

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT )  
COMPANY, AN INDIANA CORPORATION, FOR APPROVAL )  
OF ALTERNATIVE REGULATION PLAN FOR EXTENSION )  
OF DISTRIBUTION AND SERVICE LINES, INSTALLATION )  
OF FACILITIES AND ACCOUNTING AND RATEMAKING )  
OF COSTS THEREOF FOR PURPOSES OF THE CITY OF )  
INDIANAPOLIS' AND BLUEINDY'S ELECTRIC VEHICLE )  
SHARING PROGRAM PURSUANT TO IND. CODE 8-1-2.5-1 )  
ET SEQ. )

CAUSE NO. 44478

OUCC PREFILED TESTIMONY

OF

A. DAVID STIPLER - PUBLIC EXHIBIT #1

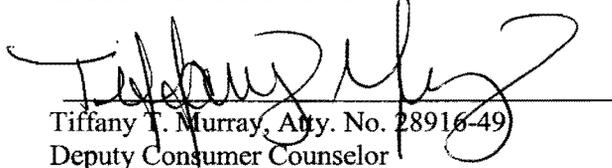
ON BEHALF OF THE

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

June 20, 2014

Respectfully Submitted,

INDIANA OFFICE OF UTILITY CONSUMER

  
Tiffany T. Murray, Atty. No. 28916-49  
Deputy Consumer Counselor

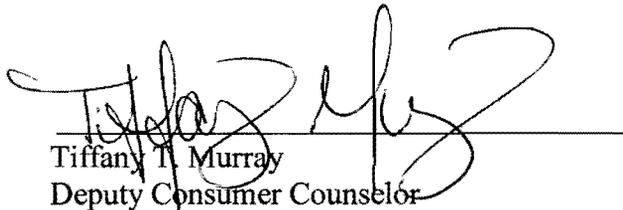
## CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing *Office of Utility Consumer Counselor Prefiled Testimony of A. David Stippler* has been served upon the following counsel of record in the captioned proceeding by electronic service and/or by depositing a copy of same in the United States mail, first class postage prepaid, on June 20, 2014.

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**OUCC TESTIMONY OF A. DAVID STIPLER**  
**CAUSE NO. 44478**  
**INDIANAPOLIS POWER & LIGHT COMPANY (IPL)**

**I. INTRODUCTION**

1   **Q:   Please state your name and business address.**

2   A:   My name is A. David Stippler. My business address is 115 W. Washington Street, Suite  
3       1500 South, Indianapolis, Indiana 46204.

4   **Q:   Please describe your current position of employment?**

5   A:   I currently serve as the Utility Consumer Counselor (UCC) for the State of Indiana. I was  
6       appointed to this position by former Governor Mitchell E. Daniels, Jr. on March 10,  
7       2008. I was reappointed as the UCC to another 4-year term by Governor Mike Pence in  
8       January, 2013. As a state agency head, I oversee and direct the operations of the Indiana  
9       Office of Utility Consumer Counselor (OUCC) in fulfilling the duties of my office.

10  **Q:   Please also describe your educational background and experience.**

11  A:   I am a graduate of Saint Meinrad College and performed some post-graduate work at the  
12       University of Evansville. I have a law degree from the Indiana University Robert H.  
13       McKinney School of Law and since my admission to the bar in 1973 have been actively  
14       engaged in the practice of law for over forty years.

15       Immediately prior to my appointment as the UCC, I practiced law with the Indianapolis  
16       firm of Bingham McHale, LLP where I represented utilities and municipalities on a wide  
17       range of legal and regulatory issues affecting their business activities. I also previously  
18       served as in-house corporate counsel with Ameritech Corporation and SBC

1 Communications. Before my corporate law experience, I was also engaged in the private  
2 practice of law in Indianapolis, concentrating principally in corporate law and civil  
3 litigation matters.

4 **Q: Have you previously testified before the Indiana Regulatory Commission?**

5 A: Yes. In late 2010, at the request of the Indiana Utility Regulatory Commission (IURC or  
6 Commission), I testified at a technical conference convened by the IURC, addressing the  
7 continuing need for the construction by Duke Energy Indiana of an Integrated Gas  
8 Combined Cycle (IGCC) generation plant at Edwardsport, Indiana. My testimony  
9 followed an initial settlement agreement reached by the OUCC, industrial consumers and  
10 Duke related to that project. (Cause No. 43114 IGCC 4S-1)

11 While I address many different fora every year on a wide range of public utility issues  
12 that affect ratepayers, it has been my custom and practice not to present myself as a  
13 formal witness in pending proceedings before the IURC, given my counselor role.  
14 However, given the far-reaching implications that IPL's request for approval of its ARP  
15 may have on energy utility ratepayers in future cases, I concluded that it was important to  
16 testify concerning the interests of IPL ratepayers in this proceeding.

17 **Q: What did you do to prepare for your testimony?**

18 A: I reviewed the Verified Petition of the Indianapolis Power & Light Company (Petitioner  
19 or IPL) which initiated this proceeding on April 9, 2014. I have also reviewed both the  
20 Petitioner's and the City of Indianapolis' (City) testimony and exhibits as well as various  
21 discovery responses to data requests propounded by the OUCC and other intervenors to  
22 these parties.

1 **Q: What is the purpose of your testimony?**

2 A: The purpose of my testimony is to:

3 1. Express the OUCC's support for alternate fuel vehicles (AFV) in general and electric  
4 vehicles (EV) in particular.

5 2. Explain why IPL ratepayers should not be required to shoulder the \$16 Million  
6 financial responsibility incurred by IPL with the City under the terms of the  
7 "Installation Services Agreement,"<sup>1</sup> executed by IPL and the City on April 8, 2014,  
8 the day before IPL's Verified Petition was filed in this proceeding.

9 That agreement commits IPL to install upwards of 1,000 electric vehicle (EV)  
10 charging stations and other related equipment (owned by BlueIndy, LLC, a wholly  
11 owned subsidiary of the Bolloré Group--a billion dollar French investment company  
12 headquartered in Paris) at nearly 200 separate locations throughout the metropolitan  
13 Indianapolis area. IPL will not charge either BlueIndy and/or the City for these  
14 installation costs, but seeks to pass these costs of about \$12.3 Million along to IPL  
15 ratepayers at large for this enterprise.

16 In addition, that agreement also commits IPL to present to the IURC a proposed  
17 Alternative Regulation Plan (ARP) for approval in order to recover those installation  
18 costs along with its own line extension expenses of about \$3.7 Million to make each  
19 of the EV locations operational. In regard to the line extension costs, those costs not  
20 covered by 30 months of revenue of BlueIndy under IPL's Rate SS are to be  
21 recovered from IPL's entire ratepayer base as well.

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<sup>1</sup>The Installation Services Agreement between IPL and the City is attached to the Verified Direct Testimony of Mr. Ken Flora on behalf of IPL as Exhibit KF-3.

1           3. Demonstrate the inapplicability of IC § 8-1-2.5 (the ARP statute) to the BlueIndy Car  
2           Sharing Program (Program).

3   **Q:   Who will be testifying on behalf of the OUCC?**

4   A:   In addition to my testimony, the following matrix identifies the other OUCC witnesses  
5   and the topics each will address in this proceeding:

OUCC WITNESS	TOPICS ADDRESSED
Ed Rutter	<ul style="list-style-type: none"> <li>• Profit sharing proposal outlined in Section 5.02 of the Electric Vehicle Sharing Concession Agreement (Concession Agreement) between the City and BlueIndy<sup>2</sup>.</li> </ul>
Stacie Gruca	<ul style="list-style-type: none"> <li>• Alternative recommendations for cost recovery of IPL's regulatory asset, in the event IPL's request is approved.</li> </ul>

## II.   THE PROJECT

6   **Q:   What is the OUCC's position with regard to alternate fuel vehicles and specifically**  
7   **electric vehicles?**

8   A:   The OUCC has been supportive of the integration of AFV, EV and Electric Vehicle  
9   Support Equipment (EVSE) technology. It is my understanding that the use of hybrid  
10   engine technologies for motor vehicles will improve fuel efficiency and reduce emissions  
11   of nitrogen oxides (NO<sub>x</sub>), fine particulate matter (PM) and volatile organic compounds  
12   (VOC). It would be difficult to quantify the environmental benefits of the Program, since  
13   most of the generation used to power the BlueIndy EVs will come from some assortment  
14   of coal and/or gas-fired generation units of IPL that have their own environmental  
15   emission challenges. That aside, the OUCC has been supportive of activity that can gauge

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<sup>2</sup>The Concession Agreement is attached to the Verified Direct Testimony of Mr. David Rosenberg on behalf of the City of Indianapolis as Exhibit DR-2.

1 consumer behavior associated with EV infrastructure deployments and the impact on the  
2 grid in terms of operational effects and costs.

3 **Q: Mayor Ballard has touted the importance of this project both as a means to reduce**  
4 **U.S. dependence on foreign oil and as an attractive alternative transportation**  
5 **resource that will appeal to people and businesses interested in coming to**  
6 **Indianapolis. How do you respond to that?**

7 A: As a citizen of the State of Indiana, I recognize the appeal of this project and would hope  
8 that it is successful beyond the Mayor's expectations. I appreciate the hard work and  
9 efforts made thus far by the City to develop this project and recognize many of the  
10 tangible benefits the Program may bestow upon the community. However, in my role as  
11 Counselor Stippler, I must evaluate this project in the context of whether it is in the  
12 public interest to fund any portion of this non-utility car rental enterprise with IPL  
13 ratepayer dollars.

### III. IPL'S REQUEST

14 **Q: Please summarize IPL's request in this case.**

15 A: In an unusually worded preamble to the Verified Petition, IPL states that "At the request  
16 of Mayor Gregory A. Ballard of the City of Indianapolis...IPL...respectfully petitions the  
17 Indiana Utility Regulatory Commission...for approval of an Alternative Regulatory Plan  
18 ('ARP')" to be applicable to its "extension of electric facilities and installation of  
19 customer-owned equipment for an EV car sharing service for the general public in the  
20 Indianapolis metropolitan area."<sup>3</sup> In essence, IPL seeks IURC approval for its entire  
21 ratepayer base at large to bear the exclusive risk and pay almost \$12.3 Million for

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<sup>3</sup>Verified Petition in IURC Cause No. 44478, at 1.

1 installation of BlueIndy-owned EV charging stations and about \$3.7 Million for the  
2 distribution line extensions needed to serve BlueIndy's charging stations and related  
3 equipment at each of the EV sites.<sup>4</sup> These charging stations and other related equipment  
4 at these sites are called "Location Fixtures" in the "Electric Vehicle Sharing Concession  
5 Agreement" between the City and BlueIndy as well as in the Installation Services  
6 Agreement between IPL and the City [See Sec. 1 (s)] and are wholly owned by BlueIndy  
7 [See, Sec. 101(rr), Concession Agreement]. As noted in IPL Witness Joan M. Soller's  
8 testimony, the distribution line extensions will be installed by IPL, while all Location  
9 Fixtures will be installed by an outside electrical contractor retained by IPL.<sup>5</sup>

10 **Q: Will IPL or its ratepayers retain ownership of any of the charging stations or**  
11 **related equipment at the EV charging sites as a result of the \$16,000,000 IPL**  
12 **ratepayer investment?**

13 **A:** No. According to the City's response to OUCC Data Request No. 4-38, "No, neither IPL  
14 nor its customers have an ownership interest in the equipment installed." IPL, however,  
15 is proposing not only that all IPL ratepayers pay for this \$16,000,000 outlay, but also be  
16 responsible for \$3,415,435 in carrying costs at a rate of 7.4% for all IPL expenditures in  
17 this case, making the total ratepayer impact approximately \$18,689,475, net of cost  
18 recovery from BlueIndy under IPL Rate SS.<sup>6</sup> (OUCC Witness Stacie Gruca testifies in  
19 regard to IPL's proposed cost recovery.)

20 **Q: Is it typical for IPL to install customer-owned equipment?**

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<sup>4</sup>See Verified Direct Testimony of Joan Soller on behalf of IPL, Exhibit JMS-2.

<sup>5</sup>See, IPL Exhibit JMS-2.

<sup>6</sup>IPL Workpaper KB-1, page 1.

1 A: No, it is not. Ms. Soller confirms this fact, describing this customer equipment as “unique  
2 to their (i.e., BlueIndy’s) business and utilized solely by them.” (IPL Exhibit JMS-1, at 6)  
3 (parenthetical added) In IPL’s relationship to its customers, it is the customers’ respective  
4 responsibility to perform work beyond IPL’s service connection point.

5 **Q: Does IPL have an existing tariff that includes line extensions to new customers?**

6 A: Yes. IPL Rate SS is used by IPL for this purpose. According to Ms. Soller, the customer  
7 requesting service under this tariff pays all extension costs that exceed a 30-month  
8 revenue test.<sup>7</sup> IPL views BlueIndy as a special customer (unlike all other IPL customers)  
9 and is requesting its ratepayers pay approximately \$3 Million-the difference between  
10 BlueIndy’s estimated line extension costs for EV charging sites of about \$3.7 Million and  
11 the relatively lower anticipated revenue for IPL from BlueIndy’s operations during this  
12 30-month period (approximately \$700,000). IPL witness Ken Flora states that the  
13 BlueIndy project “does not easily fit” within the 30-month revenue test because of its  
14 “public and economic development attributes.”<sup>8</sup>

15 **Q: You mentioned that the preamble to IPL’s Verified Petition was “unusually**  
16 **worded.” Please explain.**

17 A: As I’ve noted, the Verified Petition begins with the following language, “*At the request of*  
18 *Mayor Gregory A. Ballard* of the City of Indianapolis...IPL respectfully petitions the  
19 IURC for approval of an Alternative Regulatory Plan (ARP)...” (emphasis added). In my  
20 practice experience, I have not encountered any formal petition filed before the IURC by  
21 a public utility on behalf of a third party. It is always the public utility itself that initiates

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<sup>7</sup>Petitioner’s Exhibit JMS-1, page 6, lines 3-6.

<sup>8</sup>See, IPL Exhibit KF-1, at 9-10.

1 and prosecutes a utility petition. Furthermore, according to the language of the  
2 Installation Services Agreement between IPL and the City, both IPL and the City jointly  
3 agree to seek the approval of an ARP for this EV program, *not* just IPL.

4 **Q: Do you support using IPL ratepayer dollars in this manner?**

5 A: No, I do not. The IURC is not an appropriate surrogate for the Indianapolis City-County  
6 Council in regard to the City seeking financial support for its project. Effectuating a  
7 contract with IPL to seek the recovery of significant unfunded costs for the Program  
8 exclusively from IPL ratepayers, where the City cannot find the financial wherewithal to  
9 support such projects through local taxpayer funding or otherwise, is unreasonable.

10 Such a proposed regulatory approach by IPL seeks to forge a dangerous precedent with  
11 an appreciable impact on its ratepayers. If this project is approved as proposed, it would  
12 tempt any municipality (or any other local unit of government) to pursue ratepayer  
13 financing when it finds itself financially strapped to provide essential services to its  
14 citizens/taxpayers, while simultaneously seeking to promote claimed public benefits it  
15 perceives of value for its respective community.

16 **Q: Is the concern you raise on behalf of IPL ratepayers well founded?**

17 A: Yes, it is. The City's response to OUCC Data Request 1-8 reveals the following:

18 **Q-1-8:** Please describe the funding alternatives the City of  
19 Indianapolis considered for the installation of the EV charging  
20 stations other than requiring IPL ratepayers to cover the costs?  
21 Please state why these alternatives were rejected.

1           **RESPONSE:** The public interest underpinnings of the ARP statute  
2 provide a closer nexus to this particular project than other possible  
3 sources, such as hotel and food and beverage taxes. That said, the  
4 City asked Bolloré to pay the full costs of the program during  
5 negotiations and, in light of the fact that it expects to invest \$35  
6 Million, it was (not surprisingly) unwilling to invest more. Due to  
7 property tax caps and the national economic downturn, which has  
8 depressed assessed values of real estate and reduced income tax  
9 revenues, *the City would be strained to provide the capital*  
10 *necessary for installation of the charging infrastructure on top of*  
11 *the City's already significant investment in the project, especially*  
12 *when the City has other important priorities.” (emphasis added)*

13           While the OUCC does not take issue with the City's promotion of the BlueIndy EV  
14 Sharing Program itself, the ratepayer funding IPL seeks on the City's behalf to enable  
15 BlueIndy's private enterprise to become fully operational is unreasonable. Despite the  
16 capital funding constraints the City may be facing in the provisioning of varied  
17 governmental services for the benefit of its taxpayers, the financial impact of its  
18 prioritization of other governmental initiatives for its citizens should not be borne by  
19 IPL's ratepayers.

20   **Q:**    **Do you have any indication that this Program could be just one of several others the**  
21           **City or others may request the ratepayers to subsidize?**

22   **A:**    Yes. In partial response to OUCC Data Request 1-10, the City stated:

23           **Q-1-10:** a. Has the City negotiated to have the IPL ratepayers pay  
24 for customer facilities at any other new business seeking to locate in  
25 Indianapolis? If so, please describe the status of these negotiations.

26           **RESPONSE:** Should the City identify another transformational  
27 proposal that offers so widespread set of benefits to be so clearly in  
28 the public interest, the City would certainly consider it and discuss  
29 it with the OUCC. At present, the City has not negotiated any other  
30 projects that would require Commission approval.

1 None of the City's "transformational" projects, including the City/BlueIndy EV Program,  
2 requires advance IURC approval in and of itself since these projects are fully capable of  
3 being supported via private sector financing. The nature of the relief being sought by IPL  
4 on behalf of the City in this proceeding is the recovery of what is tantamount to a hidden  
5 tax imposed on all IPL ratepayers instead of imposing these costs on IPL's prospective  
6 customer BlueIndy itself (as IPL would for any other customer under its Rate SS).  
7 BlueIndy receives the sole benefit of IPL's extension of distribution and service lines to  
8 make its EV service operational. The costs and expenses for those extensions as well as  
9 the installation costs for BlueIndy equipment proposed to be imposed upon IPL's entire  
10 ratepayer base have no relationship to IPL's provisioning of electric service to these  
11 ratepayers.

12 **Q: Both the City and IPL testimonies as well as the Concession Agreement attached to**  
13 **Mr. Rosenberg's testimony discuss profit sharing. What is the definition of**  
14 **"profitability" in the Concession Agreement?**

15 A: The Concession Agreement [See, Sec.101 (fff)] defines "profitability" as "the point in  
16 time when the Company's (BlueIndy's) cumulative Net Profit from the Effective Date is  
17 positive." (parenthetical added)

18 **Q: Do you consider this profit sharing provision a viable ratepayer protection**  
19 **provision?**

20 A: No. IPL ratepayers would be financially responsible for IPL's investment in the EV  
21 infrastructure, regardless of whether the venture is ever viable or becomes profitable.  
22 Before IPL ratepayers receive any rate mitigation, the BlueIndy EV project will have to  
23 be very successful. Under the terms of the Concession Agreement, BlueIndy's net profits

1 must exceed \$22 Million before IPL ratepayers will receive any dollars in rate mitigation.

2 Further, as City Witness Mr. David Rosenberg testifies:

3 **Q26.** Is it possible no rate mitigation will occur?

4 **A26.** Yes, there is risk of that, as there is no guarantee that the  
5 program will be profitable.<sup>9</sup>

6 Although Mr. Rosenberg goes on to say that the investment “stands on its own,” it is  
7 important to note that neither the City nor IPL have provided evidence of any study or  
8 focus group analysis that demonstrates the existence of any (or breadth of) expected  
9 Program participation.

10 Given the favorable terms of the Concession Agreement between the contracting parties  
11 and the uncertainty involved in launching an EV car sharing service in Indianapolis,  
12 ratepayers are left with virtually all of the risk of the unfunded portions of the Program.

13 OUCC Witness Edward T. Rutter examines in more detail BlueIndy’s proposed profit  
14 sharing arrangements with the City and IPL.

15 **Q: What is IPL’s financial investment in the EV Sharing Program?**

16 **A:** IPL contributes absolutely nothing in terms of financial support to the program.

17 **Q: Did the City explain why it proposed this EV project as a utility (IPL) ratepayer-**  
18 **funded project instead of a City taxpayer-funded project?**

19 **A:** Yes. The City stated, in part, in response to an OUCC data request that the unfunded  
20 portions of this EV project should be paid for by IPL ratepayers instead of City taxpayers  
21 because “EV technology uses electricity and its development and use has a specific tie to  
22 the electric distribution system and provision of electric service.” (City’s Response to

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<sup>9</sup>City Exhibit DR-1, page 10, lines 14-15.

1 OUCC Data Request Q. 4.1) This is a curious nexus drawn by the City between IPL  
2 ratepayers and the private ventures of a for-profit company, BlueIndy, in an effort to  
3 justify ratepayer-funded support for generating the profits of a non-utility enterprise. It's  
4 akin to a business that sells home lighting fixtures seeking IPL ratepayer investment since  
5 its products obviously need electricity to operate. There is no clear connection between  
6 this EV program and IPL's provisioning of electric services to its ratepayers who are  
7 expected to fund the program.

#### IV. IPL'S PROPOSED ALTERNATIVE REGULATORY PLAN

8 **Q: What is IPL's proposed Alternative Regulatory Plan (ARP) under IC § 8-1-2.5?**

9  
10 A: In its Verified Petition, IPL states, the "City-IPL Agreement serves as the foundation for  
11 the ARP which includes: (1) The extension of distribution and service lines and the  
12 installation of charging facilities owned by Bolloré to serve the City's Blue Indy Project;  
13 and (2) Associated accounting and rate making relief." (Para. 7, Verified Petition)  
14 Further, Section 7 of the City-IPL Agreement "sets forth the terms associated with the  
15 ARP." (Para. 8, Verified Petition)

16 IPL Witness Ken Flora further indicates that this Agreement and IPL's case-in-chief  
17 constitute the ARP. (IPL Exhibit KF-1, at 6.)

18 **Q: What is the reason IPL gives for requesting IURC approval of an ARP instead of**  
19 **the Project being governed by traditional utility regulatory requirements in seeking**  
20 **relief?**

21 A: Mr. Flora notes that IPL Witness Soller has calculated the costs and projected revenues of  
22 extending electric services to serve BlueIndy as estimated to be \$3.7 Million. (IPL  
23 Exhibit KF-1, at 9) In contrast, BlueIndy operational revenues are only projected to

1 produce about \$700,000 for IPL under its 30-month revenue test (IPL Rate SS) as applied  
2 to these services. According to IPL's response to OUCC Data Request 1-4, "IPL has  
3 estimated the project line extension costs and estimated revenues in total, not on a site by  
4 site basis, for approximately 200 sites as shown in Exhibit JMS-2 and JMS-3,  
5 respectively. BlueIndy, LLC would be required to pay IPL approximately \$2.99 Million  
6 under the 30 month revenue test based upon the total estimated revenues of \$693,410."  
7 Thus, under these circumstances, Mr. Flora notes: "The ARP, including the proposed cost  
8 recovery, is necessary for the BlueIndy Project to become a reality...." (IPL Exhibit KF-  
9 1, at 14) In other words, absent an ARP, BlueIndy would not satisfy IPL's 30-month  
10 revenue test under Rate SS.

11 **Q: Under IPL Rate SS who is required to pay the cost of facilities that exceed 30**  
12 **months of projected revenue?**

13 A: According to Ms. Soller, "(n)ormally, the customer (i.e., BlueIndy) requesting services  
14 pays extension costs that exceed the 30 month revenue test." (IPL Exhibit JMS-1, at 6)  
15 (parenthetical added)

16 **Q: Should traditional utility regulation govern IPL's request?**

17 Yes. As previously stated, IPL has an existing tariff (IPL Rate SS) that fits the  
18 distribution line extensions needed for the BlueIndy-owned charging stations. If this tariff  
19 were applied as written, the \$3 Million needed to bridge the installation costs and satisfy  
20 the 30 month revenue test would be borne by BlueIndy and not IPL's ratepayers.  
21 Moreover, the approximate \$12.3 Million needed to install the Bolloré-owned charging  
22 stations and kiosks at some 200 locations would be borne by BlueIndy. This ARP request  
23 in its simplest terms involves a prospective commercial customer of IPL seeking

1 ratepayer subsidization of its costs to operate. If this outcome could be accomplished by  
2 this prospective IPL customer, then there would be no restrictions on similar proposals  
3 being made by existing IPL commercial or industrial customers.

4 **Q: What is IPL's position with regard to the ARP Statute's (IC § 8-1-2.5) applicability**  
5 **in this proceeding?**

6 A: Mr. Flora states the following:

7 The BlueIndy Project, including the profit sharing component  
8 thereof, is unique. The ARP statute was enacted to permit the  
9 Commission and electric utilities to address technological change,  
10 associated operating conditions, and to balance necessary cost  
11 recovery with the broader public interest. This is why the ARP was  
12 appropriately created to meet the needs of this Project, as requested  
13 by the City. (IPL Exhibit KF-1 at 10)

14 **Q: Do you agree with that position?**

15 A: No. In my opinion, IC § 8-1-2.5 relates to affording flexibility to an energy utility in the  
16 regulation of its retail energy services in the face of "technological or operating  
17 conditions, competitive forces, or the extent of regulation by other state or federal  
18 regulatory bodies" that make the exercise of traditional IURC jurisdiction over an energy  
19 utility "unnecessary or wasteful." [See, IC § 8-1-2.5(b)(1)] As used in IC § 8-1-2.5,  
20 "retail energy service" is defined, in part, to mean "energy service furnished by an energy  
21 utility to a customer for ultimate consumption." [IC § 8-1-2.5-3] Nothing inhibits IPL  
22 from the provisioning of its retail energy service to BlueIndy. There is no technological  
23 or operating condition that prevents IPL from provisioning line extension services to  
24 BlueIndy as it currently does for any other customer. Moreover, IPL faces no competition  
25 in providing such retail service to BlueIndy. Lastly, there is no other state or federal

1 regulatory body's regulation that would hinder IPL from provisioning these services to  
2 Blue Indy.

3 Furthermore, there has been no showing that IPL's ratepayers as a whole, outside of an  
4 indeterminate number who may opt to avail themselves of BlueIndy services, will reap  
5 any direct benefits as a result of the EV program based on the ongoing provisioning of  
6 "retail energy service" collectively to them by IPL for which they already pay a tariffed  
7 charge approved by the IURC.

8 The public interest will not be served by allowing IPL to give an undue or unreasonable  
9 preference or advantage to BlueIndy that is otherwise not being extended to other IPL  
10 customers.<sup>10</sup>

11 **Q. Assuming for purposes of argument, without conceding, that IC § 8-1-2.5 may apply**  
12 **to IPL's provisioning of retail energy services for the BlueIndy EV Sharing**  
13 **Program, what portion of the estimated \$16 Million costs and expenses sought to be**  
14 **recovered by IPL from its ratepayers should even be considered as allowable under**  
15 **the requested ARP?**

16 **A:** An argument can be made that the project line extension costs of approximately \$3.7  
17 Million may be considered as potentially recoverable by IPL from its ratepayers under its  
18 requested ARP in as much as IPL will own these lines for the provisioning of "retail  
19 energy service" to the customer as defined in IC § 8-1-2.5-3. However, the costs to install  
20 all proposed charging stations and equipment owned by BlueIndy at approximately 200  
21 EV locations, estimated at about \$12.3 Million, including any carrying costs related to the  
22 installation of that equipment, should not be recoverable under the requested ARP.

23 **Q: Please explain.**

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<sup>10</sup> See, IC § 8-1-2-105(a).

1 A: Under the terms of the City-IPL Installation Services Agreement (IPL Exhibit KF-3),  
2 IPL commits to not only install all of its distribution and service lines to each of the  
3 approximately 200 EV charging sites, but it also commits to install the “Location  
4 Fixtures” at each of these sites, either through its own personnel or through a qualified  
5 contractor selected by IPL. (IPL Exhibit KF-3, Sec. 2g, at 4) As mentioned before,  
6 “Location Fixtures” are defined in the City-Blue Indy Concession Agreement as meaning  
7 “the kiosks, charging stations, cabling and any other permanent structure at the locations  
8 *owned by the Company.*” [City Exhibit DR-2, Sec 1.01 (rr)] (emphasis added) In  
9 commenting on the costs IPL will incur to install Blue Indy’s Location Fixtures, Ms.  
10 Soller testifies as follows:

11 **Q23.** What costs will IPL incur to install Blue Indy’s charging  
12 equipment?

13 **A23.** Installation costs include excavation, material procurement  
14 and installation labor to extend service conductors from  
15 transformer locations to proposed sites, acquiring and installing  
16 ruggedized meter/pedestal style cabinets, mounting charging  
17 equipment and kiosks and restoring streets and landscaping to  
18 existing conditions. Permit fees and project coordination efforts are  
19 also included. (IPL Exhibit JMS-1, at 6-7)

20 IPL Witness Kimberly Berry further testifies, “IPL will establish a regulatory asset for  
21 the non-capital (installation of BlueIndy charging equipment) costs, the line extension  
22 costs in excess of the 30 month revenue test and carrying charges associated with the  
23 BlueIndy Project...for recovery in subsequent base rate case(s).” (IPL Exhibit KB-1, at 4  
24 and 7)

25 The installation costs for BlueIndy’s Location Fixtures pertain to assets to be solely  
26 owned by BlueIndy *behind the meter*. Such costs are unrelated to any assets or other

1 facilities to be owned by IPL for the provisioning of energy services and wholly  
2 unnecessary for the provisioning of its “retail energy service” to BlueIndy as defined in  
3 IC § 8-1-2.5. As a consequence, all costs associated with the Location Fixtures to be  
4 incurred are not properly recoverable under the ARP statute by IPL from its ratepayers.

5 **Q: Does IPL confirm this equipment configuration for BlueIndy’s Location Fixtures?**

6 A: Yes. Ms. Joan Soller explains:

7 **Q24.** Will IPL be responsible for Blue Indy’s EV charging  
8 equipment?

9 **A24.** No. *IPL will not own or operate this equipment*; rather it  
10 will transfer ownership of all installed equipment *behind the meter*  
11 to Blue Indy following site acceptance.  
12 (IPL Exhibit JMS-1, at 7; emphasis added)

13 Thus, it is clear that IPL’s provisioning of retail energy service has nothing to do with the  
14 installation of BlueIndy’s charging stations and related equipment.

## V. RECOMMENDATIONS

15 **Q: What are you recommending the IURC do with regard to the relief**  
16 **requested by IPL in its Verified Petition?**

17 A: I recommend that the IURC deny IPL’s request for approval of its proposed ARP in its  
18 entirety; alternatively, should the IURC approve an ARP with respect to the EV Program,  
19 it should limit such approval solely to the recovery of line extension costs incurred by  
20 IPL in regard to such Program, subject to the cost recovery parameters included in Ms.  
21 Gruca’s testimony.

22 **Q. Does this conclude your testimony?**

23 A. Yes, it does.

**AFFIRMATION**

I affirm, under the penalties for perjury, that the foregoing representations are true.



By: A. David Stippler  
Indiana Office of  
Utility Consumer Counselor

6-20-2014

Date: