STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED PETITION OF INDIANA MICHIGAN POWER COMPANY FOR APPROVAL OF MODIFICATIONS TO ITS INDUSTRIAL POWER TARIFF – TARIFF I.P.	)))))	**CAUSE NO. 46097**

PETITIONER'S SUBMISSION OF DIRECT TESTIMONY OF
ANDREW J. WILLIAMSON

Petitioner Indiana Michigan Power Company (I&M or Company), by counsel, hereby submits the direct testimony and attachments of Andrew J. Williamson.

Respectfully submitted,

Teresa Morton Nyhart (Atty. No. 14044-49)
Jeffrey M. Peabody (Atty. No. 28000-53)
Taft Stettinius & Hollister LLP
One Indiana Square, Suite 3500
Indianapolis, IN 46204-2023
Nyhart Phone: (317) 713-3648
Peabody Phone: (317) 713-3647
Fax: (317) 713-3699
Nyhart Email: tnyhart@taftlaw.com
Peabody Email: jpeabody@taftlaw.com

Tammara D. Avant (Atty. No. 31466-49)
American Electric Power Service Corporation
101 W. Ohio St., Suite 1320
Indianapolis, Indiana 46204
Phone: (317) 508-9262
Email: tdavant@aep.com

Attorneys for Indiana Michigan Power Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 19th day of July 2024, by email transmission, hand delivery or United States Mail, first class, postage prepaid to:

William Fine
Carol Sparks Drake
Abby Gray
Indiana Office of Utility Consumer Counselor
Office of Utility Consumer Counselor
115 West Washington Street
Suite 1500 South
Indianapolis, Indiana 46204
infomgt@oucc.in.gov
WFine@oucc.IN.gov
CaDrake@oucc.IN.gov
Agray@oucc.in.gov

courtesy copy to:

Joseph P. Rompala
LEWIS & KAPPES, P.C.
One American Square, Suite 2500
Indianapolis, Indiana 46282-0003
JRompala@Lewis-Kappes.com

Jeffrey M. Peabody

Teresa Morton Nyhart (Atty. No. 14044-49)
Jeffrey M. Peabody (Atty. No. 28000-53)
Taft Stettinius & Hollister LLP
One Indiana Square, Suite 3500
Indianapolis, IN 46204-2023
Nyhart Phone: (317) 713-3648
Peabody Phone: (317) 713-3647
Fax: (317) 713-3699
Nyhart Email: tnyhart@taftlaw.com
Peabody Email: jpeabody@taftlaw.com

Tammara D. Avant (Atty. No. 31466-49)
American Electric Power Service Corporation
101 W. Ohio St., Suite 1320
Indianapolis, Indiana 46204
Phone: (317) 508-9262
Email: tdavant@aep.com

Attorneys for Indiana Michigan Power Company

INDIANA MICHIGAN POWER COMPANY

Cause No. _____

PRE-FILED VERIFIED DIRECT TESTIMONY

OF

ANDREW J. WILLIAMSON

DIRECT TESTIMONY OF ANDREW J. WILLIAMSON
ON BEHALF OF
INDIANA MICHIGAN POWER COMPANY

I. Introduction

Q1. Please state your name and business address.

My name is Andrew J. Williamson, and my business address is Indiana Michigan Power Center, P.O. Box 60, Fort Wayne, IN 46801.

Q2. By whom are you employed and in what capacity?

I am employed by Indiana Michigan Power Company (I&M or Company) as Director of Regulatory Services.

Q3. What are your responsibilities as Director of Regulatory Services?

I am responsible for the supervision and direction of I&M's Regulatory Services Department, which has responsibility for the rate and regulatory matters affecting I&M's Indiana and Michigan jurisdictions. I report directly to I&M's Vice President of Regulatory and Finance.

Q4. Briefly describe your educational background and professional experience.

I received a Degree of Bachelor of Business Administration, Accounting and Finance Majors, in May 2004 from Ohio University. In January 2007, I passed the Certified Public Accountant Examination. I am licensed in the state of Ohio and a member of the American Institute of Certified Public Accountants.

I was employed by PricewaterhouseCoopers, LLP (PwC) as a Staff and Senior Auditor from August 2004 until December 2007. At PwC, I assisted and led the audits of the books and records of public and private companies, compilation of financial statements and compliance with the standards set forth under the Sarbanes-Oxley Act of 2002.

In January 2008, I joined American Electric Power (AEP) as a Staff Accountant in the Accounting Policy and Research department. Thereafter, I held positions as a Staff and Senior Accountant in Financial Policy Transaction and Analysis, Senior Financial Analyst in Transmission Investment Strategy and Manager of Regulatory Accounting Services. In March 2014, I assumed my current position as Director of Regulatory Services for I&M.

Q5. Have you previously filed testimony before any regulatory commissions?

Yes. I have testified before the Indiana Utility Regulatory Commission (IURC or Commission) on behalf of I&M in numerous cases, including I&M's most recent general rate case filings, Cause Nos. 45933, 45576, 45235, and 44967.

In addition, I have testified before the Michigan Public Service Commission (MPSC) on behalf of I&M, before the Public Utility Commission of Texas on behalf of AEP Texas Central Company (TCC), AEP Texas North Company (TNC), Electric Transmission Texas, LLC (ETT) and Southwestern Electric Power Company (SWEPCO), and before the Corporation Commission of the State of Oklahoma on behalf of Public Service Company of Oklahoma (PSO).

Q6. Are you sponsoring any attachments or workpapers?

Yes. I am sponsoring Attachment AJW-1, the redline version of I&M's Industrial Power Tariff, Attachment AJW-2, the clean version of I&M's Industrial Power Tariff, and Attachment AJW-3, a comparison of expected billing for a 1,000 MW customer to a 90 percent and 60 percent minimum billing demand. I also provide Workpapers AJW-1 and AJW-2, as support for the figures in my testimony, and Workpaper Attachment AJW-3.

Q7. Were these documents prepared or assembled by you or under your supervision?

Yes.

Q8. What is the purpose of your testimony?

The purpose of my testimony is to explain the:

- Proposed modifications to I&M's Industrial Power Tariff (IP Tariff);
- The reason for these proposed modifications; and
- How I&M's customers benefit from these modifications.

II. I&M Tariff IP Modifications

Q9. What is I&M requesting in this filing?

I&M is requesting approval of the modified Tariff IP, a copy of which is included with my testimony as Attachments AJW-1 and AJW-2 – [redline and clean]. As discussed below, the modified tariff is needed to address large load customers whose contract capacity exceeds 150 MW or is reasonably expected to grow to exceed 150 MW at one or more aggregated premises. I refer to the revisions as the "Large Load Terms" below. As discussed below, these terms include:

1) A contract term for an initial period of twenty (20) years and provisions to address assignment of rights or delegations of obligations under the Contract;
2) A Contract Termination Fee that would only apply should there be a permanent closure during the contract term;
3) Provisions that allow a customer to reduce its contract capacity by up to twenty (20) percent during the contract term;
4) A ninety (90) percent monthly minimum billing demand; and
5) An increased amount of collateral to be provided by the customer.

The proposed revisions to Tariff IP would be effective upon issuance of a final order in this Cause. Large load customers served under these new provisions will be charged for service at the same rates as other customers under Tariff IP.

Q10. Why is the Company proposing to make these enhancements now?

The electric utility industry is in the midst of a transformation, both in terms of customer makeup and in regard to the changes occurring within the generation resources serving customers. Over the past few years, the electric industry has seen increased activity and interest among large load customers. This is occurring while at the same time utilities, including I&M, are transitioning their fleets to replace retiring generation resources.

In recent months, the Indiana Governor's office, Indiana Economic Development Corporation, Indiana state representatives, local community leaders and various other local economic development agencies have participated with the United States' leading technology companies to announce significant hyperscaler business investments in I&M's retail service territory, which are expected to begin taking service in 2024 and 2025.[1] Once fully operational these new customers will significantly increase I&M's Indiana retail load, and require the Company to make significant transmission and generation infrastructure investments and other long-term financial commitments to provide service.

Additionally, these customers and other similarly situated customers are interested in future opportunities for further load growth. The magnitude of demand for electricity associated with these customers is unprecedented and unlike any previous load additions the Company has experienced to date. As the state of Indiana continues to pursue these types of technology investments and with multiple large load customers expected to begin taking electric service from I&M in the next year, now is the right time to address the changing landscape these customers bring to an electric utility like I&M and establish a consistent set of reasonable terms and conditions for large load customers taking service under Tariff IP. The proposed tariff modifications ensure that I&M has reasonable terms and conditions of service in place that recognize and address the different needs and unique risks that large load customers present from I&M's other Tariff IP customers.

[1] Google News Release, AWS News Release

Q11. How do these large load additions compare to I&M's current retail load served in Indiana.

When considering projects that have been publicly announced and other hyperscaler projects the Company is currently engaged in discussions with specific customers on, these new large load additions are expected to grow I&M's current Indiana peak load of approximately 2,800 MW to more than 7,000 MW by approximately 2030. These customers operate in similar business sectors, expect to operate at very high load factors, and represent a significant change in the customer concentration risk associated with I&M's business going forward. To put this into perspective, a single 150 MW customer is equivalent to approximately 100,000 residential customers.[2] This is approximately one fourth of I&M's Indiana residential customer base today, or the entire population of Marion and Muncie, Indiana combined.

Q12. Please explain why these changes are reasonable and necessary.

The proposed Tariff IP refinements are necessary to memorialize a reciprocal commitment from large load customers that reasonably recognizes and aligns with the financial commitments that will be required by I&M to provide these customers with the level of safe, reliable, and adequate service they need to operate their energy-intensive business. Commission approval of I&M's proposed tariff modifications will position the Company to confidently make the financial commitments associated with the unprecedented system improvements and resource additions that will be required.

The proposed tariff modifications will also provide new and existing customers and the Company with reasonable financial protections should future conditions arise that impact the operations of a customer's facility and reduce the level of electric demand or consumption, or result in the facility ceasing operation. These protections are essential given the long-term investments and other financial commitments I&M will be required to make in transmission and generation resources needed to serve the customer's expected peak demand.

[2] 150,000 kW x 85% load factor x 730 hours in a month / 900 kWh per residential customer = 103,417.

While neither the Company nor the customers are expecting these situations, it is important that it is clear among I&M, its customers, the Commission, and other stakeholders how these situations will be managed if they were to occur. These modified tariff provisions will better position I&M going forward to achieve the State of Indiana's energy policy objectives as represented by the Five Pillars: Reliability, Affordability, Resiliency, Stability and Environmental Sustainability.

Q13. Why is it appropriate to update the IP Tariff versus creating a new tariff to serve large load customers?

The IP Tariff is appropriate for these large load customers because, while the magnitude of the load is unprecedented, the load characteristics of these customers is not dissimilar to other customers currently served under the IP Tariff. I&M currently has a wide range of different customers on the IP tariff with different load characteristics, including high load factor customers. Additionally, adding the large load customers to an existing tariff allows for consistency among customers to meet basic service needs.

As indicated earlier in my testimony, it is not just a single customer at this magnitude that will be receiving retail electric service from I&M, it is multiple customers. For basic service needs, it is reasonable to treat similarly situated customers on a consistent basis, as these proposed additional conditions and terms are meant to do. It also provides for a more timely, efficient, and predictable process to establish service for these large load customers moving forward. For customers that have unique needs beyond standard service under the tariff, such as demand response, sustainability goals, strategic partnerships, etc., I&M would address those specific situations through other tariffs, riders, or mechanisms, such as a special contract.

Q14. Please explain the 150MW threshold and why this is reasonable.

To be subject to the Large Load Terms of the IP Tariff, a customer's total load taking service under the tariff, including on an aggregated basis, must be over 150 MW.

I&M has proposed the 150 MW minimum threshold because of the significance of the financial commitment I&M must make to serve loads of that magnitude or greater into the future and the customer concentration risk it represents to I&M's business and its cost of serving all of its customers. At this level of new load, I&M expects to make significant financial commitments to secure new generation resources. As an example, at an average accredited capacity value of 50% and an average resource cost of $2,000/kW, it would require a generation investment of approximately $600 million to serve a 150 MW load and, depending on the particular situation, there would also likely be transmission investments. While this is just an example, and the financial commitments will vary, it highlights the significance of such loads, particularly when considering the magnitude of load growth I&M is expecting in the future. Setting a 150 MW minimum ensures that only large loads above this threshold will be subject to the provisions in recognition of the larger needs and risks that serving customers of this size will create.

Q15. Does I&M have any current customers taking service under the IP Tariff over 150 MW?

No, at the time of this filing, I&M does not have a single customer or a group of customers under a common parent taking service under the IP Tariff over 150 MW.

Q16. How will I&M assess a customer's aggregate load with respect to this term and condition of service?

As I&M applies its terms and conditions of service for IP Tariff customers, the Company will require customers to identify all other loads, 1 MW or larger, served by I&M in its Indiana service territory. I&M will use reasonable discretion to determine a customer's aggregate load, including considering loads served by I&M that are under a common parent company, common owners, common control, and/or have common local electrical infrastructure.

Q17. Please explain I&M's proposal to require a twenty (20) year contract term for large load customers and why this is reasonable.

For customers over 150 MW, I&M proposes to include the following term in its IP Tariff: "Contracts will be made for an initial period of twenty (20) years and shall remain in effect thereafter unless cancelled or modified pursuant to the terms hereunder. Either party shall give at least five years' written notice to the other of the intention to discontinue service under the terms of this tariff. Such notice shall not reduce the twenty (20) year initial term."

I&M proposes to include this term due to the significant long-term investments and other financial commitments (e.g. Purchase Power Agreements or "PPAs"), primarily in generation and transmission assets, that will be required to serve these large load customers as part of I&M's integrated system serving its Indiana retail customers. These transmission and generation costs of the integrated system must necessarily be reflected in the Company's rates for service. It is important for I&M to have a reciprocal long-term commitment from large load customers to support making the necessary long-term investments and commitments.[3]

An initial contract of twenty (20) years provides reasonable assurance that these large customers will take service over a period that reasonably aligns with the cost of the significant investments and financial commitments the Company will make to provide service. Additionally, I&M is seeking a reasonable notice period if a party would intend to discontinue service under the terms of the contract under IP Tariff. Permanent closure of a customer's operation is addressed separately in I&M's proposed tariff modifications, as discussed later in my testimony.

[3] For example, transmission assets commonly have an average service life of approximately 40 years while generation assets commonly of have a service life ranging from approximately 20 to 35 years depending on the resource type.

Q18. How does the contract term proposed by I&M align with I&M's expectations of how it will manage its long-term generation resources in the future?

I&M plans to serve its expanding customer load through a diversified portfolio of new and existing generation resources with varying asset lives or contract terms. This will necessarily include resources with both shorter terms (ex. 5 to 15 years) as well as longer terms (ex. 20 to 35 years) more common to new generation resources. This diversification strategy will allow I&M to manage risk exposure in the event of a future change in load requirements while also balancing that within the Five Pillars of Indiana's Energy Policy. The twenty (20) year contract term, when combined with the other tariff modifications I&M is proposing in this proceeding, provides a reasonable basis for I&M to manage the costs associated with a diversified portfolio of resources that will be needed to meet I&M's growing generation needs. And since generation resource costs are generally recovered over their respective service lives, the twenty (20) year contract term is expected to reasonably align with the costs the Company will be incurring to provide service to these customers. Incorporating this requirement into the tariff provides consistent contract treatment for all large load customers and establishes an important long-term customer commitment to electric service for the Commission to consider as I&M is requesting future approval of generation resources.

Q19. Please explain the proposed assignment of rights or delegation of obligations provision.

For customers over 150 MW, I&M proposes to include the following term in its IP Tariff: "Customer shall not assign any of its rights or delegate any of its obligations under the Contract without the written consent of the Company. An assignment will not relieve the Customer of its financial obligation hereunder unless the Company so consents in writing. Such consent(s) shall not be unreasonably withheld. Any purported assignment or delegation in violation of this Section is null and void."

I&M proposes to include this term to clearly provide large load customers with consistent terms regarding how a situation involving assignment or delegation of rights and obligations under their contract will be handled.

Q20. Please explain the terms that address permanent closure and reduction to contract capacity provisions and why these are reasonable.

For customers over 150 MW, I&M proposes to include the following terms in its IP Tariff:

> "In the event of a permanent closure by the customer occurring after the first five (5) years of the initial contract term, the customer may terminate the contract by providing a one-time payment, at the time service ends, equal to five (5) years of minimum billing under this tariff. In the event of a permanent closure, the customer shall notify the Company within three (3) business days of making this determination."

and:

> "The customer shall give at least five (5) years' prior written notice to the Company of the intention to reduce the contract capacity specified in the contract, unless the parties mutually agree to a shorter period of notice. Such notice shall not reduce the maximum contract capacity established during the term of the contract by more than twenty (20) percent, except by mutual agreement."

These terms are designed to achieve three objectives. The first objective is to establish a minimum five-year commitment under the Tariff and provide the customer the ability thereafter to exit the contract by providing a one-time payment ("Contract Termination Fee") equal to five (5) years of the customers' minimum bill in the event of a permanent closure. The second objective is to provide the customer with reasonable flexibility to reduce their maximum contract capacity by up to 20 percent during the 20-year term of the contract. The third objective is to allow for additional flexibility in mutually agreeable circumstances that are beneficial, or at least not detrimental, to the customer, the Company, and all other customers.

I&M's proposal provides reasonable safeguards to all other customers in the event of an unexpected shut down by a large load customer. In the event of a permanent closure, I&M is asking the customer to be required to provide formal notice to the Company within three (3) business days of making such a determination. This notice, along with the payment equal to five (5) years of minimum billing, are important terms to provide I&M as much time as possible and reasonable compensation to allow the Company to prudently manage its ongoing transmission and generation costs in the market and within the timelines of the PJM capacity planning process.

Further, I&M's proposal allows for coordination in the event of a change in a large load customer's capacity need. This flexibility was included in recognition of customer concerns over their ability to project their capacity needs over 20 years while still recognizing the long-term commitments and planning horizons of the Company. Guaranteeing customers the ability to reduce their contract capacity by up to 20%, or more by mutual agreement, provides the customer reasonable flexibility while reasonably limiting the magnitude of the risk to I&M and all other customers. Consistent with current practices, a customer has the ability to request an increase to its contract capacity in total or in a given year. The Company will evaluate the request based on its ability to serve the requested capacity amount. All requested increases in contract capacity are subject to mutual agreement.

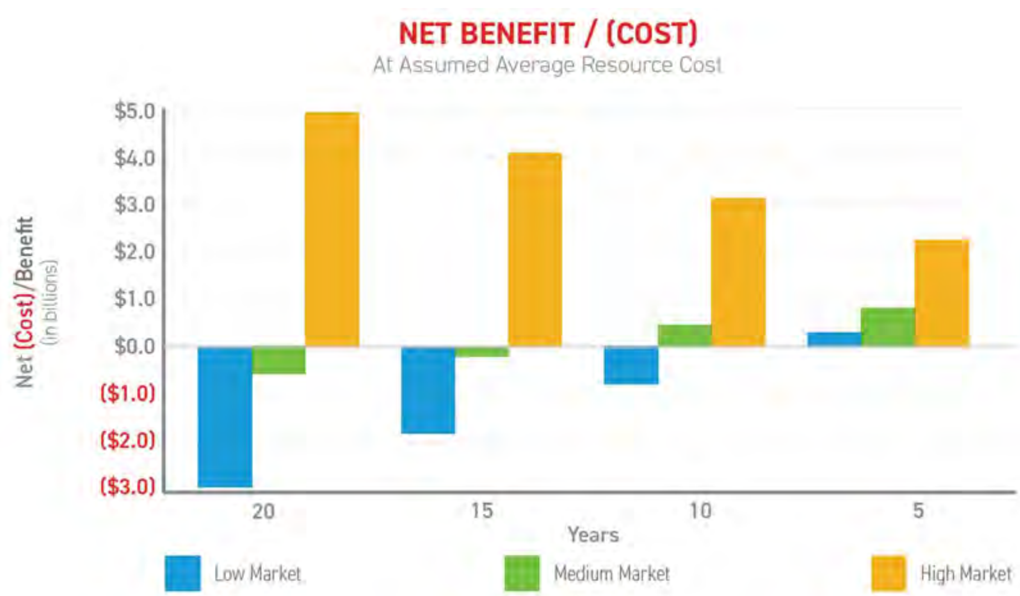
Q21. Please explain the proposed Contract Termination Fee?

As previously discussed, the Company must make long-term investments and other financial commitments in generation and transmission to meet the needs of new large loads. However, the Company understands that circumstances can change for large load customers. If a significant change in circumstances were to occur, the Company needs sufficient time to manage its commitments in an orderly, well-reasoned manner, within regulatory and market timelines. In establishing the Contract Termination Fee, the Company considered and evaluated the risks by performing a sensitivity analysis related to the potential cost of the generation assets needed to serve the load and the potential market for such assets in the event of a significant change in circumstances. This sensitivity analysis evaluated varying time horizons from 20 years to 5 years.

Figures AJW-1 and AJW-2 below demonstrate the potential net cost or benefit using a range of asset costs and market conditions compared to the proposed Contract Termination Fee equal to five (5) years of the customers' minimum bill requirement.

Specifically, Figure AJW-1 assumes an "average" asset cost of $240 per MW-day and $36.30 per MWh, and tests that asset cost against a range of market conditions. This "average" asset cost value was selected based upon the Company's Indiana cogeneration tariff. For capacity, the range of market conditions captured the highest and lowest PJM RPM capacity costs for the five (5) most recently available delivery years. For energy, the range of market conditions captured the lowest and highest annual average LMP for the I&M load zone during the eight (8) year period from 2016 through 2023.

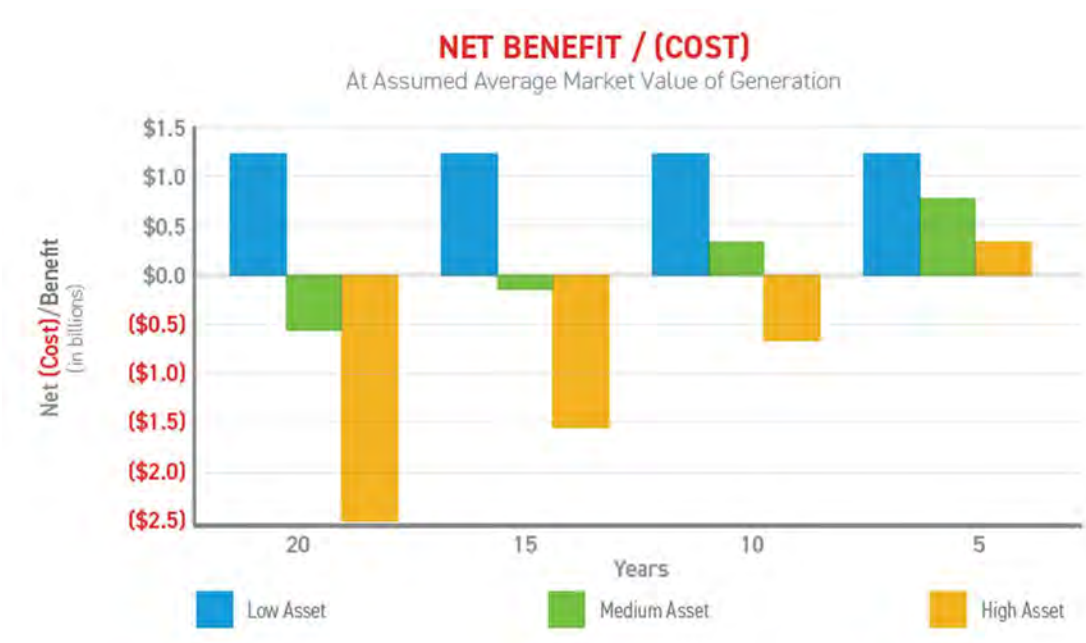
<u>Figure AJW-1.</u>



Based on the sensitivity analysis performed, Figure AJW-1 demonstrates that when assuming average resource costs the Contract Termination Fee generally provides adequate coverage over a range of market risks for periods up to ten (10) years and becomes more sensitive to market value for periods over ten (10) years.

Conversely, Figure AJW-2 assumes an "average" market condition using the average capacity and LMP values from the same PJM market data described above, and tests that against a range of asset costs from 25% higher to 25% lower than the average asset assumed in Figure AJW-1.

Figure AJW-2.



Based on the sensitivity analysis performed, Figure AJW-2 demonstrates that when assuming average market conditions the Contract Termination Fee generally provides adequate coverage over a range of risks for periods up to ten (10) years and becomes more sensitive to asset cost for periods over ten (10) years.

While it is not possible to precisely predict the average cost of the portfolio of future generation resources or the market conditions that would exist at the time a large load customer would permanently close its operations, these sensitivity analyses demonstrate the proposed Contract Termination Fee covers a range of risks. The Contract Termination fee strikes a reasonable balance by providing a reasonable and predictable amount for all interested parties, the customer, all of the Company's other customers, and the Company.

Q22. Please explain the proposed monthly minimum billing demand provision and why this is reasonable.

For customers over 150 MW, I&M proposes to include the following term in its IP Tariff:

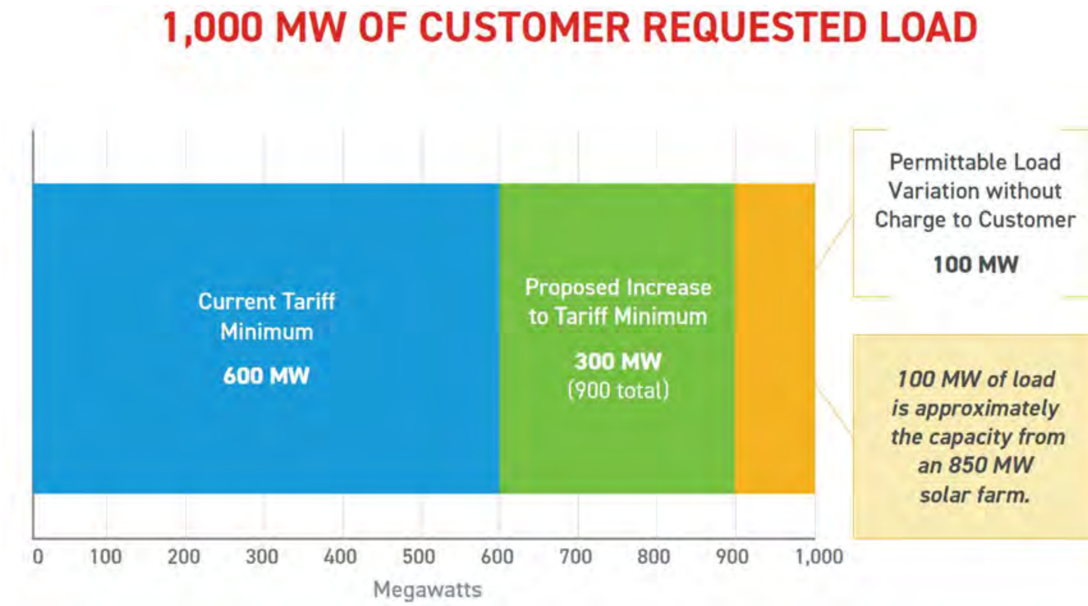
> "In addition to the Monthly Billing Demand and Off-Peak Hour Provisions, the customer's monthly billing demand will not be less than 90 percent of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months or (c) the customer's maximum demand created during the billing month."

I&M proposes to include this term for large load customers primarily based on the magnitude and size of these customers and the fact that I&M will need to make long-term investments and other financial commitments for years into the future to have adequate power supply to meet the customers' needs based on the total contract capacity requested by the customer.

Currently, the existing provisions of the IP Tariff have a billing demand minimum that is 60 percent of contract capacity. Without modification to the IP Tariff for large load customers, a drop in billing demand to 60 percent by just one of these customers could have significant negative financial consequences for I&M and its customers.

For a large load customer, the difference between a 60 percent and 90 percent minimum billing demand can be the revenue requirement associated with the cost of service of one or more power plants. For example, a 1,000 MW customer could vary by as much as 400 MW under a 60 percent minimum billing demand without any billing consequences. Figure AJW-3 below puts into perspective the Company's proposal to minimize the permitted load variation when determining I&M's demand charges for these large load customers.

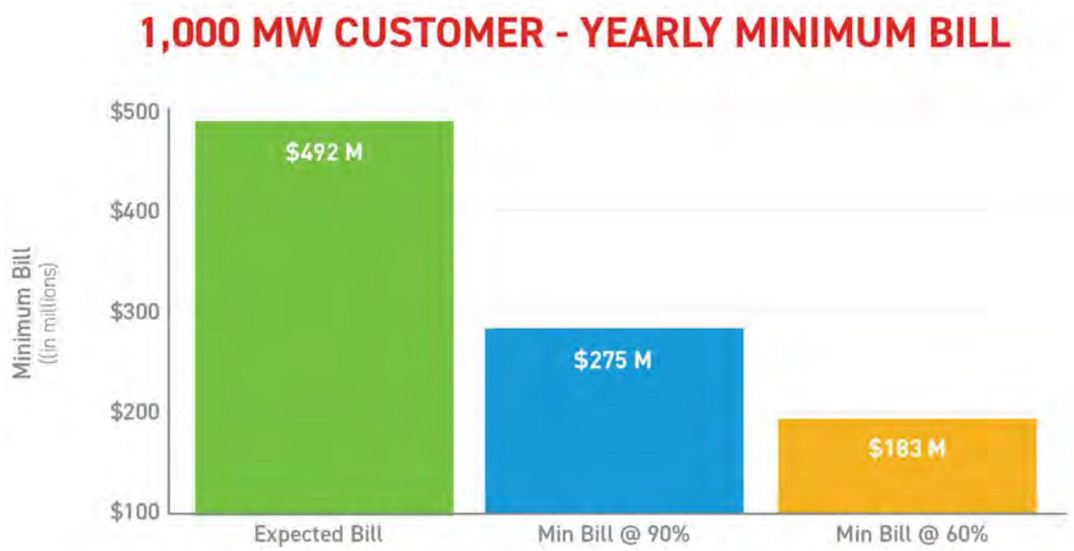
Figure AJW-3. [4]



Additionally, Figure AJW-4 below demonstrates the potential difference in a 1,000 MW customer's yearly minimum billing demand at 60 and 90 percent compared to their expected yearly bill. As the chart demonstrates, the difference between a 60 percent and 90 percent minimum billing demand, on a yearly basis, is approximately $90 million, compared to the expected yearly bill of approximately $500 million.

[4] 100 MW of load + 18% reserve margin = capacity obligation of 118 MW. 118 MW / 14% solar accredited capacity rating = approximately 850 MW of nameplate solar.

<u>Figure AJW-4.</u>



The magnitude of such potential volatility and variability would be far too significant for I&M to manage financially and within the regulatory process that exists today for establishing base rates. Under the Company's proposal, the variation would be limited to 100 MW for this same customer. While this is still significant, I&M's proposal recognizes some flexibility is important to these types of customers. This provision ensures the large load customers are responsible for at least at 90 percent of their requested contract capacity to provide reasonable financial support for the significant transmission and generation infrastructure needed to serve large loads.

Q23. Please explain the included collateral requirements and why this is reasonable.

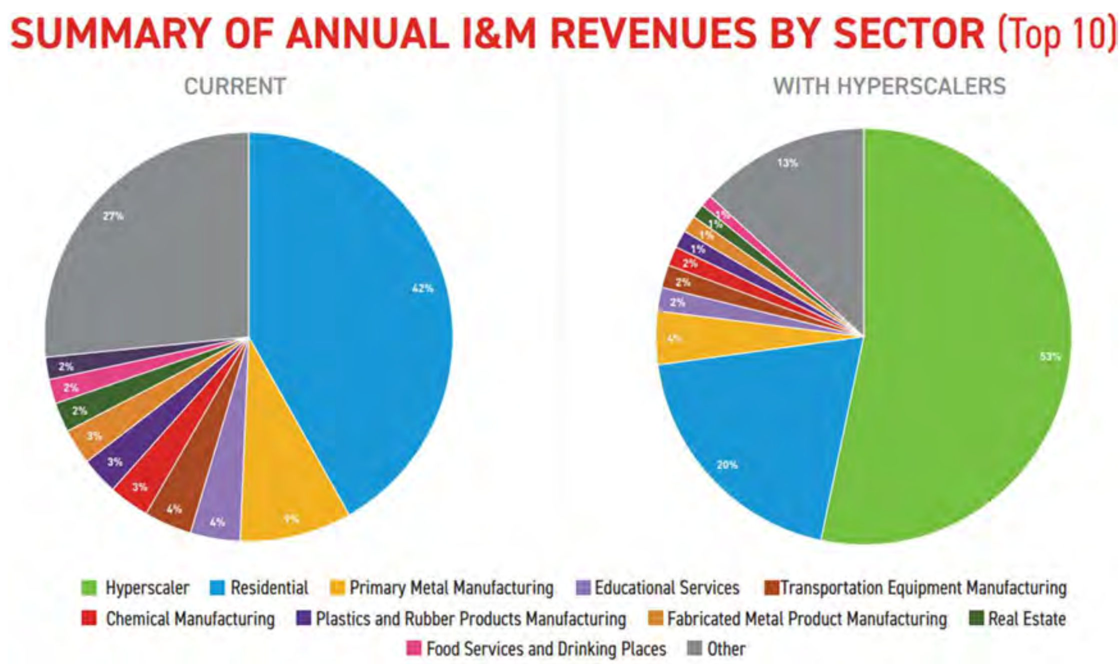
For customers over 150 MW, I&M proposes to include the following term in its IP Tariff:

> "In addition to the terms in Items 4 and 14 of the Company's Terms and Conditions of Service, the customer shall provide collateral in a form acceptable to the Company based upon the creditworthiness of the customer. The amount of collateral provided is equal to twenty-four (24) multiplied by: (a) during the first year of the contract, the maximum expected monthly non-fuel bill; or (b) after the first year of the contract, the customer's previous maximum monthly non-fuel bill. The amount of collateral under the foregoing

> calculation will be recomputed annually, and the customer shall have to provide the recomputed amount if it is 10% or more greater than the current amount held."

I&M proposes to include this term because the size and concentration risk of these customers is unlike other customers. If a large load customer was to unexpectedly exit I&M's service territory and/or system, there is potential for significant financial harm to I&M and its other customers. Figure AJW-5 below demonstrates how I&M's expected annual revenues would shift once the hyperscaler loads are fully realized.

<u>Figure AJW-5.</u>



With the number of current commitments and potential future interest in I&M's system from large load customers, less than a handful of customers will be the largest single sector for I&M, even greater than I&M's existing residential, commercial, and industrial customers combined. Consequently, it is imperative that other customers and the Company are reasonably protected in the event the unexpected occurs with these large load customers. While no reasonable term can fully insulate I&M and its other customers, the proposed term reasonably increases the requirement of I&M's current Terms and Conditions of Service and provides additional protections in the event a customer does unexpectedly cease taking service from I&M and is unable to pay its remaining charges.

Q24. How does I&M expect these additional provisions to impact customers over 150 MW?

Except for the higher collateral requirements, these proposed provisions would only have impacts if something unexpected occurred. Meaning, if the customer's business operates consistent with the load it is contracting for, the proposed tariff modifications will have no impact on these customers.

Q25. If these enhancements are approved by the Commission, do all customers benefit?

Yes. The tariff modifications the Company is proposing are important to reasonably balance not only the interest of I&M's existing customers, but also new large load customers, and the Company. The Company has met with stakeholders prior to finalizing this proposal and acknowledges this is a difficult balance. However, in order for the Company to meet is obligation to serve all customers these challenges must be addressed in a fair and reasonable manner. The Company's proposal is intended to enhance the existing protections of I&M's current Indiana IP Tariff to reasonably address and manage the increased risk associated with providing service to large loads. Including these enhancements in the IP Tariff provides a clear set of terms and conditions of service that can be consistently applied to large loads.

If the Commission approves the enhancements to the IP Tariff as proposed by I&M, the Company and its customers will be better protected in the event a large load customer unexpectedly reduces its load or permanently closes its operations. Having a Commission approved tariff in place for large load customers provides clarity to all parties for how these types of customers will be served, terms and conditions of service and rate structures.

Q26. Do these proposals change the terms of service for any existing I&M customers?

No. At the time of this filing, I&M does not have an existing customer taking service under the IP Tariff exceeding 150 MW.

Q27. When does I&M plan to make the proposed IP Tariff enhancements effective?

I&M proposes to make the proposed IP Tariff enhancements effective upon a final order in the current cause to ensure these proposed terms are incorporated into I&M's Tariff in an efficient manner.

Q28. Does this conclude your pre-filed verified direct testimony?

Yes.

VERIFICATION

I, Andrew J. Williamson, Director of Regulatory Services for Indiana Michigan Power Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.

Date: July 19, 2024

Andrew Williamson

Andrew J. Williamson

I.U.R.C. NO. 20
INDIANA MICHIGAN POWER COMPANY
STATE OF INDIANA

FIRST REVISED ~~ORIGINAL~~ SHEET NO. 21
CANCELS ORIGINAL SHEET NO. 21

TARIFF I.P.
(Industrial Power)

Availability of Service.

Available for general service customers. Customer's monthly billing demands under this tariff shall not be less than 600 kW. The customer shall contract for a sufficient capacity to meet normal maximum requirements with written contracts being required for capacity levels of 1,500 kW and greater.

Rate.

Tariff Code	Service Voltage	Demand Charge ($/kW)	First 410 kWh per kW (¢/kWh)	Over 410 kWh per kW (¢/kWh)	Monthly Service Charge ($)
327	Secondary	16.474	5.703	1.359	180.00
322	Primary	14.089	5.413	1.313	275.00
323	Subtransmission	10.825	5.333	1.296	275.00
324	Transmission	10.194	5.058	1.286	275.00

Reactive Demand Charge / Credit

Reactive demand charge for each kVAr of leading or lagging reactive demand in excess of 50% of the kW metered demand will be charged at $1.50 / kVAr.

Reactive demand charge for each kVAr of leading or lagging reactive demand less than 50% of the kW metered demand will be credited at $1.50 / kVAr.

Minimum Charge.

This tariff is subject to a minimum monthly charge equal to the sum of the Monthly Service Charge, the product of the Minimum Demand Charge and the monthly billing demand, and all applicable riders.

The Minimum Demand Charge under this tariff shall be as follows:

Tariff Code	Service Voltage	Minimum Demand Charge ($/kW)
327	Secondary	20.995
322	Primary	18.472
323	Subtransmission	15.106
324	Transmission	14.700

(Cont'd on Sheet No. 21.1)

ISSUED BY
STEVEN F. BAKER
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR ELECTRIC SERVICE RENDERED
ON AND AFTER ____________ ~~MAY 28, 2024~~

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
DATED ____________ ~~MAY 8, 2024~~
IN CAUSE NO. ____________ ~~45933~~

I.U.R.C. NO. 20 **FIRST REVISED ~~ORIGINAL~~ SHEET NO. 21.1**
INDIANA MICHIGAN POWER COMPANY **CANCELS ORIGINAL SHEET NO. 21.1**

STATE OF INDIANA

TARIFF I.P.
(Industrial Power)

(Cont'd from Sheet No. 21)

Applicable Riders.

Monthly charges computed under this tariff shall be adjusted in accordance with the applicable Commission-approved rider(s) listed on Sheet No. 44.

Delayed Payment Charge.

All bills under this schedule shall be rendered and due monthly. If not paid within 17 days after the bill is mailed, there shall be added to bills of $3 or less, 10 percent of the amount of the bill; and to bills in excess of $3, there shall be added 10 percent of the first $3, plus 3 percent of the amount of the bill in excess of $3.

Monthly Billing Demand.

The billing demands in kW for each plant shall be taken each month as the single-highest 15-minute integrated peak in kW, as registered at such plant during the month by a demand meter or indicator, subject to the off-peak hour provision, but the monthly demand so established shall in no event be less than 60 percent of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months or (c) 1,000 kW. The Metered Voltage adjustment, as set forth below, shall not apply to the customer's minimum monthly billing demand.

Off-Peak Hour Provision.

Demand created during the off-peak hours (as set forth below) shall be disregarded for billing purposes provided that the billing demand shall not be less than 60 percent of the maximum demand created during the billing month nor less than 60 percent of either (a) the contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months.

For the purpose of this provision, the on-peak billing period is defined as 7 a.m. to 9 p.m., local time, Monday through Friday. The off-peak billing period is defined as those hours not designated as on-peak hours.

(Cont'd on Sheet No. 21.2)

ISSUED BY
STEVEN F. BAKER
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR ELECTRIC SERVICE RENDERED
ON AND AFTER ____________ ~~MAY 28, 2024~~

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
DATED ____________ ~~MAY 8, 2024~~
IN CAUSE NO. ____________ ~~45933~~

I.U.R.C. NO. 20 **FIRST REVISED ~~ORIGINAL~~ SHEET NO. 21.2**
INDIANA MICHIGAN POWER COMPANY **CANCELS ORIGINAL SHEET NO. 21.2**

STATE OF INDIANA

TARIFF I.P.
(Industrial Power)

(Cont'd from Sheet No. 21.1)

Adjustments to Rate.

Bills computed under the rates set forth herein will be adjusted as follows:

Metered Voltage

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss-compensating equipment, the use of formulas to calculate losses, or the application of multipliers to the metered quantities. In such cases, the metered kWh, kVAr values will be adjusted for billing purposes. If the Company elects to adjust kWh, kW and kVAr based on multipliers, the adjustment shall be in accordance with the following:

(1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.

(2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

Terms of Contract.

Contracts under this tariff will be made for an initial period of not less than two years and shall remain in effect thereafter until either party shall give at least one year's written notice to the other of the intention to discontinue service under the terms of this tariff. Where new facilities are required, the Company reserves the right to require initial contracts for periods of greater than two years.

A new initial contract period will not be required for existing customers who increase their contract requirements after the original initial period unless new or additional facilities are required.

The Company shall not be required to supply capacity in excess of that contracted for except by mutual agreement.

(Cont'd to Sheet No. 21.3)

TARIFF I.P.
(Industrial Power)

(Cont'd from Sheet No. 21.2)

Special Terms and Conditions.

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to customers having other sources of energy supply who purchase standby or backup service from the Company. Where such conditions exist, the customer shall contract for the maximum amount of demand in kW which the Company might be required to furnish, but not less than 1,000 kW. The Company shall not be obligated to supply demands in excess of that contracted for.

Customers with cogeneration and/or small power production facilities shall take service under Rider NMS (Net Metering Service Rider), Tariff COGEN/SPP or by special agreement with the Company.

Special Terms and Conditions for Customer over 150 MW.

These provisions apply to customers whose contract capacity exceeds 150 MW or is reasonably expected to grow to exceed 150 MW at one or more aggregated premises, each of 1 MW or larger. Company will exercise reasonable discretion when choosing to aggregate premises, with such discretion based on factors including, but not limited to, premises sharing one or more of: common owner(s), a common parent company, common local electrical infrastructure, and common control.

Contracts will be made for an initial period of twenty (20) years and shall remain in effect thereafter unless cancelled or modified pursuant to the terms hereunder. Either party shall give at least five years' written notice to the other of the intention to discontinue service under the terms of this tariff. Such notice shall not reduce the twenty (20) year initial term.

In the event of a permanent closure by the customer occurring after the first five (5) years of the initial contract term, the customer may terminate the contract by providing a one-time payment, at the time service ends, equal to five (5) years of minimum billing under this tariff. In the event of a permanent closure, the customer shall notify the Company within three (3) business days of making this determination.

The customer shall give at least five (5) years' prior written notice to the Company of the intention to reduce the contract capacity specified in the contract, unless the parties mutually agree to a shorter period of notice. Such notice shall not reduce the maximum contract capacity established during the term of the contract by more than twenty (20) percent, except by mutual agreement.

(Cont'd to Sheet No. 21.4)

TARIFF I.P.
(Industrial Power)

(Cont'd from Sheet No. 21.3)

In addition to the Monthly Billing Demand and Off-Peak Hour Provisions, the customer's monthly billing demand will not be less than 90 percent of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months or (c) the customer's maximum demand created during the billing month.

Customer shall not assign any of its rights or delegate any of its obligations under the Contract without the written consent of the Company. An assignment will not relieve the Customer of its financial obligation hereunder unless the Company so consents in writing. Such consent(s) shall not be unreasonably withheld. Any purported assignment or delegation in violation of this Section is null and void.

In addition to the terms in Items 4 and 14 of the Company's Terms and Conditions of Service, the customer shall provide collateral in a form acceptable to the Company based upon the creditworthiness of the customer. The amount of collateral to be provided is equal to twenty-four (24) multiplied by: (a) during the first year of the contract, the maximum expected monthly non-fuel bill; or (b) after the first year of the contract, the customer's previous maximum monthly non-fuel bill. The amount of collateral under the foregoing calculation will be recomputed annually, and the customer shall have to provide the recomputed amount if it is 10% or more greater than the current amount held.

I.U.R.C. NO. 20 **FIRST REVISED SHEET NO. 21**
INDIANA MICHIGAN POWER COMPANY **CANCELS ORIGINAL SHEET NO. 21**
STATE OF INDIANA

TARIFF I.P.
(Industrial Power)

Availability of Service.

Available for general service customers. Customer's monthly billing demands under this tariff shall not be less than 600 kW. The customer shall contract for a sufficient capacity to meet normal maximum requirements with written contracts being required for capacity levels of 1,500 kW and greater.

Rate.

Tariff Code	Service Voltage	Demand Charge ($/kW)	First 410 kWh per kW (¢/kWh)	Over 410 kWh per kW (¢/kWh)	Monthly Service Charge ($)
327	Secondary	16.474	5.703	1.359	180.00
322	Primary	14.089	5.413	1.313	275.00
323	Subtransmission	10.825	5.333	1.296	275.00
324	Transmission	10.194	5.058	1.286	275.00

Reactive Demand Charge / Credit

Reactive demand charge for each kVAr of leading or lagging reactive demand in excess of 50% of the kW metered demand will be charged at $1.50 / kVAr.

Reactive demand charge for each kVAr of leading or lagging reactive demand less than 50% of the kW metered demand will be credited at $1.50 / kVAr.

Minimum Charge.

This tariff is subject to a minimum monthly charge equal to the sum of the Monthly Service Charge, the product of the Minimum Demand Charge and the monthly billing demand, and all applicable riders.

The Minimum Demand Charge under this tariff shall be as follows:

Tariff Code	Service Voltage	Minimum Demand Charge ($/kW)
327	Secondary	20.995
322	Primary	18.472
323	Subtransmission	15.106
324	Transmission	14.700

(Cont'd on Sheet No. 21.1)

ISSUED BY
STEVEN F. BAKER
PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR ELECTRIC SERVICE RENDERED
ON AND AFTER ____________

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
DATED ____________
IN CAUSE NO. ____________

TARIFF I.P.
(Industrial Power)

(Cont'd from Sheet No. 21)

Applicable Riders.

Monthly charges computed under this tariff shall be adjusted in accordance with the applicable Commission-approved rider(s) listed on Sheet No. 44.

Delayed Payment Charge.

All bills under this schedule shall be rendered and due monthly. If not paid within 17 days after the bill is mailed, there shall be added to bills of $3 or less, 10 percent of the amount of the bill; and to bills in excess of $3, there shall be added 10 percent of the first $3, plus 3 percent of the amount of the bill in excess of $3.

Monthly Billing Demand.

The billing demands in kW for each plant shall be taken each month as the single-highest 15-minute integrated peak in kW, as registered at such plant during the month by a demand meter or indicator, subject to the off-peak hour provision, but the monthly demand so established shall in no event be less than 60 percent of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months or (c) 1,000 kW. The Metered Voltage adjustment, as set forth below, shall not apply to the customer's minimum monthly billing demand.

Off-Peak Hour Provision.

Demand created during the off-peak hours (as set forth below) shall be disregarded for billing purposes provided that the billing demand shall not be less than 60 percent of the maximum demand created during the billing month nor less than 60 percent of either (a) the contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months.

For the purpose of this provision, the on-peak billing period is defined as 7 a.m. to 9 p.m., local time, Monday through Friday. The off-peak billing period is defined as those hours not designated as on-peak hours.

(Cont'd on Sheet No. 21.2)

TARIFF I.P.
(Industrial Power)

(Cont'd from Sheet No. 21.1)

Adjustments to Rate.

Bills computed under the rates set forth herein will be adjusted as follows:

Metered Voltage

The rates set forth in this tariff are based upon the delivery and measurement of energy at the same voltage, thus measurement will be made at or compensated to the delivery voltage. At the sole discretion of the Company, such compensation may be achieved through the use of loss-compensating equipment, the use of formulas to calculate losses, or the application of multipliers to the metered quantities. In such cases, the metered kWh, kVAr values will be adjusted for billing purposes. If the Company elects to adjust kWh, kW and kVAr based on multipliers, the adjustment shall be in accordance with the following:

(1) Measurements taken at the low-side of a customer-owned transformer will be multiplied by 1.01.

(2) Measurements taken at the high-side of a Company-owned transformer will be multiplied by 0.98.

Terms of Contract.

Contracts under this tariff will be made for an initial period of not less than two years and shall remain in effect thereafter until either party shall give at least one year's written notice to the other of the intention to discontinue service under the terms of this tariff. Where new facilities are required, the Company reserves the right to require initial contracts for periods of greater than two years.

A new initial contract period will not be required for existing customers who increase their contract requirements after the original initial period unless new or additional facilities are required.

The Company shall not be required to supply capacity in excess of that contracted for except by mutual agreement.

(Cont'd to Sheet No. 21.3)

TARIFF I.P.
(Industrial Power)

(Cont'd from Sheet No. 21.2)

Special Terms and Conditions.

This tariff is subject to the Company's Terms and Conditions of Service.

This tariff is also available to customers having other sources of energy supply who purchase standby or backup service from the Company. Where such conditions exist, the customer shall contract for the maximum amount of demand in kW which the Company might be required to furnish, but not less than 1,000 kW. The Company shall not be obligated to supply demands in excess of that contracted for.

Customers with cogeneration and/or small power production facilities shall take service under Rider NMS (Net Metering Service Rider), Tariff COGEN/SPP or by special agreement with the Company.

Special Terms and Conditions for Customer over 150 MW.

These provisions apply to customers whose contract capacity exceeds 150 MW or is reasonably expected to grow to exceed 150 MW at one or more aggregated premises, each of 1 MW or larger. Company will exercise reasonable discretion when choosing to aggregate premises, with such discretion based on factors including, but not limited to, premises sharing one or more of: common owner(s), a common parent company, common local electrical infrastructure, and common control.

Contracts will be made for an initial period of twenty (20) years and shall remain in effect thereafter unless cancelled or modified pursuant to the terms hereunder. Either party shall give at least five years' written notice to the other of the intention to discontinue service under the terms of this tariff. Such notice shall not reduce the twenty (20) year initial term.

In the event of a permanent closure by the customer occurring after the first five (5) years of the initial contract term, the customer may terminate the contract by providing a one-time payment, at the time service ends, equal to five (5) years of minimum billing under this tariff. In the event of a permanent closure, the customer shall notify the Company within three (3) business days of making this determination.

The customer shall give at least five (5) years' prior written notice to the Company of the intention to reduce the contract capacity specified in the contract, unless the parties mutually agree to a shorter period of notice. Such notice shall not reduce the maximum contract capacity established during the term of the contract by more than twenty (20) percent, except by mutual agreement.

(Cont'd to Sheet No. 21.4)

TARIFF I.P.
(Industrial Power)

(Cont'd from Sheet No. 21.3)

In addition to the Monthly Billing Demand and Off-Peak Hour Provisions, the customer's monthly billing demand will not be less than 90 percent of the greater of (a) the customer's contract capacity or (b) the customer's highest previously established monthly billing demand during the past 11 months or (c) the customer's maximum demand created during the billing month.

Customer shall not assign any of its rights or delegate any of its obligations under the Contract without the written consent of the Company. An assignment will not relieve the Customer of its financial obligation hereunder unless the Company so consents in writing. Such consent(s) shall not be unreasonably withheld. Any purported assignment or delegation in violation of this Section is null and void.

In addition to the terms in Items 4 and 14 of the Company's Terms and Conditions of Service, the customer shall provide collateral in a form acceptable to the Company based upon the creditworthiness of the customer. The amount of collateral to be provided is equal to twenty-four (24) multiplied by: (a) during the first year of the contract, the maximum expected monthly non-fuel bill; or (b) after the first year of the contract, the customer's previous maximum monthly non-fuel bill. The amount of collateral under the foregoing calculation will be recomputed annually, and the customer shall have to provide the recomputed amount if it is 10% or more greater than the current amount held.

Indiana Michigan Power Company - Indiana
Industrial Power - Transmission Voltage
Tariff Code: 324
Base Rates, Rider Rates in Effect as of 5/31/2024

Billing Parameters		
On-Peak Demand:	1,000,000	
kWh Usage:	620,500,000	85%
Excess kVAR	-436,659	99.8%

	Standard Tariff Billing				Minimum Billing at 90% demand				Minimum Billing at 60% demand			
Base Rate Billing	Units		Rates	Tariff Billing	Units		Rates	Tariff Billing	Units		Rates	Tariff Billing
Service Charge			$ 275.00	$ 275			$ 275.00	$ 275			$ 275.00	$ 275
Energy Charge	620,500,000 kWh											
Step 1	410,000,000 kWh	x	$ 0.05058 /kWh	$ 20,737,800								
Step 2	210,500,000 kWh	x	$ 0.01286 /kWh	$ 2,707,030								
Demand Charge	1,000,000.0 kW	x	$ 10.194 /kW	$ 10,194,000	900,000 kW	x	$ 14.700 /kW	$ 13,230,000	600,000 kW	x	$ 14.700 /kW	$ 8,820,000
Reactive Demand Charge	-436,659.0 kVar	x	$ 1.50 /kVar	$ (654,989)								
Base Rate Total				**$ 32,984,117**				**$ 13,230,275**				**$ 8,820,275**
Rider Billing												
Fuel Cost Adjustment Rider	620,500,000 kWh	x	$ (0.002099) /kWh	$ (1,302,430)	0 kWh	x	$ (0.000185) /kWh	$ -	0 kWh	x	$ (0.000185) /kWh	$ -
DSM / EE Program Cost Rider	620,500,000 kWh	x	$ 0.000107 /kWh	$ 66,394	0 kWh	x	$ 0.001205 /kWh	$ -	0 kWh	x	$ 0.001205 /kWh	$ -
Environmental Cost Rider	620,500,000 kWh	x	$ 0.000351 /kWh	$ 217,796	0 kWh	x	$ 0.000464 /kWh	$ -	0 kWh	x	$ 0.000464 /kWh	$ -
Environmental Cost Rider	1,000,000 kW	x	$ 0.622 /kW	$ 622,000	900,000 kW	x	$ 0.697 /kW	$ 627,300	600,000 kW	x	$ 0.697 /kW	$ 418,200
OSS/PJM Rider	620,500,000 kWh	x	$ (0.000469) /kWh	$ (291,015)	0 kWh	x	$ 0.000533 /kWh	$ -	0 kWh	x	$ 0.000533 /kWh	$ -
OSS/PJM Rider	1,000,000 kW	x	$ 8.593 /kW	$ 8,593,000	900,000 kW	x	$ 9.375 /kW	$ 8,437,500	600,000 kW	x	$ 9.375 /kW	$ 5,625,000
Life Cycle Management Rider	1,000,000 kW	x	$ - /kW	$ -	900,000 kW	x	$ - /kW	$ -	600,000 kW	x	$ - /kW	$ -
Resource Adequacy Rider	1,000,000 kW	x	$ 0.116 /kW	$ 116,000	900,000 kW	x	$ 0.662 /kW	$ 595,800	600,000 kW	x	$ 0.662 /kW	$ 397,200
Solar Power Rider	1,000,000 kW	x	$ 0.044 /kW	$ 44,000	900,000 kW	x	$ 0.045 /kW	$ 40,500	600,000 kW	x	$ 0.045 /kW	$ 27,000
Phase-In Rate Adjustment	620,500,000 kWh	x	$ (0.000047) /kWh	$ (29,164)	0 kWh	x	$ (0.000005) /kWh	$ -	0 kWh	x	$ (0.000005) /kWh	$ -
Phase-In Rate Adjustment	1,000,000 kW	x	$ (0.503) /kW	$ (503,000)	900,000 kW	x	$ (0.548) /kW	$ (493,200)	600,000 kW	x	$ (0.548) /kW	$ (328,800)
TAX Rider	1,000,000 kW	x	$ - /kW	$ -	900,000 kW	x	$ - /kW	$ -	600,000 kW	x	$ - /kW	$ -
Rider Total				**$ 7,533,582**				**$ 9,207,900**				**$ 6,138,600**
Total Billing :				**$ 40,517,698**				**$ 22,438,175**				**$ 14,958,875**
Less: Phase-In Rider				$ 41,049,862				$ 22,931,375				$ 15,287,675
Yearly Billing (less Phase-In Rider):				**$ 492,598,338**				**$ 275,176,500**				**$ 183,452,100**