

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

PETITION OF INDIANA MICHIGAN POWER )  
COMPANY, AN INDIANA CORPORATION, )  
FOR AUTHORITY TO INCREASE ITS RATES )  
AND CHARGES FOR ELECTRIC UTILITY )  
SERVICE THROUGH A PHASE IN RATE )  
ADJUSTMENT; AND FOR APPROVAL OF )  
RELATED RELIEF INCLUDING: (1) )  
REVISED DEPRECIATION RATES; (2) )  
ACCOUNTING RELIEF; (3) INCLUSION IN )  
RATE BASE OF QUALIFIED POLLUTION )  
CONTROL PROPERTY AND CLEAN )  
ENERGY PROJECT; (4) ENHANCEMENTS )  
TO THE DRY SORBENT INJECTION )  
SYSTEM; (5) ADVANCED METERING )  
INFRASTRUCTURE; (6) RATE )  
ADJUSTMENT MECHANISM PROPOSALS; )  
AND (7) NEW SCHEDULES OF RATES, )  
RULES AND REGULATIONS. )

**FILED**  
October 21, 2019  
INDIANA UTILITY  
REGULATORY COMMISSION

**CAUSE NO. 45235**

**JOINT MUNICIPAL INTERVENORS' SECOND NOTICE OF CORRECTIONS  
TO THE PREFILED DIRECT TESTIMONY OF WITNESSES MANCINELLI**

The City of Fort Wayne, the City of Marion, and Marion Municipal Utilities, (collectively the “Joint Municipal Intervenors” or “Respondents”), by counsel, respectfully submits this Second Notice of Corrections to the Verified Prefiled Direct Testimony of Joseph M. Mancinelli. Redlined copies of the corrected pages are attached hereto. A clean copy of the revised pages will be included in the court reporter copy that is offered into evidence at the hearing. Counsel for Marion is authorized to make this filing jointly on behalf of the City of Fort Wayne.

Respectfully submitted,



Kristina Kern Wheeler, Attorney No. 20957-49A  
BOSE MCKINNEY & EVANS LLP  
111 Monument Circle, Suite 2700  
Indianapolis, Indiana 46204  
(317) 684-5152  
(317) 684-5173 (facsimile)  
[kwheeler@boselaw.com](mailto:kwheeler@boselaw.com)

Attorney for the City of Marion and Marion  
Municipal Utilities

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served by hand delivery, electronic transmission or U.S. Mail, first class postage prepaid, this 21st day of October, 2019.

Teresa Morton Nyhart  
Jeffrey M. Peabody  
Barnes & Thornburg LLP  
11 S. Meridian St.  
Indianapolis, IN 46204  
[tnyhart@btlaw.com](mailto:tnyhart@btlaw.com)  
[jpeabody@btlaw.com](mailto:jpeabody@btlaw.com)

Jennifer A. Washburn  
Margo Tucker  
Citizens Action Coalition  
603 East Washington Street, Suite 502  
Indianapolis, Indiana 46204  
[jwashburn@citact.org](mailto:jwashburn@citact.org)  
[mtucker@citact.org](mailto:mtucker@citact.org)

Matthew S. McKenzie  
AMERICAN ELECTRIC POWER  
SERVICE CORP.  
1 Riverside Plaza, 29thFloor  
Columbus, OH 43215  
[msmckenzie@aep.com](mailto:msmckenzie@aep.com)

Kurt J. Boehm  
Jody Kyler Cohn  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, Ohio 45202  
[kboehm@bkllawfirm.com](mailto:kboehm@bkllawfirm.com)  
[jkylercohn@bkllawfirm.com](mailto:jkylercohn@bkllawfirm.com)

Randall C. Helmen  
Lorraine Hitz-Bradley  
Tiffany Murray  
Office of the Utility Consumer Counselor  
PNC Center  
115 W. Washington St., Suite 1500 S  
Indianapolis, IN 46204  
[rhelmen@oucc.in.gov](mailto:rhelmen@oucc.in.gov)  
[lhitzbradley@oucc.in.gov](mailto:lhitzbradley@oucc.in.gov)  
[timurray@oucc.in.gov](mailto:timurray@oucc.in.gov)  
[infomgt@oucc.in.gov](mailto:infomgt@oucc.in.gov)

Bette J. Dodd  
Joseph P. Rompala  
Lewis & Kappes, P.C.  
One American Square, Suite 2500  
Indianapolis, IN 46282  
[bdodd@lewis-kappes.com](mailto:bdodd@lewis-kappes.com)  
[jrompala@lewis-kappes.com](mailto:jrompala@lewis-kappes.com)

John P. Cook  
John P. Cook & Associates  
900 W. Jefferson Street  
Franklin, Indiana 46131  
[john.cookassociates@earthlink.net](mailto:john.cookassociates@earthlink.net)

Robert K. Johnson  
2454 Waldon Drive  
Greenwood, IN 46143  
[rjohnson@utilitylaw.us](mailto:rjohnson@utilitylaw.us)

Kevin Higgins  
ENERGY STRATEGIES, LLC  
Parkside Towers, 215 S. State St., Ste. 200  
Salt Lake City, Utah 84111  
[khiggins@energystrat.com](mailto:khiggins@energystrat.com)

Eric E. Kinder  
Spilman Thomas & Battle, PLLC  
300 Kanawha Boulevard East  
P.O. Box 273  
Charleston, WV 25321  
[ekinder@spilmanlaw.com](mailto:ekinder@spilmanlaw.com)

Barry A. Naum  
Spilman Thomas & Battle, PLLC  
1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, PA 17050  
[bnaum@spilmanlaw.com](mailto:bnaum@spilmanlaw.com)

Randolph G. Holt  
Parr Richey  
c/o Wabash Valley Power Alliance  
6720 Intech Blvd.  
Indianapolis, IN 46278  
[R\\_holt@wvpa.com](mailto:R_holt@wvpa.com)

Anne E. Becker  
Lewis & Kappes, P.C.  
One American Square, Ste. 2500  
Indianapolis, IN 46282  
[ABecker@Lewis-Kappes.com](mailto:ABecker@Lewis-Kappes.com)

Robert M. Glennon  
Robert Glennon & Assoc., P.C.  
3697 N. Co. Rd. 500 E.  
Danville, IN 46122  
[robertglennonlaw@gmail.com](mailto:robertglennonlaw@gmail.com)

Jeremy L. Fetty  
Liane K. Steffes  
Parr Richey  
251 N. Illinois Street, Suite 1800  
Indianapolis, IN 46204  
[jfetty@parrlaw.com](mailto:jfetty@parrlaw.com)  
[lsteffes@parrlaw.com](mailto:lsteffes@parrlaw.com)

W. Erik Weber  
Mefford Weber and Blythe  
130 East Seventh Street  
Auburn, IN 46706-1839  
[erik@lawmwb.com](mailto:erik@lawmwb.com)

Mark W. Cooper  
1449 N. College Avenue  
Indianapolis, IN 46202  
[attymcooper@indy.rr.com](mailto:attymcooper@indy.rr.com)

Jeffery Earl  
Bose McKinney & Evans LLP  
111 Monument Circle, Suite 2700  
Indianapolis, IN 46204  
[jearl@boselaw.com](mailto:jearl@boselaw.com)

Shaw R. Friedman  
Friedman & Associates, P.C.  
705 Lincolnway  
LaPorte, IN 46350  
[sfriedman.associates@frontier.com](mailto:sfriedman.associates@frontier.com)

Keith L. Beall  
Beall & Beall  
13238 Snow Owl Dr., Ste. A  
Carmel, IN 46033  
[kbeall@indy.rr.com](mailto:kbeall@indy.rr.com)

Nikki Shoultz  
Bose McKinney & Evans LLP  
111 Monument Circle, Suite 2700  
Indianapolis, IN 46204  
[nshoultz@boselaw.com](mailto:nshoultz@boselaw.com)



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Kristina Kern Wheeler

1 unbundled COS and pricing models during my career. A summary of my qualifications  
2 is provided within Attachment JAM-1 to this testimony.

3 **Q4. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

4 A. Yes. I testified before the Indiana Utility Regulatory Commission (“IURC” or  
5 “Commission”) in Cause No. 44688, Cause No. 44733, and in Cause No. 43354. As  
6 shown in my testimony experience provided within Attachment JAM-1, I have  
7 sponsored testimony before public utilities commissions in Alaska, Guam, Indiana,  
8 Michigan, Nevada, North Carolina, and Texas. Also, I have testified in arbitration and  
9 civil court proceedings.

10 **II. PURPOSE OF TESTIMONY**

11 **Q5. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?**

12 A. I am testifying on behalf of the City of Fort Wayne, the City of Marion, and Marion  
13 Municipal Utilities.

14 **Q6. BASED ON YOUR REVIEW, WHAT ARE YOUR RECOMMENDATIONS?**

15 A. Based on my review of Indiana Michigan Power’s (“I&M” or the “Company”) direct  
16 testimony, I recommend the following:

- 17 1. Fixed costs associated with abrupt and significant load loss on the I&M  
18 system should be recovered within the jurisdiction that the load loss occurs or  
19 borne by the Company. I&M allocates costs to three jurisdictions: Indiana  
20 retail, Michigan retail, and Federal Energy Regulatory Commission  
21 (“FERC”).
- 22 2. I&M's allocation of Off-System Sales (“OSS”) margins, in accordance with  
23 the jurisdictional split, should be allocated 100% to firm retail customers in

1 300 MW<sup>9</sup> of load and 977 gigawatt-hours (“GWh”)<sup>10</sup> of energy usage annually in  
2 Indiana. During 2018, these same customers paid total revenues of \$104.2 million,  
3 with \$62.7<sup>11</sup> million collected through demand charges. The cancellation of the  
4 IMMUDA contracts represents a loss of 96% of IMMUDA load which represents 34%<sup>12++</sup>  
5 of I&M wholesale firm load as measured in kilowatt-hours (“kWh”).

6 **Q12. HOW DOES I&M ADDRESS THE LOSS OF IMMUDA WHOLESALE LOAD IN**  
7 **ITS JURISDICTIONAL SEPARATION STUDY?**

8 A. I&M shifts the fixed cost recovery associated with this wholesale load loss to Indiana  
9 and Michigan customers in its Jurisdictional Separation Study. In other words, the  
10 fixed costs attributable to the lost IMMUDA load that have traditionally been assigned  
11 as FERC jurisdictional wholesale costs, are now being recovered through I&M’s  
12 captive state-regulated retail customer base. Embedding these wholesale IMMUDA  
13 costs into retail rates significantly increases the cost burden to retail customers.<sup>13</sup>

14 **Q13. WHAT IS THE FINANCIAL IMPACT OF THE LOSS OF MOST OF THE**  
15 **IMMUDA WHOLESALE LOAD?**

16 A. The total revenue loss associated with the cancelled IMMUDA contracts is estimated to  
17 be \$89 million for the Test Year. Witness Heimberger states that FERC wholesale  
18 revenues were \$291 million in 2018 and have been lowered to \$202 million for the Test

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<sup>9</sup> I&M Witness Thomas Direct Testimony p. 6, ln. 8. The Jurisdictional Study shows 247 MW; however, the I&M testimony states 300 MW.

<sup>10</sup> I&M Witness Burnett Direct Testimony p. 15, ln. 2.

<sup>11</sup> I&M Witness Nollenberger Direct Testimony, WP MWN OR2 - 2018 Historic Data., WP JAM-9 [at Worksheet 2018 Historic Data.](#)

<sup>12</sup> [Id. at Worksheet Percent Wholesale Leaving.](#)

<sup>13</sup> I&M Witness Hevert Direct Testimony p. 48, ln. 1.

**Table 1<sup>(1)</sup>**  
**Comparison of I&M Jurisdictional Allocation Factors**  
**Cause No. 45235 Compared to Cause No. 44967**

Line No.		2020 Test Year (I&M Rate Case)	2018 Test Year (I&M Rate Case)	Difference (2020 – 2018)
1	Number of Customers <sup>(+2), (3)</sup>			
2	Indiana	78.26%	78.25%	0.0013%
3	Other	21.74%	21.75%	(0.0013%)
4=2+3	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.0000%</b>
5	Energy <sup>(+2), (24)</sup>			
6	Indiana	68.37%	63.77%	4.60%
7	Other	31.63%	36.23%	(4.60%)
8=6+7	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>
9	Demand <sup>(+2), (24)</sup>			
10	Indiana	70.65%	65.21%	5.44%
11	Other	29.35%	34.79%	(5.44%)
12=10+11	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>

(1) WP JAM-1.

(2) I&M Witness Duncan Direct Testimony, WP JCD1 (45235\_IndMich\_WP JCD1 JCOS Master Workpaper File 051419.xls).

(3) Number of customers in 2018 is historic.

(4) 2018 Data: Cause 44967: WP JMS-1, p. 36-37.

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Table 1 demonstrates the significant change in jurisdictional demand allocation factor (or 12CP demand allocator) in just two years. For example, the allocation of total I&M generation fixed costs to the Indiana jurisdiction has increased by 5.4% (from 65.2% to 70.7%). This large increase to Indiana's allocation of fixed costs is largely attributable to the loss of firm sales in the FERC jurisdiction.

**Q16. WHAT IMPACT DO THE SIGNIFICANT CHANGES IN I&M'S 12CP DEMAND JURISDICTIONAL ALLOCATION FACTOR HAVE ON THE ALLOCATION OF TOTAL COMPANY COSTS TO THE INDIANA RETAIL JURISDICTION?**

A. The impact of the proposed 12CP demand I&M jurisdictional allocator results in a disproportional shifting of total Company costs to Indiana retail customers. To

1 highlight this cost shifting, I have compared the as-filed results of the of the  
2 Jurisdictional Separation Studies in Cause Nos. 44967 (Test Year 2018) and 45235  
3 (Test Year 2020). Table 2 compares four important components of the I&M revenue  
4 requirement that are allocated between jurisdictions using the 12CP demand allocation  
5 factor. Additional information is provided in Attachment JAM-2.

**Table 2<sup>(21)</sup>**  
**Jurisdictional Allocation of 12CP Demand-Related Costs**  
**Impact of Loss of Firm Load**  
**Cause No. 45235 compared to Cause No. 44967**

Line No.	Type of Cost in Jurisdictional Allocation Studies	Total Company Requested \$ Increase (2018 to 2020) (A)	\$ Increase to Indiana Retail Jurisdiction Allocation (2018 to 2020) (B)	Resulting Percentage of the Total Increase in Fixed Costs Allocated to Indiana Customers (B/A)
1	Production-Demand O&M Costs <sup>(42)</sup>	\$6.5 million (1.2%)	\$33.5 million (9.7%)	519%
2	Transmission-Demand O&M Costs <sup>(23)</sup>	\$7.4 million (38.2%)	\$6.4 million (50.2%)	86%
3	Production and Transmission Depreciation and Amortization Costs <sup>(34)</sup>	\$71.3 million (32.4%)	\$61.5 million (43.0%)	86%
4	Allocation of Rate Base-Production <sup>(45)</sup>	\$459.1 million (10.1%)	\$572.3 million (19.3%)	125%
5	Allocation of Rate Base-Transmission <sup>(6)</sup>	\$69.4 million (4.1%)	\$141.0 million (12.8%)	203%

(1) WP JAM-2.

(2) Attachment JAM-2 Line 2.

(3) Attachment JAM-2 Line 5.

(4) Attachment JAM-2 Line 14.

(5) Attachment JAM-2 Line 20.

(6) Attachment JAM-2 Line 21.

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7 Table 2 demonstrates the disproportional shifting of costs into the Indiana retail  
8 jurisdiction due to change in the 12CP demand allocation factor.

9 I&M's proposal is asking Indiana retail customers to pay:

- 10 • over five times (519%) of the Company's total production fixed cost  
11 increase request.



**Table 3<sup>(31)</sup>**  
**Jurisdictional 12CP Demand Allocator: Comparison of 2020 and 2018 Test Years**

Line No.	Jurisdiction (A)	2020 Test Year MW <sup>(2)</sup> (B)	2018 Test Year MW <sup>(3),(4)</sup> (C)	Difference MW (D) = (B) - (C)	Percent Difference (E) = (B)/(C) - 1
1	<b>Firm Load By Jurisdiction</b>				
2	FERC	414	661	(247)	(37.39%)
3	IN Retail	2,167	2,115	53	2.49%
4	MI Retail <sup>(45)</sup>	487	468	19	4.05%
5=3+4	<b>Total IN &amp; MI Retail</b>	<b>2,654</b>	<b>2,582</b>	<b>72</b>	<b>2.77%</b>
6=2+3+4	<b>Total Company Firm</b>	<b>3,067</b>	<b>3,243</b>	<b>(175)</b>	<b>(5.41%)</b>
7	<b>Allocation by Jurisdiction</b>				
8=2/6	FERC Allocation	13.48%	20.37%	(6.89%)	(33.81%)
9=3/6	IN Allocation	70.65%	65.21%	5.44%	8.35%
10=4/6	MI Allocation	15.86%	14.42%	1.44%	10.00%
11=8+9+10	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>(15.46%)</b>

(1) WP JAM-3.

(2) I&M witness Duncan direct testimony workpaper: File – WP JCD1 JCOS Master Workpaper: Sheet – Proj D&E Study Cause 44967 – WP JMS-1 – Proj D&E Study.

(3) 2018 Data: Cause 44967: WP JMS-1 page 36-37.

(4) 2018 Data: Cause 44967: PRA True Up Exhibits\_01119.

(5) MI Retail includes ‘shopping’ load

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2 Table 3 demonstrates that compared to the 2018 Test Year, retail firm load in  
3 Indiana and Michigan is projected to increase compared to 2018 by 2.5% and 4.1%,  
4 respectively. However, loss of FERC load attributable to IMMUDA results in an  
5 increase in Indiana’s allocation of demand-related costs by 5.44% or an increase in the  
6 allocation factor of 8.35% compared to the 2018 allocator.

7 **Q19. DO INTERRUPTIBLE LOADS FACTOR INTO THE DEVELOPMENT OF**  
8 **JURISDICTIONAL 12CP DEMAND ALLOCATION FACTOR?**

9 A. Interruptible loads are not firm and therefore are excluded from the jurisdiction  
10 allocation of demand related costs. I&M has experienced an increase in interruptible  
11 loads since 2018, but this load is not directly assigned to the Indiana and Michigan

**Table 4<sup>(1)</sup>**  
**Jurisdictional Separation Study: Effects of Firm Load Loss**

Line No.	Jurisdiction (A)	2018 Test Year As Filed Cause: 44967 <sup>(2)</sup> MW (B)	2018 Test Year with FERC Adjusted MW (C)	2018 TY FERC and Retail Adjusted (Equivalent to 2020 TY) <sup>(3)</sup> MW (D)
1	<b>Firm Load By Jurisdiction</b>			
2	FERC <sup>(4)</sup>	661	414	414
3	IN Retail <sup>(4)</sup>	2,115	2,115	2,167
4	MI Retail <sup>(4)(2)</sup>	468	468	487
5=4+3	<b>Total IN &amp; MI Retail</b>	<b>2,582</b>	<b>2,582</b>	<b>2,654</b>
6=2+3+4	<b>Total Company Firm</b>	<b>3,243</b>	<b>2,996</b>	<b>3,067</b>
7	<b>Allocation by Jurisdiction</b>			
8=2/6	FERC Allocation	20.37%	13.80%	13.48%
9=3/6	MI Allocation	14.42%	15.61%	15.86%
10=4/6	IN Allocation	65.21%	70.59%	70.65%
11=8+9+10	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
12=(C) - (B); (D) - (B)	Change to IN Allocation:	N/A	5.38%	5.44%
13=(C) - (B)	Due To FERC Load Loss		5.38%	
14=(D) - (C)	Due To Retail Load Growth			0.07%

(1) WP JAM-4

(2) 2018 Data: Cause 44967: WP JMS-1 page 36-37.

(3) For FERC 414 MW, IN Retail 2167 and MI Retail 487: I&M witness Duncan direct testimony workpaper: File – WP JCD1 JCOS Master Workpaper: Sheet – Proj D&E Study Cause 44967 – WP JMSJ-1 – Proj D&E Study.

(4) MI Retail includes Retail Shopping Customers.

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2 **Q21. WHAT IS THE IMPACT ON THE INDIANA RETAIL REVENUE**  
3 **REQUIREMENT ASSOCIATED WITH THE LOSS OF FERC LOAD?**

4 A. As shown in Attachment JAM-3, changing this allocator has a significant impact on  
5 the allocation of total Company costs to Indiana retail customers. First, cost shifting  
6 associated with the loss of FERC load adds \$245 million to Indiana retail rate base and  
7 a net revenue requirement impact of approximately \$56 million. I estimate the rate  
8 impact associated with the loss of FERC load to increase Indiana system revenue  
9 requirement by approximately 3.1% (8.08% - 4.93%).

1 Commission. These costs should not be recovered from Indiana customers. This  
2 treatment is consistent with my earlier recommendations pertaining to the loss of firm  
3 wholesale load, which should be borne by wholesale customers.

4 **Q36. COMPARED TO FERC LOAD LOSS OF APPROXIMATELY 247 MWS,  
5 LOAD LOSS IN MICHIGAN OF 40 MWS IS LOWER. WOULD  
6 SUBSTANTIALLY GREATER LOAD LOSS IN MICHIGAN CHANGE YOUR  
7 POSITION ON FIXED COST RECOVERY ASSOCIATED WITH LOST  
8 RETAIL LOAD?**

9 A. No. The proper recovery of fixed costs associated with abrupt load loss must be  
10 considered and recovered within the affected jurisdiction amount. Therefore, I  
11 recommend that the Commission require I&M conduct current and future jurisdictional  
12 separation studies with fixed cost allocators that exclude the impact of firm load loss  
13 attributable to retail choice in Michigan and the loss of firm long term wholesale  
14 contracts regulated by FERC.

15 **VI. OFF SYSTEM SALES**

16 **Q37. PLEASE DESCRIBE I&M'S OFF SYSTEM SALES IN THE 2020 TEST YEAR.**

17 A. OSS are made in PJM when I&M has excess energy and capacity that is not needed to  
18 serve its retail and wholesale firm customers. Compared to OSS sales in 2018 of  
19 \$196 million, Test Year 2020 OSS are estimated at \$215 million based on an increase  
20 of 7,430,521 MWh in sales.<sup>27</sup> I&M assumed that additional capacity and energy would

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<sup>27</sup> I&M Witness [High-Heimberger](#) Direct Testimony, Att. NAH-8 and NAH-2.

1 operating cost; b) margins that offset costs which result in lower, more competitive  
2 rates; and c) with lower rates, an improved attraction of new loads into the service area  
3 and improved support of EIG programs.

4 **VII. LOAD FORECAST**

5 **Q40. PLEASE DESCRIBE THE LOAD FORECAST PRESENTED BY I&M**  
6 **WITNESS BURNETT.**

7 A. Based on the testimony of Witness Burnett, for Test Year 2020, I&M has relied upon  
8 a long-term load forecast. The load forecast relies on actual data through  
9 December 2017<sup>30</sup> and has been updated by the Company in 2018. The load forecast is  
10 the basis for 2020 billing determinants.<sup>31</sup>

11 **Q41. DESCRIBE THE ADJUSTMENTS MADE BY I&M TO THE LOAD**  
12 **FORECAST.**

13 A. The historical data was adjusted to normalize the weather and reflect a typical weather  
14 year.<sup>32</sup> Other major adjustments to the load forecast include:

- 15 • A decrease in wholesale contract sales.
- 16 • Adjusting load growth based on an assumed recession occurring in 2020.
- 17 • A reduction in system demand and energy requirements as a result of DSM/EE  
18 programs.

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<sup>30</sup> I&M Witness Burnett Direct Testimony at p. 26, ln. 145.

<sup>31</sup> ~~I&M Witness Burnett Direct Testimony-Id.~~ at p. 2, ln. 14.

<sup>32</sup> *Id.* at p. 8 ln 23 through p. 9, ln. 1.

**Table 5<sup>(1)</sup>**  
**Historical and Projected DSM/EE for Indiana**

Line No.	Year (A)	DSM/EE kW (B)	% Change (C)
8	2014	17,987	(69%)
9	2015	29,581	64%
10	2016	27,637	(7%)
11	2017	33,627	22%
12	5 year average (2013-2017)	33,342	
13	10 year average (2008-2017)	20,927	
14			
15	<b>Projected</b> <sup>(2)</sup>		
16	2020	51,7493	
17=16/12	2020 compared to 5 year average		154%
18=16/13	2020 compared to 10 year average		246%

(1) WP JAM-5

(2) I&M witness Burnett direct testimony workpaper CMB WP-1 page 863 of 1018.

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For Indiana, the historical incremental DSM/EE savings for years 2013-2017 has averaged 33 MWs per year and 21 MWs for years 2008-2017. However, I&M is proposing an incremental 51 MW savings for year 2020. The projected savings for year 2020 is aggressive and is 1.5 times higher than the five-year average and 2.5 times higher than the 10-year average. The higher the DSM/EE savings, the lower the load forecast, which in turn, lowers the billing determinants used in rate design as previously explained.

**Table 7<sup>(1)</sup>**  
**Adjusted Rate Changes with Streetlighting at Cost of Service**

<b>Line No.</b>		<b>I&amp;M Petition Rate Changes <sup>(2)</sup> (A)</b>	<b>Proposed Rate Changes <sup>(2)</sup> (B)</b>	<b>Difference (C)</b>
1	Residential	13.9%	14.0%	0.1%
2	General Service	9.9%	10.0%	0.1%
3	Large General Service	12.1%	12.2%	0.1%
4	Industrial Power	11.6%	11.7%	0.1%
5	Municipal & School Service	10.4%	10.5%	0.1%
6	Water and Sewerage Service	8.9%	9.0%	0.1%
7	Irrigation Service	0.0%	0.0%	0.0%
8	Electric Heating General	6.3%	6.4%	0.1%
9	Outdoor Lighting	2.5%	2.6%	0.1%
10	Street Lighting	0.0%	(27.6%)	(27.6%)
11	<b>Total</b>	<b>12.4%</b>	<b>12.4%</b>	<b>0.0%</b>

(1) WP JAM-7

(2) I&M Witness Nollenberger Direct Testimony, Attachment MWN-2, p. 1 of 4, column 11.

**X. PROPOSED RATE DESIGN**

**Q63. HAVE YOU REVIEWED PROPOSED CHANGES TO I&M'S RATE STRUCTURE?**

A. Yes. I have reviewed I&M's rate design proposals for the Water and Sewage Service ("WSS") and Municipal and School Service ("MS") rate classes as described by Witness Nollenberger.

**Q64. PLEASE DESCRIBE SIGNIFICANT RATE STRUCTURE CHANGES ASSOCIATED WITH THE WSS AND MS RATE CLASSES?**

A. I&M is proposing a significant departure from prior rate design for these two classes. Historically, I&M has recovered costs from customers in these classes through a monthly service charge, energy charges, and various energy bases riders. Under the current proposal, I&M is seeking to add demand charges to these rate structures.

**Table 9<sup>(1)</sup>**  
**Indiana Michigan Power Cause No. 45235**  
**Current and Proposed Demand Rates**

Line No.	Rate Class (A)	Current Demand Charge (B)	Proposed Demand Rate (C)	Difference (D=C-B)	% Difference (E=C/B)
1	<b>General Service</b>				
2	GS Secondary	\$6.105	\$6.711	\$0.606	9.9%
3	GS Primary	\$4.063	\$4.547	\$0.484	11.9%
4	GS Subtransmission	\$1.151	\$1.312	\$0.161	14.0%
5	GS Transmission	\$1.140	\$1.296	\$0.156	13.7%
6	<b>Large General Service <sup>(42)</sup></b>				
7	LGS Secondary	\$11.663	\$12.038	\$0.375	3.2%
8	LGS Primary	\$9.621	\$9.874	\$0.253	2.6%
9	LGS Subtransmission	\$6.709	\$6.639	(\$0.070)	(1.0%)
10	LGS Transmission	\$6.698	\$6.623	(\$0.075)	(1.1%)
11	<b>Industrial <sup>(42)</sup></b>				
12	IP Secondary	\$17.479	\$19.336	\$1.857	10.6%
13	IP Primary	\$15.762	\$17.026	\$1.264	8.0%
14	IP Subtransmission	\$12.950	\$13.714	\$0.764	5.9%
15	IP Transmission	\$12.887	\$13.636	\$0.749	5.8%
16	<b>Water and Sewage Service <sup>(2)</sup></b>				
17	WSS Secondary	\$ -	\$11.369	\$11.369	∞
18	WSS Primary	\$ -	\$9.204	\$9.204	∞
19	WSS Subtransmission	\$ -	\$5.970	\$5.970	∞
20	<b>Municipal <sup>(42)</sup></b>	\$ -	\$11.556	\$11.556	∞

Source: I&M witness Cooper direct testimony Attachment KCC-2.

(1) WP JAM-9.

(2) Total demand charge includes OSS/PJM rider.

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While I&M has increased demand charges for several rate classes, the magnitude of change is less than \$1.90 per kW. However, WSS customers are asked to go from no demand charges to as high as \$11.369 per kW in a single step. Please note that the \$11.369 per kW increase in demand consists of a base rate demand charge of \$6.711 per kW plus an OSS/PJM rider of \$4.658 per kW. I&M's proposal not only adds a significant demand charge to the base rates but also changes the collection of

1 **Q80. SHOULD ECONOMIC DEVELOPMENT BE IMPORTANT TO I&M?**

2 A. Yes. Given the magnitude of load loss on the I&M system, EIG programs are more  
3 important than ever. And according to Witness Lucas, I&M's economic development  
4 efforts have been effective:

5 "I&M's economic development efforts, in collaboration with our local  
6 economic development partner, have contributed to the creation of over  
7 4,500 jobs and nearly \$900 million of capital investment in I&M's Indiana  
8 area over the last five years."<sup>47</sup>

9 Associated load growth represents a win-win for I&M and Indiana retail  
10 customers. I&M can begin to recover lost revenue associated with wholesale load loss  
11 by growing its retail customer base. In this way, I&M's profitability improves without  
12 placing burdensome rate increases on existing customers

13 **Q81. WHAT IS YOUR RECOMMENDATION IN THIS AREA?**

14 A. I recommend the following:

- 15 1. I&M should fund these programs solely from its earnings. At a minimum  
16 total grant funding for the existing EIG program should be \$450,000 annually  
17 on a going forward basis. This funding is over and above any funding for job  
18 training or speculative building that I&M may wish to undertake.
- 19 2. In addition to ongoing grant funded programs, I&M should be required to  
20 contribute \$364,000 of unspent funds it previously committed under the  
21 Settlement Agreement.

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<sup>47</sup> I&M witness Lucas direct testimony page 19, lines 1-47.