ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT COMPANY FOR APPROVAL OF AN ADJUSTMENT TO ITS RATES THROUGH ITS APPROVED ENVIRONMENTAL COMPLIANCE COST RECOVERY ADJUSTMENT COMMENCING WITH THE MARCH 2015 BILLING CYCLE IN ACCORDANCE WITH THE ONGOING REVIEW PROCESS	)	**CAUSE NO. 42170 ECR 24** **APPROVED:** FEB 25 2015

ORDER OF THE COMMISSION

Presiding Officers:
David E. Ziegner, Commissioner
Jeffery A. Earl, Administrative Law Judge

On December 19, 2014, Indianapolis Power & Light Company ("IPL") filed a Verified Petition, initiating this Cause, and the direct testimony and exhibits of the following witnesses:

- Gregory J. Daeger, Director, Outage & Project Management, for IPL's Harding Street, Petersburg, and Eagle Valley Generating Stations;
- Thomas W. Moore, Project Engineering Manager for the Mercury and Air Toxics Standards ("MATS") Rule on IPL's Environmental Compliance Construction Projects Team;
- Richard Willis, Plant Leader of Maintenance Planning at IPL's Harding Street Station;
- Angelique Collier, Director of Environmental Policy at AES US Services, LLC;
- Craig Forestal, Director of Regulatory Accounting at AES US Services, LLC; and
- James L. Cutshaw, Revenue Requirements Manager at IPL.

On February 2, 2015, the Indiana Office of Utility Consumer Counselor ("OUCC") prefiled the testimony and exhibits of Wes R. Blakley, Senior Utility Analyst in the OUCC's Electric Division.

The Commission held an Evidentiary Hearing in this Cause at 10:00 a.m. on February 9, 2015, in Hearing Room 224, 101 W. Washington Street, Indianapolis, Indiana. IPL and the OUCC appeared at and participated in the hearing. No members of the public appeared or sought to participate.

Based on the applicable law and the evidence presented, the Commission finds:

1. **Commission Jurisdiction and Notice.** Notice of the hearing in this Cause was given and published by the Commission as required by law. IPL is a public utility as that term is

defined in Ind. Code § 8-1-2-1(a). Under Ind. Code §§ 8-1-2-6.6 and 8-1-2-6.8 and Ind. Code chs. 8-1-8.7 and 8-1-8.8, the Commission has jurisdiction over a public utility's cost recovery related to the use of clean coal technology ("CCT"). Therefore, the Commission has jurisdiction over IPL and the subject matter of this Cause.

2. **IPL's Characteristics.** IPL is a corporation organized and existing under the laws of the State of Indiana, with its principal office at One Monument Circle, Indianapolis, Indiana. IPL renders electric public utility service in the State of Indiana and owns, operates, manages, and controls, among other things, plant and equipment within the State of Indiana used for the production, transmission, delivery, and furnishing of such service to the public.

3. **Background.** In the November 14, 2002 Order in Cause No. 42170, the Commission granted IPL a certificate of public convenience and necessity ("CPCN") for its projects to comply with environmental regulations restricting the emission of nitrogen oxides ("NO_x") from IPL's generation units. The Order also approved use of an environmental compliance cost recovery adjustment ("ECCRA") and procedures for implementing the ECCRA, including standardized forms for purposes of submission of information. In the February 28, 2007 Order in Cause No. 42170 ECR 8, the Commission approved modifications to IPL's CPCN to include the installation of a sodium bisulfite ("SBS") injection system for the selective catalytic reduction ("SCR") projects for Petersburg Units 2 and 3 to mitigate sulfur trioxide ("SO_3") emissions and for recovery of the cost of the SBS injection system.

In the November 30, 2004 Order in Cause No. 42700, the Commission approved modifications to the CPCN to construct a flue gas desulphurization ("FGD") system at Harding Street Unit 7 and FGD Enhancements on Petersburg Unit 3. In subsequent Orders in Cause Nos. 42170 ECR 5, ECR 7, and ECR 8, the Commission approved modifications to IPL's CPCN regarding cost estimates for the CCT projects. In Cause No. 42170 ECR 9, the Commission found that the catalyst replacement and refurbishment expenditures incident to the operation of IPL's SCR equipment are an ongoing cost appropriate for recovery in IPL's semiannual ECR proceedings.

The projects approved in Cause Nos. 42170 and 42700, and subsequent Commission orders in various ECR proceedings, concern the first step of IPL's Multi-Pollutant Plan ("MPP"). In the April 2, 2008 Order in Cause No. 43403, the Commission approved a modification to the CPCN to construct FGD Enhancements on Petersburg Unit 4 and to install mercury monitors to allow IPL to reliably and economically achieve compliance with the U.S. Environmental Protection Agency's ("EPA") air emission regulations (the second step of IPL's MPP). In Cause Nos. 42170 ECR 14 and ECR 16 S1, the Commission approved modifications to IPL's CPCN regarding IPL's cost estimates of the MPP projects. In Cause No. 42170 ECR 19, IPL requested modifications to its CPCN regarding IPL's cost estimates of the Petersburg Unit 4 FGD Enhancements project, which were addressed in a Settlement Agreement approved by the Commission's November 21, 2012 Order. In the August 14, 2013 Order in Cause No. 44242 ("44242 Order"), the Commission approved a Settlement Agreement regarding IPL's proposed MATS Rule Compliance Project. The 44242 Order authorized IPL to recover through the ECCRA its costs during construction and operation of the MATS Compliance Project, including depreciation expense and associated operations and maintenance ("O&M") expenses, and a return component determined utilizing the methodology authorized in Cause No. 43403.

4. Relief Requested. IPL seeks Commission approval of an ECCRA to earn a return on construction costs incurred through November 30, 2014, and to timely recover depreciation and O&M expenses, as approved by the Commission's Orders in Cause Nos. 42170, 42700, 43403, and 44242.

5. Ongoing Progress Reports.

A. Status of IPL's Construction of Qualified Pollution Control Property ("QPCP"). Mr. Daeger provided a progress report as part of the ongoing review of IPL's NO_x and multi-pollutant compliance projects approved in Cause No. 42170. He said that all projects are in service.

Mr. Daeger testified regarding the two MPP projects that were approved in Cause No. 42700. The first, an enhancement to the existing FGD system on Petersburg Unit 3, has been completed and the project entered service on June 24, 2006. The second MPP project, a new FGD system for Harding Street Unit 7, went into service on September 17, 2007, and all construction activities have been completed.

Mr. Daeger also provided an update on the two MPP projects approved in Cause No. 43403, the Petersburg Unit 4 FGD Enhancements and the Mercury Monitoring Systems. The Petersburg Unit 4 turbine overhaul has been completed, and the Petersburg Unit 4 FGD Enhancements were placed into service on November 25, 2011. Mr. Daeger said that, as explained in the ECR 14 proceeding, IPL previously delayed the Mercury Monitoring System projects due to the uncertainty surrounding the Clean Air Mercury Rule ("CAMR"), which was vacated by the courts. The Mercury Monitoring Systems were included in IPL's MATS filing.

Mr. Daeger sponsored Petitioner's Exh. 1, Attachment GJD-2, which shows the projected in-service dates for implementation of IPL's MPP and the estimated total project cost of compliance, by project, for each of IPL's generating facilities where MPP projects are being installed.

B. Status of EPA Compliance Plans. Ms. Collier provided an update on IPL's compliance plan with the EPA-mandated Clean Air Interstate Rule ("CAIR") emission reduction requirements. CAIR required year-round NO_x compliance as of January 1, 2009. This requirement was in addition to the previous summer ozone season requirements (May 1 through September 30).

Ms. Collier said that IPL will meet the 2014 CAIR annual and summer ozone season requirements through the successful operation of its NO_x pollution control equipment and the existing SCR catalyst management plan for Petersburg Unit 2, Petersburg Unit 3, and Harding Street Unit 7. IPL may have to supplement its compliance plan with the purchase of allowances on the open market.

Ms. Collier said that IPL will meet the CAIR sulfur dioxide ("SO_2") emission reduction requirements primarily through the successful operation of IPL's existing pollution control equipment, which includes scrubbers on all of IPL's Big Five units. IPL may be required to purchase SO_2 allowances on the open market to supplement its compliance plan. Any NO_x or SO_2 allowance purchases would not be material because the allowance markets for both NO_x and

SO_2 collapsed following the court-ordered stay of the Cross State Air Pollution Rule ("CSAPR"). At this time, the vintage allowance markets for SO_2, NO_x seasonal, and NO_x annual continue to trade at historic lows.

Ms. Collier explained that CAIR was promulgated in 2005, but was vacated by the D.C. Circuit Court. On appeal, the Court ruled that CAIR would remain in effect until EPA promulgated a replacement rule. In August 2010, the EPA issued a proposed replacement rule, known as CSAPR, which was finalized in July 2011. CSAPR mandated additional cuts in SO_2 and NO_x emissions in two phases in 2012 and 2014. It was a modified cap and trade rule with unlimited trading of allowances within individual states but limited interstate trading. However, prior to CSAPR becoming effective the Court granted a request for stay and instructed EPA to implement CAIR during the stay. On August 21, 2012, the court vacated and remanded the CSAPR rule. On April 29, 2014, the U.S. Supreme Court upheld CSAPR, remanding the rule to the D.C. Circuit Court, which lifted the stay on October 23, 2014. The Supreme Court did not specifically address the timeline suggested by EPA, which includes implementation of Phase I in 2015 and implementation of Phase II in 2017.

Ms. Collier said that on November 21, 2014, EPA released a Notice of Data Availability ("NODA") that addresses allocations of emission allowances to certain units for compliance with CSAPR. These allowance allocations, which supersede the allocations announced in a 2011 NODA, reflect the changes to CSAPR made in subsequent rulemakings and re-vintaging of previously recorded allowances to account for the impact of the tolling of the CSAPR deadlines under an order issued by the D.C. Circuit Court. Ms. Collier explained that while the outcome of the D.C. Circuit Court decision or the final Rule that will be implemented cannot be predicted with certainty, the expectation is that such a Rule would have a similar impact as that of CAIR or CSAPR as originally finalized. IPL will continue to meet the CAIR with its existing controls combined with purchases of allowances on the open market when needed.

Ms. Collier also discussed IPL's plans to comply with the MATS Rule. IPL's plans previously included retrofitting IPL's largest five units (Petersburg Units 1 through 4 and Harding Street Unit 7) with environmental controls to meet the MATS Rule requirements. These units are each equipped with FGD systems to fully scrub SO_2, and three have SCR technology to control NO_x. These controls also assist in the removal of MATS-regulated emissions, including acid gases, mercury, and non-mercury metallic toxic air pollutants. But because of new National Pollutant Discharge Elimination System permit limits, IPL determined that installation of MATS controls, in addition to necessary wastewater treatment technologies, for Harding Street Unit 7 was not the reasonable, least-cost plan. As a result, IPL proposed, in Cause No. 44540, to refuel Harding Street Station Unit 7 to operate on natural gas rather than install MATS controls.

6. <u>Compliance with Applicable Requirements</u>.

A. <u>Amount of QPCP Construction Costs</u>. 170 IAC 4-6-12 ("Section 12") requires IPL to make certain submissions as part of its prefiled written testimony and exhibits in support of its request for ratemaking treatment for QPCP construction costs. Petitioner's Exh. 5, Attachments CF-2 NO_x, CF-2 MPP, CF-2 MPP2, and CF-2 MATS set forth the construction costs as of November 30, 2014, for which IPL seeks ratemaking treatment in this Cause. Mr. Forestal said that the CCT projects for which IPL is seeking recovery have been under

construction at least six months at a cost of $920 million, inclusive of allowance for funds used during construction ("AFUDC") and net of retirements through November 30, 2014.

Mr. Blakley said that according to IPL, an average residential customer with monthly usage of 1,000 kWh per month will experience an increase of $1.97 or 2.67%. He said that IPL included capital maintenance projects in this Cause. The items being replaced have been removed from the tracker, and the replacement items have been included in their place. The costs of these items are shown on IPL's schedules. Mr. Blakley said that nothing came to his attention that would indicate that IPL's calculation of the estimated ECR adjustment factors for the relevant period is unreasonable.

Based on the evidence discussed above, we find that the costs incurred through November 30, 2014, for the CCT projects used in the computation of the proposed ECCRA are reasonable and appropriate. Therefore, we approve the construction work through November 30, 2014, and the reflection of such costs in the ECCRA as proposed by IPL.

B. <u>Rate of Return on Approved QPCP Construction Costs</u>. Petitioner's Exh. 5, Attachment CF-1 NO_x reflects the calculation of IPL's Gross Revenue Conversion Factors, as approved in Cause No. 42170, utilizing an allowed rate of return of 8.00% and a gross rate for borrowed funds of 3.27%. Petitioner's Exh. 5, Attachment CF-1 MPP reflects the calculation of IPL's Gross Revenue Conversion Factors, as approved in Cause No. 42700, utilizing an allowed rate of return of 7.70% and a gross rate for borrowed funds of 3.65%. Petitioner's Exh. 5, Attachment CF-1 MPP2 reflects the calculation of IPL's Gross Revenue Conversion Factors, as approved in Cause No. 43403, utilizing an allowed rate of return of 7.39% and a gross rate for borrowed funds of 2.68%. Petitioner's Exh. 5, Attachment CF-1 MATS reflects the calculation of IPL's Gross Revenue Conversion Factors, as approved in Cause No. 44242, utilizing an allowed rate of return of 7.39% and a gross rate for borrowed funds of 2.68%.

C. <u>Recovery of Depreciation, Capital Maintenance, and O&M Expenses</u>. The Orders in Cause Nos. 42170, 42700, 43403, and 44242 authorize the timely recovery of depreciation and O&M expenses. Petitioner's Exh. 5, Attachments CF-2 NO_x and CF-2 MPP include prospective depreciation and O&M expenses. Mr. Forestal said that the estimated O&M expenses are for ammonia and urea (which will be consumed for the operation of the SCRs and selective non-catalytic reduction ("SNCR") systems), limestone, chemicals, and labor costs (including benefits) for the operation of the FGDs, and for maintenance of the equipment.

Mr. Forestal said that Petitioner's Exh. 5, Attachments CF-2 NO_x, CF-2 MPP, and CF-2 MPP2 contain items that were approved in ECR 14 through ECR 23. IPL is also requesting recovery of an incremental $327,000 of capital maintenance items, including AFUDC, added during the six-month period ending November 30, 2014. Capital maintenance includes items installed in its pollution control equipment to replace equipment that (1) was capitalized and is included in IPL's utility plant balance, (2) was included in the original CPCN granted for pollution control equipment, (3) has since failed or been damaged, (4) was determined to be a unit of property when it was originally installed, and (5) is not considered a substantial betterment compared to the original equipment being replaced. Replacement of items that were

originally capitalized but not considered to be units of property are expensed as maintenance and IPL uses the term unit of property to be synonymous with the term retirement unit.

Mr. Forestal said that IPL consistently capitalizes items that replace failed or damaged equipment that was designated to be a unit of property, whether or not the original equipment was included in the CPCN and eligible for timely recovery. This practice is required by the Uniform System of Accounts ("USOA") and Federal Energy Regulatory Commission ("FERC") Order No. 598, issued on February 5, 1998. IPL's financial practices and procedures are established to ensure proper compliance with the USOA's treatment of asset acquisition, depreciation, transfer, and disposition.

Mr. Forestal said that while FERC does not provide a definition for the terms unit of property or retirement unit, the Edison Electric Institute defines units of property as an assemblage of equipment consisting of individual items usually considered as a whole for determining the accounting treatment for replacement of the equipment. Based on this guidance, the items included in this filing as capital maintenance were determined to be units of property by IPL accounting personnel, independent of the regulatory tracker process.

Mr. Forestal explained that capital maintenance costs are recovered in the same manner as utility plant included in the CPCN, which is over the estimated useful life of the item, including a return. Both the estimated useful life (18 years) and the return were agreed upon in the applicable settlement agreements for the NO_x (Cause No. 42170), MPP (Cause No. 42700), and MPP2 (Cause No. 43403) programs. Maintenance expenses are recovered by IPL over a six-month period without a return.

Mr. Forestal said that Petitioner's Exh. 5, Attachments CF-2 NO_x, CF-2 MPP, and CF-2 MPP2 reflect retirements related to the capital maintenance items replaced. To reflect the recorded retirement entries, the original cost of the retired assets has been shown separately as a reduction from CCT utility plant, and accumulated depreciation was reduced. Additionally, the forecasts for depreciation have been adjusted to remove depreciation for the items replaced.

In the April 2, 2008 Order in Cause No. 43403, the Commission required IPL to include in each ECCRA filing the actual amount of SO_2 allowances consumed in the sale of off-system power from the jurisdictional portion of the Petersburg Unit 4 FGD Enhancements project. Mr. Forestal said that $404 of SO_2 allowances were consumed for the six-month period ended November 30, 2014.

Mr. Willis provided a review of the implementation of IPL's SCR Catalyst Management Program and provided information regarding the replacement or refurbishment expenditures that will be incurred incident to operation of IPL's SCR systems at Petersburg Units 2 and 3 and Harding Street Unit 7, for which recovery will be sought in future proceedings. Mr. Willis also presented cumulative performance data and a graphical presentation of the catalyst replacement schedule for Petersburg Units 2 and 3 and Harding Street Unit 7.

Mr. Willis described the ongoing capital maintenance projects and IPL's projected O&M expenses related to IPL's emissions control equipment. The Petersburg Unit 2 original catalyst layer, which was removed during the 2014 outage, will be replaced with a new layer that is being

purchased under a capital project. Because of the limited operating hours on the currently installed catalyst layers, Petersburg Unit 2 will not be changing out any other catalyst layers and will perform routine maintenance as required during the February 2015 outage. Petersburg Unit 3's SCR has performed well coming out of the spring 2014 maintenance outage, and the spring 2015 maintenance outage will consist of a change out of one catalyst layer and routine maintenance. The catalyst regeneration for Harding Street Unit 7 has been postponed following the announcement of the proposed conversion of the unit to natural gas. The SCR on Unit 7 has performed well since the spring 2014 maintenance outage and is expected to continue satisfactory performance with routine maintenance until the spring 2016 gas conversion outage. The O&M estimate prepared for this filing reflects the anticipated expenditures for continued operation of these assets.

Mr. Willis said that the Harding Street Unit 7 FGD has operated with routine O&M activities since the spring 2014 outage. Because of the design of the FGD, planned maintenance inspections and refurbishments on recycle pumps are able to be performed with the unit in service and are being completed between December 2014 and April 2015. Harding Street Unit 7 will not have an outage of sufficient duration to perform any substantial maintenance before the gas conversion in the spring of 2016. Petersburg Unit 3 FGD will continue with normal operation with expected preventative and corrective maintenance until the next planned outage in spring of 2015. He said Petersburg Unit 4 had a maintenance outage during the fall of 2014, during which routine corrective maintenance was performed. He said the next planned outage for Unit 4 will be in the spring of 2016.

Mr. Daeger testified regarding the capital maintenance projects completed and/or begun in the past-six-month period. The FGD mist eliminator packing was replaced during the Petersburg Unit 4 fall 2014 outage. IPL also ordered ceramic-lined air preheater baskets for replacement during the Petersburg Unit 3 outage in the spring of 2015.

Mr. Daeger also described the capital projects IPL has planned for the next six-month period. IPL is evaluating the purchase of a new SCR catalyst layer for Petersburg 2. Various replacements of SCR analyzers, sonic horns, piping, pumps, and valves are also anticipated during the Petersburg Unit 2 spring 2015 outage. IPL is planning the replacement of multiple emission-control components during the Petersburg Unit 3 spring 2015 outage, including ceramic-lined air preheater baskets, FGD demister packing, various SCR analyzers, sonic horns, piping pumps and valves, and SCR duct work. IPL anticipates completing the final phase of the FGD stack liner upgrade during the Petersburg Unit 3 spring 2015 outage.

D. <u>Revenue Requirement</u>. 170 IAC 4-6-12(5) requires IPL to submit evidence regarding the derivation of its revenue requirement, including tax calculations, associated with the ratemaking treatment for the QPCP construction costs. Petitioner's Exh. 5, Attachments CF-1 NO_x, CF-1 MPP, CF-1 MPP2, and CF-1 MATS provide this information. Petitioner's Exh. 5, Attachments CF-2 NO_x, CF-2 MPP, CF-2 MPP2, and CF-2 MATS provide details of the construction costs that have been incurred through November 30, 2014. Based on IPL's exhibits, the total ECR-24 jurisdictional revenue requirement associated with earning a return on QPCP construction costs as of November 30, 2014 is $33.9 million.

Mr. Forestal explained that IPL also included projected depreciation and O&M associated with the CCT controls that are now in service for the billing period of March 2015 through August 2015. Mr. Forestal described the MATS projects that are now in service and how the MATS in-service assets are reflected in the ECCRA filing. The O&M and initial depreciation for the in-service MATS projects are being treated consistent with the Commission's Order in Cause No. 44242 and the approval granted in Cause No. 43403 for IPL's MPP2 project. During the installation of the MATS equipment, IPL retired approximately $328,591 of assets that were in service at the time of IPL's last basic rate case and $1,412,845 of assets that are included in IPL's ECCRA filings.

IPL's filing includes $20.1 million of depreciation expense applicable to jurisdictional retail customers and $7.4 million of O&M expenses applicable to jurisdictional retail customers. IPL also reconciled estimated expenses and revenues to actual for the ECR 22 period of March 2014 through August 2014, resulting in a total variance of $0.8 million. The total jurisdictional revenue requirement applicable to ECR 24 is $62,511,742 as reflected in Petitioner's Exh. 5, Attachment CF-3.

E. Net Operating Income for Fuel Adjustment Clause. 170 IAC 4-6-21 and Ind. Code § 8-1-8.8-11(a)(5) require IPL to add the approved return on its QPCP to its net operating income authorized by the Commission for the purposes of Ind. Code § 8-1-2-42(d)(2)-(d)(3) in all subsequent Fuel Adjustment Charge proceedings. However, the Commission requires that, for purposes of computing the authorized net operating income for Ind. Code § 8-1-2-42(d)(2)-(d)(3), the jurisdictional portion of the increased return shall be phased in over the appropriate period of time that IPL's net operating income is affected by the earnings modification resulting from the Commission's approval of this ECCRA.

F. Allocation of Jurisdictional Revenue Requirement. 170 IAC 4-6-15 requires IPL to allocate its QPCP jurisdictional revenue requirement among the utility's customer classes in accordance with the allocation parameters established in its last general rate case. Petitioner's Exh. 6, Attachment JC-2 shows the allocation of the QPCP construction cost revenue requirement among the utility's customer classes. IPL's allocation factors are from IPL's most recent electric rate case (Cause No. 39938) approved August 24, 1995. Mr. Cutshaw explained that consistent with the Settlement Agreement approved in the Commission's Order in Cause No. 44242, the currently utilized ECCRA demand allocation for the Large Commercial & Industrial rate class has been segregated into two components. Petitioner's Exh. 5, Attachment CF-3 and Petitioner's Exh. 6, Attachments JC-2 and JC-4 reflect this change.

G. Amount of ECCRA Adjustments. Petitioner's Exh. 5, Attachment CF-3, proposed the following ECCRA rate for each customer class:

$0.009268	per KWH for Rates RS, CW (with associated Rate RS service)
$0.013494	per KWH for Rates SS, SH, OES, UW, CW (with associated Rate SS service)
$0.006573	per KWH for Rate HL
$0.007890	per KWH for Rates SL, PL, PH

H. Approval of ECCRA Adjustments. The Commission finds that IPL has complied with the rules and procedures applicable to its request, including the requirements of 170 IAC 4-6 and our subsequent orders regarding the ECCRA. The Commission further finds that the proposed ECCRA Adjustments are properly calculated and comply with the provisions of the ECR 19 and 44242 Settlement Agreements. Therefore, the Commission approves the ECCRA Adjustments contained in Petitioner's Exh. 5, Attachment CF-3, as shown in Attachment A to the Verified Petition, effective for all bills rendered for electric services beginning with the first billing cycles of the March 2015 billing month.

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

1. The CCT Projects construction work and construction costs used in the computation of the proposed ECCRA, incurred as of November 30, 2014, are approved.

2. IPL's proposed rate adjustments in its ECCRA as set out in Paragraph 6 of this Order are approved.

3. Pursuant to 170 IAC 4-6-21 and Ind. Code § 8-1-8.8-11(a)(5), IPL shall add the approved return on its QPCP to its net operating income authorized by the Commission for the purposes of Ind. Code §§ 8-1-2-42(d)(2) and 8-1-2-42(d)(3) in all subsequent Fuel Adjustment Charge proceedings. However, for purposes of computing the authorized net operating income for Ind. Code §§ 8-1-2-42(d)(2) and 8-1-2-42(d)(3), the jurisdictional portion of the increased return shall be phased in over the appropriate period of time that IPL's net operating income is affected by the earnings modification resulting from the Commission's approval of this ECCRA.

4. Prior to placing the proposed rate adjustment into effect, IPL shall file with the Electricity Division of the Commission an amendment to its tariff reflecting the approved ECCRA rate adjustments contained in Petitioner's Exh. 5, Attachment CF-3, as shown in Attachment A to the Verified Petition.

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

STEPHAN, HUSTON, MAYS-MEDLEY, AND ZIEGNER CONCUR; WEBER ABSENT:

APPROVED: FEB 25 2015

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

Brenda A. Howe

Brenda A. Howe
Secretary to the Commission