

**VERIFIED DIRECT TESTIMONY OF CRAIG FORESTAL  
DIRECTOR OF REGULATORY ACCOUNTING  
CAUSE NO. 44808 RTO-3**

**Q1. Please state your name, employer and business address.**

A1. My name is Craig Forestal. I am employed by AES U.S. Services, LLP ("the Service Company"), which is a wholly-owned subsidiary of the AES Corporation. The Service Company is located at the headquarters of Indianapolis Power & Light Company ("IPL" or the "Company") at One Monument Circle, Indianapolis, Indiana 46204. The Service Company provides accounting, legal, human resources, information technology and other corporate services to the businesses owned by AES Corporation in the United States of America, including IPL.

**Q2. What is your position with the Service Company?**

A2. I am the Director of Regulatory Accounting.

IURC  
PETITIONER'S  
EXHIBIT NO. 9-10-19  
DATE CR REPORTER

**Q3. Please summarize your work experience with IPL and the Service Company.**

A3. I was an employee of IPL from May 2002 to December 2013. During my tenure with the Company, I worked in various positions including Senior Accountant, Section Leader of Reporting and my current position of Director of Regulatory Accounting. I served as the primary accounting witness in regulatory commission filings for IPL since 2006 and continue to serve in that capacity today. In June of 2013, I began transitioning into my current role where I preside over regulatory accounting for both IPL and Dayton Power & Light Company.

**Q4. Please summarize your educational qualifications.**

OFFICIAL  
EXHIBITS

1 A4. I hold a Bachelor of Science Degree in Accounting from Ball State University.

2 **Q5. Have you previously testified before this Commission?**

3 A5. Yes. I have submitted testimony in numerous proceedings on behalf of IPL, including the  
4 Company's Green Power Initiative rate proceedings (Cause No. 44121 GPR-X), fuel cost  
5 adjustment proceedings, (Cause No. 38703-FAC-XX), Environmental Compliance Cost  
6 Recovery Adjustment (Cause No. 42170-ECR-XX) proceedings, the Company's Demand-  
7 Side Management (43623-DSM-XX) adjustment proceedings, and IPL's annual Regional  
8 Transmission Organization ("RTO-X") adjustment proceedings in Cause No. 44808. I also  
9 testified in IPL's basic rates cases, Cause Nos. 44576 and 45029.

10 **Q6. What is the purpose of your testimony in this proceeding?**

11 A6. The purpose of my testimony is to describe the calculation and the content of the RTO  
12 adjustment.

13 **Q7. Are you sponsoring any Attachments?**

14 A7. Yes. I am sponsoring Petitioner's Attachment CAF-1, Schedules 1 through 7 and  
15 Petitioner's Attachment CAF-2. I also sponsor Petitioner's Attachment CAF-3, which is a  
16 copy of the verified petition including the tariff sheets.

17 **Q8. Were these attachments prepared or assembled by you or under your direction and**  
18 **supervision?**

19 A8. Yes.

20 **Q9. Are you submitting any workpapers?**

1 A9. Yes. I am submitting workpapers in their native format that support the attachments  
2 included with my testimony.

3 **Q10. Are you providing any additional supporting documentation to the Office of Utility  
4 Consumer Counselor (“OUCC”)?**

5 A10. Yes. In preparation of our initial RTO filing, IPL met with OUCC personnel to discuss the  
6 schedules we were planning to file and asked what supporting documentation they would  
7 like to see. To satisfy their request, we are providing an audit package to the OUCC that  
8 includes support for both the forecasted and historical RTO charges and credits, for which  
9 IPL is seeking recovery in this filing, as well as our kWh forecast and state income tax rate  
10 calculations.

11 **Q11. Please summarize the relief IPL is requesting in this proceeding.**

12 A11. IPL requests approval of RTO Adjustment factors to be applicable for bills rendered during  
13 the billing cycles of October 2019 through September 2020. The prefiled direct testimony  
14 in this proceeding of IPL Witness James Cutshaw explains the regulatory precedent upon  
15 which IPL is authorized to have an RTO Adjustment Rider with annual rate adjustments.  
16 The RTO Adjustment is calculated on an annual basis for each rate class to timely recover  
17 the excess (or deficit) of an estimate of the Midcontinent Independent System Operator,  
18 Inc. (“MISO”) non-fuel costs and credits (“NFC”), net of revenues, to be billed by MISO  
19 compared to the amount of such NFC, net of revenues, approved to be included in the  
20 determination of basic charges for services. As Witness Cutshaw explains, on December  
21 5, 2018, in its Final Order in Cause No. 45029 (the “2018 Base Rate Order”), the  
22 Commission approved IPL’s request to update the MISO NFC to \$30,779,000 (\$35.424  
23 million of costs net of \$4.645 million of revenues). In this proceeding, IPL is seeking to

1 recover: (1) its estimated MISO NFC, net of revenues, which exceed amounts included in  
2 base rates, for the billing cycles of October 2019 through September 2020 and (2) a  
3 reconciliation of actual MISO NFC, net of revenues, for the period of May 2018 through  
4 April 2019.

5 **Q12. Please describe Petitioner's Attachment CAF-1 Schedule 1.**

6 A12. Petitioner's Attachment CAF-1 Schedule 1 shows the calculation of IPL's proposed  
7 factors. The historical period being reconciled in this proceeding includes RTO rates under  
8 the period governed by IPL's March 16, 2016 Final Order in Cause No. 44576 (the "2016  
9 Base Rate Order"), which established new basic rates and charges beginning April 2016,  
10 as well as the 2018 Base Rate Order. The 2018 Base Rate Order approved modifications  
11 to the allocation factors applicable to IPL's large commercial and industrial customers  
12 under the RTO Rider. Accordingly, Schedule 1 includes columns to illustrate the revenues  
13 and charges applicable to each rate period (under the 2016 Base Rate Order and the 2018  
14 Base Rate Order).

- 15 • Line 1 on this schedule shows the forecasted net MISO costs over/(under) base for the  
16 twelve months ended September 30, 2020, which is detailed on Petitioner's Attachment  
17 CAF-1 Schedule 2.
- 18 • Line 2 shows the forecasted net MISO jurisdictional revenues (over)/under base for the  
19 twelve months ended September 30, 2020, which is detailed on Petitioner's Attachment  
20 CAF-1 Schedule 3.
- 21 • Line 3 shows the RTO adjustment factor Reconciliation for the twelve months ended  
22 April 30, 2019, which is detailed on Petitioner's Attachment CAF-1 Schedule 4.

- 1 • Line 4 is the sum of Lines 1 through 3, which represents the proposed revenue  
2 requirement for this proceeding.
- 3 • Line 5 is the MWh sales forecasted for the twelve months ended September 30, 2020.  
4 These sales are detailed by month on Petitioner's Attachment CAF-2, Schedule 1.
- 5 • Line 6 presents the per kWh result of dividing the net MISO charge/(credit) from Line  
6 4 by the estimated MWh sales (Line 5) to determine the RTO adjustment factors  
7 applicable to each customer class.
- 8 • Line 7 presents the proposed RTO adjustment factors, modified to provide the recovery  
9 of the Indiana Utility Receipts Tax ("URT").
- 10 • Line 8 combines like customer types from Line 7 and presents IPL's proposed RTO  
11 adjustment factors per kWh, before adjustment for URT.
- 12 • Line 9 presents the proposed RTO adjustment factors, modified to provide the recovery  
13 of the URT.
- 14 • Line 10 is the blended Indiana state income tax rate for the twelve months ended  
15 September 30, 2020, used in the computation of the URT adjustment on Line 7.

16 **Q13. Please describe Petitioner's Attachment CAF-1 Schedules 2 through 7.**

17 A13. Petitioner's Attachment CAF-1 Schedule 2 shows the forecasted total MISO NFC. This  
18 schedule illustrates IPL's forecasted MISO NFC (Line 13) for the twelve-month forecasted  
19 period ending September 2020, as well as the authorized MISO NFC amounts included in  
20 IPL's base rates (Line 14). The current forecasted MISO NFC are compared to the amount

1 in base rates and the resulting over or (under) charges are reflected on line 15. This amount  
2 is carried forward to Petitioner's Attachment CAF-1 Schedule 1, line 1.

3 Petitioner's Attachment CAF-1 Schedule 3 is very similar to Schedule 2 except it shows  
4 the forecasted total MISO Revenues. This schedule shows IPL's forecasted Revenues  
5 (Line 13) for the one year forecasted period ending September 2020. MISO revenues are  
6 then adjusted on Line 14 to the net amount IPL realizes after URT. The current forecasted  
7 revenues (after URT) are compared to the amount in base rates and the resulting  
8 (over)/under collections is reflected on line 16. This amount is carried forward to  
9 Attachment CAF-1 Schedule 1, Line 2.

10 Petitioner's Attachment CAF-1 Schedule 4 is a summary of the RTO reconciliation period.  
11 It calculates the current under/(over) recovery balance to be included in the current RTO  
12 determination. In RTO-3, the reconciliation period includes the twelve months ended April  
13 2019. Schedule 4 starts by taking seven-twelfths of the over/(under) collection from the  
14 Schedule 4 in IPL's RTO-2 filing and five-twelfths of the over/(under) collection from the  
15 Schedule 4 in IPL's RTO-1 filing with the RTO carryover under/(over) collection which  
16 represents the historical net over/(under) collection which IPL was collecting from  
17 customers during the reconciliation period in this petition. The over/under collection from  
18 RTO-1 was put into rates October 2017 through September 2018, while the over/under  
19 collection from RTO-2 was put into rates October 2018 through September 2019.

20 Schedule 4 then adds the current over/(under) collection of MISO charges calculated on  
21 Petitioner's Attachment CAF-1 Schedule 5. Next, the current (over)/under collection of  
22 Net MISO Jurisdictional Revenues from Petitioner's Attachment CAF-1 Schedule 6 is

1 added. Finally Schedule 4 subtracts actual RTO rider billings, net of URT, from  
2 Petitioner's Attachment CAF-1 Schedule 7 to determine the net under (over) recovery.  
3 This net over recovery of \$5,100,845 is carried forward to Petitioner's Attachment CAF-1  
4 Schedule 1, line 3 and represents a reduction to the proposed RTO factors.

5 Petitioner's Attachment CAF-1 Schedule 5 is very similar to Petitioner's Attachment CAF-  
6 1 Schedule 2, except that Schedule 5 is for the historical period being reconciled, while  
7 Schedule 2 is for a future forecasted period. Schedule 5 illustrates the history of MISO  
8 NFC for the reconciliation period as compared to the amount of such items included in  
9 IPL's base rates to determine the net amount over/(under) the amount in base rates for the  
10 historical period, excluding RTO rider billings. Column C of Schedule 5 utilizes the  
11 monthly amount of MISO NFC in base rates as stipulated in IPL's 2016 and 2018 Base  
12 Rate Orders. The month of December is pro-rated based upon the number of days each  
13 order was in effect. In this case, the amount of costs over the pro-rated base amount of  
14 \$25,879,417 represents an under collection of \$7,711,750. Such amount is allocated to  
15 customer classes based upon the demand factor split authorized in IPL's 2016 and 2018  
16 Base Rate Orders on lines 18 and 20, which is carried forward to Petitioner's Attachment  
17 CAF-1 Schedule 4, line 2.

18 Petitioner's Attachment CAF-1 Schedule 6 is very similar to Petitioner's Attachment CAF-  
19 1 Schedule 3, except that Schedule 6 is for the historical period being reconciled, while  
20 Schedule 3 is for the forecasted period. Schedule 6 illustrates the history of MISO  
21 Revenues for the reconciliation period and compares them to the amount of such items  
22 included in IPL's base rates to determine the net amount (over)/under the amount in base  
23 rates for the historical period. Column C of that schedule calculates the URT for each

1 month and then column D shows the MISO revenues IPL realizes after URT. Column E of  
2 Schedule 6 utilizes the monthly amount of MISO revenues in base rates per IPL's 2016  
3 and 2018 Base Rate Orders. The month of December is pro-rated based upon the number  
4 of days each order was in effect. The total authorized RTO amount for revenues included  
5 in base rates is shown on Line 17. The historical revenues (after URT) are compared to  
6 the amounts in base rates and (in this case) the revenues were above the amount included  
7 in base rates, representing an overcollection, which is reflected on line 18. More  
8 specifically, the amount of revenues over the pro-rated base amount of \$4,933,130  
9 represents an over collection of \$672,991. Such amount is allocated to customer classes  
10 based upon the demand factor split authorized in IPL's 2016 and 2018 Base Rate Orders  
11 on lines 20 and 22 and then carried forward to Petitioner's Attachment CAF-1 Schedule 4,  
12 line 3.

13 Petitioner's Attachment CAF-1 Schedule 7 is the history of RTO adjustment factor  
14 Revenue received during the reconciliation period from each customer classification. The  
15 RTO Revenue received was then multiplied by the URT rates in effect for each year in  
16 Lines 14 through 26. Line 39, the net billings after reduction for URT, is carried to Line 4  
17 on Petitioner's Attachment CAF-1 Schedule 4 and represents a decrease in the amount that  
18 would otherwise be reflected going forward.

19 **Q14. You mentioned the base amounts for MISO NFC on Petitioner's Attachment CAF-1**  
20 **Schedule 5 and the base amounts for MISO revenues on Petitioner's Attachment**  
21 **CAF-1 Schedule 6 were pro-rated to take into account the change in IPL's basic rates**  
22 **and charges when the 2018 Base Rate Order superseded the 2016 Base Rate Order.**  
23 **Is this the first time IPL has utilized such an approach in these RTO rate proceedings?**



1 A14. No. In IPL's Compliance Filing made November 12, 2018, which was approved and  
2 established the RTO rates currently in effect, a similar approach was used (See Petitioner's  
3 Attachment CAF-1 Schedule 2 Revised, column D and Attachment CAF-1 Schedule 3  
4 Revised, column D). While this petition includes the historical period that includes both  
5 the 2016 Base Rate Order and the 2018 Base Rate Order, the Compliance Filing included  
6 the forecasted period that included both the 2016 and 2018 Base Rate Orders. In the  
7 Compliance Filing, IPL utilized the same method IPL is using in this petition to pro-rate  
8 the December 2018 over/( under)-collections of MISO NFC and revenues based upon the  
9 number of days each Order was in effect.

10 **Q15. Please describe Petitioner's Attachment CAF-2 Schedule 1.**

11 A15. Petitioner's Attachment CAF-2 Schedule 1 is IPL's forecasted MWh sales by customer  
12 classification for the period during which the factors proposed in this filing would be in  
13 effect.

14 **Q16. How was the state income tax rate used in the calculation of the Utility Receipts Tax**  
15 **adjustments applied to the proposed factors on Petitioner's Attachment CAF-1**  
16 **Schedule 1 and Petitioner's Attachment CAF-1 Schedule 3 calculated?**

17 A16. IPL uses a calendar year for tax filing purposes. Because state income tax rates change  
18 during the calendar year, a blended rate is computed in accordance with the Indiana Form  
19 IT-20 ("Indiana Corporate Adjusted Gross Income Tax Return") instructions addressing  
20 how a calendar-year taxpayer, like IPL, should calculate the Indiana State Income Tax Rate  
21 applicable to it for the tax years ending on December 31st. The tax rate used on Schedule  
22 1 and Schedule 2 is an average of three months at the 2019 blended State income tax rate

1 and nine months at the 2020 blended state income tax rate. The resulting tax rate is  
2 presented on the last line of Schedule 1 and line 17 on Schedule 3.

3 **Q17. How was the state income tax rate applied to the historical revenues for the respective**  
4 **factors on Petitioner's Attachment CAF-1 Schedule 6 and Petitioner's Attachment**  
5 **CAF-1 Schedule 7 calculated?**

6 A17. The historical URT revenue adjustments for the months in 2018 utilize the 2018 blended  
7 state income tax rate and historical URT revenue adjustments for the months in 2019 utilize  
8 the 2019 blended state income tax rate.

9 **Q18. Can you identify the components of the \$5.1 million over recovery in the**  
10 **reconciliation period as reflected on Petitioner's Attachment CAF-1 Schedule 4, Line**  
11 **5?**

12 A18. The biggest factor is MISO costs were forecasted to be approximately \$3.2 million higher  
13 than actual costs for the period. In addition, the jurisdictional revenues received from MISO  
14 were approximately \$1.1 million higher than forecasted. Finally, revenues collected under  
15 the RTO rider were approximately \$0.8 million higher than forecasted. In this instance, all  
16 three factors contributed to the over recovery.

17 **Q19. Please summarize the RTO adjustment factors proposed in this proceeding?**

18 A19. As shown on Page 1 of Petitioner's Attachment CAF-1 Schedule 1, the resulting RTO  
19 adjustment factors as modified to recover Indiana Utility Receipts Tax are (\$0.000095) per  
20 kWh for Rates RS, CW and EVX (with associated Rate RS service); (\$0.000095) per kWh  
21 for Rates SS, SH, OES, UW, CW and EVX (with associated Rate SS service); (\$0.000122)  
22 per kWh for Rate PL; (\$0.000145) per kWh for Rate HL, (\$0.000133) per kWh for Rates

1 SL, PH, and EVX (with associated Rate SL service); and \$0.000004 for Rates MU-1 and  
2 APL.

3 **Q20. What effect will the requested RTO adjustment have on an average residential**  
4 **customer using 1,000 kWh per month?**

5 A20. An average residential customer using 1,000 kWh per month will experience an RTO  
6 adjustment of (\$0.10), which is 0.08% decrease of such bill relative to the basic rates and  
7 charges in effect. In relation to the factor currently in effect, an average residential  
8 customer using 1,000 kWh per month will experience a \$0.07 decrease or -0.06%.

9 **Q21. If approved by the Commission, when does Petitioner propose to make effective for**  
10 **electric service the RTO adjustment factors requested in this proceeding?**

11 A21. The RTO adjustment factors, as shown on the proposed Tariff, a copy of which is attached  
12 to the Petition as Exhibit A, would be effective for all bills rendered for electric services  
13 beginning with the first billing cycles for the October 2019 billing month (Regular Billing  
14 District 41 and Special Billing District 01), which begins September 30, 2019, or the first  
15 full billing cycle following the Commission's Order. Such adjustment factors, upon  
16 becoming effective, shall remain in effect for approximately one year or until replaced by  
17 different adjustment factors approved in a subsequent filing.

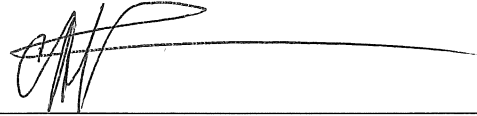
18 **Q22. Does that conclude your prefiled direct testimony?**

19 A22. Yes.

### Verification

I, Craig A. Forestal, Director of Regulatory Accounting for AES US Services, LLC, affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Dated this 27<sup>th</sup> day of June 2018.

A handwritten signature in black ink, appearing to read 'CAF', is written over a horizontal line.

Craig A. Forestal

Indianapolis Power & Light Company  
Determination of RTO Adjustment Factors  
For the Billing Period of October 1, 2019 through September 30, 2020

Line No.	Detail by Customer Charge Type							Total
	Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW, EVX	C&I - Large PL, HL	C&I - Large SL, PH, EVX	Lighting MU-1, APL	C&I - Large HL	C&I - Large SL, PL PH, EVX	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1 Forecasted Net MISO Costs Over/(Under) Base for the Twelve Months Ended September 30, 2020 (Sch. 2, Line 17)	\$ 2,042,145	\$ 677,831	\$ 847,048	\$ 1,220,576	\$ 19,710	\$ -	\$ -	\$ 4,807,310
2 Forecasted Net MISO Jurisdictional Revenues (Over)/Under Base for the Twelve Months Ended September 30, 2020 (Sch. 3, Line 19)	\$ (515,724)	\$ (171,179)	\$ (213,914)	\$ (308,245)	\$ (4,978)	\$ -	\$ -	\$ (1,214,039)
3 RTO Adjustment Factor Reconciliation for Twelve Months Ended April 30, 2019 (Sch. 4, Line 5)	\$ (2,000,694)	\$ (677,640)	\$ (431,496)	\$ (696,552)	\$ (14,298)	\$ (381,153)	\$ (899,012)	\$ (5,100,845)
4 Grand Total Net MISO -- Charge/(Credit)	\$ (474,273)	\$ (170,989)	\$ 201,638	\$ 215,779	\$ 435	\$ (381,153)	\$ (899,012)	\$ (1,507,574)
5 Forecasted Sales (MWh) for the Twelve Months Ended September 30, 2020 (Attachment CAF-2, Sch. 1, Line 13)	5,046,480	1,822,138	2,868,559	3,651,882	99,363	1,790,403	4,730,038	13,488,422
6 RTO Adjustment Factor per kWh (Line 4 / Line 5 / 1000)	\$ (0.000094)	\$ (0.000094)	\$ 0.000070	\$ 0.000059	\$ 0.000004	\$ (0.000213)	\$ (0.000190)	
7 RTO Adjustment Factor per kWh Adjusted for URT [Line 6 Divided by (1-(1.4% URT Rate/(1-State Tax)))]	\$ (0.000095)	\$ (0.000095)	\$ 0.000071	\$ 0.000060	\$ 0.000004	\$ (0.000216)	\$ (0.000193)	

	Cause No. 45029				
	Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW, EVX	C&I - Large PL	C&I - Large HL	Lighting MU-1, APL
	(J) (Col. B)	(K) (Col. C)	(L) (Col. D + H)	(M) (Col. D + G)	(N) (Col. E + H)
8 C&I Large RTO Adjustment Factor per kWh by Rate Class	\$ (0.000094)	\$ (0.000094)	\$ (0.000120)	\$ (0.000143)	\$ (0.000131)
9 C&I Large RTO Adjustment Factor per kWh Adjusted for URT	\$ (0.000095)	\$ (0.000095)	\$ (0.000122)	\$ (0.000145)	\$ (0.000133)

10 State Income Tax Rate - Blended for Years 2019 / 2020

5.44%

Indianapolis Power & Light Company  
Forecasted Total Midcontinent Independent System Operator (MISO) Costs  
For the Twelve Months Ended September 30, 2020

Line No.	(A)	MISO Non-Fuel Costs (B)
	Month:	
1	October-19	\$ 3,469,761
2	November-19	3,469,761
3	December-19	3,469,761
4	January-20	3,313,559
5	February-20	3,313,559
6	March-20	3,313,559
7	April-20	3,313,559
8	May-20	3,313,559
9	June-20	3,313,559
10	July-20	3,313,559
11	August-20	3,313,559
12	September-20	3,313,559
13	Total	\$ 40,231,310
14	Base RTO Cost from IURC Cause No. 45029 (for 12 months)	\$ 35,424,000
15	Net Costs Over/(Under) Base - Line 13 minus Line 14	\$ 4,807,310

Allocation to Customer Class Based Upon Demand Factors from IURC Cause No. 45029						
Line No.	(C)	Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large PL, HL	C&I - Large SL, PH	Lighting MU-1, APL
		(D)	(E)	(F)	(G)	(H)
16	Demand Factor Split	42.48%	14.10%	17.62%	25.39%	0.41%
17	Net Charge/(Credit) by Class (to Sch. 1, Line 1)	\$ 2,042,145	\$ 677,831	\$ 847,048	\$ 1,220,576	\$ 19,710
						\$ 4,807,310

Indianapolis Power & Light Company  
Forecasted Total Midcontinent Independent System Operator (MISO) Revenues  
For the Twelve Months Ended September 30, 2020

Line No.	(A)	MISO Jurisdictional Revenues (B)
	Month:	
1	October-19	\$ 454,750
2	November-19	454,750
3	December-19	454,750
4	January-20	509,204
5	February-20	509,204
6	March-20	509,204
7	April-20	509,204
8	May-20	509,204
9	June-20	509,204
10	July-20	509,204
11	August-20	509,204
12	September-20	509,204
13	Total	\$ 5,947,086
14	Net Revenues After Reduction for URT	\$ 5,859,039
15	Base RTO Revenue from IURC Cause No. 45029 (for 12 months)	\$ 4,645,000
16	Net Jurisdictional Revenues (Over)/Under Base - Line 15 minus Line 14	\$ (1,214,039)
17	State Income Tax Rate - Blended for Year 2019/2020	5.44%

Allocation to Customer Class Based Upon Demand Factors from IURC Cause No. 45029							
Line No.		Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large PL, HL	C&I - Large SL, PH	Lighting MU-1, APL	Total
	(C)	(D)	(E)	(F)	(G)	(H)	(I)
18	Demand Factor Split	42.48%	14.10%	17.62%	25.39%	0.41%	100.00%
19	Net Charge/(Credit) by Class (to Sch. 1, Line 2)	\$ (515,724)	\$ (171,179)	\$ (213,914)	\$ (308,245)	\$ (4,978)	\$ (1,214,039)

Indianapolis Power & Light Company  
Summary of the RTO Adjustment Reconciliation Period  
For the Months of May 2018 through April 2019

Line No.	(A)	Detail by Customer Charge Type							
		Cause No. 45029					Cause No. 44576		Total
		Residential	C&I - Small	C&I - Large	Lighting	C&I - Large	C&I - Large		
		RS, CW, EVX	SS, SH, OES, UW, CW	PL, HL	SL, PH	MU-1, APL	HL	SL, PL, PH	
	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
1	Under(Over) Recovery Balance from Prior Filings (IURC Cause No. 44808-RTO, Attachment CAF-1, Schedule 4, Line 5) (Reflects Amortization of Months May 2018 - April 2019)	\$ (116,979)	\$ (42,643)	\$ (180,423)	\$ (259,985)	\$ (2,468)	\$ 82,849	\$ 248,171	\$ (271,477)
2	Actual Net MISO Costs Over(Under) Base for the Twelve Months Ended April 30, 2019 (Sch. 5, Line 18 and Line 20)	\$ 3,258,569	\$ 1,041,531	\$ (33,341)	\$ (48,044)	\$ 17,396	\$ 869,897	\$ 2,605,741	\$ 7,711,750
3	Actual Net MISO Jurisdictional Revenues (Over)/Under Base for the Twelve Months Ended April 30, 2019 (Sch. 6, Line 20 and Line 22)	\$ (285,326)	\$ (93,413)	\$ (73,669)	\$ (106,156)	\$ (2,300)	\$ (28,063)	\$ (84,062)	\$ (672,991)
4	Less Actual RTO Revenues Received for the Twelve Months Ended April 30, 2019 (Sch. 7, Line 39)	\$ (4,856,959)	\$ (1,583,115)	\$ (144,063)	\$ (282,367)	\$ (26,926)	\$ (1,305,836)	\$ (3,668,862)	\$ (11,868,128)
5	Current Under(Over) Recovery Balance to be Included in the Current RTO Determination (to Sch. 1, Line 3)	\$ (2,000,694)	\$ (677,640)	\$ (431,496)	\$ (696,552)	\$ (14,298)	\$ (381,153)	\$ (899,012)	\$ (5,100,845)



Indianapolis Power & Light Company  
History of Total MISO Costs  
For the Twelve Months Ended April 30, 2019

Line No.	(A)	MISO Non-Fuel Costs (B)	Base RTO Cost from IURC Cause No. 44576/45029 (C)	Net Costs Over/(Under) Base (D)
	Month:			
1	May-18	2,215,281	1,613,167	602,114
2	Jun-18	3,032,921	1,613,167	1,419,754
3	Jul-18	2,836,387	1,613,167	1,223,220
4	Aug-18	2,860,594	1,613,167	1,247,427
5	Sep-18	2,640,061	1,613,167	1,026,894
6	Oct-18	2,859,954	1,613,167	1,246,787
7	Nov-18	2,620,817	1,613,167	1,007,650
8	December 1st through December 4, 2018	335,277	208,151	127,127
9	December 5th through December 31, 2018	2,263,121	2,571,097	(307,976)
10	Jan-19	2,255,699	2,952,000	(696,301)
11	Feb-19	4,033,637	2,952,000	1,081,637
12	Mar-19	2,631,956	2,952,000	(320,044)
13	Apr-19	3,005,460	2,952,000	53,460
14	Total	\$ 33,591,166		
15	Base RTO Cost from IURC Cause No. 44576/45029		\$ 25,879,417	
16	Actual Net MISO Costs Over/(Under) Base			\$ 7,711,750

Allocation to Customer Class Based Upon Demand Factors from IURC Cause No. 44576						
Line No.	(E)	Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large HL	C&I - Large SL, PL, PH	Lighting MU-1, APL
		(F)	(G)	(H)	(I)	(J)
17	Demand Factor Split	42.26%	13.52%	11.01%	32.98%	0.23%
18	Net Charge/(Credit) by Class (to Sch. 4, Line 2)	\$ 3,338,951	\$ 1,068,212	\$ 869,897	\$ 2,605,741	\$ 18,172
						\$ 7,900,973

Allocation to Customer Class Based Upon Demand Factors from IURC Cause No. 45029						
Line No.	(L)	Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large PL, HL	C&I - Large SL, PH	Lighting MU-1, APL
		(M)	(N)	(O)	(P)	(Q)
19	Demand Factor Split	42.48%	14.10%	17.62%	25.39%	0.41%
20	Net Charge/(Credit) by Class (to Sch. 4, Line 2)	\$ (80,382)	\$ (26,680)	\$ (33,341)	\$ (48,044)	\$ (776)
						\$ (189,223)

Indianapolis Power & Light Company  
Total Midcontinent Independent System Operator (MISO) Revenues  
For the Twelve Months Ended April 30, 2019

Line No.	(A)	MISO Jurisdictional Revenues	URT	Net Revenues	Base RTO Revenues IURC 44576/45029	Net Jurisdiction Revenues (Over)/Under Base
		(B)	(C)	(D)	(E)	(F)
1	Month:					
2	May-18	750,233	(11,159)	739,074	427,500	(311,574)
3	June-18	293,291	(4,362)	288,929	427,500	138,571
4	July-18	531,096	(7,900)	523,197	427,500	(95,697)
5	August-18	477,015	(7,095)	469,919	427,500	(42,419)
6	September-18	503,919	(7,495)	496,423	427,500	(68,923)
7	October-18	219,926	(3,271)	216,655	427,500	210,845
8	November-18	506,258	(7,530)	498,728	427,500	(71,228)
9	December 1 <sup>st</sup> through December 4, 2018	70,676	(1,051)	69,625	55,161	(14,463)
10	December 5 <sup>th</sup> through December 31, 2018	477,063	(7,096)	469,967	337,137	(132,830)
11	January-19	418,430	(6,207)	412,223	387,083	(25,140)
12	February-19	505,090	(7,493)	497,598	387,083	(110,515)
13	March-19	428,097	(6,350)	421,746	387,083	(34,663)
14	April-19	509,596	(7,559)	502,037	387,083	(114,954)
14	Total	\$ 5,690,690				
15	URT		\$ (84,569)			
16	Net Revenues after Reduction for URT			\$ 5,606,121		
17	Base RTO Revenue from IURC Cause No. 44576/45029				\$ 4,933,130	
18	Actual Net Jurisdictional Revenues (Over)/Under Base (Line 15 minus Line 14)					\$ (672,991)

Allocation to Customer Class Based Upon Demand Factors from IURC Cause No. 44576						
Line No.	Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large HL	C&I - Large SL, PH PL	Lighting MU-1, APL	Total
	(H)	(I)	(J)	(K)	(L)	(M)
19	Demand Factor Split	42.26%	13.52%	11.01%	32.98%	100.00%
20	Net Charge/(Credit) by Class (to Sch. 4, Line 3)	\$ (107,716)	\$ (34,461)	\$ (28,063)	\$ (84,062)	\$ (586)
						\$ (254,889)

Allocation to Customer Class Based Upon Demand Factors from IURC Cause No. 45209:						
Line No.	Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large PL, HL	C&I - Large SL, PH	Lighting MU-1, APL	Total
	(O)	(P)	(Q)	(R)	(S)	(T)
21	Demand Factor Split	42.48%	14.10%	17.62%	25.39%	100.00%
22	Net Charge/(Credit) by Class (to Sch. 4, Line 3)	\$ (177,610)	\$ (58,952)	\$ (73,669)	\$ (106,156)	\$ (1,714)
						\$ (418,101)

Indianapolis Power & Light Company  
History of RTO Adjustment Factor Revenue Received  
For the Twelve Months Ended April 30, 2019

Line No.		Rate Order 44576					
		Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large HL	C&I - Large SL, PL, PH	Lighting MU-1, APL	Total
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	May-18	\$ 555,713	\$ 194,568	\$ 212,688	\$ 509,534	\$ 2,640	\$ 1,475,143
2	Jun-18	\$ 718,992	\$ 224,418	\$ 194,041	\$ 585,014	\$ 2,643	\$ 1,725,109
3	Jul-18	\$ 812,891	\$ 235,062	\$ 203,161	\$ 586,970	\$ 2,623	\$ 1,840,706
4	Aug-18	\$ 749,352	\$ 230,757	\$ 210,129	\$ 576,598	\$ 3,071	\$ 1,769,907
5	Sep-18	\$ 741,258	\$ 230,387	\$ 191,466	\$ 588,991	\$ 3,395	\$ 1,755,497
6	Oct-18	\$ 471,948	\$ 170,144	\$ 163,153	\$ 459,573	\$ 3,837	\$ 1,268,655
7	Nov-18	\$ 502,646	\$ 165,126	\$ 150,913	\$ 417,576	\$ 3,836	\$ 1,240,098
Rate Order 45029							
		Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large PL, HL	C&I - Large SL, PH,	Lighting MU-1, APL	Total
8	Dec-18	\$ 423,838	\$ 137,797	\$ 117,380	\$ 233,792	\$ 4,188	\$ 916,995
9	Jan-19	\$ (5,417)	\$ 9,118	\$ 11,495	\$ 16,122	\$ 370	\$ 31,687
10	Feb-19	\$ (16,403)	\$ 3,525	\$ 5,570	\$ 12,403	\$ 256	\$ 5,351
11	Mar-19	\$ (14,061)	\$ 3,312	\$ 5,886	\$ 12,201	\$ 241	\$ 7,579
12	Apr-19	\$ (10,462)	\$ 2,803	\$ 5,906	\$ 12,110	\$ 232	\$ 10,589
13	Totals	\$ 4,930,294	\$ 1,607,017	\$ 1,471,789	\$ 4,010,885	\$ 27,333	\$ 12,047,318
Rate Order 44576							
		Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large PL, HL	C&I - Large SL, PH,	Lighting MU-1, APL	Total
	(H)	(I)	(J)	(K)	(L)	(M)	(N)
14	May-18	\$ (8,266)	\$ (2,894)	\$ (3,164)	\$ (7,579)	\$ (39)	\$ (21,941)
15	June-18	\$ (10,694)	\$ (3,338)	\$ (2,886)	\$ (8,701)	\$ (39)	\$ (25,659)
16	July-18	\$ (12,091)	\$ (3,496)	\$ (3,022)	\$ (8,731)	\$ (39)	\$ (27,379)
17	August-18	\$ (11,146)	\$ (3,432)	\$ (3,125)	\$ (8,576)	\$ (46)	\$ (26,326)
18	September-18	\$ (11,025)	\$ (3,427)	\$ (2,848)	\$ (8,761)	\$ (50)	\$ (26,111)
19	October-18	\$ (7,020)	\$ (2,531)	\$ (2,427)	\$ (6,836)	\$ (57)	\$ (18,870)
20	November-18	\$ (7,476)	\$ (2,456)	\$ (2,245)	\$ (6,211)	\$ (57)	\$ (18,445)
Rate Order 45029							
		Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large PL, HL	C&I - Large SL, PH,	Lighting MU-1, APL	Total
21	December-18	\$ (6,304)	\$ (2,050)	\$ (1,746)	\$ (3,477)	\$ (62)	\$ (13,639)
22	January-19	\$ 80	\$ (135)	\$ (171)	\$ (239)	\$ (5)	\$ (470)
23	February-19	\$ 243	\$ (52)	\$ (83)	\$ (184)	\$ (4)	\$ (79)
24	March-19	\$ 209	\$ (49)	\$ (87)	\$ (181)	\$ (4)	\$ (112)
25	April-19	\$ 155	\$ (42)	\$ (88)	\$ (180)	\$ (3)	\$ (157)
26	URT Totals	\$ (73,335)	\$ (23,902)	\$ (21,890)	\$ (59,656)	\$ (407)	\$ (179,190)
Rate Order 44576							
		Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large PL, HL	C&I - Large SL, PH,	Lighting MU-1, APL	Total
	(O)	(P)	(Q)	(R)	(S)	(T)	(U)
27	May-18	\$ 547,447	\$ 191,674	\$ 209,525	\$ 501,956	\$ 2,600	\$ 1,453,202
28	June-18	\$ 708,298	\$ 221,080	\$ 191,155	\$ 576,312	\$ 2,604	\$ 1,699,450
29	July-18	\$ 800,800	\$ 231,566	\$ 200,139	\$ 578,240	\$ 2,584	\$ 1,813,328
30	August-18	\$ 738,206	\$ 227,325	\$ 207,004	\$ 568,022	\$ 3,025	\$ 1,743,582
31	September-18	\$ 730,233	\$ 226,960	\$ 188,619	\$ 580,230	\$ 3,345	\$ 1,729,386
32	October-18	\$ 464,929	\$ 167,614	\$ 160,726	\$ 452,737	\$ 3,780	\$ 1,249,785
33	November-18	\$ 495,170	\$ 162,670	\$ 148,669	\$ 411,365	\$ 3,779	\$ 1,221,653
Rate Order 45029							
		Residential RS, CW, EVX	C&I - Small SS, SH, OES, UW, CW	C&I - Large PL, HL	C&I - Large SL, PH,	Lighting MU-1, APL	Total
34	December-18	\$ 417,533	\$ 135,748	\$ 115,634	\$ 230,315	\$ 4,126	\$ 903,356
35	January-19	\$ (5,337)	\$ 8,983	\$ 11,324	\$ 15,883	\$ 365	\$ 31,217
36	February-19	\$ (16,160)	\$ 3,473	\$ 5,487	\$ 12,219	\$ 252	\$ 5,272
37	March-19	\$ (13,853)	\$ 3,263	\$ 5,799	\$ 12,020	\$ 238	\$ 7,467
38	April-19	\$ (10,307)	\$ 2,761	\$ 5,818	\$ 11,930	\$ 229	\$ 10,432
39	Net Revenues After Reduction for URT (to Sch. 4, Line 4)	\$ 4,856,959	\$ 1,583,115	\$ 1,449,898	\$ 3,951,229	\$ 26,926	\$ 11,868,128

Indianapolis Power & Light Company  
Forecast of MWH Sales  
For the Twelve Months Ended September 30, 2020

		Cause 45029						Cause 44576	
Line No.	(A)	<u>Residential</u> RS, CW, EVX	<u>C&amp;I - Small</u> SS, SH, OES, UW, CW	<u>C&amp;I - Large</u> PL, HL	<u>C&amp;I - Large</u> SL, PH	<u>Lighting</u> MU-1, APL	<u>Total</u>	<u>C&amp;I - Large</u> HL	<u>C&amp;I - Large</u> SL, PH PL
		(B)	(C)	(D)	(E)	(F)	(G)	(D)	(E)
1	October-19	312,747	129,273	231,288	293,876	9,272	976,455	144,090	381,074
2	November-19	386,417	136,024	214,233	266,711	9,842	1,013,227	134,782	346,162
3	December-19	533,818	163,345	227,334	291,399	10,573	1,226,468	142,478	376,255
4	January-20	613,094	182,184	227,252	292,653	10,458	1,325,640	143,336	376,568
5	February-20	503,736	158,311	217,841	286,585	8,912	1,175,384	137,133	367,292
6	March-20	407,658	143,033	226,680	289,129	8,756	1,075,256	143,866	371,943
7	April-20	318,567	132,500	228,543	284,026	7,635	971,272	145,106	367,464
8	May-20	326,279	137,489	239,407	301,888	6,693	1,011,756	150,672	390,624
9	June-20	387,614	153,886	260,082	317,578	6,040	1,125,200	163,885	413,775
10	July-20	486,580	177,561	278,672	358,316	6,368	1,307,497	169,004	467,984
11	August-20	449,449	169,078	269,154	357,791	7,070	1,252,542	162,317	464,627
12	September-20	320,520	139,454	248,074	311,930	7,745	1,027,723	153,733	406,271
13	Totals	5,046,480	1,822,138	2,868,559	3,651,882	99,363	13,488,422	1,790,403	4,730,038

FILED  
June 28, 2019  
INDIANA UTILITY  
REGULATORY COMMISSION

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

**VERIFIED PETITION OF INDIANAPOLIS )  
POWER & LIGHT COMPANY FOR )  
APPROVAL OF REGIONAL )  
TRANSMISSION ORGANIZATION (“RTO”) ) CAUSE NO. 44808 RTO-3  
ADJUSTMENT FACTORS FOR ELECTRIC )  
SERVICE FOR THE BILLING MONTHS OF )  
OCTOBER 2019 THROUGH SEPTEMBER )  
2020. )**

**VERIFIED PETITION FOR APPROVAL OF RTO ADJUSTMENT FACTORS**

Indianapolis Power & Light Company (“IPL” or “Petitioner”) hereby petitions the Indiana Utility Regulatory Commission (“Commission”) for approval of a rate adjustment to be reflected in its Standard Contract Rider No. 26 (Regional Transmission Organization (“RTO”) Adjustment) to be made effective commencing with the October 2019 billing cycle or the first full billing cycle following the Commission’s Order in this proceeding. The factors will remain in effect for approximately twelve months or until superseded by different factors approved by the Commission.

**Petitioner’s Corporate Status and Operations.**

1. IPL 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. Petitioner is engaged in rendering electric utility service in the State of Indiana.

2. IPL renders 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. IPL 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 public utility service. IPL has maintained and continues to maintain its properties in a reliable state of operating condition.

**Petitioner's "Public Utility" and Regulated Status.**

3. Petitioner is a "public utility" within the meaning of Ind. Code § 8-1-2-1 and 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.

4. IPL is a member of the Midcontinent Independent System Operator, Inc. ("MISO"), an RTO operated under the authority of the Federal Energy Regulatory Commission ("FERC"), which has functional control over IPL's transmission system and the dispatching of IPL's generating units.

**Relief Sought By Petitioner.**

5. In Cause No. 44576, the Commission approved IPL's proposed Standard Contract Rider No. 26 (RTO Adjustment). *Indianapolis Power & Light Company*, Cause No. 44576 (IURC 3/16/2016) ("44576 Order"). The 44576 Order (at 79) authorizes IPL's use of the RTO Adjustment to timely recover the excess (or deficit) of an estimate of MISO non-fuel costs and credits ("NFC"), net of revenues, which are billed pursuant to MISO tariffs, compared to the \$14.228 million of net NFC embedded in base rates. In Cause No. 45029 (IURC 10/31/2018) ("45029 Order"), the Commission approved two modifications to the RTO Adjustment. The first modification changed the base amount of MISO Non-fuel costs and revenues used to calculate the RTO charge or credit on the tariff to \$35.424 million and \$4.645 million respectively (instead of the then-current

\$19.358 million and \$5.130 million respectively). The second modification, based upon the cost of service study, is that one factor would be calculated for those Large C&I customers taking service at secondary voltage [Rates SL and PH] and another for those taking service at primary voltage or higher [Rates PL and HL], (instead of one factor calculated for Rate HL and another for the remaining Large C&I rates).

6. Petitioner requests Commission approval of revised RTO Adjustment factors for the billing months of October 2019 through September 2020. IPL is seeking to recover: (1) its estimated MISO NFC, net of revenues, which exceed amounts included in base rates for the billing cycles of October 2019 through September 2020 and (2) a reconciliation of actual MISO NFC, net of revenues, for the period of May 2018 through April 2019.

7. IPL's proposed factors are reflected in the clean and redlined copy of IPL's RTO Adjustment tariff, Standard Contract Rider No. 26, attached hereto as Attachment A.

**Procedural Schedule and Request for Hearing.**

8. IPL is filing its case-in-chief contemporaneous with its Petition, including direct testimony, attachments and workpapers. IPL respectfully requests a procedural schedule which will allow for a Commission Order on or before September 18, 2019, which is twelve days prior to the September 30, 2019 start of the October 2019 billing month.

9. To the extent necessary or appropriate and pursuant to 170 IAC 1-1.1-15, IPL requests the Commission promptly conduct a prehearing conference to establish a procedural schedule. In accordance with 170 IAC 1-1.1-15(e), IPL 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.

**Governing Statutes.**

10. IPL considers that the provisions of the Public Service Commission Act, as amended, including Indiana Code §§ 8-1-2-10, 12, 38, 39 and 42 are, or may be, applicable to the subject matter of this Petition.

**Petitioner's Counsel.**

11. The names and addresses of Petitioner's duly authorized representatives to whom all correspondence and communication concerning this Petition should be sent, are as follows:

Teresa Morton Nyhart (No. 14044-49)  
Jeffrey M. Peabody (No. 28000-53)  
Barnes & Thornburg LLP  
11 South Meridian Street  
Indianapolis, Indiana 46204  
Nyhart Telephone: (317) 231-7716  
Peabody Telephone: (317) 231-6465  
Facsimile: (317) 231-7433  
Nyhart Email: tnyhart@btlaw.com  
Peabody Email: jpeabody@btlaw.com

WHEREFORE, Petitioner Indianapolis Power & Light Company respectfully requests the Commission make such investigation and hold such hearings as are necessary or advisable and thereafter issue an Order in this Cause:

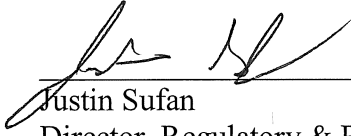
(a) Approving the requested factors to be reflected in Petitioner's RTO Adjustment and approving the revised RTO Adjustment tariff as shown in Attachment A;

(b) Authorizing Petitioner to make such RTO Adjustment factors effective commencing with the October 2019 billing cycle (which begins September 30, 2019) and to allow such factors to remain in place as requested herein;

(c) Granting to Petitioner such other and further relief as may be appropriate.



INDIANAPOLIS POWER & LIGHT COMPANY



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Justin Sufan  
Director, Regulatory & RTO Policy



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Teresa Morton Nyhart (No. 14044-49)  
Jeffrey M. Peabody (No. 28000-53)  
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Nyhart Email: tnyhart@btlaw.com  
Peabody Email: jpeabody@btlaw.com

ATTORNEYS FOR PETITIONER

**Verification**

I affirm under penalties for perjury that the foregoing representations are true to the best of my knowledge, information, and belief.

Dated this 23<sup>rd</sup> day of June 2019.

  
\_\_\_\_\_  
Craig Forestal

**CERTIFICATE OF SERVICE**

The undersigned certifies that two copies of the foregoing were served by electronic transmission and/or hand delivery on the Office of Utility Consumer Counselor, 115 W. Washington Street, Suite 1500 South, Indianapolis, Indiana 46204; [infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov).

Dated this 28th day of June, 2019.



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Jeffrey M. Peabody

Teresa Morton Nyhart (No. 14044-49)  
Jeffrey M. Peabody (No. 28000-53)  
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Peabody Email: [jpeabody@btlaw.com](mailto:jpeabody@btlaw.com)

ATTORNEYS FOR PETITIONER

STANDARD CONTRACT RIDER NO. 26  
REGIONAL TRANSMISSION ORGANIZATION ADJUSTMENT  
(Applicable to Rates RS, UW, CW, SS, SH, OES, SL, PL, PH, HL, MU-1, APL, CSC, and EVX)

In addition to the rates and charges set forth in the above mentioned Rates, a Regional Transmission Organization (RTO) Adjustment applicable for approximately twelve (12) months or until superseded by a subsequent factor shall be made in accordance with the following provisions:

- A. The RTO Adjustment shall be calculated by multiplying the KWH billed by an Adjustment Factor per KWH established according to the following formula:

$$\text{RTO} = \frac{\text{NFC} - (\$A - \$B)}{S} \quad (\text{For each rate class})$$

where:

1. "NFC" is the estimate of the net Non-Fuel Costs billed by the Midcontinent Independent System Operator ("MISO") for the annual period beginning October ~~2018~~ 2019 including but not limited to the following charge types:
  - (a) Schedule 10 – ISO Cost Recovery Adder and Schedule 10-FERC – FERC Annual Charges Recovery, or any successor provisions, of the Open Access Transmission and Energy Markets Tariff for the MISO ("MISO TEMT) or any successor tariff;
  - (b) Schedule 16 – Financial Transmission Rights Administrative Service Cost Recovery Adder, or successor provision, of the MISO TEMT or any successor tariff;
  - (c) Schedule 17 – Energy and Operating Reserve Markets Market Support Administrative Cost Recovery Adder, or successor provision, of the MISO TEMT or any successor tariff;
  - (d) Schedule 24 – Control Area Operator Cost Recovery, or successor provision, of the MISO TEMT or any successor tariff;
  - (e) Schedule 26 –Network Upgrade Charge from MISO Transmission Expansion Plan; or any successor tariff;
  - (f) Schedule 26-A –Real Time MVP Distribution Amount; or any successor tariff;
  - (g) Costs that are not otherwise recovered by MISO through other charges and are socialized for recovery from all market participants including Company ("uplift costs"), including the Real Time Revenue Neutrality Uplift Amount, and Real Time Miscellaneous Amount billed by MISO.
2. "A" is the \$35,424,000 of MISO Non-Fuel Costs included in the determination of basic charges for service in Cause No. 45029.
3. "B" is the \$4,645,000 of MISO transmission revenues included in the determination of basic charges for service in Cause No. 45029.
4. "S" is the estimated kilowatt-hour sales, for the same estimated period set forth in "NFC" consisting of the net sum in kilowatt-hours of:

STANDARD CONTRACT RIDER NO. 26 (continued)

- (a) Net generation,
  - (b) Purchases and
  - (c) Interchange-in, less
  - (d) Inter-system Sales,
  - (e) Energy Losses and Company Use
- B. The RTO Adjustment Factor as computed above for each rate class shall be further modified to allow the recovery of utility receipts taxes and other similar revenue-based tax charges occasioned by the RTO Adjustment revenues.
- C. The RTO Adjustment Factor may be further modified to reflect the difference between the actual and estimated Non-Fuel costs and RTO Adjustment revenues during the period May ~~2017~~ 2018 through April ~~2018~~ 2019.
- D. The RTO Adjustment Factor to be effective for all bills beginning with the date below will be:
- ~~\$(0.000028000095)~~ per KWH for Rates RS, CW, and EVX (with associated Rate RS service)
  - ~~\$(0.000020-000095)~~ per KWH for Rates SS, SH, OES, UW, CW, and EVX (with associated Rate SS service)
  - ~~\$(0.000029-000145)~~ per KWH for Rate HL
  - ~~\$(0.000020-000122)~~ per KWH for Rates PL
  - ~~\$(0.000045-000133)~~ per KWH for Rates SL and PH, and EVX (with associated Rate SL service)
  - ~~\$0.000044-000004~~ per KWH for Rates MU-1 and APL

STANDARD CONTRACT RIDER NO. 26  
REGIONAL TRANSMISSION ORGANIZATION ADJUSTMENT  
(Applicable to Rates RS, UW, CW, SS, SH, OES, SL, PL, PH, HL, MU-1, APL, CSC, and EVX)

In addition to the rates and charges set forth in the above mentioned Rates, a Regional Transmission Organization (RTO) Adjustment applicable for approximately twelve (12) months or until superseded by a subsequent factor shall be made in accordance with the following provisions:

- A. The RTO Adjustment shall be calculated by multiplying the KWH billed by an Adjustment Factor per KWH established according to the following formula:

$$\text{RTO} = \frac{\text{NFC} - (\$A - \$B)}{S} \quad (\text{For each rate class})$$

where:

1. "NFC" is the estimate of the net Non-Fuel Costs billed by the Midcontinent Independent System Operator ("MISO") for the annual period beginning October 2019 including but not limited to the following charge types:
  - (a) Schedule 10 – ISO Cost Recovery Adder and Schedule 10-FERC – FERC Annual Charges Recovery, or any successor provisions, of the Open Access Transmission and Energy Markets Tariff for the MISO ("MISO TEMT) or any successor tariff;
  - (b) Schedule 16 – Financial Transmission Rights Administrative Service Cost Recovery Adder, or successor provision, of the MISO TEMT or any successor tariff;
  - (c) Schedule 17 – Energy and Operating Reserve Markets Market Support Administrative Cost Recovery Adder, or successor provision, of the MISO TEMT or any successor tariff;
  - (d) Schedule 24 – Control Area Operator Cost Recovery, or successor provision, of the MISO TEMT or any successor tariff;
  - (e) Schedule 26 –Network Upgrade Charge from MISO Transmission Expansion Plan; or any successor tariff;
  - (f) Schedule 26-A –Real Time MVP Distribution Amount; or any successor tariff;
  - (g) Costs that are not otherwise recovered by MISO through other charges and are socialized for recovery from all market participants including Company ("uplift costs"), including the Real Time Revenue Neutrality Uplift Amount, and Real Time Miscellaneous Amount billed by MISO.
2. "A" is the \$35,424,000 of MISO Non-Fuel Costs included in the determination of basic charges for service in Cause No. 45029.
3. "B" is the \$4,645,000 of MISO transmission revenues included in the determination of basic charges for service in Cause No. 45029.
4. "S" is the estimated kilowatt-hour sales, for the same estimated period set forth in "NFC" consisting of the net sum in kilowatt-hours of:

STANDARD CONTRACT RIDER NO. 26 (continued)

- (a) Net generation,
  - (b) Purchases and
  - (c) Interchange-in, less
  - (d) Inter-system Sales,
  - (e) Energy Losses and Company Use
- B. The RTO Adjustment Factor as computed above for each rate class shall be further modified to allow the recovery of utility receipts taxes and other similar revenue-based tax charges occasioned by the RTO Adjustment revenues.
- C. The RTO Adjustment Factor may be further modified to reflect the difference between the actual and estimated Non-Fuel costs and RTO Adjustment revenues during the period May 2018 through April 2019.
- D. The RTO Adjustment Factor to be effective for all bills beginning with the date below will be:
  - \$(0.000095) per KWH for Rates RS, CW, and EVX (with associated Rate RS service)
  - \$(0.000095) per KWH for Rates SS, SH, OES, UW, CW, and EVX (with associated Rate SS service)
  - \$(0.000145) per KWH for Rate HL
  - \$(0.000122) per KWH for Rate PL
  - \$(0.000133) per KWH for Rates SL and PH, and EVX (with associated Rate SL service)
  - \$0.000004 per KWH for Rates MU-1 and APL