Schedule 26 – Network Upgrade Charge from MISO Transmission Expansion Plan; or any successor tariff;	566
(f) Schedule 26-A – Real Time MVP Distribution Amount; or any successor tariff;	566
(g) Costs that are not otherwise recovered by MISO through other charges and are socialized for recovery from all market participants including Company (“uplift costs”), including the Real Time Revenue Neutrality Uplift Amount, and Real Time Miscellaneous Amount billed by MISO.	557 561.4
Contestable RSG over the Benchmark	557
Schedule 2 & 11 transmission expenses	565
Schedule 10-FERC - MISO FERC fees	928
Real Time Schedule 49 Cost Distribution (See Q/A 18 below)	557
Jurisdictional MISO transmission revenues (which exclude Schedule 26 revenues deemed non-jurisdictional)	456
Schedule 24 Balancing Authority credits	456

Q13. What are the applicable allocation percentages for such costs?

A13. The rate schedule allocation percentages are utilized to determine the portion of the RTO Adjustment applicable to each Rate Schedule. The percentage for each Rate Schedule

applicable for MISO NFC on and after December 5, 2018 is based upon the demand allocators developed in the cost of service study in Cause No. 45029:

<u>Rate Schedule</u>	<u>Description</u>	<u>Allocation Percentages</u> <u>Cause No. 45029¹</u>
RS, CW, EVX	Residential	42.48%
SS, SH, OES, UW, CW	C&I - Small	14.10%
PL, HL	C&I - Large – Primary	17.62%
SL, PH	C&I – Large – Secondary	25.39%
MU-1, APL	Lighting	0.41%
	Total	100.00%

IPL Witness Abram utilizes these allocation percentages on Attachment AMA-1 Schedules 2, 3, 5 and 6.

Q14. Explain the process used to determine budgeted / forecasted information.

A14. IPL budgets MISO charges, credits and revenues on a calendar year basis, and divides evenly to determine monthly amounts. IPL uses two methods to determine the budgeted information. For Schedule 26 and 26-A charges, the estimates are based on data found in the MISO Transmission Expansion Plans (“MTEP”) for charges by other market participants applicable to IPL, plus estimates of the portion of IPL’s MTEP cost-shared projects which are allocable to IPL. For the remaining charges, credits, and revenues, IPL looks at historical information and prior forecasts and incorporates known or expected changes in developing the annual budget. During the calendar year, IPL reviews current activity to determine if changes need to be made to the budgeted/forecasted amounts. Based on updated information provided by MISO, IPL has identified and made changes to the 2021 budgeted amounts for the Transmission Expansion charges billed under Schedules 26 and 26-A.

¹ Cause No. 45029 Settlement Agreement, Attachment D.

Q15. Please explain the changes made to the budgeted amounts for the Transmission Expansion charges billed under Schedules 26 and 26-A.

A15. As mentioned previously, IPL uses the forecasts provided by MISO to determine the Schedule 26 and 26-A budgeted amounts. In July 2019, MISO updated the data used to forecast these charges. IPL then used this data to update the budgeted amounts for 2020 and 2021. The forecast for 2020 and beyond is published on MISO's website.²

Q16. Are you familiar with the term "Contestable RT RSG Charges"?

A16. Yes. In its June 3, 2009 Order in Cause No. 43664 (the "RSG Order"), the Commission approved the following calculation method to be used to determine the RSG Daily Benchmark:

Each day a "Benchmark" shall be established based upon a generic Gas Turbine ("GT"), using a generic GT heat rate of 12,500 btu/kwh using the day-ahead natural gas prices for the NYMEX Henry Hub, plus a \$0.60/mmbtu gas transport charge for a generic gas-fired GT.

Any RSG First Pass Distribution amounts in excess of the RSG Daily Benchmarks are termed "Contestable RT RSG Charges."

Q17. Does this filing include any Contestable RT RSG Charges as that term is defined in the RSG Order?

A17. Yes. A base amount of Contestable Real-Time RSG Charges is included in IPL's basic rates and charges, and any over or under-recovery is reflected in the RTO Adjustment mechanism. Therefore, the \$15,659 recorded to FERC account 557451 for the period May 2019 through April 2020 is included in reconciled expenses on Attachment AMA-1, Schedule 5. Of the 8,760 hours in the reconciliation period, there were 306 hours or

² See <https://www.misoenergy.org/planning/planning/schedule-26-and-26a-indicative-reports/>.

1 3.5% with Contestable RSG charges. Of those 306 hours, 69 had hourly contestable RSG
2 greater than \$50 and comprised 85% of the Contestable RSG in the reconciliation period.
3 An estimated amount of \$74,042 was reflected on Attachment AMA-1, Schedule 2 for
4 the forecasted period of October 2020 through September 2021 based on a three-year
5 average.

6 **Q18. Are you aware of any new non-fuel MISO charges, credits or revenues that have**
7 **been included in either the forecast or reconciliation period for this filing?**

8 A18. Yes. MISO added the Real Time Schedule 49 Cost Distribution Amount to the Real
9 Time statement starting with the s55 Real Time Settlement Statement for Operating Day
10 November 30, 2019, that was settled on January 24, 2020. Schedule 49 is the charge
11 derived from the Joint Operating Agreement Settlement that compensates the Southwest
12 Power Pool ("SPP") for available system capacity usage by MISO on a North-South SPP
13 tie line. Since January 2016, these charges have flowed through the Real Time
14 Miscellaneous Amount charge type. The new charge type does not change any of the
15 current calculations that have been used to determine the individual Asset Owner
16 amounts, it just moves the charges from the Miscellaneous charge type to an individual
17 charge type for better clarity.

18 **Q19. Are you aware of any significant modifications to any non-fuel MISO charges,**
19 **credits or revenues that may have impacted either the forecast or reconciliation**
20 **period for this filing?**

21 A19. Yes. MISO implemented changes in compliance with a FERC Order referred to as
22 "Opinion No. 569" which was issued and effective on November 21, 2019 in Docket
23 Nos. EL 14-12 and EL14-45. Opinion No. 569 lowered the MISO Transmission Owners'

1 base Return on Equity (“ROE”) from 10.32% to 9.88% effective September 28, 2016 and
2 ordered refunds, plus interest for two refund periods. Resettlements will occur for the
3 period November 12, 2013 to February 11, 2015 (“First Refund Period”) and for the
4 period of September 28, 2016 through the date of the Order (“Second Refund Period”).

5 On May 21, 2020 FERC issued “Opinion 569-A” which granted rehearing in part of
6 Opinion 569. Opinion 569-A finds that MISO Transmission Owners’ base ROE should
7 be set at 10.02% and ordered refunds with interest by December 23, 2020 for the First
8 Refund Period defined previously and the Second Refund Period through the date of
9 Opinion 569-A (May 21, 2020).

10 Prior to the issuance of the May 21, 2020 Order, MISO had begun the refund process
11 using the ROE from Opinion 569. This process has been stopped and IPL is unsure when
12 the refunds using the 10.02% ROE will begin. IPL will provide all required ROE refunds
13 to its retail customers in a timely manner pursuant to the timelines established by FERC
14 and MISO consistent with the approach approved in Cause No. 44808 RTO-2.

15 **Q20. Can you identify the major driver of the difference in the forecasted MISO NFC in**
16 **this filing (for the twelve months ended September 30, 2021) shown on Attachment**
17 **AMA-1 Schedule 2 compared to the amount embedded in basic rates and charges in**
18 **Cause No. 45029?**

19 A20. Yes. As can be seen from the table below, the major driver is the increase in MISO
20 Transmission Expansion costs billed under Schedule 26 and 26-A, which represents
21 almost 70% of the total difference between the forecast and the amount reflected in rates.

The increase is a direct result of the status of projects approved as part of the MISO MTEP.

Account Description	Forecast	In Rates	Difference	% of Total
Def Cost MISO Net Billings (Sch 10)	\$2,882,725	\$2,419,000	\$463,725	14.7%
MISO Mrkt Admin Fees (Sch 17)	\$2,483,067	\$2,116,000	\$367,067	11.6%
FTR Market Admin Fees Retail (Sch 16)	\$48,805	\$78,000	(\$29,195)	-0.9%
MISO Socialized and Uplift Costs	\$1,999,155	\$2,418,000	(\$418,845)	-13.3%
MISO BA Costs & Credits (Sch 24)*	\$429,922	(\$175,000)	\$604,922	19.1%
MISO RSG Over Benchmark	\$74,042	\$85,000	(\$10,958)	-0.3%
MISO Transmission Expansion (Sch 26 & 26-A)	\$26,335,000	\$24,158,000	\$2,177,000	68.9%
MISO Transmission Expense (Sch 2 & 11)	\$3,256,671	\$3,325,000	(\$68,329)	-2.2%
MISO FERC Fees	\$1,075,500	\$1,000,000	\$75,500	2.4%
Total MISO NFC Forecast - Oct 2020 to Sep 2021	\$38,584,888	\$35,424,000	\$3,160,888	100.0%
MISO BA Credits (Sch 24) w/o URT	\$960,115	\$0	(\$960,115)	
MISO Transmission Revenues (w/o URT)	\$4,741,784	\$4,645,000	(\$96,784)	
Total MISO Revenues Forecast Oct 2020 - Sep 2021	\$5,701,899	\$4,645,000	(\$1,056,899)	
NFC net of Revenue Forecast - Oct 2020 to Sep 2021	\$32,882,989	\$30,779,000	\$2,103,989	

Q21. Are there any material variances in the actual MISO NFC in this filing (for the twelve months ending April 30, 2020) shown on Attachment AMA-1 Schedule 5 compared to the amount embedded in basic rates and charges?

A21. No. As seen in the table below, the difference in total actual MISO NFC compared to the amount in rates is approximately 0.1%.

Account Description	Actual	In Rates	Difference
Def Cost MISO Net Billings (Sch 10)	\$2,552,581	\$2,419,000	\$133,581
MISO Mrkt Admin Fees (Sch 17)	\$2,635,605	\$2,116,000	\$519,605
FTR Market Admin Fees Retail (Sch 16)	\$74,834	\$78,000	(\$3,166)
MISO Socialized and Uplift Costs	\$1,576,415	\$2,418,000	(\$841,585)
MISO BA Costs (Sch 24)	\$770,438	(\$175,000)	\$945,438
MISO RSG Over Benchmark	\$15,659	\$85,000	(\$69,341)
MISO Transmission Expansion (Sch 26 & 26-A)	\$23,471,257	\$24,158,000	(\$686,743)
MISO Transmission Expense (Sch 2 & 11)	\$3,233,203	\$3,325,000	(\$91,797)
MISO FERC Fees	\$1,133,092	\$1,000,000	\$133,092
Total MISO NFC Actual - May 2019 to Apr 2020	\$35,463,085	\$35,424,000	\$39,085
MISO BA Credits (Sch 24) w/o URT	\$1,312,802	\$0	(\$1,312,802)
MISO Transmission Revenues (w/o URT)	\$5,193,505	\$4,645,000	(\$548,505)
Total MISO Revenues Actual - May 2019 to Apr 2020	\$6,506,307	\$4,645,000	(\$1,861,307)
NFC net of Revenue Actual - May 2019 to Apr 2020	\$28,956,778	\$30,779,000	(\$1,822,222)

Q22. Why have you not prepared tables to identify the major driver of the difference in the actual and forecasted MISO Jurisdictional Revenues in this filing (shown on Attachment AMA-1 Schedules 3 and 6) compared to the amount embedded in basic rates and charges in Cause No. 45029?

A22. The remittance advices provided by MISO do not readily identify the individual schedule for the revenues as the invoices do for the non-fuel costs. Therefore, IPL initially records all the revenues received to a single work breakdown structure (“WBS”) within SAP rather than multiple WBS as for the costs. IPL then analyzes the supporting file provided by MISO to determine the non-jurisdictional Schedule 26 revenues which are reclassified to a separate WBS. This is the same process IPL utilized in determining the level of jurisdictional revenues included in Cause No. 45029. Additionally, total actual and forecast MISO revenues do not differ significantly from the amount embedded in IPL’s base rates.

1 **Q23. Please describe the MISO MTEP cost-shared projects for which IPL receives non-**
2 **jurisdictional Schedule 26 revenues.**

3 A23. IPL has two such MISO MTEP cost-shared projects. The first is a Baseline Reliability
4 Project (MISO Project number 2053 approved in MTEP09) constructed to replace and
5 upgrade the existing East and West 345/138 kV autotransformer at Petersburg substation.
6 The second is a Market Efficiency Project (MISO Project number 3212 approved in
7 MTEP12) constructed to increase the thermal rating of the Petersburg to Wheatland to
8 Breed 345 kV path to 1386 MVA with re-sag and upgrade terminal equipment.

9 **Q24. Are there any MISO MTEP cost-shared projects for which IPL receives non-**
10 **jurisdictional Schedule 26-A Multi Value Project (“MVP”) revenues?**

11 A24. No. IPL does not have any cost-shared MVPs, and therefore does not receive any
12 Schedule 26-A revenues.

13 **Q25. Are there any MISO MTEP cost-shared projects for which IPL receives non-**
14 **jurisdictional Schedule 26-C Targeted Market Efficiency Project (“TMEP”)**
15 **revenues?**

16 A25. Not at this time. Please note that in December 2018, MISO Project number 16228 was
17 approved in MTEP18 to upgrade terminal equipment (switches, breakers, relays, bus
18 work) for the Gibson-Petersburg 345 kV line. The estimated cost of the project is \$4.3
19 million and it is expected to be completed in June 2021. Since IPL files its Attachments
20 O and GG based upon a historical calendar year, revenues related to this project would
21 not be billed until June 2022 at the earliest, which is outside the forecast period in this
22 filing. When received, IPL will treat such revenues as non-jurisdictional, consistent with
23 its other cost-shared MISO projects, and also consistent with approval granted to

1 Northern Indiana Public Service Company in Cause No. 44156-RTO-13. Plant additions
2 and associated costs for MISO cost-shared projects determined to be non-jurisdictional
3 will continue to be excluded from the jurisdictional revenue requirement in IPL's general
4 rate cases.

5 **Q26. Do you believe the forecasted jurisdictional non-fuel charges, credits and revenues**
6 **included in this filing to be reasonable?**

7 A26. Yes.

8 **Q27. Does that conclude your prefiled direct testimony?**

9 A27. Yes.

Verification

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Dated this 30th day of June, 2020.


Kimberly Aliff