

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

**VERIFIED PETITION OF INDIANAPOLIS)
POWER & LIGHT COMPANY D/B/A AES)
INDIANA (“AES INDIANA”) FOR (1) ISSUANCE)
OF CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO REPOWER PETERSBURG)
GENERATING UNITS 3 & 4 TO OPERATE ON)
NATURAL GAS (“PETERSBURG REPOWERING)
PROJECT”); (2) APPROVAL OF PETERSBURG)
REPOWERING PROJECT AS A CLEAN ENERGY) **CAUSE NO. 46022**
PROJECT; AND (3) ASSOCIATED ACCOUNTING)
AND RATEMAKING, INCLUDING RECOVERY)
OF PROJECT COSTS, PROJECT)
DEVELOPMENT COSTS, FGD DEWATERING)
AND RELATED COSTS, THE REMAINING NET)
BOOK VALUE OF PETERSBURG UNITS 3 AND 4)
RETIRED ASSETS, AND CERTAIN MATERIALS)
AND SUPPLIES INVENTORY.)**

VERIFIED PETITION

Petitioner, Indianapolis Power & Light Company d/b/a AES Indiana (“AES Indiana” “IPL”, “Company”, also “Petitioner”), hereby petitions the Indiana Utility Regulatory Commission (“Commission”) for approval to repower Petersburg Generating Units 3 and 4 to operate on natural gas (“Petersburg Repowering Project” or “Project”) and for associated accounting and ratemaking relief as set forth below and further described in the Company’s prefiled case-in-chief. In accordance with 170 IAC 1-1.1-8 and 1-1.1-9 of the Commission’s Rules of Practice and Procedure, AES Indiana submits the following information in support of this Petition.

The Petersburg Generating Units 3 and 4

1. Petersburg Generating Units 3 and 4 are located at AES Indiana's Petersburg Plant in Petersburg Indiana. Unit 3 was placed in service in 1977; Unit 4 was placed in service in 1986. Both currently operate on coal.

Petersburg Repowering Project

2. AES Indiana's most recent Integrated Resource Plan ("IRP") Preferred Resource Portfolio and Short Term Action plan include the conversion of Petersburg Units 3 and 4 to operate using natural gas.

Relief Sought

3. AES Indiana requests: 1) issuance of a certificate of public convenience and necessity ("CPCN") to repower Petersburg Generating Units 3 and 4 to operate on natural gas; and (2) approval of the Petersburg Repowering Project, including the associated Project agreements, as a Clean Energy Project and recovery of those costs as proposed by AES Indiana. AES Indiana requests approval of associated accounting and ratemaking, including 1) deferral and subsequent recovery through rates of a return of and on its investment in the Petersburg Repowering Project; 2) accounting for FGD dewatering and related costs; 3) creation of regulatory assets for the remaining net book value of the Petersburg Units 3 and 4 assets that will be retired due to the conversion, amortization of those regulatory assets based upon Commission-approved depreciation rates, and recovery of the regulatory assets through inclusion in AES Indiana's rate base and ongoing amortization in AES Indiana's future rate cases; 4) accounting and ratemaking for materials and supplies inventory that will no longer be used following the conversion; and 5)

deferral and subsequent recovery through rates of prudently incurred Project Development Costs in the event the Petersburg Repowering Project is not approved.¹

AES Indiana’s Corporate Status and Operations

4. AES Indiana is a public utility corporation organized and existing under the laws of the State of Indiana with its principal office and place of business at One Monument Circle, Indianapolis, Indiana 46204. AES Indiana is engaged in rendering electric utility service in the State of Indiana.

5. AES Indiana renders retail electric utility service to approximately 523,000 retail customers located principally in and near the City of Indianapolis, Indiana, and in portions of the following Indiana counties: Boone, Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Owen, Putnam, and Shelby Counties.

6. AES Indiana is part of The AES Corporation, a US-based energy company with global operations. AES US Services, LLC, which is the service company that supports AES Indiana and other AES affiliates, is headquartered in Indianapolis, Indiana.

7. In addition to AES’s ownership, CDP Infrastructure Fund L.P., a wholly-owned subsidiary of La Caisse de depot et placement du Quebec (“CDPQ”), also owns a minority equity interest in IPALCO, AES Indiana’s immediate parent company.

AES Indiana’s “Public Utility” Status

8. AES Indiana is a “public utility” under Ind. Code §§ 8-1-2-1 and 8-1-8.5-1. AES Indiana is also an “energy utility” as defined in Ind. Code § 8-1-2.5-2 and an “eligible business”

¹ Notice of Intent to File Petition for a Commission Certificate of Public Convenience and Necessity and Approval of a Clean Energy Project to Repower Petersburg Units 3 and 4 was provided October 11, 2023.

as that term is defined in Ind. Code § 8-1-8.8-6. AES Indiana provides “public utility service” as defined in Ind. Code § 8-1-8.5-1. AES Indiana is subject to the jurisdiction of this Commission in the manner and to the extent provided by the Public Service Commission Act, as amended, and other pertinent laws of the State of Indiana.

9. AES Indiana is also subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”).

10. As authorized by the Commission’s Order in Cause No. 42027, dated December 17, 2001, AES Indiana’s transmission system is under the functional control of the Midcontinent Independent Transmission System Operator, Inc. (“MISO”), a FERC-approved regional transmission organization (“RTO”). As a member of MISO, charges and credits are billed to AES Indiana for functional operation of the transmission system, management of the MISO markets, and general administration of the RTO. As a MISO member, AES Indiana must also adhere to the federal reliability standards developed and enforced by the North American Electric Reliability Corporation (“NERC”), which is the electric reliability organization certified by the FERC to establish and enforce reliability standards for the bulk power system. ReliabilityFirst (“RF”) is one of eight NERC Regional Entities and is responsible for overseeing regional reliability standard development and enforcing compliance. AES Indiana’s transmission facilities are wholly located with the RF region.

AES Indiana’s Electric Utility System

11. AES Indiana owns and operates electric generating, transmission, and distribution plant, property, and equipment and related facilities, which are used and useful for the convenience of the public in the production, transmission, delivery, and furnishing of electric energy, heat, light,

and power. AES Indiana has maintained and continues to maintain its properties in good condition as reasonably necessary for the provision of electric service to customers in accordance with Indiana law and energy policy.

12. AES Indiana’s property is classified in accordance with the Uniform System of Accounts (“USOA”) as prescribed by FERC and approved and adopted by this Commission.

13. In order to continue to properly serve the public located in its service area and to execute its duties as a public utility, AES Indiana has made and continues to make numerous investments in its electric utility systems and resources.

14. AES Indiana also engages in power purchase transactions through MISO as necessary to meet the demands of its customers.

Applicable Law

15. AES Indiana considers the provisions of the Public Service Commission Act, as amended, to be applicable to the subject matter of this Petition, including Ind. Code §§ 8-1-8.5-2, 8-1-8.8-11, and 8-1-2-0.6, 10, and 14.

16. The proposed Project and associated requests for relief are consistent with Indiana energy policy and reasonably consider each of five attributes of electric utility service enumerated in the HEA 1007, effective July 1, 2023 and codified at Ind. Code § 8-2-1-0.6, namely: reliability, affordability; resiliency, stability; and environmental sustainability. In accordance with GAO 2023-04 these “Five Pillars” are discussed in the Company’s prefiled case-in-chief (witnesses Bigalbal, Miller, Rogers, Cooper, and Collier). An index of the Company’s testimony on the Five Pillars is included with witness Bigalbal’s testimony.

AES Indiana Integrated Resource Plan and All-Source Request For Proposals

17. Indiana’s utility regulatory framework requires AES Indiana to submit an IRP to the Commission every three years. Ind. Code § 8-1-8.5-3(e)(2); 170 Indiana Administrative Code (“IAC”) 4-7-2.

The IRPs are subject to a rigorous stakeholder process. IRPs describe how the utility plans to deliver safe, reliable, and efficient electricity at just and reasonable rates. Further, these plans must be in the public interest and consistent with state energy and environmental policies. Each utility’s IRP explains how it will use existing and future resources to meet customer demand. When selecting these resources, the utility must consider a broad range of potential future conditions and variables and select a combination that would provide reliable service in an efficient and cost-effective manner.²

18. AES Indiana’s most recent IRP was submitted to the Commission on December 1, 2022 (“2022 IRP”). The study period for AES Indiana’s 2022 IRP is 2023-2042. In accordance with the Commission’s rules, AES Indiana’s 2022 IRP includes a Preferred Resource Portfolio and a Short Term Action Plan for the three-year period following the IRP. The IRP Short Term Action Plan includes the repowering (*i.e.* conversion) of Petersburg Units 3 and 4 to operate using natural gas.

Clean Energy Project

19. The Petersburg Repowering Project is reasonable and necessary. Ind. Code § 8-1-8.8-2 defines a Clean Energy Project to include electricity that is generated from natural gas at a facility constructed or repowered in Indiana after July 1, 2011, which displaces electricity generation from an existing coal fire generation facility.³ The Petersburg Repowering Project displaces the Petersburg Units 3 and 4 coal-fired generation and occurs after July 1, 2011.

² <https://www.in.gov/iurc/energy-division/electricity-industry/integrated-resource-plans/>

³ See also Ind. Code § 8-1-37-4(a)(21) (defining “clean energy resource”).

Therefore, the Project qualifies under the statute and the Company Commission approval of the Project as a Clean Energy Project pursuant to Ind. Code § 8-1-8.8-11.

Procedural and Other Matters

20. AES Indiana is filing its case-in-chief contemporaneous with its Petition, including direct testimony, attachments and workpapers of the following AES Indiana witnesses: John Bigalbal, Erik Miller, Chad A. Rogers, G. Aaron Cooper, Angelique Collier and Patrick Donlon. An index of the filing is attached to this Petition as Exhibit A.

21. A motion for protective order and supporting affidavit(s) are being filed contemporaneous with this Petition to protect certain confidential, proprietary, competitively sensitive and/or trade secret information included with AES Indiana’s filing from public disclosure.

22. The Company respectfully asks the Commission to issue a decision in this Cause no later than October 30, 2024. As discussed in the prefiled testimony of Company witness Bigalbal, this timing will facilitate timely development of the Project if it is approved, and mitigate potential cancellation and other costs if the Project is not approved.

23. In accordance with 170 IAC 1-1.1-9(a)(8), Petitioner proposes the following procedural schedule and associated terms to satisfy the 240-day timeline established by 2023 House Enrolled Act 1421 (codified at Ind. Code § 8-1-8.5-5) and the scheduling guidelines set forth in General Administrative Order (“GAO”) 2023-03 (“Electric Generation CPCN Guidelines”):

a. Schedule:

GAO Date	Proposed Date	Event
Mon., March 11, 2024 Day 0	Mon., March 11, 2024 Day 0	Case in Chief Start
Mon., April 8, 2024 Day 28	Mon., April 8, 2024 Day 28	Prehearing Conference (as necessary)
Mon., June 3, 2024 Day 84	Mon., June 3, 2024 Day 84	OUCC/Intervenor Testimony
Mon., June 24, 2024 Day 105	Mon., June 24, 2024 Day 105	Rebuttal Testimony
Mon., July 1, 2024 Day 112	Mon., July 1, 2024 Day 112	Settlement Agreement (if applicable)
Mon., July 15, 2024 Day 126	<i>Mon., July 29, 2024⁴</i> <i>Day 140</i>	Hearing
Mon., July 29, 2024 Day 140	<i>Tue., July 30, 2024</i> <i>Day 141</i>	Petitioner's Proposed Order
Mon., August 12, 2024 Day 154	<i>Tue., August 13, 2024</i> <i>Day 155</i>	OUCC/Intervenor Proposed Order
Mon., August 19, 2024 Day 161	Mon., August 19, 2024 Day 161	Petitioner's Reply
Wed., November 6, 2024 Day 240	<i>Wed., October 30, 2024</i> <i>Day 233</i>	Order

- b. Service. The parties will provide same day service filings via email, hand delivery or large file transfer.
- c. Discovery. Discovery is available to all parties and shall be conducted on an informal basis. Any response or objection to a discovery request shall be made within ten (10) calendar days of the receipt of such request until June 3, 2024. Thereafter, any response or objection to a discovery request shall be made within five (5) calendar days of the receipt of such request. Any discovery communication received after noon on a Friday or after 5:00 p.m. on any other business day shall be deemed to have been received the following business day. The last discovery response due date shall be two (2) business days before the evidentiary hearing. The Parties may conduct discovery through electronic means. Subject to the protection of confidential information, all parties will be served with discovery requests and responses.

⁴ The Company understands this is the first hearing date after July 8th that is available on the Commission's calendar.

24. AES Indiana will work on an agreed procedural schedule with the Indiana Office of Utility Consumer Counselor and will file any agreement in this Cause.

Petitioners' Authorized Representatives

25. The names and address of Petitioners' attorneys in this matter who are duly authorized to accept service of papers in this Cause on behalf of Petitioners are:

Teresa Morton Nyhart (No. 14044-49)
T. Joseph Wendt (No. 19622-49)
Jeffrey M. Peabody (No. 28000-53)
BARNES & THORNBURG LLP
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With courtesy copy to:

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WHEREFORE, Petitioners respectfully requests the Commission to promptly publish notice, make such investigation and hold such hearings as are necessary and advisable, and thereafter make and enter an order in this Cause on or before October 30, 2024:

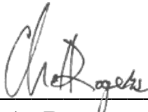
- (i) Issuing a CPCN for the Petersburg Repowering Project
- (ii) Approving the Petersburg Repowering Project, including the associated

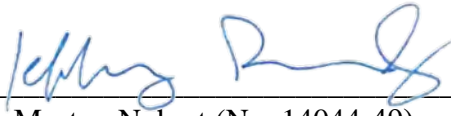
agreements, as a Clean Energy Project;

(iii) Authorizing associated accounting and ratemaking as proposed by Petitioner; and

(iv) granting to Petitioner such other and further relief in the premises as may be appropriate and proper.

Dated this 11th day of March 2024.

By: 
Chad A. Rogers
AES Indiana Director, Regulatory Affairs

By: 
Teresa Morton Nyhart (No. 14044-49)
T. Joseph Wendt (No. 19622-49)
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ATTORNEYS FOR PETITIONER

VERIFICATION

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

Dated this 11th day of March 2024.

By:  _____
Chad Rogers
AES Indiana Director, Regulatory Affairs

I. AES Indiana Witness Index

AES Indiana Witnesses		
Name	Position	Major Subject Area
John Bigalbal	Chief Operating Officer Generation, US Utilities	<ul style="list-style-type: none"> ▪ Overview of Project and of relief sought. ▪ Project is Clean Energy Project. ▪ Public convenience and necessity. ▪ Project is consistent with AES Indiana’s 2022 IRP. ▪ Best Estimate of Project cost. ▪ Flue gas desulfurization (“FGD”) dewatering and related costs. ▪ Materials and supplies inventory. ▪ Project Development Costs. ▪ Five Pillars.
G. Aaron Cooper	Chief Commercial Officer, AES US Utilities	<ul style="list-style-type: none"> ▪ Midcontinent Independent Service Operator (“MISO”) issues. ▪ Natural gas supply.
Angelique Collier	Director, AES Global Environmental Affairs	<ul style="list-style-type: none"> ▪ Environmental benefits, permits, and regulations.
Erik K. Miller	Director, AES Indiana Resource Planning	<ul style="list-style-type: none"> ▪ AES Indiana’s 2022 IRP Preferred Resource Portfolio Short Term Action Plan. ▪ Consistency with IRP. ▪ Five Pillars.

AES Indiana Witnesses continued		
Chad A. Rogers	Director, AES Indiana Regulatory Affairs	<ul style="list-style-type: none"> ▪ Accounting and ratemaking. ▪ Estimated residential customer bill impact. ▪ Affordability.
Patrick J. Donlon	Director, AES US Services Regulatory Accounting	<ul style="list-style-type: none"> ▪ Accounting and ratemaking for the equipment and other assets associated with Petersburg Unit 3 and 4's coal operations that will be retired upon the repowering of Petersburg Units 3 and 4.

II. Issue Index

Subject	General	Witness/Other Reference
Statutory Authority	<ul style="list-style-type: none"> • IC 8-1-8.5 (CPCN). • IC 8-1-8.8-11 (Clean Energy Project). • IC 8-1-2-10, 14 (Other Accounting & Ratemaking Authority). • IC 8-1-2-0.6 (Five Pillars) 	<ul style="list-style-type: none"> ▪ Petition, ¶ 15.
Case Timeline	<ul style="list-style-type: none"> • 240 Days. 	<ul style="list-style-type: none"> ▪ IC 8-1-8.5-5(b).
AES Indiana characteristics	<ul style="list-style-type: none"> • Corporate Status, Operations 	<ul style="list-style-type: none"> ▪ Petition, ¶¶ 4-7, 11-14.
Petersburg Repowering Project	<ul style="list-style-type: none"> • Overview of Project, EPC Agreement, gas lateral and associated details. • Gas supply. 	<ul style="list-style-type: none"> ▪ Bigalbal. ▪ Cooper (gas supply).
IC 8-1-8.8-11 – Clean Energy Project.		
IC 8-1-8.8-6	<ul style="list-style-type: none"> • AES Indiana is an “eligible business.” 	<ul style="list-style-type: none"> ▪ Bigalbal.
IC 8-1-8.8-2	<ul style="list-style-type: none"> • The Petersburg Repowering Project falls within definition of “Clean Energy Project.” 	<ul style="list-style-type: none"> ▪ Petition, ¶ 19. ▪ Bigalbal.
IC 8-1-8.8-11 IC 8-1-8.8-11; also IC 8-1-2-10, 14	<ul style="list-style-type: none"> • Best Estimate Project costs. • Accounting and ratemaking. 	<ul style="list-style-type: none"> ▪ Petition, ¶ 3. ▪ Bigalbal (Best Estimate). ▪ Rogers/Donlon (accounting and ratemaking).

FILING INDEX SUMMARY Continued		
IC 8-1-8.5 – Certificate of Public Convenience and Necessity		
IC 8-1-8.5-1	<ul style="list-style-type: none"> • AES Indiana is a public utility 	<ul style="list-style-type: none"> ▪ Petition ¶ 8.
IC 8-1-8.5-4	<ul style="list-style-type: none"> • Consideration of resource options 	<ul style="list-style-type: none"> ▪ Miller; AES Indiana’s 2022 IRP.
IC 8-1-8.5-5(b)(1)	<ul style="list-style-type: none"> • Best Estimate 	<ul style="list-style-type: none"> ▪ Bigalbal.
IC 8-1-8.5-5(b)(2)	<ul style="list-style-type: none"> • Consistency with AES Indiana’s 2022 IRP 	<ul style="list-style-type: none"> ▪ Miller.
IC 8-1-8.5-5(b)(3)	<ul style="list-style-type: none"> • Public Convenience and Necessity. 	<ul style="list-style-type: none"> ▪ Bigalbal.
IC 8-1-8.5-5(e)	<ul style="list-style-type: none"> • Estimated costs are, to the extent commercially practicable, the result of competitively bid engineering, procurement, or construction contracts . . . 	<ul style="list-style-type: none"> ▪ Bigalbal.
IC 8-1-2-0.6		
IC 8-1-2-0.6	<ul style="list-style-type: none"> • Five Pillars of electric utility service 	<ul style="list-style-type: none"> ▪ Bigalbal, Miller, Collier, Rogers (index is found in Bigalbal).

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing was served this 11th day of March, 2024, by electronic transmission or United States Mail, first class, postage prepaid on:

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