

I&M Exhibit: _____

INDIANA MICHIGAN POWER COMPANY

PRE-FILED VERIFIED DIRECT TESTIMONY

OF

DONA SEGER-LAWSON

Cause No. 45933

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**DIRECT TESTIMONY OF DONA SEGER-LAWSON
ON BEHALF OF
INDIANA MICHIGAN POWER COMPANY**

I. Introduction of Witness

1 **Q1. Please state your name and business address.**

2 My name is Dona Seger-Lawson and my business address is Indiana Michigan
3 Power Center, P.O. Box 60, Fort Wayne, IN 46801.

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

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

7 **Q3. Please briefly describe your educational background and professional
8 experience.**

9 I received a Bachelor of Science degree in Business Administration with majors
10 in Finance and Management from Wright State University in Dayton, Ohio in
11 1992. I earned a Master's in Business Administration with a Finance
12 Administration concentration also from Wright State University in August 1997.

13 I was employed by the Dayton Power and Light Company from 1992 to 2018
14 and held various positions in the Regulatory Operations area, ranging from Rate
15 Analyst to Director of Regulatory Operations. In 2018, I accepted a position with
16 AEP Ohio as Manager, Regulatory Services. I joined I&M in my current capacity
17 as Director, Regulatory Services in May of 2020.

18 **Q4. What are your responsibilities as Director of Regulatory Services?**

19 I am responsible for the supervision and direction of I&M's Regulatory Services
20 Department, which has responsibility for all rate and regulatory matters affecting

1 I&M's Indiana and Michigan jurisdictions. I report directly to the Vice President of
2 Regulatory and Finance for I&M.

3 **Q5. Have you previously testified before any regulatory commissions?**

4 Yes. I testified before the Indiana Utility Regulatory Commission (IURC or
5 Commission) on behalf of I&M in Cause Nos. 45576 (I&M's 2021 base rate
6 case), 45285 (DSM Plan), 45506 (EDG Tariff), 45901 (EV Program) and 38702
7 (FAC-86 thru 91).

8 I also provided written testimony in support of AEP Ohio's Smart Grid Phase 3
9 filing with the Public Utilities Commission of Ohio (PUCO). Additionally, I have
10 testified before the PUCO and the Federal Energy Regulatory Commission
11 (FERC) in a number of cases on behalf of the Dayton Power and Light
12 Company.

13 **II. Purpose of Testimony**

14 **Q6. What is the purpose of your testimony in this proceeding?**

15 The purpose of my testimony is to sponsor and support I&M's regulatory policies
16 with respect to:

- 17 1) Test Year adjustments;
- 18 2) Rate recovery and continued deferral of certain costs;
- 19 3) I&M's request to continue the major storm damage reserve and dry cask
20 deferral;
- 21 4) I&M's proposals for rate adjustment mechanisms including the
22 implementation of a new Grant Projects Rider, and modifications to the
Tax Rider; and

1 5) I&M's request for a waiver of rules to allow I&M to implement a new
2 PowerPay program.

3 I also support the overall request for rate relief, the use of a forecasted test year
4 and Phase-In Rate Adjustment in accordance with Commission directives and
5 past practices.

6 **Q7. Are you sponsoring any exhibits?**

7 I am sponsoring or co-sponsoring the following portions of Exhibit A:

8 I&M Exhibit A-1 The revenue requirement calculation that reflects
9 I&M's requested rate relief in this Cause.

10 I&M Exhibit A-5 The net electric operating income included in this
11 Cause.

12 I&M Exhibit A-6 The rate base included in this Cause.

13 **Q8. Are you sponsoring any attachments?**

14 Yes. I am co-sponsoring, with Company witness Cooper, the following individual
15 tariff sheets included in Attachment KCC-2:

- 16 • Attachment DSL-1 Redlined Tariff Sheet No. 53 Tax Rider
- 17 • Attachment DSL-2 Proposed Tariff Sheet No. 54 Grant Projects Rider

18 They are attached to my testimony for ease of reference.

19 **Q9. Are you sponsoring any portion of the Company workpaper WP-A?**

20 Yes, I am sponsoring or co-sponsoring the following workpapers:

21 WP-A-RIDER-5 Tax Rider Adjustment

22 WP-A-O&M-2 Remove Value Advertising Expense

23 WP-A-O&M-3 Remove Lobbying Expense

24 WP-A-O&M-4 Increase Expense for Rate Case Expense

1 WP-A-RB/O&M-2 PowerPay Billing System Modification

2 **Q10. Are you co-sponsoring any other workpapers?**

3 Yes. I am co-sponsoring WP-TAX with Company witness Criss. It is an
4 Example Tax Rider Revenue Requirement. This is provided to demonstrate
5 how the Tax Rider revenue requirement would be calculated if there were
6 Production Tax Credits (PTCs) and Corporate Alternative Minimum Tax (CAMT)
7 values included in the Tax Rider.

8 **Q11. Were the exhibits, attachments, and workpapers that you sponsor**
9 **prepared or assembled by you or under your direction or supervision?**

10 Yes.

11 **Q12. Can you please summarize your testimony?**

12 Yes. My testimony supports the overall revenue requirement, the use of a
13 forecasted Test Year, and ongoing deferrals for certain costs.

14 I&M requests the Commission to authorize recovery of I&M's cost to serve
15 customers using the forward-looking calendar year of January 1, 2024 through
16 December 31, 2024 (Test Year). This cost recovery will be implemented through
17 a combination of base rates and rate adjustment mechanisms. I&M's overall
18 requested rate relief for the Test Year is approximately \$116.4 million, or 6.8%.

19 I&M proposes to implement the requested rate increase in two steps through the
20 Phase-In Rate Adjustment (PRA) process used and approved in I&M's last three
21 rate cases. In Phase I, revenue would increase by approximately \$83.7 million
22 or 4.89%. The overall increase identified above would be implemented in
23 Phase II, through a compliance filing in January 2025.

24 I&M's Financial Exhibit A shows the calculation of the revenue increase. In
25 accordance with GAO-2013-5 and the Minimum Standard Filing Requirements
26 (MSFR), the Company has presented substantial support for the revenue

1 increase and related relief. This is the same level of support provided in the
2 Company's prior basic rate cases.

3 The Company's proposals reflect a continuation of existing rate structures and
4 processes. For example, I&M proposes to implement the rate increase in
5 phases consistent with the PRA used to implement rates resulting from our last
6 basic rate case.

7 The Company also proposes to continue both the Major Storm Restoration
8 Reserve and the Dry Cask Storage deferral. Similarly, I&M proposes to retain all
9 existing rate adjustment mechanisms (i.e., riders) with certain modifications to
10 the Tax Rider. I&M proposes to continue the Tax Rider to recover the Net
11 Operating Loss Carryforward (NOLC) consistent with the Settlement Agreement
12 approved in Cause No. 45576, as well as tax changes associated with the
13 Inflation Reduction Act (IRA) including any potential CAMT and PTCs
14 associated with the Cook Nuclear facility.

15 Additionally, I&M requests Commission authority to implement a new Grant
16 Projects Rider to track costs and federal and state grants associated with
17 infrastructure projects. Because these projects are grant reliant, the prospect of
18 whether the projects and the grants will be initiated is uncertain and therefore
19 appropriately tracked through a rider mechanism.

20 My testimony further supports I&M's request for a waiver of certain rules that will
21 enable I&M to implement the PowerPay program. My testimony explains why
22 this requested rule waiver is reasonable and appropriate.

23 For purposes of this rate case, most deferred balances (including rate case
24 expense and nuclear decommissioning study expense) are amortized over a
25 period of two years as this period represents the most likely period between re-
26 setting base rates in this case. Other previously-approved deferrals that have
27 not been fully amortized continue to be reflected in rate base and through

1 amortization expense consistent with the Commission's prior orders regarding
2 those deferrals.

3 Commission approval of the Company's proposed revenue increase through the
4 package of base rates and riders presented in the Company's filing is necessary
5 to ensure I&M is provided a reasonable opportunity to recover its cost to serve
6 customers, including a fair return on its underlying investments used to serve
7 customers.

8 The regulatory support sought by the Company is important to the ongoing
9 provision of retail electric service. The Test Year commences January 1, 2024.
10 I&M asks the Commission to issue an order within 300 days of filing in
11 accordance with Indiana Code § 8-1-2-42.7 and GAO 2013-5.

III. Summary of Test Year

12 **Q13. What test year has the Company proposed for setting rates in this**
13 **proceeding?**

14 The Company has proposed rates based on a forward-looking calendar year of
15 January 1, 2024 through December 31, 2024. This includes both base rates and
16 rider rates.

17 **Q14. Is I&M's Test Year appropriate and reasonable?**

18 Yes. Under Indiana Code §§ 8-1-2-42.7(d) and (d)(1), in a petition "to change
19 basic rates and charges, a utility may designate a test period for the
20 [C]ommission to use." Furthermore, the Commission "shall approve a test period
21 that is one (1) of the following: . . . A forward looking test period determined on
22 the basis of projected data for the twelve (12) month period beginning not later
23 than twenty-four (24) months after the date on which the utility petitions the
24 commission for a change in its basic rates and charges."

1 The Test Year I&M has designated for this case meets these statutory criteria
2 and thus is appropriate and reasonable.

3 **Q15. Please describe I&M Exhibit A.**

4 I&M Exhibit A consolidates the data supporting I&M's projected costs and
5 revenues for the Test Year. The items included in I&M's Exhibit A satisfy the
6 MSFRs in Section 6 for the Test Year. I&M's documentation in support of the
7 Company's filing includes workpapers that provide further detail.

8 **Q16. Has the Company made adjustments to the Test Year?**

9 Yes. Adjustments to the Test Year forecast are necessary to reflect impacts to
10 the forecast that relate to the continuation of ratemaking adjustments previously
11 approved by the Commission and new ratemaking requests that become
12 effective upon Commission approval. This includes for example, changes in net
13 operating income and/or rate base resulting from changes in depreciation rates,
14 amortization of deferred costs, and removing from base rates certain revenues
15 and expenses requested to be recovered in riders.

16 Each Test Year adjustment is sponsored and described by an I&M company
17 witness as shown on I&M Exhibit A. Each adjustment is supported by
18 workpapers.

19 **Q17. Has the Company also provided historical data?**

20 Yes. The Company has provided historical data using a 2022 calendar year
21 historical base period. The Company has provided this historical data on
22 workpapers WP-I&M-1-1 and WP-I&M-4 and, where appropriate, in its response
23 to the MSFRs.

IV. Indiana Code § 8-1-2-0.6

1 **Q18. Are you familiar with Indiana Code § 8-1-2-0.6 (House Enrolled Act (HEA)**
2 **1007), which was effective July 1, 2023?**

3 Yes. It is my understanding that Indiana Code § 8-1-2-0.6, sets out five
4 attributes, known as the Five Pillars, that must be considered as part of the
5 decisions around electric generation resource mix, energy infrastructure and
6 electric ratemaking.

7 **Q19. Would you please describe the Five Pillars identified in Indiana Code § 8-1-**
8 **2-0.6?**

9 Yes, the Five Pillars are:

- 10 • Reliability – including: (A) the adequacy of electric utility service, including
11 the ability of the electric system to supply the aggregate electric demand
12 and energy requirements of end use customers at all times, taking into
13 account: (i) scheduled; and (ii) reasonably expected unscheduled;
14 outages of system elements; and (B) the operating reliability of the
15 electric system, including the ability of the electric system to withstand
16 sudden disturbances such as electric short circuits or unanticipated loss
17 of system components.
- 18 • Affordability – including ratemaking constructs that result in retail electric
19 utility service that is affordable and competitive across residential,
20 commercial, and industrial classes;
- 21 • Resiliency – including the ability of the electric system or its components
22 to: (A) adapt to changing conditions; and (B) withstand and rapidly
23 recover from disruptions or off-nominal events;
- 24 • Stability – including the ability of the electric system to: (A) maintain a
25 state of equilibrium during: (i) normal and abnormal conditions; or (ii)
26 disturbances; and (B) deliver a stable source of electricity, in which

1 frequency and voltage of maintained within defined parameters,
2 consistent with industry standards; and

- 3 • Environmental Sustainability – including: (A) the impact of environmental
4 regulations on the cost of providing electric utility service; and (B)
5 demand from consumers for environmentally sustainable sources of
6 electric generation.

7 **Q20. Does the Company's rate case application consider the Five Pillars of**
8 **electric utility service?**

9 Yes. As demonstrated throughout its case-in-chief through testimony of various
10 Company witnesses, the Company's application considers and meets the Five
11 Pillars of electric utility service. Specifically, the following Company witnesses
12 address the Five Pillars concept in their testimony:

- 13 • HEA 1007/ 21st Century Task Force
 - 14 ○ Company witness Baker testifies that I&M's proposals in this case
15 take into consideration each of the Five Pillars and are aligned
16 with the state's energy policy.
- 17 • Reliability, Resiliency, and Stability
 - 18 ○ Company witness Jessee supports the current investments and
19 expenses the Company is incurring for its non-nuclear generation
20 to ensure those resources are providing safe and reliable service
21 to customers. He further supports the need for additional
22 investments in the test-year to make those resources available in
23 the future and to ensure their continued reliability.
 - 24 ○ Company witness Ferneau supports the overall performance of the
25 Cook Nuclear Facility (Cook Nuclear) in providing consistent
26 energy and capacity to customers over the asset life. Company
27 witness Ferneau also supports the Company's proposal to begin

1 the Subsequent License Renewal process to determine whether
2 the Company will move forward with extending the life of the Units
3 beyond 2034 and 2037, to continue to be an available, reliable
4 generation resource to customers.

- 5 ○ Company witness Isaacson supports the continued improvements
6 to the resiliency, reliability and stability of the distribution system
7 and the necessary investments to improve reliability to the end-use
8 customers.

- 9 ● Affordability

- 10 ○ Company witness Ferneau demonstrates that the historical
11 performance of Cook has been a net benefit as it provides a
12 reliable, resilient, stable, and predictable base load generation
13 resource to serve I&M customers. Additionally, as a result of the
14 operation of Cook Nuclear, and as further explained in Company
15 witness Criss and my testimony, the Company is eligible for
16 Performance Tax Credits. Once the amounts of these credits are
17 known, the Company is proposing to reflect the benefit as a credit
18 through the Tax Rider, making service more affordable to I&M's
19 customers.

- 20 ○ Company witness Fischer discusses establishing rates that are
21 affordable and competitive across residential, commercial and
22 industrial customer classes.

- 23 ○ Finally, Company witness Osterholt explains the Company's
24 activity in seeking available federal grant funding to offset costs of
25 distribution and generation investments, including seeking funding
26 for Advanced Distribution Management System (ADMS) and
27 Distributed Energy Resource Management System (DERMS),
28 which is explained further by Company witnesses Isaacson and

1 Brenner, and the hydro dam projects discussed further by
2 Company witness Jessee. I&M's efforts to obtain grants offset
3 project costs and improve affordability of electric service to I&M's
4 customers.

5 • Environmental Sustainability

- 6 ○ Both Company witnesses Ferneau and Jessee support necessary
7 steps to continue operating both the Cook Nuclear facility and the
8 Company's hydro dam and solar resources to meet the energy
9 and capacity needs of its customers and meet the Company's
10 sustainability goals of becoming net zero carbon emissions by
11 2050.

V. GAOs 2013-5, 2020-5, and 2023-4

12 **Q21. Have you reviewed General Administrative Orders (GAO) 2013-5, 2020-5,**
13 **and 2023-4 in preparation of this filing?**

14 Yes. In preparation of this filing, I reviewed the guidance provided by the
15 Commission in GAOs 2013-5, 2020-5, and 2023-4.

16 **Q22. Please summarize GAOs 2013-5 and 2020-5.**

17 GAO 2013-5 describes the 300-day rate case standard procedural schedule and
18 the Commission's guidance for rate cases. The guidance outlines the
19 information that the Commission recommended be included with the filing to
20 reduce discovery issues and facilitate a more efficient and timely process for
21 identifying critical issues in a rate case. The guidance discusses the use of the
22 MSFRs and using a forward-looking test year.

23 GAO 2020-5 sets forth the Commission's guidelines for improving procedural
24 efficiencies. The guidance includes submitting an index of issues if the filing has

1 at least six witnesses providing testimony and at least two of those witnesses
2 provide testimony on the same issue or issues.

3 The guidance also recommends that inputs used to calculate revenues,
4 expenses, and other revenue requirements should be transparent, and subject
5 to inquiry and analysis. The GAO further encourages parties to provide
6 additional information for background and education in their case-in-chief. There
7 are also specific guidelines regarding the presentation of financial schedules
8 and workpapers.

9 **Q23. Did I&M incorporate the guidance provided in GAOs 2013-5 and 2020-5 in**
10 **this filing?**

11 Yes. Additionally, I&M developed this filing consistent with our last forward-
12 looking base case filed in Cause No. 45576.

13 **Q24. Please describe how I&M has applied GAOs 2013-5 and 2020-5.**

14 I&M has applied the GAOs as follows:

15 Notice of Intent:

- 16 • I&M submitted a Notice of Intent on June 6, 2023, which was at least
17 thirty days prior to the date of filing for a change in base rates.
- 18 • I&M has discussed this filing with the OUCC and other key stakeholders.
19 The Company remains willing to continue to discuss its filing with
20 interested parties.

21 Case in Chief and Supporting Documentation:

22 As recognized in GAO 2013-5, because the MSFR contemplates a historical test
23 period, the documentation requirements are not a precise match for a forward-
24 looking test period. With that in mind, and as recommended by the GAO, I&M
25 used the MSFRs as guidance as to the categories of information to include in its

1 case in chief and supporting documentation. Specifically, I&M's filing includes
2 the following:

- 3 • Index of issues – I&M's filing includes an index of issues and testimony
4 summaries similar to that provided in I&M's last rate case, Cause No.
5 45576.
- 6 • Testimony, exhibits, attachments and supporting workpapers – MSFR
7 Sections 6-16: I&M's case in chief includes a complete description of the
8 rate relief requested.
- 9 • Proposed test year and rate base cutoff dates – MSFR Section 5: I&M
10 designated calendar year 2024 as its Test Year and has provided
11 calendar year 2022 data as its historical base period. I&M has provided
12 documentation supporting the Test Year, including calculations,
13 assumptions, and results. The differences from the historical base period
14 to the Test Year are discussed in more detail by various Company
15 witnesses and are summarized by Company witness Sloan.
- 16 • Proposed revenue requirement – MSFR Sections 7-12.
- 17 • Jurisdictional operating revenues and expenses, including taxes and
18 depreciation – MSFR Section 8.
- 19 • Balance sheet and income statements – MSFR Sections 6, 8-9.
- 20 • Jurisdictional rate base – MSFR Section 9-12. I&M's jurisdictional rate
21 base is as of the end of the Test Year or December 31, 2024 (Test Year
22 End), along with a Phase-in Rate Adjustment. The Phase-in Rate
23 Adjustment takes into account changes in plant in service, accumulated
24 depreciation, and cost of capital. Therefore, the GAO's recommendation
25 to calculate an average of the monthly rate base over the projected test
26 period was not necessary.
- 27 • Proposed cost of capital and capital structure – MSFR Sections 12-13.

- 1 • Jurisdictional class cost of service study – MSFR Section 15.
- 2 • Proposed rate design and pro forma tariff sheets – MSFR Section 16.

3 **Q25. Does I&M's filing include supporting documentation for its forward-**
4 **looking Test Year as suggested in the GAOs?**

5 Yes. In addition to testimony, I&M's witnesses have provided various
6 attachments and workpapers, many in executable electronic format, that support
7 and document the Test Year. I&M has provided support for the Test Year
8 consistent with that provided in Cause No. 45576 as well as other past cases.

9 Additionally, I&M has provided responses to the MSFRs for the Test Year and,
10 where appropriate, for the historical base period. I&M has also provided data for
11 the historical base period in workpapers WP-I&M-1-1 and WP-I&M-1-4.

12 **Q26. Please explain how the Test Year and historical base period data are used**
13 **to calculate and support the rates requested in this case.**

14 For purposes of calculating I&M's proposed base rates, the ratemaking process
15 is focused on the Test Year. The use of a forward-looking test year does not
16 change this focus. The historical base period data presented in this filing serves
17 as a representative set of data which can be reasonably compared to I&M's Test
18 Year.

19 **Q27. Does GAO 2013-5 provide for deviations?**

20 Yes. I&M followed the Commission's guidance but deviated from the guidance
21 when the change produced a result that would facilitate a more efficient and
22 timely process for identifying critical issues in this rate case. I&M has explained
23 in testimony why these deviations are reasonable.

1 **Q28. Please summarize how I&M's filing deviates from the guidance provided in**
2 **GAO 2013-5.**

3 Below is a summary of the two notable deviations from the guidance set forth in
4 the GAO:

- 5 • I&M has provided detailed "supporting documentation" and "supporting
6 calculations" for the forward-looking Test Year. However, I&M has not
7 provided this supporting documentation in the form of "individual
8 adjustments" from the historical base period to the Test Year under GAO
9 2013-5 ¶¶ II.A.2.c.

10 See the testimony of Company witness Sloan for the explanation of I&M's
11 forecasting process, which is essentially the same process relied on in
12 the Company's previous general rate cases (Cause Nos. 45576, 45235
13 and 44967).

- 14 • Because of the Phase-In Rate Adjustment, it was not necessary to use
15 an average monthly rate base under GAO 2013-5 ¶¶ II.A.6.b.

16 **Q29. Will I&M provide notice to its customers regarding the filing of the**
17 **Petition?**

18 Yes. I&M will publish a notice of the filing of the Petition in this Cause in
19 newspapers of general circulation in each of the counties in the State of Indiana
20 in which I&M renders retail electric service. Following publication of notice, I&M
21 will certify to the Commission that the publication has occurred.¹

22 Additionally, in accordance with 170 IAC 4-1-18(C), I&M will provide notice of
23 this filing to each residential customer within 45 days of the filing of the Petition.
24 This notice will fairly summarize the nature and extent of the proposed changes.
25 This notice is in the form of a bill insert in residential customers' bills.

¹ See Ind. Code § 8-1-2-61(a) for the notice requirement.

1 **Q30. Please describe GAO 2023-4.**

2 GAO 2023-4 provides guidance to utilities to address the Five Pillars when
3 making certain filings before the IURC. It implements Indiana Code § 8-1-2-0.6
4 as discussed above.

5 **Q31. Did I&M consider the Five Pillars as discussed in GAO 2023-4?**

6 Yes. Indiana Code § 8-1-2-0.6 and the Five Pillars was discussed earlier in my
7 testimony.

VI. Requested Rate Relief

8 **Q32. Please explain I&M's Test Year cost of service and requested rate relief.**

9 Recovery of I&M's cost to serve customers during the Test Year is
10 accomplished through a combination of base rates and rider rates. The
11 Commission's approval of I&M's proposed base rates and I&M's proposed riders
12 is necessary to ensure I&M has a reasonable opportunity to recover its cost to
13 serve customers, including a fair return on its underlying investments.

14 If the Commission were to remove the recovery of certain expenses from I&M's
15 proposed riders, adjustments would need to be made to I&M's base rate cost of
16 service to reflect inclusion of all such expenses. I&M's requested rate relief is
17 summarized on I&M Exhibit A-1.

18 **Q33. Please explain I&M Exhibit A-1.**

19 I&M Exhibit A-1 presents I&M's overall requested rate relief for the Test Year,
20 including I&M's proposed base rates and riders. I&M's overall requested rate
21 relief for the Test Year, as found on line 12, is approximately \$116.4 million.
22 Line 9 represents the rate relief specific to proposed base rates.

1 I&M's proposed base rates have been calculated using I&M's requested return
2 on the Test Year end rate base. In certain cases, I&M's proposed riders include
3 the removal of certain expenses from the Test Year base rates that will be fully
4 included in the rider revenue requirements going forward. Company witness
5 Gruca and I support all of I&M's rider proposals.² In order to reflect the impact
6 of I&M's rider proposals, the Company made adjustments to its Test Year net
7 electric operating income to remove both the existing Test Year revenue and
8 Test Year expenses associated with I&M's rider proposals. These adjustments,
9 shown on I&M Exhibit A-5, are sponsored and explained by Company witnesses
10 Duncan, Criss, Gruca and myself.

11 Consistent with the February 23, 2022 Order in I&M's last base case (45576
12 Order), I&M's Phase-In Rate Adjustment (PRA) proposal will adjust rates during
13 the Test Year, which will constitute just and reasonable rates. To demonstrate
14 that the proposed rates are just and reasonable, I&M has presented substantial
15 support, as summarized in I&M Exhibit A.

16 Under these circumstances, and assuming the Company's rider proposals are
17 accepted, I&M considers its proposed base rates and riders to be sufficient and
18 reasonable.

19 **Q34. Please explain how the requested rate relief on I&M Exhibit A-1 reflects**
20 **I&M's base rates and rider proposals.**

21 I&M Exhibit A-1 provides a comprehensive view of I&M's Test Year cost of
22 service compared to what revenues would be during the Test Year if I&M did not
23 file the requested rate changes in this Cause (these revenues are otherwise
24 referred to as "current" or "existing").

² Company witness Gruca supports DSM/EE, FAC, OSS/PJM, RAR, ECR, and SPR Rider. I support the Grant Projects Rider and Tax Rider.

1 Lines 1 through 9 relate to I&M's proposed base rates. As described above, all
2 revenue and expenses that I&M proposes to recover in riders are removed from
3 I&M's Net Electric Operating Income (Line 4). As a result, Lines 1-9 are inclusive
4 of all revenues and expenses that I&M proposes to recover in base rates. This
5 includes both (a) all revenues and expenses that I&M currently recovers in base
6 rates and proposes to continue recovering in base rates and (b) all revenues
7 and expenses that I&M currently recovers in riders but is proposing in this
8 proceeding to recover in base rates.

9 Lines 10 and 11 relate to I&M's proposed riders. In order to ensure that I&M
10 Exhibit A-1 shows I&M's total requested rate relief inclusive of both base rates
11 and riders, Lines 10-11 show the impact of all revenues and expenses that I&M
12 proposes to recover in riders. That is, Lines 10 and 11 both incorporate (a) all
13 revenues and expenses that I&M currently recovers in riders and proposes to
14 continue to recover in riders and (b) all revenues and expenses that I&M
15 currently recovers in base rates and proposes to recover in riders. The
16 difference between the values in Lines 10 and 11 reflect changes in certain rider
17 mechanisms in this proceeding.

18 The final line, Line 12, represents I&M's overall requested rate relief inclusive of
19 both base rates and rider proposals.

VII. Adjustments

Q35. Please identify the adjustments you are sponsoring or co-sponsoring.

20 I am sponsoring or co-sponsoring the following adjustments that are included in
21 Exhibit A:
22

- 23 • O&M-2 – Value Advertising – Remove the expenses associated with
24 value advertising.

- 1 • O&M-3 – Lobbying Expenses – Remove the lobbying expenses
2 associated with I&M's State offices and lobbying expenses.
- 3 • O&M-4 – Case Expense – Increase amortization expense to recover
4 costs associated with preparing and supporting this base case and
5 conducting the Cook Nuclear decommissioning study.
- 6 • Rider-5 – Tax Rider Adjustment - Adjusts tax expense for Corporate
7 Alternative Minimum Tax Expense and Production Tax Credit benefit as
8 they will be recovered and/or credited through the Tax Rider. This
9 adjustment also increases revenue to remove these credits.
- 10 • RB/O&M-2 – Increase in intangible plant and associated amortization
11 expense associated with modifying the billing system to implement the
12 PowerPay program.

13 Each of these adjustments is necessary to ensure that the final cost of service
14 used to set base rates reasonably reflects I&M's cost of providing service to
15 customers on an on-going basis.

16 **Q36. Please explain Adjustment O&M-2 related to Value Advertising.**

17 Adjustment O&M-2 removes any value advertising that is in the forecast. While it
18 is difficult to identify value advertising, through this adjustment I&M has removed
19 all O&M costs that would normally be included in accounts 912 and 930.1.

20 **Q37. Please explain Adjustment O&M-3 related to Lobbying Expenses.**

21 I&M has removed from the cost of service, costs that are associated with
22 lobbying efforts. Specifically, I&M has removed costs associated with the
23 Indianapolis and Michigan office space, labor and office supply costs associated
24 with lobbying efforts.

1 **Q38. Please explain Adjustment O&M-4 related to Case Expense.**

2 Adjustment O&M-4 details the cost associated with preparing and supporting
3 this base case and conducting the Cook Nuclear decommissioning study. The
4 total cost is allocated over two years so the adjustment represents one half of
5 the cost.

6 **Q39. Why should the costs included in O&M-4 be recoverable through base
7 rates?**

8 These costs represent costs I&M would normally recover through rates as a
9 result of its efforts to adjust base rates.

10 **Q40. Please explain Adjustment Rider-5 related to the Tax Rider.**

11 Adjustment Rider-5 is intended to remove tax related expense or credits that
12 I&M proposes to include in the modified Tax Rider. This adjustment removes
13 from base rates the credits associated with PTCs associated with the Cook
14 nuclear generation facility and the CAMT expense that were forecasted during
15 the Test Year. This adjustment is co-sponsored by Company witness Criss.

16 **Q41. Please explain Adjustment RB/O&M-2 related to the PowerPay program.**

17 Adjustment RB/O&M-2 reflects an increase in intangible plant to modify the
18 Company's existing billing system to implement the proposed PowerPay
19 Program. This includes an increase in accumulated amortization and
20 amortization expense associated with the same programming costs. The
21 proposed program is explained by Company Witness Davis. The cost
22 associated with the billing system modifications and technical upgrades needed
23 for the Company's PowerPay Program are supported by Company Witness
24 Brenner.

1 **Q42. Were there any other adjustments you would like to address?**

2 Yes. Adjustment O&M-8 adjusts costs associated with the consent to serve
3 contract that was filed in Cause No. 45846. It assigns costs associated with
4 PJM/OSS rider to Indiana retail load to reflect this increase to retail load
5 obligations.

6 **Q43. Please explain the Company's filing in Cause No. 45846 and the outcome**
7 **of that proceeding.**

8 In Cause No. 45846 the Commission approved a consent to serve resulting in
9 I&M serving a new retail customer that was previously served by the City of
10 Auburn, which is a wholesale customer of I&M. Beginning with the billing month
11 of April 2023, I&M began serving this customer as a retail customer. As a result,
12 this impacts the retail and wholesale allocators by increasing the Indiana retail
13 load and decreasing wholesale load. This customer has an average peak
14 demand of approximately 22 MW and 124,294 MWh.

15 **Q44. Why are these costs of service impacts necessary?**

16 Starting in April 2023 this is retail load instead of wholesale load and I&M is now
17 recovering retail rates from this customer. It is necessary to reflect the cost of
18 serving this customer as Indiana retail load so that it is reasonably represented
19 in the computation of Indiana retail rates approved in this proceeding.

VIII. Certain Riders

20 **Q45. Are you sponsoring all of I&M's riders?**

21 No. I sponsor the Grant Projects Rider, the Tax Rider, and the Phase-In Rider.
22 Company witness Gruca addresses all other Riders.³

³ Company witness Gruca supports DSM/EE, FAC, RAR, ECR, PJM/OSS and Solar Power Rider.

1 **Q46. Can you briefly summarize the new riders and changes to the riders that**
2 **you support?**

3 *Figure DSL-1* explains the proposed new riders and changes to the I&M riders I
4 support.

Figure DSL-1. Proposals for modification of existing riders and new riders

Grant Projects Rider	Track and reflect any project costs as well as grants for projects that may qualify for state or federal funds.
Tax Rider	Recover the NOLC adjustment as previously approved and also track future increases/decreases to the federal tax expense or credits and to make over/under adjustments.
Phase-In Rider	Provide a credit to base rates to reflect capital that is forecasted to be placed in service during the Test Year, but is not yet used and useful at the beginning of the Test Year. At the end of the Test Year reflect actual investment that was placed in service and is used and useful in the provision of electric service.

5 **Q47. How is I&M proposing to update rider rates to reflect the Commission**
6 **order in this proceeding?**

7 I&M proposes to update its rider factors pursuant to a final order in this filing in
8 two steps consistent with the method approved by the Commission in I&M's
9 previous rate cases.

10 First, shortly after the Commission issues its final order, I&M will submit its
11 compliance filing revised tariff sheets and supporting workpapers that reflect the
12 order's requirements including rider tariffs and rates. At that time, any
13 embedded expenses or revenues, jurisdictional allocators, and cost of capital
14 used to determine I&M's rider revenue requirements will also be reset to reflect
15 the final order. The riders will be updated to include, or remove, any new
16 accounts or expense items.

17 Second, as part of its final rate case compliance filing in early January 2025,
18 I&M will submit a revised Phase-In Rider and supporting workpapers that will

1 report I&M's actual plant that is in service as of December 31, 2024, the last day
2 of the Test Year in this case and adjust the Phase-In Rider to reflect the lower of
3 actual net plant in-service or the Test Year End plant in-service approved by the
4 Commission.

5 In future rider filings in which the reconciliation period covers all or part of the
6 period between a final order in this case and the end of the forward-looking Test
7 Year, the actual costs and revenues I&M reports in its reconciliation analysis will
8 also reflect the steps taken above.

New Grant Projects Rider

9 **Q48. Please summarize the grant related projects presented in this case.**

10 As discussed by Company witness Osterholt, newly available funding
11 opportunities align with the Company's effort to maintain and improve energy
12 infrastructure and grid reliability, reduce carbon emissions, and otherwise meet
13 our customers' needs for service. I&M has been working with the State of
14 Indiana and the Indiana Office of Energy Development to coordinate I&M efforts
15 to receive grant dollars to fund capital projects to maintain lower rates for
16 customers in northeast Indiana. These opportunities also specifically address
17 the Indiana affordability strategic pillar by offsetting the capital investment or
18 O&M costs associated with a project that receives grant funding. The specific
19 opportunities reflected in the Company's filing are compiled in Figure DSL-2
20 below; these opportunities are expected to expand as additional grant
21 opportunities become available.

Figure DSL-2. I&M Grant Proposals and Status

IIJA Topic 1 & Topic 2 Grant Areas				
Business Unit Sponsor	Technology Area	IIJA Grid Resilience and Innovation Partnerships (“GRIP”) Topic Area	Witness	Grant Application Status
I&M Distribution	Undergrounding	Topic 1	Osterholt	Submitted
I&M Distribution	DACR	Topic 1 & 2	Osterholt	Submitted
AEP Telecom	MM Broadband	Middle Mile Broadband	Osterholt	Submitted
AEP Hydro	Hydro Safety	Hydro	Jessee/Osterholt	In Process
AEP Distribution	ADMS / DERMS	Topic 1	Osterholt	Submitted

IIJA Topic 3 (State - Competitive)				
Business Unit Sponsor	Technology Area	IIJA GRIP Topic Area	Witness	Grant Application Status
I&M Distribution	Reliability NWA - IN Topic 3 Only	Topic 3	Osterholt	Submitted
I&M Distribution	Sensewaves	Topic 3	Osterholt	Submitted
I&M Distribution	Sensors	Topic 3	Osterholt	Submitted
I&M Distribution	DACR	Topic 3	Osterholt	Submitted
I&M Distribution	Renewable NWA	Topic 3	Osterholt	Submitted

1

2 **Q49. Please provide an overview of the proposed I&M Grant Projects Rider.**

3 The proposed Grant Projects Rider is designed to support the Company’s efforts
 4 to apply for and use grant funding to reduce the cost of providing service for the
 5 benefit of our customers.

6 I&M proposes to provide a semi-annual Grant Projects Rider filing to:

- 7 • keep the Commission informed of the status of the Company’s grant
- 8 applications and plans related to associated projects;

- 1 • to track grant application costs, awards and taxes associated with grants
2 awarded under the grant programs such as the Infrastructure Investment
3 and Jobs Act (IIJA), and other federal or state funding programs that may
4 become available.
- 5 • timely recognize project capital investment, taxes, and costs in rates.

6 **Q50. Why is I&M seeking a rider for these projects?**

7 As discussed by Company witness Osterholt, in order for the Company to obtain
8 grant funding there are specific timelines imposed by the Grantor to apply,
9 approve, and receive grant funding. The ultimate determination of which
10 projects are successful in receiving funding, the net cost of the projects, and the
11 timeline associated with projects are outside the control of the Company. The
12 proposed Grant Projects Rider is an appropriate mechanism to provide the
13 flexibility for the Company to take advantage of the opportunities to use federal
14 or state funds to offset the costs of projects that will support or enhance the
15 safety and reliability of service to I&M customers.

16 I&M's grant projects may be significant, vary and will be largely dependent on
17 the projects' eligibility for federal and state grants. I&M plans to only include
18 projects in its Grant Projects Rider that have been approved for federal or state
19 funds and are not currently in the Company's workplan.

20 The proposed Grant Projects Rider process encourages the Company to pursue
21 grant funding opportunities and allows the Commission an opportunity to review
22 eligible projects. Given the varied nature of the projects that may be eligible for
23 grant funding, the proposed Grant Projects Rider process provides an
24 appropriate and timely forum for the Commission to stay informed of the
25 Company's efforts to leverage grant funding for the benefit of customers and to
26 assess the reasonableness of the projects prior to their implementation. The
27 timing of this investment and need for the Commission to have an opportunity to

1 review projects for reasonableness are not easily matched to a general rate
2 case process.

3 **Q51. Please explain the type of projects and costs that may be funded by the**
4 **Grant Projects Rider.**

5 The Company has two categories of projects that may be eligible for grants:
6 1) those that are in the Capital Forecast that the Company intends to implement
7 regardless of whether the grant is received; and 2) those that are not in the
8 Capital Forecast the Company may pursue if grant funding is received to reduce
9 the overall project costs.

10 For those that are in the Company's Capital Forecast, the project cost will be
11 included in base rates. Once the grant is received, I&M will reflect the credit in
12 the Grant Projects Rider for the return on rate base component until this credit
13 can be incorporated into base rates in a future proceeding. In other words,
14 through this Cause base rates will include the project costs (capital, O&M,
15 property tax and return on rate base) at the full value of the project. Once we
16 receive the grant (assuming a one-time capital grant), that amount minus
17 income tax will be added to the accumulated depreciation associated with the
18 project reducing the plant in service associated with the project. Through the
19 Grant Projects Rider, I&M will reflect a credit equal to the amount of the grant
20 (less income taxes) times the weighted average cost of capital.

21 For those projects that are not in the Company's Capital Forecast, once the
22 Company receives notification that the grant will be received the Company will
23 provide a full revenue requirement calculation to the Commission less the grant
24 amount. These grants may be in the form of lump sum amounts intended to
25 offset the original capital costs or on-going annual grants intended to offset
26 annual O&M associated with the project. I&M will include these projects and the
27 proposed revenue requirement in the next Grant Projects Rider filing after the
28 project is placed in service.

1 **Q52. How does the Company expect to recover grant writing costs?**

2 I&M is requesting to include grant writing costs and application expenses
3 through the Grant Projects Rider. While federal and state grants received will
4 benefit all customers ultimately reducing electric rates, there is a cost I&M will
5 incur in seeking to obtain the grants. Prior to the IIJA law being passed, I&M
6 was not normally eligible for investment grants such as these, and therefore the
7 associated procurement costs are not considered ongoing in nature, are beyond
8 normal utility business practices and are therefore incremental to I&M's cost of
9 service. Grant writing costs will be recorded in Account 183 until such time as
10 the project either moves forward or it is known that it will not move forward. If
11 the project moves forward the grant writing and application costs will become
12 part of the capitalized project costs. If the project does not move forward the
13 costs would then be expensed and I&M would include that O&M expense in the
14 Grant Projects Rider.

15 **Q53. Would the Company seek recovery of grant application and writing costs**
16 **for those grants it ultimately is not awarded?**

17 Yes. The Company's efforts to seek grants is one way the Company is actively
18 pursuing opportunities to reduce costs that may otherwise be included in rates.
19 However, grant applications take time, effort and in some cases third-party costs
20 to respond to meet all the grant application requirements, respond to inquiries
21 and sometimes redrafting or repositioning the project to meet refined grant
22 requirements. Efforts to pursue these grants are necessary and prudent to take
23 advantage of opportunities to obtain grants to lower overall cost of providing
24 service for I&M's customers.

25

1 **Q54. How long will a project remain in the Grant Projects Rider verses included**
2 **in base rates?**

3 I&M intends that the Grant Projects Rider is essentially a temporary recovery
4 mechanism for projects that would otherwise be in base rates or grant dollars
5 that are intended to offset projects that are already in base rates. In other
6 words, project costs and grant amounts will be incorporated into base rates as
7 the Company files subsequent rate cases using a similar process as the
8 Company's previous LCM rider. The need to first put these costs and grants in
9 a rider is because the amounts are potentially significant, variable and largely
10 outside the Company's control because we do not know how, when or the dollar
11 amount of the grants we may receive. As soon as the project, its costs and the
12 grant amounts are predictable and certain these costs should be moved to base
13 rates.

14 **Q55. Please explain how the Company's rural broadband project will be**
15 **reflected in rates.**

16 I&M has proposed and received notice that it will obtain a grant for its Middle
17 Mile broadband project in Delaware and Grant counties. As more fully explained
18 by Company witness Osterholt I&M will incur capital and O&M costs associated
19 with the project which will be partially offset by the National Telecommunications
20 and Information Administration Middle Mile Grant. I&M proposes to recover all
21 project costs less grant amount less fiber lease revenues through the Grant
22 Projects Rider.

23 **Q56. What cost is the Company seeking to defer associated with this new rider?**

24 The Company is seeking to defer grant funds received (less income tax) and
25 costs associated with grant projects including grant applications, O&M, taxes
26 and carrying charges (both debt and equity), as a regulatory asset or liability
27 until such time as they are included in rates. To obtain federal and state grants it
28 is necessary and prudent for the Company to incur grant writing and application

1 costs and therefore the Company plans to include grant writing and application
2 costs for recovery through the Grant Projects Rider. Company witness Ross
3 explains how grant awards and costs, including taxes, and fiber lease revenues
4 will be recorded on the Company's books and records. It is the Company's
5 expectation that grants would be taxable income.

6 **Q57. How and when will the Commission and interested parties review the**
7 **eligible projects?**

8 The Company will file semi-annually to update and report on the matters
9 identified in Figure DSL-2 above, as well as any new grant opportunities the
10 Company plans to pursue. While costs and progress would be reported twice
11 each year, for administrative efficiency, the Company proposes to update the
12 Grant Projects Rider factors once each year. The Company proposes the first
13 Grant Projects Rider filing will be submitted approximately six months after the
14 Commission's order in this Cause approving this mechanism. A subsequent
15 filing would follow approximately six months after the filing of the first petition.
16 For projects that are not currently in the Test Year Capital Forecast, revenue
17 requirements would be calculated on an actual basis once the project is
18 approved, the grant amount is known, and the project is in service. For projects
19 that are currently in the Capital Forecast, the grant credit will be provided
20 through the rider once the grant is received. This rider will be reconciled
21 annually. The Grant Projects Rider 6-month report will conclude once the last
22 project is complete and included in base rates.

23 I&M will informally notify the Commission and the OUCC when it receives notice
24 that it has received a grant but will file an official update every six months per
25 the above schedule.

1 **Q58. Are there certain types of projects I&M plans to ask the Commission for**
2 **expedited review and approval?**

3 Yes. There are certain grant opportunities that provide I&M the opportunity to
4 propose new and innovative projects, such as those qualifying under Topic 3 of
5 Grid Resilience and Innovation Partnerships (GRIP) as well as Advanced
6 Technology projects that the Commission may have not previously approved for
7 rate recovery. As mentioned previously, each of these grant opportunities
8 comes with a timeline for application, review, approval, and receipt of grant
9 funding. In these situations where new technologies or business models are
10 being proposed, it will be important to establish an expedited process for I&M to
11 bring these opportunities before the Commission and stakeholders and receive
12 a decision from the Commission on whether to proceed forward with acceptance
13 of the grant funds. This decision will also determine I&M's ability to include the
14 Company's share of the costs, net of the grant, in the Grant Projects Rider for
15 cost recovery.

16 Based on the timelines I&M has observed thus far in pursuing federal grant
17 opportunities, I&M proposes an expedited review process of ninety (90) days for
18 the Commission to review and approve these grant opportunities. It is in
19 customers' and stakeholders' best interest to have an expedited review process
20 for these projects since the projects are intended to improve and enhance
21 service and ultimately lower cost of providing electric service through the receipt
22 of the grants. Detailed costs and benefits along with grant potential will be
23 submitted so that the Commission can review and approve the project before
24 I&M agrees to move forward with the grant. During this expedited review
25 process, the Commission and interested parties can ask discovery questions
26 and the Company can demonstrate how the potential project will benefit
27 customers. The parties will work together to establish an agreed upon
28 procedural schedule that will allow the Commission to issue an order within 90
29 days approving or denying the project for future inclusion in the Grant Projects

1 Rider. If the Commission approves the project, the project and acceptance of
2 the grant will move forward and will be included in a future Grant Projects Rider
3 filing. Through the subsequent Grant Projects Rider filing parties will have
4 opportunity to review the project costs for consistency with the previous
5 approval.

6 **Q59. Is the ratemaking relief sought by the Company with respect to the I&M**
7 **Grant Projects Rider and associated capital investment reasonable?**

8 Yes. I&M understands that affordability is one of the Five Pillars of Indiana
9 energy policy. The IIJA and related grants present a significant opportunity to
10 attract federal funding to buy down the cost of infrastructure improvements that
11 enhance service to our customers. The Company expects that other state
12 and/or federal grant funding opportunities will also be available in the future.
13 Developing competitive applications for grant opportunities requires a significant
14 investment of time and resources. It also will require the Company to provide
15 investment capital to move projects forward if a grant is awarded. To ensure
16 I&M can take advantage of these grant opportunities it is necessary for the
17 Company and the Commission put processes in place that allow for the flexibility
18 needed to meet the terms imposed by the Grantor to obtain the funding.

19 **Q60. Is I&M requesting approval of Grant Projects Rider rates at this time?**

20 No. At the time of this filing, I&M has not yet received any IIJA or other state or
21 federal grants. Company witnesses Osterholt and Baker explain that I&M has
22 received a notice that it will be awarded a grant for the Delaware & Grant Middle
23 Mile project. As discussed above, I&M will make its initial Grant Projects Rider
24 report within six months of the Commission order in this Cause.

1 **Q61. Will the Company perform over-/under-recovery accounting for activity**
2 **related to the Grant Projects Rider?**

3 Yes, as explained further by Company Witness Ross, I&M seeks accounting
4 authority to defer costs and revenues associated with the Grant Projects Rider
5 such that it can track and reset the rate on an annual basis.

6 **Q62. Has I&M prepared a Grant Projects Rider tariff sheet for Commission**
7 **approval?**

8 Yes. The proposed Grant Projects Rider tariff is provided in Attachment DSL-2
9 to my testimony. It is also included in the proposed tariff book that is supported
10 by Company witness Cooper as Attachment KCC-2.

11 **Q63. Please provide an update on the Company's plans for an Electric Vehicle**
12 **(EV) Fast Charging Tariff.**

13 I&M plans to submit for review and approval a plan to implement an EV Fast
14 Charging tariff including a proposed tariff for charging service as well as a
15 proposal for cost recovery net of grants and charging revenues. I&M was one of
16 several Indiana electric utilities that were awarded an Indiana Department of
17 Energy Management (IDEM) grant to install and operate EV Fast chargers
18 throughout its service territory. While the capital costs of the EV Fast chargers
19 were included in the Capital Forecast for this case because the project is
20 expected to be installed by the end of 2023, the Company plans to seek
21 recovery of ongoing incremental costs of providing this service through the EV
22 Fast Charging tariff proposal in a separate case.

Modified Tax Rider

23 **Q64. Please explain the Company's proposed changes to the Tax Rider.**

24 I&M's current tax rider was developed to pass back unprotected Excess
25 Accumulated Deferred Federal Income Taxes (ADFIT) credit that resulted from

1 the Tax Cut and Jobs Act (TCJA) of 2017. It was modified in Cause No. 45576,
2 to credit the remaining unprotected Excess ADFIT and in February 2023 it was
3 set to zero. In that same case it was modified to include the NOLC adjustment
4 associated with the IRS Private Letter Ruling.⁴ Through this proceeding the
5 Company is seeking Commission approval to use the Tax Rider timely reflect in
6 customer rates the potential net benefits I&M realizes from the IRA. Specifically,
7 I&M plans to include the incremental CAMT expense as well as to credit PTCs
8 related to the Cook nuclear facility after they are monetized by either being
9 utilized by the Company or transferred to a third party. To the extent PTCs are
10 transferred to a third party, the net realized value will be reflected in the Tax
11 Rider, consistent with I&M's proposal in Cause No. 45868, and as more fully
12 described by Company witness Criss. Additionally, due to the expected delay in
13 time between monetizing the PTCs and reflecting them in the Tax Rider, I&M
14 will record a regulatory liability representing the difference between the PTCs
15 that have been monetized and the PTCs that have been reflected in the Tax
16 Rider. This regulatory liability will earn a pre-tax weighted cost of capital
17 (WACC) return to recognize the time value of money and be included in the Tax
18 Rider revenue requirement.

19 **Q65. Why is it appropriate to track these charges and credits through a rider?**

20 The level of CAMT and PTC credits are potentially significant, variable or volatile
21 and are driven by federal tax policies largely outside the control of the company.
22 These are standards upon which the Commission has historically and
23 consistently approved revenues and expenses to be tracked through rider
24 mechanisms. Company witness Criss further discusses how CAMT and nuclear
25 PTCs fit these criteria.

⁴ While I&M has filed the Private Letter Ruling request with the IRS, it has not yet received a response. Therefore, as of the date of this filing, I&M has not yet made a filing at the IURC to modify the Tax Rider to include this component.

1 **Q66. If PTCs were reflected in the Tax Rider prior to being monetized what**
2 **ratemaking would be required?**

3 In this situation I&M would have reflected a cash benefit in rates that it has not
4 yet received which would create a deferred tax asset balance that would need to
5 earn a pre-tax WACC return to recognize the time value of money impact to
6 I&M, which would increase the cost to customers and lower the overall benefit
7 customers realize.

8 **Q67. When does I&M expect it may know the value of the PTCs generated by the**
9 **Cook Nuclear Plant and the amount it proposes be reflected in the Tax**
10 **Rider?**

11 As discussed by Company Witness Criss, the IRA allows for PTCs for nuclear
12 facilities as long as certain criteria are met, some criteria which will only be
13 known once the IRS issues further guidance. At this time, we expect the
14 soonest I&M will credit the PTCs through the Tax Rider is 2025 once the amount
15 of nuclear PTCs earned and monetized is fixed, known and measurable.

16 **Q68. Have you calculated the revenue requirement that will be reflected in the**
17 **Tax Rider?**

18 No for the reasons discussed above, however, I&M has established an example
19 revenue requirement as contained in WP-TAX.

20 **Q69. Are there other costs that will be included in the Tax Rider?**

21 Yes. Until February 2023, the Tax Rider was a credit to customer bills to pass
22 back the excess unprotected ADFIT consistent with the Order in Cause No.
23 45576. Once the rider was set to zero I&M identified that it had credited too

1 much by approximately \$1.2 M. This amount will be treated as a charge to
2 customers once the Tax Rider rate is updated following an Order in this Cause.⁵

3 **Q70. Is I&M requesting deferral authority related to over/under accounting for**
4 **the Tax Rider?**

5 Yes. I&M is requesting Commission authority to defer tax expense and credits to
6 properly track the Tax Rider components.

7 **Q71. Has I&M prepared a Tax Rider tariff sheet for Commission approval?**

8 Yes. The proposed Tax Rider tariff is provided in Attachment KCC-2 and the
9 redline version is included in my testimony as Attachment DSL-1. As previously
10 indicated, initial rates will be set at zero until costs and/or credits are known. At
11 that time, I&M will make a separate filing to establish initial Tax Rider rates.

Phase-In Rate Adjustment (PRA)

12 **Q72. What is the purpose of I&M's PRA?**

13 I&M's proposed base rates in this proceeding are calculated based on
14 forecasted rate base at Test Year end. I&M proposes to implement the
15 requested rate increase in two phases to reasonably reflect the utility property
16 that is used and useful at the time rates are placed into effect.

17 The PRA is the mechanism that will be used to implement this phase-in. The
18 PRA process and methodology is consistent with the order approved in I&M's

⁵ This resetting of the Tax Rider may occur prior to an order in this Cause. Consistent with the Order in Cause No. 45576 I&M sought a Private Letter Ruling by the IRS to address the Net Operating Loss Carryforward (NOLC). Once that PLR is received I&M is required to make a separate filing to establish the Tax rider to reflect the value of the NOLC. I&M plans to include this \$1.2 M in that filing if/when the PLR is favorably received. If the PLR is not favorably received I&M plans to include the \$1.2 M following issuance of the Order in this Cause.

1 last base rate case, Cause No. 45576.⁶ As proposed, the PRA will adjust
2 customer rates in two steps.

3 **Q73. Please summarize the PRA steps.**

4 *Figure DSL-3* describes the two steps of the PRA.

Figure DSL-3. PRA steps

Phase	Date Range	Description	Effective Increase	
I	When new base rates are implemented through I&M's compliance filing after the order is issued (approx. June 2024).	The PRA will reflect a rate credit to reflect expected forecasted plant additions during the Test Year.	Total Proposed: <u>PRA Credit:</u> Phase I Increase:	\$116.4 <u>(\$32.7)</u> \$83.7
II	After the end of the Test Year I&M's second compliance filing (approx. January 13, 2025).	The PRA credit will be reduced or eliminated based on I&M's second compliance filing and the review process described below.	Phase II Increase:	\$32.7

5
6 **Q74. Please describe the PRA Credit.**

7 I&M's base rate cost of service reflects a forecasted Test Year end net plant-in-
8 service balance. Upon implementation of the initial compliance filing in this
9 proceeding, the PRA will reduce customer rates to effectively reflect net plant-in-
10 service (gross plant in-service less accumulated depreciation) and cost of
11 capital as of December 31, 2023, which is representative of the beginning of the
12 Test Year.

13 The PRA Credit will remain in effect until I&M's final compliance filing is made. In
14 this way, I&M's rates will only reflect actual Test Year plant additions once they

⁶ Cause No. 45576, page 27.

1 are placed in service and are used and useful in the provision of service for
2 customers. The calculation of the PRA credit is described by Company witness
3 Duncan.

4 **Q75. Does the Company's current PRA include any costs or credits?**

5 Yes. The PRA that is in place as of the date of this filing reflects a credit for the
6 Net Book Value of Rockport Unit 2 which is being recovered in the ECR on a
7 levelized basis through 2028 consistent with the order in Cause No. 45576.
8 This credit will end when I&M resets base rates in this Cause.

9 **Q76. Please explain I&M's proposed PRA compliance filing process.**

10 I&M proposes to use the same method approved and used in Cause No. 45576.
11 More specifically, on or after January 13, 2025, I&M will make a compliance
12 filing in this docket that certifies the Company's actual Test Year end net plant-
13 in-service balance and reduces or eliminates the PRA Credit to establish Phase
14 II rates.

15 Phase II rates will be determined using the lesser of: (a) I&M's forecasted Test
16 Year end net plant approved by the Commission in its final order in this
17 proceeding; or (b) I&M's certified Test Year end net plant. Within 60 days
18 following the compliance filing, the OUCC and intervenors may state objections
19 to I&M's certified Test Year end net plant.

20 If there are objections, a hearing will be held to determine I&M's actual Test
21 Year end net plant, and rates will be trued-up (with carrying charges) retroactive
22 to January 1, 2025 (regardless of when Phase II rates are placed in effect).

23 **Q77. Are you requesting the Commission approve I&M's PRA in this Cause?**

24 Yes. The PRA is an appropriate ratemaking tool to true-up base rates that have
25 been established on a forecasted Test Year to the actual capital investment
26 placed in service by the end of the Test Year.

IX. Requested Deferral Authority

1 **Q78. Is the Company requesting any new accounting deferrals?**

2 Yes. As discussed above, I&M is requesting accounting authority to defer costs
3 associated with over/under accounting related to the modified Tax Rider as well
4 as the new Grant Projects Rider. The Company is also requesting deferral
5 authority associated with implementing a new billing system as well as
6 undergoing a study to evaluate extending the life of the Cook nuclear facility.
7 Both of these projects are expected to span across several years and therefore
8 we are requesting accounting deferral associated for costs that will be incurred
9 outside of the Test Year.

Customer Information System (CIS) Costs

10 **Q79. Please generally describe the CIS project.**

11 As supported more fully by Company witnesses Brenner and Davis, AEP is
12 implementing a new Customer Information System (CIS) that will be used by all
13 the AEP Operating Companies and will replace the existing system that
14 manages billing, accounts receivable, and rates for the Company. This project
15 has multiple phases and will span a period of multiple years. The cost of this
16 project that will be assigned to I&M is approximately \$131.7 million based on the
17 current estimate. This project is designed to enhance the customer experience
18 and improve the Company's ability to more timely implement customer
19 programs, regulatory requirements, and new service offerings.

20 **Q80. What is the projected cost of the new CIS system?**

21 As discussed by Company witness Brenner \$25 million (approximately 19%) of
22 CIS capital cost are included in the Capital Forecast Period for this case. I&M's
23 share of the total capital costs is expected to be approximately \$132 million.
24 The new CIS system is expected to be fully deployed in I&M's service territory

1 by 2026. At that time, I&M expects the total capital costs to be placed in service
2 and eligible for recovery in rates. Since this is a large IT project that will be
3 implemented over several years, we expect most of the O&M costs associated
4 with this project to be capitalized in accordance with standard accounting
5 principles. However, to the extent I&M incurs O&M costs related to CIS
6 implementation that are not capitalized as part of this project, I&M is seeking
7 Commission authority to defer these costs for future recovery.

8 **Q81. How does the Company propose to recover the capital costs for the new**
9 **CIS system?**

10 There are multiple phases of the CIS project, some of which will be in service
11 before or during the Test Year, while others will be placed in service after the
12 test year. Capital costs that are in service as of the end of the Test Year will be
13 included in base rates through either Phase I or Phase II of base rates. For
14 capital project additions that will not be in service until after December 31, 2024,
15 the Company is proposing to defer depreciation expense and post-in-service
16 carrying costs at the pre-tax weighted average cost of capital until such time as
17 these amounts are included in base rates through a future proceeding.

18 **Q82. How does the Company plan to recover O&M associated with the CIS**
19 **project?**

20 The Company is proposing to defer O&M associated with the CIS project
21 starting in 2025.

22 **Q83. Is the Company's ratemaking proposal reasonable?**

23 Yes. The CIS project is a significant investment that will benefit I&M customers
24 for many years to come, as discussed by Company witnesses Brenner and
25 Davis. It is reasonable and prudent to allow the Company to defer the
26 associated costs for future rate recovery.

Subsequent License Renewal (SLR)

1 **Q84. Please summarize the Company's SLR initiative.**

2 Company witness Ferneau discusses the SLR initiative in detail. In summary,
3 the SLR is an extensive multi-year project which is estimated to cost
4 approximately \$40 to \$45 million related to activities necessary to prepare and
5 file the SLR Application (SLRA). This work is undertaken as part of the
6 comprehensive life cycle management of the Cook Plant and is consistent with
7 the Company's 2021 Integrated Resource Plan (IRP)⁷ short term action plan to
8 initiate efforts to evaluate Cook relicensing in I&M next IRP to be initiated in
9 2024.

10 **Q85. Is the Company requesting regulatory asset treatment of the SLR costs?**

11 Yes. I&M is requesting the Commission regulatory asset treatment for the SLR
12 related costs supported by Company witness Ferneau which represent
13 reasonable and necessary costs to support I&M's ability to evaluate the future of
14 the Cook Plant for the benefit of I&M's customers. As previously discussed, the
15 Cook Plant is important each of the Five Pillars underlying Indiana's energy
16 policy. Additionally, to the extent a future capital project is not necessary, I&M
17 requests authority to recover the deferred SLR costs as a regulatory asset in a
18 future basic rate case proceeding. The timing of the recovery of costs through
19 rates will be determined once the SLR has been approved, denied or a decision
20 not to pursue the SLR has been made. Company witness Ross further
21 discusses the accounting related to the SLR.

⁷ The Company submitted its most recent IRP to the Commission on January 31, 2022.

1 **Q86. Is this proposal consistent with Indiana regulatory policy?**

2 Yes. Indiana Code § 8-1-8.8-12 provides that the Commission shall provide
3 financial incentives to eligible businesses, which term includes I&M, for nuclear
4 energy production or generating facilities:

5 *in the form of timely recovery of the costs incurred in connection with*
6 *the study, analysis, development, siting, design, licensing,*
7 *permitting, construction, repowering, expansion, life cycle*
8 *management, operation, or maintenance of the facilities.*

9 The SLR project costs are incurred in connection with the study, analysis,
10 development, and licensing of the Cook Plant. The Cook Plant is a “nuclear
11 energy production or generating facility” as defined in Indiana Code § 8-1-8.8-
12 8.5. The SLR initiative costs are also costs associated with the study, analysis
13 or development of a life cycle management project for a nuclear energy
14 production or generating facility and are therefore “qualified utility system
15 expenses” as defined in Indiana Code § 8-1-8.8-8.7. Approval of the
16 Company’s request to create a regulatory asset for these prudently incurred
17 costs is therefore consistent with Indiana regulatory policy.

18 **Q87. Does the Company propose to keep the Commission informed of the SLR**
19 **progress as it proceeds?**

20 Yes. The Company proposes to keep the Commission and stakeholders
21 informed of the SLR progress as part of the 2024 IRP process which will kick-off
22 in early 2024.

Other Deferrals

1 **Q88. Is I&M seeking recovery of any deferred costs in this proceeding related to**
2 **the IM Plugged In pilot program costs?**

3 Yes. Company witness Ross supports Adjustment O&M-7, which amortizes the
4 December 31, 2022 deferral balance of \$76,640 over a two-year period, which
5 represents the most likely period between re-setting base rates in this case.

6 **Q89. Please explain I&M's request to continue deferral accounting for Dry Cask**
7 **Storage costs.**

8 As approved in I&M's previous rate cases, I&M currently defers all costs
9 associated with Dry Cask Storage costs that are not reimbursed by the
10 Department of Energy (DOE). I&M requests to continue this deferral and to
11 continue to accrue carrying costs on the deferred balance using the pre-tax
12 WACC rate approved by the Commission in this proceeding.

13 **Q90. Why is it reasonable to continue to defer Dry Cask Storage costs?**

14 As described by Company witness Ferneau, I&M entered into a contract with the
15 DOE whereby the DOE was required to accept spent nuclear fuel and high-level
16 radioactive waste from the Cook Plant. However, the DOE partially breached
17 this contract and has never accepted this material, requiring Cook to store the
18 material onsite in dry cask storage. I&M entered into settlement agreements with
19 the DOE since October 2011 under which the DOE has, to date, reimbursed
20 I&M for \$209.2 million (or 97%) of the cost of dry cask storage at Cook.

21 Consistent with Cause Nos. 44967, 45235, and 45576 there are no dry cask
22 storage costs included in the Test Year forecast because I&M anticipates the
23 DOE will continue to reimburse I&M for these costs. However, if the DOE
24 reimbursements should cease or if ongoing costs should exceed the amount
25 reimbursed, then I&M requests to continue to record the unreimbursed amount
26 as a regulatory asset for recovery in subsequent base rate case proceedings.

1 **Q91. Is the Company requesting deferral and recovery of nuclear**
2 **decommissioning study expenses?**

3 Yes. The Company is requesting deferral authority of nuclear decommissioning
4 study expense and to recover this amount (without carrying costs) over a two-
5 year period. This is consistent with the Commission's ruling in Cause No. 45576.

6 **Q92. Is the Company requesting deferral and recovery of rate case expenses**
7 **associated with this case?**

8 Yes. The Company has estimated rate case expense as part of Adjustment
9 O&M-4 and is requesting deferral authority of this expense and to recover this
10 amount (without carrying costs) over a two-year period. This is consistent with
11 the Commission's ruling on rate case expense in Cause Nos. 45576 and 45235.

12 Without this adjustment, these costs and the related amortization would not be
13 included in the Test Year forecast.

Regulatory Assets Included in Rate Base

14 **Q93. Please explain the regulatory assets currently recorded on I&M's books for**
15 **which I&M has continued to include in rate base and operating expense**
16 **consistent with the Commission's previous approval and treatment.**

17 I&M has continued to include in rate base the following regulatory assets that
18 were included in rate base in Cause No. 45576 and approved by the IURC:

- 19 • Cook Plant Turbine Deferral
- 20 • Cook Uprate Deferral
- 21 • Rockport DSI Deferral
- 22 • Major Storm Damage Restoration Reserve
- 23 • Cook Plant 316(b) Survey Costs

- 1 • Baffle Bolts

2 **Q94. Please provide a brief summary of these regulatory assets.**

3 Each of these regulatory assets and their projected balance at the beginning
4 and end of the Test Year is identified in the Company's response to MSFR 1-5-
5 9(a)(2).

- 6 • The Cook Plant Turbine replacement project was originally authorized for
7 inclusion in rate base in Cause No. 44967.
- 8 • The Cook Uprate deferral was originally approved to be included in I&M's
9 rate base in Cause No. 44967.
- 10 • The Rockport DSI deferral was originally approved to be included in
11 I&M's rate base in Cause No. 45235.
- 12 • The Cook Plant 316(b) Survey costs relate to costs incurred to study the
13 Cook Nuclear Plant's cost of compliance with Section 316(b) of the Clean
14 Water Act. The Commission found these costs were prudently incurred
15 and authorized them to be amortized over a period of fifteen years.⁸
- 16 • The Major Storm Damage Restoration Reserve was originally approved
17 in Cause Nos. 44967, 45235 and 45576. I discuss the Company's
18 proposal to continue the Major Storm Damage Restoration Reserve
19 further below.
- 20 • Baffle Bolts were originally authorized in Cause No. 44075.⁹

⁸ 45235 Order at 44.

⁹ 44075 Order at 13.

1 **Q95. Why should these regulatory asset balances continue to receive rate base**
2 **treatment?**

3 These items all relate to the provision of electric utility service, have been
4 approved for ongoing deferral accounting, and have been included in rate base
5 in prior cases. I&M is amortizing all of the above costs. It is appropriate to
6 continue recovering a return on these assets as well as associated amortization
7 expense consistent with the Commission's prior orders.

8 If these amounts are not included in rate base and operating expenses, rate
9 base and operating expenses would not be representative of continuing
10 operations during the period when rates requested in this Cause are to be in
11 effect, and would not represent an appropriate basis upon which to establish
12 new rates in this Cause.

13 **Q96. Is the Company requesting rate base treatment for prepaid pension and**
14 **other postemployment benefit plan (OPEB) assets?**

15 Yes. As discussed in greater detail by Company witness Ross, I&M has
16 included prepaid pension and OPEB assets in its rate base in this case.

X. Distribution Major Storm Damage Restoration Reserve

17 **Q97. Please explain I&M's request to continue the Major Storm Damage**
18 **Restoration Reserve.**

19 I&M requests to continue the Major Storm Damage Restoration Reserve as
20 approved in I&M's last four rate cases. I&M's distribution O&M expenses
21 associated with major storm restoration efforts can be significant, are volatile in
22 nature, and are largely outside the Company's control, as explained by
23 Company witness Isaacson.

1 I&M's Indiana jurisdictional, major storm distribution O&M expense has ranged
2 from as high as \$15.6 million to as low as \$1.2 million over the last ten years
3 (2013 – 2022) compared to the baseline of \$2,810,000 approved in Cause No.
4 45576. This demonstrates a continued substantial variability in these costs from
5 year to year and supports I&M's request to continue the Major Storm
6 Restoration Reserve.

7 **Q98. In the 45235 Order (p. 65) the IURC ordered I&M to use a five-year average**
8 **of annual storm damage expense as a baseline. Has I&M used the same**
9 **methodology in this case?**

10 Yes. The forecast for the Test Year included approximately \$4 million in storm
11 damage expense. However, to be consistent with the Commission's Order in
12 Cause No. 45235, I&M calculated its five-year average of annual storm damage
13 expense to be \$7,808,470 as supported by Company witness Isaacson.
14 Company witness Ross supports adjustment O&M-6 that increases the Test
15 Year by \$3,760,941 to align the storm damage expense with the five-year
16 average. The Company requests accounting authority to defer storm damage
17 expenses above and below \$7,808,470.

18 **Q99. Please further explain the requested accounting for I&M's Major Storm**
19 **Damage Restoration Reserve.**

20 I&M requests to continue the same accounting authority approved in I&M's last
21 four rate cases (Cause Nos. 44075, 44967, 45235, and 45576).

22 To summarize, if actual Major Storm Damage Restoration distribution O&M for a
23 given month is less than the monthly amount reflected in the revenue
24 requirement (one twelfth of \$7,808,470, or \$650,706), the Company will record a
25 regulatory liability for the difference.

26 If actual O&M exceeds the monthly amount included in the revenue
27 requirement, the Company will record a regulatory asset for the difference. The

1 cumulative regulatory liability or regulatory asset balance will continue to be
2 adjusted each month based on actual major storm damage distribution O&M
3 expense incurred versus the embedded amount.

4 **Q100. Does I&M have a major storm over/under recovery balance that it includes**
5 **in rate base in this case, similar to Cause No. 45576?**

6 Yes. As represented by Company witness Ross in Adjustment RB-6, the
7 Company includes in rate base a forecasted December 31, 2024 Indiana
8 jurisdictional major storm under-recovery balance of \$15,270,762. Consistent
9 with past Commission orders, the Company tracks the level of actual major
10 storm damage expense above or below the level built into base rates in the last
11 case.

12 **Q101. Does the Company also propose a cost-of-service adjustment for major**
13 **storm over/under recovery amortization?**

14 Yes. In Adjustment O&M-5, Company witness Ross presents a cost-of-service
15 adjustment which increases major storm under-recovery amortization by
16 \$11,902,184 when comparing the forecasted level of major storm amortization
17 to the level included in the Test Year 2024 forecast. This adjustment reflects a
18 two-year amortization period based on the most likely period between re-setting
19 base rates.

XI. Request for Waiver of Rules – PowerPay

20 **Q102. What is PowerPay?**

21 PowerPay is a voluntary program allowing residential customers to prepay for
22 electric service and thereby manage their electricity based on their own personal
23 budget. Customers that enroll in this program will make a payment on their
24 account which will be used throughout the month to provide electricity service.

1 They will receive several electronic notifications before they are subject to
2 disconnect. Once their balance reaches negative \$50 they will have until the
3 beginning of the next business day to re-establish a positive balance or before
4 the account is remotely disconnected. The details of this program are covered
5 by Company witness Davis.

6 **Q103. What IURC rules is I&M requesting a waiver of in order to provide the**
7 **PowerPay program?**

8 Generally, I&M is requesting waiver of billing rules that require certain charges
9 to be presented to customers on an electric utility bill (170 IAC 4-1-13) and
10 customer notifications prior to being disconnected (170 IAC 4-1-16).

11 Specifically, (and as explained by Company witness Davis) if the PowerPay
12 Program is approved, I&M will be sending periodic electronic notifications to the
13 customer about the amount of their account balance that remains. Therefore,
14 requirements that the utility send a bill that contains certain billing line items,
15 including late payment charges, due date of the bill, and the 17-day grace period
16 for payments will be unnecessary.

17 The Company is also requesting a waiver of the requirements that I&M send a
18 disconnection at least three days prior to disconnect, and requirements that the
19 Company attempt to make direct contact with the customer prior to disconnect.
20 This waiver is reasonable because PowerPay Program participants will be
21 notified several times before their account is disconnected.

22 **Q104. Does this conclude your pre-filed verified direct testimony?**

23 Yes.

VERIFICATION

I, Dona R. Seger-Lawson, Director, 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: 8/8/2023

A handwritten signature in black ink, appearing to read "Dona R. Seger-Lawson", written over a horizontal line.

Dona R. Seger-Lawson

I.U.R.C. NO. 19
INDIANA MICHIGAN POWER COMPANY
STATE OF INDIANA

~~THIRD~~ ~~SECOND~~ REVISED SHEET NO. 53
CANCELS ~~SECOND~~ ~~FIRST~~ REVISED
SHEET NO. 53

TAX RIDER

The Tax Rider allows the Company to implement ratemaking adjustments associated with the following:

1. An IRS Private Letter Ruling (PLR) that requires I&M to make its proposed Net Operating Loss Carryforward (NOLC) adjustment;
2. Corporate Alternative Minimum Tax (CAMT) expense
3. Credits associated with Production Tax Credits (PTCs) net of tax and administrative costs
- ~~4.~~ Tax related over/under recovery adjustments.

All customer bills subject to the provisions of this rider shall be adjusted by the Tariff Class per billing kWh and kW as follows:

Tariff Class	¢/kWh	\$/kW
RS, RS-TOD, RS-TOD2, RS-OPES, RSD, RS-PEV and RS-CPP	0.0000	--
GS (up to 4,500 kWh)	0.0000	--
GS (over 4,500 kWh), LGS and LGS-TOD	0.0000	
GS (over 10 kW), LGS and LGS-TOD	--	0.000
GS-LM-TOD, GS-TOD2, GS Unmetered, GS-TOD, GS-PEV, GS-CPP and LGS-LM-TOD	0.0000	--
IP and CS-IRP2	0.0000	0.000
MS	0.0000	--
WSS	0.0000	--
IS	0.0000	--
EHG	0.0000	0.000
OL	0.0000	--
SLS, ECLS, SLC, SLCM, and FW-SL	0.0000	--

ISSUED BY
STEVEN F. BAKER

PRESIDENT
FORT WAYNE, INDIANA

EFFECTIVE FOR BILLS RENDERED BEGINNING
WITH THE BILLING MONTH OF _____
2024 FEBRUARY 2023

ISSUED UNDER AUTHORITY OF THE
INDIANA UTILITY REGULATORY COMMISSION
DATED FEBRUARY 23, 2022 _____
IN CAUSE NO. 45576 _____

**I.U.R.C. NO. 19
INDIANA MICHIGAN POWER COMPANY
STATE OF INDIANA**

ORIGINAL SHEET NO. 54

GRANT PROJECTS RIDER

The Grant Projects Rider allows the Company to implement ratemaking adjustments associated with the following:

1. Grant writing and application expenses
2. Project costs associated with projects for which I&M receives a federal or state grant that are not otherwise included in base rates, net of grant proceeds
3. Grant proceeds associated with projects that are included in base rates.

All customer bills subject to the provisions of this rider shall be adjusted by the Tariff Class per billing kWh and kW as follows:

Tariff Class	¢/kWh	\$/kW
RS, RS-TOD, RS-TOD2, RS-OPES, RSD, RS-PEV and RS-CPP	0.0000	--
GS (up to 4,500 kWh)	0.0000	--
GS (over 4,500 kWh), LGS and LGS-TOD	0.0000	
GS (over 10 kW), LGS and LGS-TOD	--	0.000
GS-LM-TOD, GS-TOD2, GS Unmetered, GS-TOD, GS-PEV, GS-CPP and LGS-LM-TOD	0.0000	--
IP and CS-IRP2	0.0000	0.000
MS	0.0000	--
WSS	0.0000	--
IS	0.0000	--
EHG	0.0000	0.000
OL	0.0000	--
SLS, ECLS, SLC, SLCM, and FW-SL	0.0000	--

**ISSUED BY
STEVEN F. BAKER
PRESIDENT
FORT WAYNE, INDIANA**

**EFFECTIVE FOR BILLS RENDERED BEGINNING
WITH THE BILLING MONTH OF ____ 2024**

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