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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANAPOLIS POWER &)
LIGHT COMPANY FOR APPROVAL OF)
DEMAND SIDE MANAGEMENT)
ADJUSTMENT FACTORS FOR ELECTRIC)
SERVICE FOR THE MONTHS OF)
SEPTEMBER, OCTOBER AND NOVEMBER)
2010 IN ACCORDANCE WITH THE)
ORDERS OF THE COMMISSION IN CAUSE)
NO. 42639, CAUSE NO. 43018 AND CAUSE)
NO. 43252 AND FOR APPROVAL TO)
COMBINE FUTURE FILINGS WITH)
STANDARD CONTRACT RIDER NO. 22)
FILINGS MADE IN ACCORDANCE WITH)
CAUSE NO. 43623.)

CAUSE NO. 40292 DSM 60

APPROVED: AUG 25 2010

BY THE COMMISSION:

James D. Atterholt, Commissioner
Angela Rapp Weber, Administrative Law Judge

On June 14, 2010, Indianapolis Power & Light Company (“IPL”), filed its verified petition for approval of Demand Side Management Adjustment Factors (“DSM Adjustment Factors”) for the months of September, October and November 2010, in accordance with the Orders issued by the Indiana Utility Regulatory Commission (“Commission”) in Cause No. 42639, Cause No. 43018 and Cause No. 43252 (the “DSM Orders”). On June 14, 2010, IPL also pre-filed the direct testimony and exhibits of Craig Forestal. On July 22, 2010, the Indiana Office of Utility Consumer Counselor (“OUCC”) prefiled the testimony and attachment of Wes R. Blakley.

Pursuant to notice published as required by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public hearing was held in this Cause on July 29, 2010, at 2:00 p.m., EDT, in Room 224, 101 W. Washington Street, Indianapolis, Indiana. The OUCC and IPL were represented by counsel at the hearing. At the hearing the pre-filed testimony and exhibits of IPL and the OUCC were admitted into evidence without objection and all parties waived cross-examination of all witnesses. No other party presented evidence nor were there any members of the general public in attendance.

Based upon the applicable law and being duly advised in the premises, the Commission now finds as follows:

- 1. Notice and Jurisdiction.** IPL is a “public utility” within the meaning of the Indiana Public Service Commission Act, as amended, I.C. 8-1-2, and is subject to the jurisdiction of the Commission. Due, legal and timely notice of the public hearing conducted by the Commission herein was given and published by the Commission as required by law, proof of which was incorporated into the record in this Cause by reference and placed in the official files

of the Commission. Therefore, the Commission has jurisdiction over the Petitioner and the subject matter of this Cause in the manner and to the extent provided by the laws of the State of Indiana.

2. **Petitioner's Characteristics.** IPL is an Indiana corporation with its principal place of business located at One Monument Circle, Indianapolis, Indiana 46204. IPL is lawfully engaged in the provision of electric service, under lawfully acquired indeterminate permits, to the public within Indiana. IPL renders such electric utility service to the public in and adjacent to the City of Indianapolis, Indiana. IPL owns, operates, manages, and controls 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, delivery, and furnishing of electric energy, heat, light and power for residential, commercial, industrial and municipal uses.

3. **Pre-February 2010 DSM Program.** On March 28, 2007 in Cause No. 43252, IPL and the OUCC filed their Joint Petition and Stipulation ("Current Stipulation") with the Commission for the approval of an extension of IPL's residential DSM Program. IPL's residential DSM Program was initially approved by the Commission in Cause No. 42639, and modified by the Commission in Cause No. 43018 (the "2004-2007 DSM Program"). On July 11, 2007, the Commission approved the Current Stipulation, extending with modifications the 2004-2007 DSM Program through June 30, 2009 (the "Current DSM Program"). IPL was authorized to continue the Current DSM Program on a month-to-month basis from July 1, 2009 until the Commission issues a final order in Cause No. 43623. On February 10, 2010, the Commission issued its final order in Cause No. 43623 approving a new set of DSM programs ("43623 Order"). This proceeding only includes the recovery of costs incurred prior to February 10, 2010.

4. **Pre-February 2010 DSM Program Cost Data.** Petitioner's Exhibit CAF-1 showed the total program costs of \$88,536. IPL Witness Craig Forestal stated this total reflects DSM expenditures from February 1 to February 10, 2010, plus carrying charges through April 30, 2010, which IPL has the authority to recover via Standard Contract Rider No. 3. Mr. Forestal stated that pursuant to the 43623 Order, Petitioner's DSM expenditures after that date will be recovered prospectively through Standard Contract Rider No. 22. Accordingly, recovery of DSM expenditures after that date is being sought in that separate Cause (Cause No. 43623-DSM-X).

IPL's evidence indicated that the actual cost data and estimated kilowatt-hour sales support the requested DSM Adjustment Factors and the Commission so finds.

5. **Reconciliation of Estimated and Actual Revenue.** IPL's evidence indicated that IPL properly reconciled the estimated and actual revenues for the months of February, March and April 2010, and the Commission so finds.

6. **Resulting DSM Adjustment Factor.** The total DSM costs, including net prior period variance and program costs, reflected in the DSM Adjustment Factors for the months of September, October and November 2010 is \$29,838, which is the Settlement Agreement Program Costs of \$88,536 (Petitioner's Exhibit B, Schedule 1, Line 4) adjusted for the variance to be reconciled of \$(58,698). Assigning the cost to and dividing the assigned amounts by the estimated sales of each rate class results in, after modification for the recovery of the Indiana

Utility Receipts Tax, a factor for residential services of \$0.000027 per kWh; for small commercial and industrial (“C&I”) of \$0.000000 per kWh; and for large C&I of \$0.000000 per kWh. Pursuant to I.C. 8-1-2-42(a), the resulting DSM Adjustment Factors will be effective for all bills rendered for electric services beginning with the first billing cycles for the September 2010 billing month in Regular Billing District 41 and Special Billing District 01. OUCC Witness Blakley testified that his calculation of the Adjustment Factors matches Petitioner’s calculation of its DSM Adjustment Factors. The Commission finds that the DSM Adjustment Factors applied for by IPL should be approved.

7. **Future DSM Filings.** Mr. Forestal explained that in the interest of administrative efficiency, Petitioner proposes that the recovery of carrying charges and revenue variances for periods after April 30, 2010 be rolled into the DSM filings under Cause No. 43623. He explained that the resulting rate adjustment for the period September through November 2010 is only \$0.027 per month for an average residential customer using 1,000 kWh and that Petitioner expects the resulting rate adjustment for the period December 2010 through February 2011 to be even less. He stated the vast majority of the DSM Programs under Standard Contract Rider No. 3 were continued under Standard Contract Rider No. 22 and rather than continue to file a separate quarterly filing for Standard Contract Rider No. 3, Petitioner proposes to combine the request for recovery of the related carrying charges and revenue variances with the recovery sought in the Standard Contract Rider No. 22 filings (Cause No. 43623-DSM-X). Mr. Forestal stated that under this proposal, the carrying charges and reconciliation of revenue variances for May through August 2010 would be included in the October filing under Cause No. 43623-DSM-2), effective for the period January 2011 through June 2011. Any remaining balances for September through November 2010 (which correspond to this filing) would be included in the April 2011 filing under Cause No. 43623-DSM-3, effective for the period July through December 2011. Mr. Forestal stated that Section E has been added to the proposed Tariff attached to the Verified Petition as Exhibit A to reflect the impact of Petitioner’s proposal on Standard Contract Rider No. 3.

OUCC Witness Blakley testified that Petitioner’s request to shift the analysis and recovery of variances from Cause No. 40292-DSM proceedings to the new DSM tracker in Cause No. 43623-DSM is reasonable as long as Petitioner displays the variance moved from 40292-DSM on a separate line item. The Commission finds IPL’s request to include the carrying charges and variances from Cause No. 40292-DSM programs in the Cause No. 43623 semi-annual DSM filings should be approved and IPL shall display the variance shifted from 40292-DSM as a separate line item. To fully implement the noted change we further find that IPL shall fill an updated Standard Contract Rider No. 3 to reflect \$0.000000 per KWH DSM Adjustment Factors to be effective for all bills rendered for electric services beginning with the first billing cycles for the December 2010 billing month in Regular Billing District 41 and Special Billing District 01 as that date approaches.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Petition of Indianapolis Power & Light Company for approval of a Demand Side Management Adjustment Factor for electric service as detailed in Finding No. 6 above shall be, and is hereby approved.

2. IPL's proposed changes to Standard Contract Rider No. 3 (Demand-Side Management Adjustment) shall be and hereby are approved.

3. IPL shall be and hereby is authorized to include the carrying charges and variances from Cause No. 40292-DSM programs in its Cause No. 43623 semi-annual DSM filings.

4. IPL shall file with the Electricity Division of this Commission, prior to placing in effect the Demand Side Management Adjustment Factor herein approved, a separate amendment to its rate schedules with a reasonable reference therein reflecting that such charge is applicable to all of its filed rate schedules, as shown in Petitioner's Exhibit A.

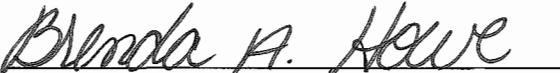
5. IPL shall file with the Electricity Division of this Commission an updated Standard Contract Rider No. 3 in advance of the first billing cycles for the December 2010 billing month in Regular Billing District 41 and Special Billing District 01 to reflect \$0.000000 per KWH DSM Adjustment Factors to be effective for all bills rendered for electric services beginning with the first billing cycles for the December 2010 billing month.

6. This Order shall be effective on and after the date of its approval.

HARDY, ATTERHOLT, MAYS AND ZIEGNER CONCUR; LANDIS ABSENT:

APPROVED: AUG 25 2010

**I hereby certify that the above is a true
and correct copy of the Order as approved.**


Brenda A. Howe
Secretary to the Commission