

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.)

CAUSE NO. 45235

PETITIONER'S NOTICE OF SUBMISSION OF CORRECTIONS

Petitioner Indiana Michigan Power Company (I&M), by counsel, hereby submits the attached clean and redline revised pages 18 and 23 of I&M witness Jason A. Cash's rebuttal testimony, and page 53 of I&M witness Andrew J. Williamson's rebuttal testimony.

A clean copy of the revised pages will be included in the court reporter copy offered into evidence at the hearing.

Respectfully submitted,



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

Attorneys for:
INDIANA MICHIGAN POWER COMPANY

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 2nd day of October, 2019 to:

Tiffany Murray
Indiana Office of Utility Consumer
Counselor
Office of Utility Consumer Counselor
115 West Washington Street, Suite
1500 South
Indianapolis, Indiana 46204
timurray@oucc.in.gov
infomgt@oucc.in.gov

Kurt J. Boehm, Esq.
Jody Kyler Cohn, Esq.
Boehm, Kurtz & Lowry
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
KBoehr@BKLLawfirm.com
JKylerCohn@BKLLawfirm.com

Robert K. Johnson
2454 Waldon Dr.
Greenwood, IN 46143
rjohnson@utililaw.us

J. Christopher Janak
Kristina Kern Wheeler
BOSE MCKINNEY & EVANS LLP
111 Monument Circle, Suite 2700
Indianapolis, Indiana 46204
cjanak@boselaw.com
kwheeler@boselaw.com

Robert M. Glennon
Robert Glennon & Assoc., P.C.
3697 N. Co. Rd. 500 E.
Danville, IN 46122
robertglennonlaw@gmail.com

Jennifer A. Washburn
Margo Tucker
Citizens Action Coalition
1915 W. 18th Street, Suite C
Indianapolis, Indiana 46202
jwashburn@citact.org
mtucker@citact.org

John P. Cook, Esq.
John P. Cook & Associates
900 W. Jefferson Street
Franklin, Indiana 46131
john.cookassociates@earthlink.net

Kevin Higgins
Energy Strategies, LLC
Parkside Towers, 215 South State
Street, Suite 200
Salt Lake City, Utah 84111
khiggins@energystrat.com

Bette J. Dodd
Joseph P. Rompala
Anne E. Becker
LEWIS & KAPPES, P.C.
One American Square, Suite 2500
Indianapolis, IN 46282-0003
BDodd@Lewis-Kappes.com
JRompala@Lewis-Kappes.com
abecker@lewis-kappes.com

Courtesy copy to:
ATyler@lewis-kappes.com
ETennant@lewis-kappes.com

Brian C. Bosma
Kevin D. Koons
Ted W. Nolting
Kroger Gardis & Regas, LLP
111 Monument Circle Drive, Suite 900
Indianapolis, IN 46204-5125
bcb@kgrlaw.com
kdk@kgrlaw.com
tw@kgrlaw.com

Randolph G. Holt
PARR RICHEY
c/o Wabash Valley Power Alliance
6720 Intech Blvd.
Indianapolis, IN 46278
r_holt@wvpa.com

Jeremy L. Fetty
Liane K. Steffes
PARR RICHEY
251 N. Illinois Street, Suite 1800
Indianapolis, IN 46204
jfetty@parrlaw.com
lsteffes@parrlaw.com

Courtesy copy to:
CHolcomb@parrlaw.com

Eric E. Kinder
SPILMAN THOMAS & BATTLE, PLLC
300 Kanawha Boulevard, East
P. O. Box 273
Charleston, WV 25321
ekinder@spilmanlaw.com

Jeffery A. Earl
BOSE MCKINNEY & EVANS LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204
jearl@boselaw.com

Barry A. Naum
SPILMAN THOMAS & BATTLE, PLLC
1100 Bent Creek Boulevard, Suite 101
Mechanicsburg, PA 17050
bnaum@spilmanlaw.com

Mark W. Cooper
Attorney at Law
1449 North College Avenue
Indianapolis, IN 46202
attymcooper@indy.rr.com

Shaw R. Friedman
Friedman & Associates, P.C.
705 Lincolnway
LaPorte, IN 46350
sfriedman.associates@frontier.com

W. Erik Weber, Esquire
Mefford Weber and Blythe
130 East Seventh Street
Auburn, IN 46706-1839
erik@lawmwb.com

Keith L. Beall
Beall & Beall
13238 Snow Owl Dr., Ste. A
Carmel, IN 46033
kbeall@indy.rr.com

Nikki G. Shoultz
BOSE MCKINNEY & EVANS LLP
111 Monument Circle, Suite 2700
Indianapolis, IN 46204
nshoultz@boselaw.com



Jeffrey M. Peabody

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

Attorneys for:
INDIANA MICHIGAN POWER COMPANY

1 depreciation study since all of the property that is initially placed in
2 service will not last until the final retirement date.⁴

3 The Commission also accepted I&M's depreciation rates in Cause No.
4 39314, Cause No. 44555, and Cause No. 44967, which included interim
5 retirements in the calculation.

6 **Q. Have other jurisdictions where affiliates of AEP operate accepted production
7 plant depreciation rate calculations that include the interim retirements?**

8 A. Yes they have. In other states where AEP utilities operate, including Michigan,
9 West Virginia, Virginia, and Kentucky, utility commissions have accepted and
10 approved Production Plant depreciation rate calculations that included interim
11 retirements.⁵

12 **Q. How should the IURC rule on Mr. Garrett's recommendation to remove
13 interim retirements from the calculation of Production Plant depreciation
14 rates?**

15 A. For the reasons I noted above, the IURC should reject Mr. Garrett's proposal and
16 accept the use of interim retirements in Production Plant depreciation rates.

17 **Q. On page 47, line 17-18, of his direct testimony, OUCC witness D. Garrett is
18 proposing no change to the current depreciation rate for Account 370,
19 Meters. Do you agree?**

20 A. No. Mr. Garrett later states that "OUCC is proposing to make certain disallowances
21 regarding the Company's proposed AMI meters", but provides no other support for

⁴ *Re Indiana Michigan Power Co.*, Cause No. 44075, Order at 1089 (IURC Feb. 13, 2013).

⁵ Michigan Case No. U-18370, Appalachian Power - West Virginia Case No. 18-0645-E-D, and Appalachian Power - Virginia Case No. PUE 2011-00037, Kentucky Power Case No. 2017-00179.

Table JAC-R2
Compare I&M Accepted Average Service Lives and IOWA Curves
to I&M Proposed Average Service Lives and IOWA Curves

		<u>Cause No. 44075</u>		<u>Cause No. 44967[*]</u>		<u>Cause No. 45235 (I&M Proposed)</u>	
		Average Service Life	IOWA Curve	Average Service Life	IOWA Curve	Average Service Life	IOWA Curve
		(Years)		(Years)		(Years)	
<u>TRANSMISSION PLANT</u>							
354.0	Towers & Fixtures	59	R5.0	64	R5.0	64	R5.0
355.0	Poles & Fixtures	57	R1.0	53	L0.5	51	L0.5
<u>DISTRIBUTION PLANT</u>							
364.0	Poles, Towers, & Fixtures Overhead Conductor &	38	R0.5	33	L0.0	35	L0.0
365.0	Devices	40	R0.5	33	L0.0	35	L0.0
366.0	Underground Conduit	55	R2.5	53	R2.0	56	R2.0
368.0	Line Transformers	30	R1.5	20	R0.5	21	R0.5
369.0	Services	45	R0.5	38	R0.5	40	R0.5

^{*} Settled.

1 **Q. What is the main reason for OUCC witness Garrett’s and IG witness**
 2 **Andrews’ disagreement with these accounts?**

3 A. Mr. Garrett and Mr. Andrews both cite the Company’s Conformance Index (“CI”),
 4 which they both characterize as low or poor according to Bauhan scale, as their
 5 primary reason for questioning the average service lives proposed by the
 6 Company. As a result, both witnesses then compare to other peer utilities to
 7 develop their recommendations to the accounts where they disagree.

8 **Q. Do you rely solely on the CI to determine what curve and life to select for**
 9 **each account?**

10 A. No I do not. The “...arbitrary scale for the CI proposed by Bauhan”⁷ is one resource

⁷ NARUC manual, page 96.

1 the program on a limited basis and starting next year we intend to begin a full roll-
2 out of the program. Once more experience is gained, I&M will have sufficient
3 support to include a representative level of EZ Bill program costs and revenues in
4 its base rate case filings. ~~In the meantime, the Company's request to defer this~~
5 ~~reasonable cost of service is an accepted and appropriate means of addressing~~
6 ~~the accounting and ratemaking for these costs.~~

7 **Q. Is the EZ Bill program somehow different from other customer programs that**
8 **I&M offers that have program costs which are considered as part of the cost**
9 **of providing service?**

10 A. No. The EZ Bill program is another step that I&M is taking to meet customer
11 expectations in regards to a fixed billing option. This program is similar to other
12 customer programs that provide options such as time of use rates, Home Energy
13 Management Rider, Alternative Feed Service, Demand Response Service (to
14 name just a few). The costs to offer and manage those programs are included in
15 I&M's overall cost of service, so too should the program costs of the EZ Bill
16 program. Even the costs for I&M to offer other budget billing programs (i.e.
17 Average Monthly Payment Plan, Equal Payment Plan) are treated as above-the-
18 line costs as those programs are available for a large number of customers.

19 However, Mr. Lantrip argues that including EZ Bill program costs above-
20 the-line is "... socializing costs among all ratepayers, even though not all
21 ratepayers will qualify for or utilize this optional program." (page 12, lines 4-5). In
22 Mr. Lantrip's view, this would put "non-participating customers at risk" should
23 program costs exceed program revenues. But, the same argument could be made

1 depreciation study since all of the property that is initially placed in
2 service will not last until the final retirement date.⁴

3 The Commission also accepted I&M's depreciation rates in Cause No.
4 39314, Cause No. 44555, and Cause No. 44967, which included interim
5 retirements in the calculation.

6 **Q. Have other jurisdictions where affiliates of AEP operate accepted production
7 plant depreciation rate calculations that include the interim retirements?**

8 A. Yes they have. In other states where AEP utilities operate, including Michigan,
9 West Virginia, Virginia, and Kentucky, utility commissions have accepted and
10 approved Production Plant depreciation rate calculations that included interim
11 retirements.⁵

12 **Q. How should the IURC rule on Mr. Garrett's recommendation to remove
13 interim retirements from the calculation of Production Plant depreciation
14 rates?**

15 A. For the reasons I noted above, the IURC should reject Mr. Garrett's proposal and
16 accept the use of interim retirements in Production Plant depreciation rates.

17 **Q. On page 47, line 17-18, of his direct testimony, OUCC witness D. Garrett is
18 proposing no change to the current depreciation rate for Account 370,
19 Meters. Do you agree?**

20 A. No. Mr. Garrett later states that "OUCC is proposing to make certain disallowances
21 regarding the Company's proposed AMI meters", but provides no other support for

⁴ *Re Indiana Michigan Power Co.*, Cause No. 44075, Order at 108 (IURC Feb. 13, 2013).

⁵ Michigan Case No. U-18370, Appalachian Power - West Virginia Case No. 18-0645-E-D, and Appalachian Power - Virginia Case No. PUE 2011-00037, Kentucky Power Case No. 2017-00179.

**Table JAC-R2
Compare I&M Accepted Average Service Lives and Iowa Curves
to I&M Proposed Average Service Lives and Iowa Curves**

		<u>Cause No. 44075</u>		<u>Cause No. 44967*</u>		<u>Cause No. 45235 (I&M Proposed)</u>	
		<u>Average Service Life (Years)</u>	<u>Iowa Curve</u>	<u>Average Service Life (Years)</u>	<u>Iowa Curve</u>	<u>Average Service Life (Years)</u>	<u>Iowa Curve</u>
<u>TRANSMISSION PLANT</u>							
354.0	Towers & Fixtures	59	R5.0	64	R5.0	64	R5.0
355.0	Poles & Fixtures	57	R1.0	53	L0.5	51	L0.5
<u>DISTRIBUTION PLANT</u>							
364.0	Poles, Towers, & Fixtures Overhead Conductor &	38	R0.5	33	L0.0	35	L0.0
365.0	Devices	40	R0.5	33	L0.0	35	L0.0
366.0	Underground Conduit	55	R2.5	53	R2.0	56	R2.0
368.0	Line Transformers	30	R1.5	20	R0.5	21	R0.5
369.0	Services	45	R0.5	38	R0.5	40	R0.5

* Settled.

2 **Q. What is the main reason for OUCC witness Garrett’s and IG witness**
3 **Andrews’ disagreement with these accounts?**

4 A. Mr. Garrett and Mr. Andrews both cite the Company’s Conformance Index (“CI”),
5 which they both characterize as low or poor according to Bauhan scale, as their
6 primary reason for questioning the average service lives proposed by the
7 Company. As a result, both witnesses then compare to other peer utilities to
8 develop their recommendations to the accounts where they disagree.

9 **Q. Do you rely solely on the CI to determine what curve and life to select for**
10 **each account?**

11 A. No I do not. The “...arbitrary scale for the CI proposed by Bauhan”⁷ is one resource

⁷ NARUC manual, page 96.

1 the program on a limited basis and starting next year we intend to begin a full roll-
2 out of the program. Once more experience is gained, I&M will have sufficient
3 support to include a representative level of EZ Bill program costs and revenues in
4 its base rate case filings.

5
6
7 **Q. Is the EZ Bill program somehow different from other customer programs that**
8 **I&M offers that have program costs which are considered as part of the cost**
9 **of providing service?**

10 A. No. The EZ Bill program is another step that I&M is taking to meet customer
11 expectations in regards to a fixed billing option. This program is similar to other
12 customer programs that provide options such as time of use rates, Home Energy
13 Management Rider, Alternative Feed Service, Demand Response Service (to
14 name just a few). The costs to offer and manage those programs are included in
15 I&M's overall cost of service, so too should the program costs of the EZ Bill
16 program. Even the costs for I&M to offer other budget billing programs (i.e.
17 Average Monthly Payment Plan, Equal Payment Plan) are treated as above-the-
18 line costs as those programs are available for a large number of customers.

19 However, Mr. Lantrip argues that including EZ Bill program costs above-
20 the-line is "... socializing costs among all ratepayers, even though not all
21 ratepayers will qualify for or utilize this optional program." (page 12, lines 4-5). In
22 Mr. Lantrip's view, this would put "non-participating customers at risk" should
23 program costs exceed program revenues. But, the same argument could be made