

STATE OF INDIANA  
INDIANA UTILITY REGULATORY COMMISSION

PETITION OF INDIANA MICHIGAN POWER )  
COMPANY, AN INDIANA CORPORATION, FOR )  
(1) AUTHORITY TO INCREASE ITS RATES AND )  
CHARGES FOR ELECTRIC UTILITY SERVICE )  
THROUGH A PHASE IN RATE ADJUSTMENT; (2) )  
APPROVAL OF: REVISED DEPRECIATION )  
RATES; ACCOUNTING RELIEF; INCLUSION IN )  
BASIC RATES AND CHARGES OF QUALIFIED )  
POLLUTION CONTROL PROPERTY, CLEAN ) CAUSE NO. 44967  
ENERGY PROJECTS AND COST OF BRINGING )  
I&M'S SYSTEM TO ITS PRESENT STATE OF )  
EFFICIENCY; RATE ADJUSTMENT MECHANISM )  
PROPOSALS; COST DEFERRALS; MAJOR )  
STORM DAMAGE RESTORATION RESERVE )  
AND DISTRIBUTION VEGETATION )  
MANAGEMENT PROGRAM RESERVE; AND )  
AMORTIZATIONS; AND (3) FOR APPROVAL OF )  
NEW SCHEDULES OF RATES, RULES AND )  
REGULATIONS. )

**INDIANA MICHIGAN POWER COMPANY'S  
2017 OHIO VALLEY ELECTRIC CORPORATION REPORT**

In accordance with the May 30, 2018 Order Approving the Stipulation and Settlement Agreement in this cause, Indiana Michigan Power Company (I&M) submits its annual Ohio Valley Electric Corporation (OVEC) Report. By way of background, OVEC was formed in 1952 by regional utilities (Sponsoring Companies), including I&M, for the purpose of providing electric service to the uranium enrichment facility in Southern Ohio (Facility) under a power supply agreement between OVEC and the United States of America, through the predecessor to the Secretary of Energy, statutory head of the Department of Energy (DOE).

On July 10, 1953, OVEC and its Sponsoring Companies signed an Inter-Company Power Agreement (ICPA or Power Agreement) whereby OVEC agreed to sell

and the Sponsoring Companies agreed to purchase certain power and energy produced by OVEC in excess of that required to serve the DOE Facility. Each successive amendment to the Power Agreement has been submitted to and accepted for filing by the Federal Energy Regulatory Commission (FERC) as a wholesale power sales agreement under Section 205 of the Federal Power Act. Upon DOE's termination of the DOE Agreement effective April 30, 2003, the Sponsoring Companies became entitled under the terms of the Power Agreement to all of OVEC's net power and energy.

The current Amended and Restated ICPA was provided to the IURC in FERC Docket No. ER11-3181. I&M also followed-up by letter dated May 31, 2011 ensuring the Amended and Restated ICPA was filed with the IURC.

Pursuant to the Settlement Agreement in this matter, I&M is to file an annual report with the Commission that describes I&M's OVEC costs. The initial report is due within 90 days of a Final Order in this proceeding, and the report is to be updated annually within 90 days of when data for the prior calendar year are available. The reporting requirement lasts through the earlier of (a) the date new rates go into effect in I&M's next base case or (b) December 31, 2021. The information to be filed is to include the cost of I&M's participation in the Amended and Restated ICPA.

The information contained in this report shows I&M's 2017 costs of participation in the Amended and Restated ICPA. I&M's OVEC costs are comprised of the four categories shown in the table below.

| I&M TOTAL COMPANY OVEC COST BILLED<br>JANUARY 2017 THROUGH DECEMBER 2017 |                                 |                                 |                                       |                              |
|--|---------------------------------|---------------------------------|---------------------------------------|------------------------------|
| Month  | (1) Monthly Demand<br>Cost (\$) | (2) Monthly Energy<br>Cost (\$) | (3) Monthly<br>Transmission Cost (\$) | (4) Monthly PJM<br>Cost (\$) |
| Jan-17   | \$1,756,404.20                  | \$1,958,792.14                  | \$109,355.09                          | \$185.57                     |
| Feb-17   | \$1,925,768.31                  | \$2,041,717.21                  | \$110,573.09                          | \$783.92                     |
| Mar-17   | \$1,998,440.33                  | \$2,516,283.58                  | \$118,001.58                          | \$185.57                     |
| Apr-17   | \$2,442,299.59                  | \$1,687,669.92                  | \$104,127.71                          | \$185.57                     |
| May-17   | \$2,678,595.77                  | \$1,254,952.87                  | \$96,421.05                           | \$855.24                     |
| Jun-17   | \$1,808,935.83                  | \$1,934,239.20                  | \$108,754.94                          | \$185.57                     |
| Jul-17   | \$2,046,242.70                  | \$2,146,205.51                  | \$113,289.51                          | \$185.57                     |
| Aug-17   | \$1,939,160.41                  | \$2,091,024.59                  | \$111,465.76                          | \$831.47                     |
| Sep-17   | \$2,589,294.40                  | \$1,318,936.83                  | \$98,536.46                           | \$185.57                     |
| Oct-17   | \$2,561,559.30                  | \$1,636,331.16                  | \$103,823.56                          | \$185.57                     |
| Nov-17   | \$2,239,373.21                  | \$2,003,463.28                  | \$110,684.46                          | \$779.52                     |
| Dec-17   | \$2,007,877.07                  | \$2,480,125.69                  | \$118,188.06                          | \$185.57                     |

- (1) Demand costs include the fixed costs associated with the OVEC generating units.
- (2) Energy costs include the cost of fuel and other variable costs related to the production of energy.
- (3) Transmission costs include the cost of delivering the energy into the PJM RTO.
- (4) The PJM costs include the administrative fee charged by PJM to deliver the energy into the PJM RTO.

Respectfully submitted,



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## **CERTIFICATE OF SERVICE**

The undersigned certifies that the foregoing was served upon the following via electronic email, hand delivery or First Class, or United States Mail, postage prepaid this 10th day of July, 2018 to:

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