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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANAPOLIS POWER & )  
LIGHT COMPANY FOR APPROVAL OF AN )  
AIR CONDITIONG LOAD MANAGEMENT )  
ADJUSTMENT FACTOR FOR ELECTRIC )  
SERVICE IN ACCORDANCE WITH THE )  
ORDERS OF THE COMMISSION IN CAUSE )  
NO. 42069 DATED MAY 1, 2002, CAUSE NO. )  
42639 DATED JULY 21, 2004, CAUSE NO. 43018 )  
DATED JUNE 14, 2006, CAUSE NO. 43252 )  
DATED JULY 11, 2007 AND CAUSE NO. 43623 )  
(PHASE I) DATED FEBRUARY 10, 2010 )

CAUSE NO. 43872

APPROVED: MAY 26 2010

**BY THE COMMISSION:**

**David E. Ziegner, Commissioner**  
**Loraine L. Seyfried, Administrative Law Judge**

On March 19, 2010, Indianapolis Power & Light Company (“IPL” or “Petitioner”) filed its Verified Petition for approval of an Air Conditioning Load Management (“ACLM”) Adjustment Factor for the months of June, July, August and September, 2010, pursuant to the provisions of the Commission’s Order issued May 1, 2002, in Cause No. 42069 and the provisions of Standard Contract Rider No. 13, as approved by the May 1, 2002 Order in Cause No. 42069. Also on March 19, 2010, IPL prefiled the direct testimony and exhibits of its witnesses, Craig Forestal and Lester H. Allen. The Indiana Office of Utility Consumer Counselor (“OUCC”) filed the testimony of Wes R. Blakley on May 6, 2010.

Pursuant to public notice duly given and published as required by law, proof of which was incorporated into the record by reference and placed in the Commission’s official file, a public hearing in this Cause was held on May 13, 2010 at 10:00 a.m. EDT, in Room 224, National City Center, 101 W. Washington Street, Indianapolis, Indiana. At the hearing Petitioner and the OUCC appeared by counsel and offered their prefiled testimony and exhibits, which were admitted into evidence without objection. No members of the general public appeared.

Based upon the applicable law and the evidence of record, the Commission now finds:

1. **Notice and Jurisdiction.** Due, legal and timely notice of the public hearing conducted herein was caused to be published by the Commission. IPL is a public utility within the meaning of Indiana Code 8-1-2-1. The Commission has jurisdiction over 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 electric generating utility and is a corporation organized and existing under the laws of the State of Indiana, having its principal office at One Monument Circle, Indianapolis, Indiana. IPL is engaged in rendering electric public utility service in the State of Indiana and owns, operates, manages and controls, among other things, plants and equipment within the State of Indiana used for the production, transmission, delivery and furnishing of such service to the public.

3. **Background.** On August 20, 2001, IPL filed its Petition in Cause No. 42069 for adoption of an alternative regulatory plan pursuant to IC 8-1-2-5 for new classifications of service and for changes to its tariffs to provide for the adoption of an Air Conditioning Cycling Program for new applicants for residential electric service including new service locations for existing residential electric service customers; for an alternative voluntary non-cycling service for such customers; for a summer surcharge applicable thereto; and for a rate reduction tracking mechanism to reduce rates for cycling customers by the full net of taxes amount collected by the surcharge.

On May 1, 2002, the Commission issued its Order in Cause No. 42069 approving a Stipulation Agreement entered into by the OUCC, Citizens Action Coalition and IPL. Pursuant to the Stipulation Agreement, IPL was authorized to offer a \$5 per customer per month credit for the four summer months to participants in the ACLM program. In addition, IPL was authorized to offer a reduced "half-cycle service" payment of \$3 per customer per month over the same four summer months to customers with devices already installed, but who chose not to be a "full" participant in the program. These customers' air conditioners would be cycled at no more than half the prescribed cycling rate of the full participant, unless an emergency exists. The Commission also approved Petitioner's proposed alternative regulatory plan and the procedures for ongoing review and implementation of the Air Conditioning Load Management Adjustment ("ACLM Adjustment"). The approved Stipulation Agreement also provided that IPL's ACLM program would terminate as of December 31, 2005, unless the Parties agreed to continue the program and that incentives would continue to be tracked by the ACLM tracker under the terms of Standard Contract Rider No. 13 for as long as such incentives are being paid to program participants. The ACLM program was extended by the Commission's Order dated July 21, 2004 in Cause No. 42639 and modified by the Commission's Orders dated June 14, 2006 in Cause No. 43018 and July 11, 2007 in Cause No. 43252.

In Cause No. 43623, the Commission issued an Interim Order on June 3, 2009 continuing IPL's current DSM program on a month-to-month basis from July 1, 2009 until the Commission issued its final order in that Cause. On February 10, 2010, the Commission issued its Phase I Order ("Phase I Order") in that Cause which: (1) authorized IPL to continue to offer a \$5 per month credit for the four summer months to residential customer participants in the ACLM program; (2) authorized IPL to continue to offer a reduced "half-cycle service" payment of \$3 per residential customer per month over the same four summer months to customers with devices already installed, but who choose not to be a "full" residential customer participant in the program; (3) authorized IPL to offer a \$5 credit per ton of cooling capacity per month for the four summer months to Commercial & Industrial customer participants in the ACLM program; (4) approved revisions to Petitioner's Standard Contract Rider No. 13; (5) authorized IPL to track existing ACLM switches (switches installed prior to February 10, 2010) ("Existing

Customer Participants”) separately from new ACLM switches (switches installed on or after February 10, 2010); and (6) authorized IPL to recover the ACLM customer incentives for Existing Customer Participants through Standard Contract Rider No. 13.

**4. Proposed Rider Adjustment.** Petitioner is seeking authority to collect the incentives paid, as a charge, from Rate RS customers and Rate CW customers who have associated RS service. The total amount of credits paid to ACLM participants in 2009, as shown on Line 2 of Petitioner’s Exhibit CF-1, was \$546,640. The prior period variance, as shown on Line 4e, was \$28,575.

Petitioner’s Exhibit CF-1 shows that the ACLM Adjustment Factor to be in effect for the months of June, July, August and September 2010 is a charge of \$0.000340 per kWh for residential customers (Rate RS and Rate CW (with associated RS service)). The ACLM Adjustment Factor would be effective for all bills rendered for electric services beginning with the first billing cycles for the June, 2010 billing month (Regular Billing District 41 and Special Billing District 01) and continuing for four months.

The actual ACLM Adjustment Factor revenues for the months of June, July, August and September 2010 will be reconciled with the estimated ACLM Adjustment Factor revenues for that period. Any over or under collection of ACLM Adjustment Factor revenues due to sales volume variances will be included in the next subsequent ACLM Adjustment Factor filing in 2011. The ACLM Adjustment Factor requested in this proceeding applies to all residential customers.

**5. Approval of Rider Adjustments.** Petitioner is requesting an ACLM Adjustment Factor of \$0.000340 per kWh. IPL Witness Forestal stated that an average residential customer using 1,000 kWh per month will experience an increase of \$0.340 which is 0.51% of such bill, relative to the base rates and charges in effect. OUCC Witness Blakley stated that the OUCC concurred with IPL’s calculation of the ACLM Adjustment factor. The Commission finds that Petitioner has complied with the rules and procedures applicable to its request, including the May 1, 2002 Order in Cause No. 42069, as extended and modified, and the Phase I Order. The Commission further finds that the proposed ACLM Adjustment Factor is properly calculated. Therefore, the Commission finds that the ACLM Adjustment Factor contained in Petitioner’s Exhibit CF-1 should be approved.

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

1. Petitioner’s proposed ACLM Adjustment Factor as set out in this Order shall be and the same is hereby approved.
2. IPL shall file with the Electricity Division of the Commission prior to placing in effect the ACLM Adjustment Factor approved herein, a separate amendment to its rate schedules with clear reference therein reflecting that such factor is applicable to the rate schedules reflected on the amendment, as shown in Exhibit A, attached to Petitioner’s Exhibit LHA-1.

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

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

**APPROVED: MAY 26 2010**

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

  
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**Brenda A. Howe, Secretary to the Commission**