

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED)
PETITION OF INDIANAPOLIS POWER &)
LIGHT FOR APPROVAL OF DEMAND SIDE)
MANAGEMENT (DSM) PLAN, INCLUDING)
ENERGY EFFICIENCY (EE) PROGRAMS,)
AND ASSOCIATED ACCOUNTING AND)
RATEMAKING TREATMENT, INCLUDING) CAUSE NO. _____
TIMELY RECOVERY, THROUGH IPL'S)
EXISTING STANDARD CONTRACT RIDER)
NO. 22, OF ASSOCIATED COSTS)
INCLUDING PROGRAM OPERATING)
COSTS, NET LOST REVENUE, AND)
FINANCIAL INCENTIVES.)

VERIFIED PETITION

Indianapolis Power & Light Company d/b/a AES Indiana (“Petitioner”, “AES Indiana” or the “Company”) petitions the Indiana Utility Regulatory Commission (“Commission”) for approval of AES Indiana’s Demand Side Management (“DSM”) Plan, including energy efficiency programs and associated accounting and ratemaking treatment, as summarized in the caption and further described below. In support of this Petition, AES Indiana represents and shows the following:

AES Indiana’s Corporate Status and Operations

1. 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.

2. AES Indiana provides retail electric utility service to more than 500,000 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. 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 a reliable state of operating condition.

Petitioner’s “Public Utility” Status

3. AES Indiana is a “public utility” under Ind. Code § 8-1-2-1 and Ind. Code § 8-1-8.5-1 and an “electricity supplier” as that term is codified at Ind. Code § 8-1-8.5-10 (“Section 10”). 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.

Overview of Plan

4. AES Indiana requests Commission approval of a DSM Plan for the calendar year of 2024. The Section 10 plan is set forth in AES Indiana’s prefiled case-in-chief. The DSM Plan includes energy efficiency (“EE”) goals; a portfolio of EE programs and other DSM Programs designed to achieve the EE goals and demand savings; program budgets and program costs; and evaluation, measurement and verification (“EM&V”) procedures that include independent EM&V. Implementation of the DSM Plan will promote efficiency in the rendering and use of the retail energy service.

Energy Efficiency Goals and Demand Savings

5. The DSM Plan is designed to achieve energy and demand savings as set forth in the Company's prefiled testimony and attachments. The DSM Plan goals are reasonably achievable, consistent with AES Indiana's integrated resource plan ("IRP"), and designed to achieve an optimal balance of energy resources in AES Indiana's service area.

DSM Plan Programs

6. The DSM Plan includes offerings to all customer classes, including low income customers, and provides for industrial customer opt out in accordance with Section 10(p).

Program Budgets and Program Costs

7. AES Indiana's program budgets reflect the direct (including EM&V) and indirect costs of the DSM Plan programs. AES Indiana estimates the program operating budget associated with the Plan's savings goal to be approximately \$35.5 million over the one-year period, not including net lost revenue and financial incentives.

8. The net lost revenue and financial incentives associated with the DSM Plan and sought to be recovered are identified in AES Indiana's prefiled case-in-chief. So as to allow the Commission to have a complete picture of the DSM costs that will be reflected in AES Indiana's Standard Contract Rider No. 22 during the DSM Plan year, AES Indiana's case-in-chief also presents the impact of the lost revenue which persists from DSM programs previously approved by the Commission (also referred to as legacy lost revenue).

EM&V

9. The EM&V for the DSM Plan will be conducted by an independent evaluation vendor who will perform a process and an impact evaluation. The process evaluation will

identify how well programs are implemented. The impact evaluation will examine the more technical effects of the programs such as energy savings.

Accounting and Ratemaking

10. The books and records of AES Indiana supporting the proposed DSM/EE Program Cost Rider Adjustment are kept in accordance with the Uniform System of Accounts for Electric Utilities as prescribed by the Commission and generally accepted principles (“GAAP”).

11. The DSM Plan cost recovery proposal includes a request for continued accounting and ratemaking procedures to recover costs through AES Indiana Standard Contract Rider No. 22 (“Rider 22”), including the direct costs (including EM&V) and indirect costs of the energy efficiency and DSM programs, funds for emerging technology, net lost revenue, and the financial incentive.

12. With respect to the implementation mechanics of cost recovery via Rider 22, AES Indiana is not proposing to make any changes from the accounting and ratemaking treatment for the DSM Plan costs that is currently in effect. Consistent with current practice, costs will continue to be recovered contemporaneously through Rider 22 on a projected basis. Likewise, the DSM Rider will continue to include a reconciliation mechanism to correct for any variance between the forecasted program costs (including program operating costs, lost revenue and the financial incentive) and the actual program costs (including program operating costs, lost revenue and financial incentive based on the EM&V of the Plan programs).

13. AES Indiana also does not propose to make any changes from the current methodology being used to allocate DSM costs between customer classes. The allocation of the

DSM Plan costs will be allocated to customer classes as authorized in Cause No. 45029 based on the cost of service approved in that docket.

14. The DSM Plan includes and continues the reliance upon DSM full measure life tracking.

15. AES Indiana's proposal for lost revenue recovery for the life of the measures reflects the actual reduced kWh or kW sales resulting from the DSM programs, as determined by the independent EM&V evaluator.

16. AES Indiana requests authority to recover a tiered financial incentive through its Standard Contract Rider No. 22. As explained in the Company's case-in-chief, the financial incentive mechanism being proposed in this case is the same as that currently approved for the 2021-2023 DSM Plan. Under the Company's proposal, the Income Qualified Weatherization program would be excluded from the financial incentive.

Oversight and Reporting

17. Consistent with current practice and as discussed in AES Indiana's prefiled case-in-chief, AES Indiana proposes to continue to utilize its existing AES Indiana OSB to oversee implementation of the 2024 DSM Plan. AES Indiana proposes the AES Indiana OSB continue to have the ability to shift dollars within a program budget as needed as well as shift dollars among programs as long as the programs are found to be cost-effective and the overall 2024 DSM Plan approved budget is not exceeded. In addition, as stated above, AES Indiana proposes the OSB continue to be authorized to exercise spending flexibility to increase funding in the aggregate, without shifting dollars from other programs, by up to 10%, and to modify programs based on a review of initial program results as reported by an independent third-party evaluator and approve

new cost-effective programs to fill marketplace needs as they arise so long as the new program would not increase total program operating costs above the spending level authorized by the Commission.

18. AES Indiana proposes to report the status of the DSM Plan program implementation consistent with current practice as further detailed in AES Indiana's prefiled case-in-chief.

DSM Rider 22

19. In this docket, AES Indiana requests Commission approval of the DSM Plan program cost and authority to recover such cost in a timely manner through AES Indiana's ongoing annual DSM Rider 22 filings filed under Cause No. 43623 DSM-[X]. AES Indiana does not seek approval of updated Standard Contract Rider No. 22 billing factors in this proceeding.

Applicable Law

20. AES Indiana considers the provisions of the Public Service Commission Act, as amended, including Ind. Code §§ 8-1-2-10, 12 and 42, and Ind. Code § 8-1-8.5-10, as well as 170 I.A.C. 4-8-1 *et seq.*, to be applicable to the subject matter of this Petition,

21. Approval of the proposed DSM Plan and associated cost recovery is consistent with long-standing public policy and is consistent with the Energy Independence and Security Act ("EISA") of 2007, which provides that the rates allowed to be charged by any electric utility shall "(i) align utility incentives with the delivery of cost-effective energy efficiency; and (ii) promote energy efficiency investments." 16 U.S.C. § 2621(d)(17)(A). Further, EISA provides that states shall specifically consider the following as policy options: "(i) removing the

throughput incentive and other regulatory and management disincentives to energy efficiency; (ii) providing utility incentives for the successful management of energy efficiency programs; [and] allowing timely recovery of energy efficiency-related costs [...].” 16 U.S.C. § 2621(d)(17)(B).

Procedural and Other Matters

22. AES Indiana notified the other members of its DSM Oversight Board of its intent to file this Petition.

23. AES Indiana is filing its case-in-chief contemporaneous with its Petition, including direct testimony, attachments, and workpapers of the following witnesses:

Katie Heard, Demand Side Management Lead, presents the 2024 DSM Plan and associated program operating costs; describes the continued role of the OSB and ongoing reporting of DSM impacts and expenditures; summarizes the planning approach and development of the 2024 DSM Plan and discusses policy considerations as they relate to DSM planning, including AES Indiana’s proposed recovery of reasonable lost revenues and financial incentives as allowed by Section 10; and describes the requirements and steps taken by AES Indiana to comply with Section 10.

Erik Miller, Resource Planning Director, discusses how the 2024 DSM Plan Energy Efficiency (“EE”) goals are reasonably achievable, consistent with AES Indiana’s 2022 Integrated Resource Plan (“IRP”) and designed to achieve an optimal balance of energy resources in AES Indiana’s service area; and describes AES Indiana’s plan for conducting EM&V.

Edward Schmidt Jr., Director – Energy Efficiency, MCR Performance Solutions LLC, presents the cost and benefit analysis of the proposed DSM Plan; and discusses the effect of the proposed DSM Plan on electric rates and customer bills.

Kimberly Aliff, Revenue Requirements Manager, describes the impact of the 2024 DSM Plan on the previously approved cost recovery mechanism utilized in the Company’s annual filings (Cause No. 43623-DSM-X), including the allocation of cost recovery among the customer classes; describes AES Indiana’s proposal to earn a financial incentive calculated as a percentage of DSM expenditures; discusses the calculation of lost revenues; and describes the estimated bill impacts associated with implementation of the 2024 DSM Plan.

24. Pursuant to 170 IAC 1-1.1-15(b) of the Commission’s Rules of Practice and

Procedure, AES Indiana requests the Commission promptly conduct a prehearing conference and preliminary hearing to establish a procedural schedule in this Cause. In accordance with 170 I.A.C. 1-1.1-15(e), AES Indiana will seek to enter into a stipulation with the Indiana Office of Utility Consumer Counselor regarding a procedural schedule in lieu of a prehearing conference.

25. So that the DSM Plan may be timely implemented commencing January 1, 2024, AES Indiana requests a final Commission order approving the relief sought in this Petition on or before December 13, 2023. In the event an order is not issued within this timeframe, AES Indiana requests the Commission grant AES Indiana interim authority to continue the existing DSM Plan programs and associated cost recovery on a pro rata basis.

Petitioner’s Authorized Representatives

26. The names and address of AES Indiana’s attorneys in this matter who are duly authorized to accept service of papers in this Cause on behalf of AES Indiana are:

Teresa Morton Nyhart (Atty. No. 14044-49)
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WHEREFORE, AES Indiana 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:

- (i) approving AES Indiana’s 2024 DSM Plan;

(ii) authorizing and approving AES Indiana's proposed recovery, through the Standard Contract Rider No. 22, of the costs of the DSM Plan, including direct (including EM&V costs), and indirect costs of operating the programs, net lost revenue, and shared savings;

(iii) approving all accounting and ratemaking treatment requested by AES Indiana, including the authority to defer the over and under recoveries of projected DSM/EE program costs through the Standard Contract Rider No. 22 pending reconciliation prior to the time the Commission issues an order authorizing AES Indiana to recognize these costs through the ratemaking process; and

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

Dated this 26th day of May, 2023.

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



By _____
Katie Heard
AES Indiana, Demand Side Management Lead



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d/b/a AES Indiana

VERIFICATION

I, Katie Heard, Demand Side Management Lead, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Dated: May 26, 2023.

Katie Heard

Katie Heard

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 26th day of May, 2023, by email transmission, hand delivery or United States Mail, first class, postage prepaid to:

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