

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Indianapolis Power & Light Company)

Docket No. TS04-____-000

**INFORMATIONAL FILING OF
INDIANAPOLIS POWER & LIGHT COMPANY**

Indianapolis Power & Light Company (“IPL”) hereby submits an informational filing as required by Order No. 2004.¹ Order No. 2004 requires public utilities to file with the Commission and post on the OASIS or Internet website a plan and schedule for implementing the Standards of Conduct by June 1, 2004, and projected costs of complying with the Standards of Conduct. This filing provides IPL’s plan and schedule for implementing the Standards of Conduct and identifies those costs it anticipates may be expended to comply.

I. Current Compliance with Order No. 2004 Requirements

IPL is in compliance with the Commission’s previous Standards of Conduct applicable to public utilities, formerly included in the Commission’s rules and regulations at 18 C.F.R. Part 37. Pursuant to the previous Standards of Conduct, IPL separated its transmission and wholesale merchant functions, posted its written procedures for implementing the previous Standards of Conduct and organizational chart illustrating the functional separation, and put in place procedures to ensure transmission-related information was not improperly disclosed to employees engaged in wholesale marketing operations.² IPL employees engaged in transmission

¹ Standards of Conduct for Transmission Providers, FERC Stats. & Regs Vol. III, Regulation Preambles ¶ 31,155 (2003), Order No. 2004, 68 FR 69,134 (Dec. 11, 2003) (pending rehearing).

² Commission accepted IPL’s written procedures for implementing the previous Standards of Conduct, filed by IPL pursuant to Order 889. 90 FERC ¶ 61,174 (2000).

system operations or reliability functions and in the wholesale merchant function received training on the Commission's previous Standards of Conduct, and were required to sign a statement acknowledging that they had read and would adhere to IPL's written procedures. To the extent that IPL's current procedures must to be revised to comply with the requirements of Order No. 2004, IPL outlines such additional measures herein and will coordinate with the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO"), of which IPL is a transmission-owning member, to post IPL's revised procedures and affiliate information.

II. Plan and Schedule for Implementing Additional Measures to Comply with Order No. 2004

A. Plan. Because IPL complies with the Commission's former Standards of Conduct, IPL will not need to undertake substantial measures to additionally comply with Order No. 2004. IPL will formulate new procedures and infrastructure to implement the new Standards of Conduct. In particular, IPL will develop procedures to ensure that its employees function independently from the employees of its Marketing and Energy Affiliates. Presently, IPL does not share any employees with its Marketing and Energy Affiliates. However, because employees engaged in the wholesale merchant function do interact with other affiliates of the The AES Corporation, IPL's parent company, IPL will review the nature of these interactions, put in place any necessary procedures prescribing such interactions and revise its written procedures accordingly. This review will additionally evaluate whether safeguards over and above those presently in place are needed to ensure that employees of IPL's Energy and Marketing Affiliates do not have preferential access to the system control center or other facilities used for transmission operations or reliability functions, or to information related to IPL transmission system operations, not available to other transmission customers. IPL anticipates that this review

will confirm that infrastructure or computer systems already in place adequately restrict employees engaged in wholesale merchant functions from gaining access to areas in which transmission system operations are conducted or transmission-related information is stored. More likely, the review will reveal that incremental improvements are appropriate to current measures.

Pursuant to Section 358.4(e)(6), IPL will hire and/or designate a Chief Compliance Officer. The Chief Compliance Officer will be responsible for insuring that IPL is in full compliance with the Standards of Conduct. The Chief Compliance Officer will commence the required review and will coordinate and implement what changes, if any, to IPL's written procedures or infrastructure are necessitated by the review. Further, the Chief Compliance Officer will work with the Midwest ISO to revise the information posted on the Midwest ISO OASIS relevant to IPL's compliance with Order No. 2004.

Specifically, the Chief Compliance Officer will be responsible for:

- (a) Distributing written materials regarding the Standards of Conduct to IPL employees and employees of IPL's Marketing and Energy Affiliates;
- (b) Coordinating the necessary changes in infrastructure to ensure that IPL remains in compliance with the independent functioning requirements of the Standards of Conduct.
- (c) Coordinating training sessions regarding the Standards of Conduct and ensuring that IPL employees currently and newly engaged in transmission system operations and reliability functions and wholesale merchant functions, and employees who directly support such functions, participate in the training sessions.

- (d) Maintaining the records related to employee training, in particular, the acknowledgment forms or affidavits, if used, signed by the employees who have completed the training;
- (e) Prepare and implement procedures for posting and updating information on the Midwest ISO OASIS as required by the Standards of Conduct;
- (f) Periodically audit and, if necessary, update IPL's written procedures and other posted information on the Midwest ISO OASIS.

IPL will provide any necessary training to ensure that the Chief Compliance Officer has a working knowledge of the Company, its structure, and operations. During the employee training, employees will be instructed on the role of the Chief Compliance Officer and clear lines of communication will be established between the employees and the Chief Compliance Officer.

IPL will also designate a senior corporate officer to periodically review the performance of the Chief Compliance Officer. The designated corporate officer will work with the Chief Compliance Officer to ensure that IPL is in full compliance with the Standards of Conduct by June 1, 2003.

B. Schedule. The timetable IPL will follow to assure compliance with the Standards of Conduct is as follows:

- By February 27, IPL will hire or designate an individual as its Chief Compliance Officer.
- By February 27, IPL will convene a task force, whose membership shall be restricted to employees engaged in transmission system operations or reliability functions, and certain employees who support such operations and functions. Under the direct supervision and

participation of the Chief Compliance Officer, the task force will evaluate and revise, if necessary, IPL's current written procedures for implementing the Commission's Standards of Conduct. The review will include physical and computer-based requirements.

- By March 26, the Chief Compliance Officer and task force will complete their review of IPL's current procedures.
- By April 30, IPL will distribute its revised written procedures for implementing the Standards of Conduct to certain employees of IPL and IPL's Marketing and Energy Affiliates. These procedures shall provide such detail as will enable transmission customers and the Commission to determine that IPL is in compliance with Order No. 2004 requirements. The written materials will be circulated to (a) all IPL wholesale merchant personnel (including those individuals performing similar functions who are employed by Marketing or Energy Affiliates), (b) IPL personnel engaged in transmission system operations, system reliability functions, and who may process transmission service requests, and (c) IPL support personnel.
- By May 7, the Chief Compliance Officer will provide to the Midwest ISO for posting on the Midwest ISO OASIS, IPL's revised written procedures, additional Marketing and Energy Affiliate information, and other information determined to be pertinent to IPL's compliance with Order No. 2004.
- Beginning April 30 through June 1, the Chief Compliance Officer will work with outside counsel and a senior executive to create the training program and will coordinate and implement the training of IPL employees in the Standards of Conduct. The initial training sessions will be conducted by the Chief Compliance Officer and will include a presentation by at least one senior executive discussing IPL's commitment to full compliance with the Standards of Conduct.

- On or before June 1, the Chief Compliance Officer will coordinate with the Midwest ISO to assure IPL's compliance with Order No. 2004 posting requirements.

C. Posting on the OASIS. The Chief Compliance Officer will be responsible for ensuring that IPL makes timely posting on the OASIS of information that is required by the Standards of Conduct. The Chief Compliance Officer will be the conduit for employees and senior management to add or update information on OASIS that is required by the Standards of Conduct. The Chief Compliance Officer will take the necessary steps to ensure that the necessary infrastructure and procedures will be in place by June 1, 2004 to make the postings required by the Standards of Conduct. These postings will include:

- (a) the names and addresses of IPL's sales and marketing units and energy affiliates on OASIS.
- (b) a complete list of facilities that are shared by IPL and its marketing and sales units or energy affiliates, including the types of facilities shared and their addresses.
- (c) comprehensive organizational charts pursuant to the requirements in Section 358.4(a)(3)(i) through (vi).
- (d) notices of any employee transfer including the name of the transferring employee, the respective titles held while performing each function, and the effective date of the transfer.

The Chief Compliance Officer will ensure that information is updated on OASIS within seven (7) business days of any change and will post the date on which the information was updated. The Chief Compliance Officer will also ensure that IPL posts the information

concerning potential merger partners as affiliates within seven (7) days after the merger is announced.

IPL will ensure, through the distribution of written materials and training sessions, that employees and senior management are aware of the OASIS posting requirements of the Standards of Conduct. It will instruct employees and senior management to forward required information to the Chief Compliance Officer to be posted on OASIS.

The Chief Compliance Officer will report to the Commission, and post on OASIS, any emergency that results in any deviation from the Standards of Conduct within twenty-four (24) hours of such deviation. All employees will be instructed, through the distribution of written materials and training sessions to inform the Chief Compliance Officer immediately of any emergency that results in a deviation from the Standards of Conduct.

D. Independent Functioning. By June 1, 2004, IPL will have completed the necessary training and changes in infrastructure to ensure that IPL is in full compliance with the independent functioning requirements of the Standards of Conduct. These will include:

- (a) ensuring that the transmission function employees function independently from the employees of the IPL's Marketing and Energy Affiliates.
- (b) prohibiting employees of IPL's Marketing and Energy Affiliates from conducting transmission system operations or reliability functions; and having access to IPL's system control center or similar facility used for transmission operations or reliability functions that differs preferentially from the access available to other transmission customers.

(c) it will be the duty of the Chief Compliance Officer, working with a designated Senior Corporate Officer, to ensure full implementation of the non-discrimination requirements of the Standards of Conduct.

E. Non-Discrimination Requirements. By June 1, 2004, IPL will have completed the necessary training and changes in infrastructure to ensure that IPL is in full compliance with the non-discrimination requirements of the Standards of Conduct. These will include:

(a) ensuring that IPL marketing and sales employees as well as employees of IPL's Energy Affiliates have access to only the information available to IPL's transmission customers.

(b) ensuring that IPL marketing and sales employees as well as employees of IPL's Energy Affiliates are unable to obtain information about IPL's transmission system through access to information not posted on OASIS or that is not otherwise also available to the general public without restriction.

(c) establishing as the duty of the Chief Compliance Officer, working with a designated senior corporate officer, to ensure the implementation of all non-discrimination requirements of the Standards of Conduct.

F. Written Log. IPL will maintain a written log, available for Commission audit, detailing the circumstances and manner in which it exercised its discretion under any terms of the tariff. The Chief Compliance Officer will be responsible for maintaining the written log and will post on OASIS, within twenty-four (24) hours, any incident where IPL exercised its discretion regarding tariff provisions related to the sale or purchase of open access transmission service.

G. Books and Records. IPL currently maintains its books of account and records separately from those of its affiliates. IPL will continue this practice and the books and records will continue to be available for inspection by the Commission.

III. Projected Cost of Compliance

IPL anticipates that its total costs to comply with Order No. 2004 will be less than \$50,000. As provided herein, IPL is in substantial compliance with Order No. 2004 because of measures it took to comply with the regulations issued by the Commission in Order No. 889, 18 C.F.R. Part 37. The largest expense will address prohibitions of information disclosure. This expense stems mostly from the labor expended to review IPL's current procedures for implementing the Standards of Conduct, develop appropriate training materials, and to participate in the training sessions.

IV. Communications and Correspondence

All correspondence related to this informational filing should be addressed to:

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Respectfully submitted,

/s/ Marline R. Breece

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